UC 143-2

Need for Asb Strategic Plan meeting 5/2

UNION CARBIDE INTERNAL CORRESPONDENCE

METALS DIVISION • P. O. BOX 579 - 4625 ROYAL AVE., NIAGARA FALLS, NEW YORK 14302

To (Name) Division Location	Messrs. W. G. Alesio/G. R. Bailey R. L. Folkman G. Forstot R. F. X. Fusaro/J. J. Sibley J. G. Holmes H. K. Jackson O. J. Malacarne R. W. Rebholz H. B. Rhodes W. B. DeAtley F. J. Shortsleeve	Date	April 19, 1979
		Originating Dept.	"Calidria" Asbestos
		Answering letter date	
XXXXX		Subject	Strategic Planning-Asbestos

cc: Messrs. G. R. Adams
R. E. Byrne, Jr.
File

This is in response to Bob Rebholtz' memorandum dated 4/3/79 concerning definitions for the asbestos business and industry. Bob noted that it would be difficult to arrive at single definitions - I think that it is impossible and still be able to describe the business/industry accurately.

Our asbestos business involves the mining, milling and marketing of short fiber, high quality asbestos fiber products for various industry segments. If this is an acceptable definition for the business then we have half of what we need.

A single industry definition is not possible since we serve certain segments of several quite diverse industries. A major portion of our asbestos business is in the vinyl-asbestos floor tile and other markets when we compete with other short fiber asbestos. We cannot compete with non-short fiber asbestos in other markets, which comprise the major share of the competitive asbestos industry. Another major segment of our asbestos business is in viscosity control markets where we compete with non-asbestos products. We do not compete with these non-asbestos products in the major share of their markets.

If we ignore some minor markets and the Japanese paper industry, where we compete with yet another line of products, we could consider that we are in two industries: short-fiber asbestos and viscosity control. I do not feel that our asbestos business can be properly evaluated without considering the two industries noted above. I plan to present data in this manner at the Strategic Planning meeting.

John L. Myers

J. L. Myers (HBR)

JLM:dal

UC 149-2

Strategic Plan Asbestos

UNION CARBIDE **INTERNAL CORRESPONDENCE**

METALS DIVISION

P.O. BOX 1029, GRAND JUNCTION, COLORADO 81501

To (Name)	Messrs. K. E. Helminiak J. G. Holmes J. L. Myers W. A. Rasmussen R. W. Rebholz H. B. Rhodes
Division	
Location	
Copy to	F. J. Shortsleeve
Date	March 23, 1979
Originating Dept.	
Answering letter date	
Subject	Outline for Presentation of Strategic Plans

I believe that you will be interested in the attached outline that is suggested for use in presenting strategic plans to the management committee. This outline was reviewed in the uranium wrap-up meeting last week.

In regard to the asbestos and calcium carbide planning sessions coming up soon, the outline should be helpful in pointing up some of the information that will be required for these sessions.

H K Jackson
H. K. Jackson

HKJ:bnw

Attachment

OUTLINE FOR STRATEGIC PLAN PRESENTATIONS

March 19, 1979

1. Introduction.
2. Definition and description of the industry and the business.
3. Industry profile.
4. Competitive profile.
5. Matrix position, and location of competition on the matrix. Description of competition.
6. Review of current strategic direction.
7. Key external planning assumptions.
8. Selection of strategic direction(s) for strategy development.
9. Generic and specific strategies for each strategic direction considered.
10. Summary of cost-benefit-risk for each strategy.
11. Recommended strategic direction and strategies.
12. Strategy indicators, check points, and contingent strategies for the recommended plan.
13. Summary and conclusion.

DETAILED OUTLINE FOR STRATEGIC PLAN PRESENTATIONS

March 19, 1979

1. Introduction

The presentation to the Management Committee is introduced by the division president. Copies of the most important presentation slides are distributed to each member of the Management Committee about a week before the presentation.

2. Definition and description of the industry and the business

The industry and business definitions are shown on a chart, supplemented verbally as necessary to establish a good understanding of the definitions. A broader description of the industry and the business is then presented, using material such as the following:

   a. Schematic of the industry, its major segments, markets and product flows.
   b. Size of the industry and the business.
   c. Unique characteristics and major uses of the industry products. Samples.
   d. Location and description of the major facilities and products of the business.
   e. Special features, such as being exploration intensive.
   f. History of the industry, and the business.
   g. Financial summary of the business for the past five to ten years. Show sales, net income, ¢/share, ROS, ROA, cash generated.

In some cases it may be desirable to touch on some of the industry or competitive profile factors in the above description, but these factors should generally be held for later sections of the presentation.

3. Industry profile

First present the industry profile showing the assessment of all factors, with the critical factors identified by circles and/or color coding. Then present the industry profile using only the critical industry factors (see Chart 3-1 for an example of the second chart). During presentation of these charts give the basis for the assessment of the critical factors, and comment on selected non-critical factors as necessary to fully understand the industry prospects for volume growth and earnings quality. Additional charts may be required.

The chart of critical industry profile factors and their assessment shows the major strengths and weaknesses of the industry, and this should be noted.

4. Competitive profile

First present the competitive profile showing the assessment of all factors, with the critical factors identified by circles and/or color coding. Then present the industry profile using only the critical competitive factors (see Chart 4-1 for an example of the second chart). During presentation of these charts give the basis for the assessment of the critical factors, comment on selected non-critical factors, and describe the competition as necessary to fully understand the competitive environment. Additional charts may be required.

