

REQUEST AND AUTHORITY FOR CAPITAL EXPENDITURES / RETIREMENTS

DIVISION OR COMPANY

Organic Chemical Division

LOCATION

J.O. CONTROL POINT

Chicago, Ill.

097

JOB TITLE

Purchase stretch wrapping
machine.

REPORTING CLASSIFICATION

D1

DATE APPROVED

JOB ORDER NO.

SUMMARY OF AMOUNTS

DESCRIPTION	LOCAL CURRENCY	U.S. DOLLARS
ESTIMATED PROJECT COST		\$5127
DISMANTLEMENT EXPENSE		
TRANSFER EQUIPMENT		
GROSS AMOUNT FOR APPROVAL		5127
LESS TRANSFER EQUIPMENT		
LESS SALVAGE OR TRADE-IN ALLOW.		
NET CASH REQUIRED (GOF-3027)		\$5127.

RETIREMENT DATA		ECONOMIC JUSTIFICATION		REVISION DETAIL (GROSS AMTS.)			
	AMOUNT		5-YEAR AVG.	REV. #	DATE	AMOUNT	CUM. AUTHORIZATION
COST		NET SALES		1			
DISMANTLEMENT		NET SAVINGS BEFORE TAXES		2			
LESS SALVAGE		NET AFTER TAXES		3			
		% ROI (ON TOTAL INVEST.)		4			
		PAYOUT YRS.		5			
TOTAL - CHARGE RESERVE				6			

DESCRIPTION AND REASONS REQUIRED

Funds of ----- \$5127.00
are requested to purchase and install a stretch wrap machine.

SUMMARY OF ESTIMATED COST - Details on GOF-3027		ESTIMATE NO.	STARTING DATE	COMPLETION DATE		
			Upon Approval	3 Mos. after approv.		
ITEM NO.	DESCRIPTION	MATERIALS	LABOR	ENGINEERING	TOTAL	
1	Stretch wrap machine	4645	200	50	4895	
2	Illinois sales and use tax	232			232	
NET CASH REQUIRED		4877	200	50	5127	
ACCOUNTING TREATMENT		RECOMMENDATIONS AND APPROVALS (CHECK BOX)				
ITEM NO.	DESCRIPTION	DEPR. RATE	NAME	REC.	APPR.	DATE
	Dr. \$4,895 P. P. & E. (132)	7 1/4%	R. Johnson	✓		11-28-79
	Dr. \$232 Expense as incurred		<i>R. Johnson</i>		✓	12/4/79
ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOXES)						
☐ ☐						
POST AUDIT PERIOD			GENERAL MANAGER			
POST AUDIT DUE DATE			VICE-PRESIDENT			
DISTRIBUTION						

Description and Reason RequestedProposed Work and Cost

This capital order requests \$5,127.00 for the purchase of an I.P.M. stretch wrap machine.

Present Situation

Lead stabilizers, budgeted for sales of M7.85 lbs. in 1980 are shipped 2000 lbs. (40 x 50 lb. bags) to the pallet.

As a result of restrictive government regulations regarding air borne lead dust concentration, three of our major customers (M1.6 lbs. annual sales) now require that we stretch wrap all shipments. This overwrap will contain any lead dust generated by product sifting from the paper bags.

In 1977 a heat cannon was purchased for shrink wrapping a relatively small volume of the stabilizer sales. However, this unit is not designed for the volume of business now involved.

Justification

The Chicago Plant has been advised by sales (see attached letter) that three of our major customers totaling M1.6 lbs./year sales require stretch wrapping. With growing interest at other accounts for use of the stretch wrapping technique, it is prudent on our part to quickly satisfy the requests of the stabilizer customers.

It is estimated that the additional cost for stretch wrapping stabilizer will be \$0.001/lb.

This proposal has been reviewed with A.Bokros and George Van Hare with no objection noted.

Commercial Factors

This order supports a plant budget for lead stabilizers as follows:

<u>Budget for 1979</u>		
<u>Sales-Pounds</u>	<u>Sales-Dollars</u>	<u>Profit on Sales</u>
8,650,000	\$4,512,000	1,548,000 (34%)

First nine (9) months of 1979Sales-Pounds

6,419,200

Sales-Dollars

\$4,404,900

Profit on Sales

1,195,500 (27.1%)

Details of Proposal

Purchase one International Packing Machines, Inc. (I.P.M.) stretch wrap machine for the purpose of stretch wrapping pallets pf PVC lead heat stabilizer.

Production Factors

This proposal will not alter product quality or production rate.

Contingent Future Commitments

This proposal will not require additional funds to complete.

Alternatives Considered

1. Shrink wrapping-installation costs estimated at 12-\$17,000 with annual operations cost far in excess of stretch wrapper.
2. Manual overwrapping and strapping is more expensive and does not perform as well.

Risks

No operating risks are involved.

Concise Summary

Installation of the stretch wrapping machine will allow the plant to satisfy customer demands and maintain the excellent sales position now enjoyed by lead stabilizer (Cyastab). Failure to provide this customer service could result in significant loss of sales.

QUOTATION

From **CENTRAL STAPLE & SHIPPING SUPPLIES, INC.**
 2450 Pan Am Blvd.
 Elk Grove, Illinois 60007
 312/595-7882

Inquiry No. _____

Date **June 19, 1979**

Terms **Net 15 days**

Prices quoted are **Naples, Fla.**
 F.O.B. _____

Delivery _____

To **American Cyanamid**
 4500 W. 15th
 Chicago, Ill. 60623

Attn: **H. G. Gaffney**
 Plant Mgr.

We are pleased to quote as follows. Your inquiry

Quantity	Description	Price	Amount
1	Model 4875 DR Wide web double roll	\$ 4295.00	
1	TCD 60 Top Sheet Dispenser 60" film width capacity	350.00	
Dear Mr. Gaffney, Please disregard our quote of June 18th as the price and machine description were incorrect.			

AMERICAN CYANAMID CO.
 4500 W. 15th St
 CHICAGO, ILL. 60623

JUN 20 1979

By **Don Ross**

N12498.01



Memorandum

Polymer Additives Department

To: H. C. Gaffney

Date: 6/5/79

Location: CG Plant

Reference:

From: R. F. Anderson

Location: BB

Extension:

Copy to: F. B. Dorf
H. A. McKenzie
J. J. Cardone
L. C. Allen
G. A. Menghi
J. A. Zebrowski

Subject: Lead Stabilizer Stretch Wrapping

As discussed on several occasions, there is growing interest in the use of plastic overwraps for the palletized shipments of lead stabilizers. Three of our major customers, Tenneco, Teknor Apex, and Conoco, now require that we stretch wrap all palletized shipments. These three customers collectively comprise 1.6 M pounds annually of stabilizer business and there is growing interest at other accounts in the use of a pallet overwrap.

Since our current "heat gun" approach to shrink wrapping appears inadequate for the volume of business now involved, we strongly suggest that arrangements be made to purchase the more efficient stretch wrap unit that reportedly costs approximately \$8,000.

This request is consistent with our desire to be a leader in responsible packaging of potentially toxic plastics additives.

RECEIVED
AMERICAN CYANAMID CO.
4500 W. 15th ST.
CHICAGO, ILL. 60623

JUN 7 1979

R. F. Anderson

RFA:sd