

OIL & FAT INDUSTRIES

The Editor's Page

The Year's Trend

WITH the publication of the Census Bureau's Statement covering factory operations and warehouse stocks of fats and oils for the second quarter, those engaged in the industries are given an opportunity for pause to consider the trend of production and consumption as compared with the same items during the corresponding period of the previous year.

An examination of the Statement, which is published elsewhere in this issue, shows an appreciable decrease in second quarter production of all classes of oils and fats with the exception of cottonseed, peanut and soy bean oils, and tallow. The total production of vegetable oils during the second quarter of the current year was over sixty-one million pounds less than in the corresponding quarter of 1929. In animal fats produced the decline was nearly twenty-three million pounds, in fish oils two million pounds and in greases eight million pounds, making a gross reduction in production of oils and fats of about ninety-four million pounds. Considering individual fats and oils, the production of lard declined thirty-two and one-half million pounds, that of linseed oil forty-nine million pounds, coconut oil fourteen and a half million pounds, corn oil one and a half million, and greases eight million pounds. Factory and warehouse stocks show decreases, as against the same time during the previous year, in some cases much greater than the corresponding decrease in production. Stocks of lard, for example were fifty-three and a half million pounds less at the end of the second quarter this year than at the end of the same quarter of 1929, in the face of considerably reduced demand from European buyers. Cottonseed oil, with increased production and slightly decreased factory consumption, still showed lighter stocks at the quarter by forty million pounds, indicating that it is being utilized by consumers as a substitute for some of the other fats with lighter production.

It would be superfluous for us to attempt to interpret the meaning of these figures to our readers. We will be content with stating the comparison and let others undertake prophecies.

What Is the Cost?

ONE of our esteemed contemporaries in the meat packing field has received the following letter from a reader:

Editor The ——— :

Will you please give me information as to the cost per 100 lbs. for refining prime crude cottonseed oil with caustic soda solution, bleaching and deodorizing the oil for cooking purposes?

Our friend replied most wisely, in part as follows: "The cost of refining prime crude cottonseed oil is dependent very largely upon the amount of oil handled. The physical condition of the plant and the efficiency of operation are important factors also. The question of quality is an important one, because some operators are apparently satisfied with 'getting by' with antiquated equipment, such as atmospheric deodorizing tanks, while others use the latest type of high vacuum deodorizing equipment."

We commend this reply to all who operate manufacturing plants, be their respective factories cottonseed oil refineries, margarine plants, mayonnaise factories, soap works or steel mills. He who is satisfied with 'getting by' will not 'get by' for very long. In our progressive, inventive age every manufacturer who has even one competitor must be constantly on the alert to avoid becoming; first a marginal producer who, because of antiquated machinery and methods can prosper only in the piping times of unusual demand; then a has-been, who has seen all his business flee from him to competitors who have bested him in quality or price, or both. The first essential of avoiding such calamities, is, of course, to know your costs. Accounting practice has advanced sufficiently to enable any manufacturer to know definitely what his departmental unit costs amount to. Knowing his costs, and having obtained unbiased opinions from purchasers and others as to the quality of his products compared to that of competitors' offerings, any manufacturer can quickly determine whether his processes are more costly than they should be to enable him to compete profitably. The necessary steps for improvement are then easy of accomplishment.

Thus, by knowing costs, he will avoid the inevitable cost of 'just getting by.'