The chart of critical profile factors and their assessment shows the major competitive strengths and weaknesses of the business, and this should be discussed.

5. Matrix position, and location of competition on the matrix

Point out the position of UCC and the major competitors on the matrix. Explain why major competitors are located as shown on the matrix (explain in terms of the critical competitive factors). Additional charts may be required.

Be sure to adequately describe the competition and the potential competition. This should include an assessment of the current and probable future strategic direction of present competitors, and an assessment of the prospects for having major new competitors.

6. Review of current strategic direction

Review the current MC strategic direction setting letter for the business, and summarize the progress/performance of the business in following this direction. Start with a review of direction vis-a-vis competition (i.e., improve, maintain or concede position), and then cover progress/performance in following MC direction for such factors as investment mode. Review the strategies being used, and tell whether or not the strategies are working, as determined by previously established indicators, performance standards, and other factors.

It may also be helpful to state the actual business direction and key strategies employed in earlier periods (such as in the past five or ten years).

Much of the above review in this section should be built around the critical competitive factors as developed in Sections 3 and 4.

7. Key external planning assumptions

Only the most critical external planning assumptions need be presented.

8. Selection of strategic direction(s) for strategy development

State what directions (improve, maintain, or concede) were selected for strategy development, and why these directions were selected, particularly why any unnatural directions were selected.

9. Generic and specific strategies for each strategic direction considered

Present the generic and specific strategies for each strategic direction, the rationale, and the most important functional programs.

10. Summary of cost-benefit-risk for each strategy

For each strategy present key financial performance data, including revenue, expense, capital, income, cash flow, return on investment. Give this data year by year for the first several years of the plan, for typical years later in the plan, and overall for the plan period. Summarize also the projected results in competitive position, based on projected changes in critical competitive factors.

The assessment of strategic risk should be based on the following factors:

a. Matrix position
b. Naturalness of the strategy
c. Magnitude (degree) of performance improvement
d. Industry
e. Assumptions
f. Track record of predicting performance

11. Recommended strategic direction and strategies

Identify the strategic direction and strategies that we believe have the best mix of cost-benefit-risk.

Explain why we think that this direction and strategy package is the best.

Explain why we believe that the business has the capability to carryout the recommended course of action.

12. Strategic indicators, check points and contingent strategies for the recommended plan.

13. Summary and conclusions

Be sure to include a statement of the issues to be decided by the MC (maybe a simple endorsement of a direction, or a more complex direction of some kind). By the end of this session we should be sure that the MC understands what we are waiting to hear.

CHART 3-1

INDUSTRY PROFILE

Time Frame:

	Prospects for Volume Growth and Earnings Quality		
	High	Moderate	Low
Critical Industry Factors			
1.			
2.			
3.			
4.			
etc.			
Volume Growth			
Earnings Quality			
Overall Assessment			

CHART 4-1

COMPETITIVE PROFILE

Critical Competitive Factors	Leading	Strong	Fair	Weak
1.				
2.				
3.				
4.				
etc.				
OVERALL				

Markets for "Calidria" - Not Typical Asbestos

I. Adhesives

Total market 3MM tons - portion requiring viscosity additives 125,000 tons - assuming 2% addition level - market "available" 2500 tons

"Calidria" share - 280 tons (11.2% of total)

Major competitors - National Lead (Bentones)
Cabot Corporation (Cab-O-Sil)
Other (Thixcin, etc.)

Market share:

Cabot	45%
National Lead	39%
"Calidria"	11%
Others	5%

II. Sealants

Total market about 150,000 tons split as follows:

Construction	90,000 tons
Automotive	30,000 "
Glass (Insulating)	6,000 "
Aircraft	1,000 "
Highways & Airfields	15,000 "
Appliances	7,000 "

Assuming a 1% loading of viscosity additive, a market of 1500 tons is available.

"Calidria" share 430 tons (28.7% of total)

Major competitors - Cabot (Cab-O-Sil)

National Lead (Bentones)

Market share is split as follows:

Cabot	45%
National Lead	26%
"Calidria"	29%

III. Polyester Laminates

Total market for thixotropic laminates 340,000 TPY

Assuming 1% average addition, 3,400 TPY available

"Calidria" share 100 tons (2.9% of total)

Major competitors - Cabot Corp. (Cab-O-Sil)

DeGussa (Aerosil)

Others (Thixcin, Ircogel, etc.)

Market share is split as follows:

Cabot Corp.	70%
DeGussa	24%
Others	3%
"Calidria"	3%

IV. Coatings

Total market for thixotropic, viscosity modifying and pigment suspending agents is 4600 TPY (1% of 460,000 TPY)

"Calidria" share is 550 TPY (120% of total)

Major competitors - Cabot Corp. (Cab-O-Sil)

DeGussa (Aerosil)

National Lead (Bentones)

Baker Castor Oil (Thixcin, Thixatrol)

Others

Market is split as follows:

Cabot	30%
DeGussa	20%
National Lead	20%
Baker Castor Oil	13%
"Calidria"	12%
Others	5%

REB:dal
4/30/79

SHORT FIBER

	U.S.		Japan		Total	
	Tons	% Total	Tons	% Total	Tons	% Total
UCC	24600	~~18~~ 19	7400	15	32000	18
JM	33000	25	15000	35	48000	27
Carey	46000	35	22600	50	68600	39
Atlas	27400	21	0	0	27400	16
	131,000	100	45000	100	176000	100