



BANKER CONSULTING ENGINEER PRESIDENT PRODUCTION MANAGER

## The Dividend — found — in the chimney

*Banker:* "Underwrite an issue of \$500,000 preferred stock on the earnings you show? Never! And that's final."

*President:* "But our production manager can prove that the increased production will double the margin of safety on the preferred dividend. The new money makes it poss . . ."

*Banker:* "A banker is neither a speculator nor a promoter. Increased earnings, greater output, estimated sales, new business—everything is dependent on the new money. You don't seem to understand that you need larger net earnings by \$35,000, or that amount saved in operating costs, to make this new capital issue sound."

At this moment the Production Manager entered accompanied by a famous Consulting Engineer. Everybody rose. "Here's the doctor!" began the Production Manager, "the chap who stayed up all last night looking for a serum to counteract high operating costs in this plant. And he found it."

*Banker* (scathingly): "And what is this wonderful serum, and just what has it got to do with this stock issue?"

*Consulting Engineer:* "The serum is just a little hot water and it has got everything to do with this stock issue. Isn't \$40,000 saved equal to half a million increase in sales? The heat for the whole plant will be turned into net earnings—\$40,000 a year. Grinnell Company engineers find the hot water heating system can be run from the waste heat from your enamelling ovens, thus doing away with three boilers."

*President:* "I can't believe there's any such waste. Our workmen have never complained of excessive temperatures."

*Production Manager:* "No, because the tremendous heat from those ovens has an ample vent through the chimney."

*President:* "I understand now. Why did we never think of that before?" (Turning to Banker) "Do you see what that means?"

*Banker:* "Yes, \$40,000 a year saving is 8% on the preferred stock issue but—"

*President:* "More than that: now that we don't need those three boilers for heating, we are free to dispose of the power plant altogether. We can buy electric power cheaper than we can generate it, as I told you."

*Banker:* "The power plant for sale! I'll bid \$100,000 for it. You didn't know that the adjoining property was bought yesterday by the new forge works in which I am interested. Our plans call for a power plant and \$100,000 would make a neat little capital reserve for your company."

*President:* "Sold!"

*Banker:* "\$40,000 a year saving, cheaper power, \$500,000 new money and interest on a \$100,000 plant. Well, well, that ought to insure a common stock dividend next year."

*President:* "Say, gentlemen, do you realize the dividend which has been slipping up that chimney all these years?"

*Consulting Engineer:* "With the specialized engineering on hot water heating system that Grinnell Company furnishes, I'd almost guarantee to find the same sort of dividends in half the factory chimneys of the city."

### Where the Facts Came From

Right now Grinnell Company is figuring with a large Chicago firm where harnessing the waste heat of their great enamelling furnaces will heat the whole plant. Practically, therefore, all their present heating expense is saved. Putting it another way, heating will cost them exactly nothing. Except for the financial matters mentioned in the ad the case is quite similar—a saving of \$40,000 a year. The booklet, "Five Factors in Heating Cost," will be sent to anyone interested in heating industrial buildings. Send for your copy today. Address Grinnell Company, Inc., 306 W. Exchange Street, Providence, R. I.

## GRINNELL COMPANY

Automatic Sprinkler Systems

Steam & Hot Water Heating Equipment

Humidifying and Drying Equipment

Fittings, Hangers and Valves

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Bankier

Technischer Beirat

Direktor

Betriebsleiter

### DIE DIVIDENDE — GEFUNDEN — IM SCHORNSTEIN

*Bankier:* "Ich soll eine Ausgabe von \$500,000 Vorzugsaktien zur Zeichnung auflegen, bei dem Gewinn, welchen Sie aufweisen?"

Niemals! Und kein Wort mehr darüber."

*Direktor:* "Aber unser Betriebsleiter kann beweisen, daß die vermehrte Fabrikation die Sicherheit der Vorzugsdividende verdoppeln wird. Die Kapitalerhöhung macht es mög. . . — — —"

*Bankier:* "Ein Bankier ist weder Spekulant noch Gönner."

Erhöhte Gewinne, größere Leistungen, Verkaufsschätzungen, neue Verbindungen — alles hängt von der Kapitalerhöhung ab. Es scheint Ihnen nicht klar zu sein, daß Sie um \$35,000 höhere Reingewinne haben müssen oder daß dieser Betrag an Betriebskosten gespart werden muß, um dieser neuen Kapital-Emission eine gesunde Basis zu geben."

In diesem Augenblick tritt der Betriebsleiter herein in Begleitung eines bekannten technischen Beirats. Alle erhoben