Monsanto

FROM (NAME & LOCATION): J.R. Savage - B3NH

January 28, 1976 cc: J.J. Zeman

SUBJECT : PCB Strategy

REFERENCE :

TO : R.G. Potter
B2SB

The Task Force is near completion of the Dielectrics Business Plan, and I think it will be a good plan that reflects the direction set by Management.

However, I feel that the plan is turning out to be less bold, and paradoxically more risky than it should be, and I think that several members of the Task Force agree. We have all agreed that a General Electric commitment to MCS 1238 is the key to success. We soon will be asking G.E. to accept premium pricing for about 3½ years -- how will we defend that much delay? We are asking G.E. to commit a business of around $40M to the performance and environmental acceptability of 1238. Yet we are unwilling to demonstrate our commitment to it by making an investment of $3-5M until after completion of 2-year feeding studies. If G.E. swallows this, it will be for lack of an alternative.

In September, the Industry Committee set up at Russell Train's instigation will publish a protocol for testing and approving replacement fluids. This will open the competition to other companies and reveal the qualification tests that have until now been closely held. If we have not by then seized the initiative by making a public commitment to 1238, we will become just one of several contenders.

I don't mean to suggest that 1238 is a low-risk product -- but a total assessment of risk should include the risk of losing a $20M worldwide franchise of 40 years standing. Since I will have no continuing responsibility, I am only making this recommendation to you: that when CED comes up with data on low-capital routes in February, Management should be given the opportunity to take a more aggressive posture. This action is shown in the Plan.

J.R. Savage

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