

Employee message

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Employee message

1976 YEAR-END MESSAGE TO EMPLOYEES

As I re-read my message written a year ago, which was included with the 1975 annual report, there was a temptation to reprint it and call it the 1976 year-end message. We had identified our inventory problems in 1975 and outlined some planned corrections. However, as 1976 moved into the last two quarters we had to make further corrections - a replay of 1975.

There's an old saying that strength comes out of adversity. Hesston will be a stronger, healthier company because we have confronted and dealt with our problems. Management decisions to correct our problems must be placed in the context of long-range improvements as well as short-range corrections.

All of us as employees or as stockholders will agree that a division, or a product, that has no reasonable chance of succeeding should be discontinued. This we have done by selling two divisions and closing a third. As a result, we had to terminate many good employees. We have reduced our production so that inventories can be balanced both in North America and Europe. Again, it has meant termination or layoff of many fine employees.

We have tightened our belts and reduced expenses, and there is further work being done to make more reductions in our expense budgets.

We will continue to see many good effects as a result of our need to correct our situation, including the re-emphasis to concentrate on the agricultural and industrial sector of our business. A decision to stimulate and expand product development should fill out our product lines and substantially help increase sales worldwide. As new markets open for us on a worldwide scale we will be better able to furnish the machines needed in any particular product line or country.

With every day that passes - we come closer to the time when our inventory is again in balance and we will return to profitability. It is heart warming when we receive encouragement from our employees and all those involved with Hesston. We pledge our best efforts, along with your help, to reach the turnaround period in as short a time as possible and I hope next year to have a better report.

Sincerely,



Lyle E. Yost
Chairman

December 1976

Employee message

	1976	1975	1974	1973	1972	1971
HERE'S THE MONEY WE GOT FROM THE PRODUCTS WE SOLD . . .	\$187,194,000	\$205,922,000	\$154,881,000	\$98,215,000	\$61,401,000	\$44,955,000
AND HERE'S WHAT WE DID WITH IT						
1. We paid other companies for raw materials, supplies and services	\$104,874,000	\$104,293,000	\$ 81,854,000	\$51,081,000	\$33,099,000	\$23,129,000
2. We paid Hesston people salaries, wages, commissions and bonuses	46,908,000	50,386,000	38,500,000	23,860,000	15,101,000	12,109,000
3. We paid employee benefits (social security, unemployment taxes, vacation and holiday pay, workmen's compensation, the company share of insurance programs and profit sharing . . .	11,360,000	11,517,000	8,347,000	5,414,000	2,738,000	1,922,000
4. We paid taxes to the cities and counties	1,323,000	1,182,000	701,000	582,000	444,000	393,000
5. We paid taxes to the federal and state governments	121,000	7,266,000	7,178,000	5,651,000	2,881,000	1,749,000
6. We paid interest to banks, insurance companies and others who have loaned us money	19,241,000	16,840,000	6,293,000	3,405,000	2,787,000	2,717,000
7. We depreciated our company property to allow for aging, wear and tear by the amount of	5,461,000	4,263,000	2,244,000	1,607,000	1,046,000	1,063,000
8. We helped others with charitable contributions	42,000	547,000	514,000	438,000	279,000	111,000
9. We paid to stockholders who have invested their money in our company dividends of	1,992,000	1,354,000	636,000	479,000	402,000	402,000
10. We had net income (loss) from our total operations	(6,152,000)	8,275,000	7,614,000	5,698,000	2,624,000	1,360,000
THIS ACCOUNTS FOR EVERY DOLLAR WE RECEIVED	\$187,194,000	\$205,922,000	154,881,000	98,215,000	61,401,000	44,955,000
Net income (loss) per share of stock in the Corporation	\$(3.50)	\$4.60	\$4.15	\$3.48	\$1.85	\$1.08