

CHAGE

INSTRUCTION PRODUCTS DIVISION

755142

TO: T. L. Lyall

DATE: November 20, 1973

FROM: W. R. Wright

SUBJECT: Monthly Report
October, 1973

cc: See Distribution List

I. Monthly/Year-To-Date Performance

A. Volume

1. Vermiculite - In October vermiculite production totalled 1,577,800 bags which is 332,100 bags or (26.7%) over the monthly budget and 149,100 bags (10.5%) over October, 1972. Production YTD totals 12,509,200 bags which is 52,200 bags over budget.
2. Perlite - Total perlite production in October totalled 59,200 bags which is 27,200 bags (31.5%) below the monthly budget. Production YTD totals 1,705,200 bags which is 159,800 bags (18.5%) below the budget.
3. Monokote - Monokote production for the month of October totalled 348,000 bags which is 14,800 bags (4.4%) above the monthly budget and 29,000 bags (9.1%) ahead of October, 1972. YTD Monokote production totals 3,273,600 bags which is 58,400 bags (1.8%) below the 1973 budget.

Summarized production statistics are shown in Table I, attached.

- B. Operating Costs - Department 294 was favorable for October by \$700. The only account with a significant unfavorable variance is Personnel Procurement and Relocation which will continue unfavorable for the rest of the year as discussed last month. Expense variance summary is shown in Table II, attached.
- C. Manufacturing Variances - Total manufacturing expense variance for all expanding plants in October was favorable by \$14,600. A summary of these cost variances is shown in Table III, attached, with comments as follows:

1. Variance by Account

- a. Materials - \$16,600 unfavorable - All of this variance is attributed to ore quality deterioration. Assayed yield variance was unfavorable by \$29,900. Operating efficiency variance was favorable by \$11,000. This gives a net unfavorable ore variance of \$19,900 which can be interpreted as ore quality being this much worse than first nine months of 1972 on which the standards were based.

PLAINTIFF'S
EXHIBIT
G-117.21

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- b. Labor - \$20,500 favorable - Last month there was a \$25,000 accrual error made in the labor account which is credited this month. Therefore, the actual labor variance is unfavorable by about \$4,500. Labor rate would account for at least \$8,000 in addition to inefficiencies resulting from ore shortages and ore quality.
- c. Variable Costs - \$7,200 favorable - This has been favorable for two months. Hopefully the result of a curtailed spending program for last four months of 1973.

2. Variance by Plant

- a. Pompano - \$3,795 unfavorable - Fuel used in production accounts for \$2,811 of this variance. This is caused by two months billing. However, this account is underbudgeted and is \$6,497 unfavorable YTD.
- b. Muirkirk - \$11,129 unfavorable - \$1,576 is assayed yield and \$4,995 is fixed cost variances both of which are uncontrollable. Variable costs were unfavorable by \$3,170 partly because last month there was no billing on fuel, outside services and utilities. The net effects of last month's favorable variance of \$2,305 and this month's unfavorable variance of \$3,170 is \$865 unfavorable all of which can be attributed to below budgeted production. Progress has been made in reducing the labor variance which was \$614 this month after correcting for last month's accrual error.

II. Manufacturing

All plants are handicapped in general by the ore shortage and car shortage problem. This situation is all too familiar to all who read this report so there is little point in discussing it. It will have a definite effect upon labor and other plant operating costs, the magnitude of which is difficult to predict.

III. OSHA and Pollution Problems

Spokane - On Monday, November 6th, a NIOSH compliance officer made an inspection of the plant in response to a complaint filed by two discharged employees. At time of the inspection we were expanding #4 ore, unloading ore and mixing Accoustical Plaster of which asbestos is an ingredient. This in itself is not a violation; however, dust samples were taken and without doubt they will exceed the allowable limit from each of the above-mentioned sources. Citations for this will be coming after they get laboratory results of the dust samples. In addition, we will be

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cited for:

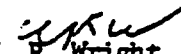
- (1) No warning labels on finished product.
- (2) No warning labels on waste disposal bags.
- (3) Dry sweeping around the area of the mixer.

We did not stop production of Accoustical Plaster at the same time we stopped producing MK-3 because the law pertaining to MK-3 application did not apply. We planned to phase it out gradually and obviously waited too long. We have now stopped making this product.

The only other active product we have containing asbestos is part of the Texture Products line. We expect to have agreement to eliminate this formulation within a couple of days.

The same discharged employees who called for an OSHA inspection also filed a complaint with the NLRB claiming they were discharged for union activity. We had no knowledge of any such activity and are responding to the charge in the normal manner. Outcome won't be known for a few weeks.

Both the above situations may accelerate our plans for shutting down this operation.


W. R. Wright

WRW:d1c

Attachments

CONSTRUCTION PRODUCTS DIVISION
EXPANDING PLANT OPERATIONS

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*Total does not
include MK.

PRODUCTION Table I
October

PLANT	BAGS (000)						S. A.	Perlite	M-K	
	#0	#1	#2	#3	#4	#4&5				
Los Angeles		2.8	8.7	45.5	13.5				44.6	
Wark			5.7	29.6	17.6				41.1	
Okane		9.2	6.0	4.5	2.1				1.8	
Portland			13.4	14.7	1.2				11.0	
Phoenix			26.0	16.8	20.5				10.0	
Santa Ana			7.5	35.9	31.2				28.4	
Little Rock			1.1	17.9	12.8		0.6		10.9	
New Orleans			0.8	11.5	38.2				12.3	
Shville			2.7	16.8	0.9					
Arney				11.9	155.8	17.8			7.2	
Jacksonville			3.7	5.6	29.8				6.5	
ampa				3.9	23.7					
mpano				9.6	23.3			23.4		
Arborn		41.3	9.6	12.0	3.7				6.0	
an		12.6	25.5	62.1	18.7				29.5	1
Edsfort		24.4	12.9	1.1	2.8					
Sthampton		35.7	5.0	27.1					18.1	
gh Point			1.4	17.6	22.2					
rkirk			13.1	25.9	8.5				6.3	
Castle		33.0	9.7	15.3	18.0				16.6	
neapolis		23.2	2.3	28.5				1.3	24.5	
iver		7.3	7.0	13.4	3.3				7.6	
tha		29.9	1.3	28.5			1.4	5.3	8.3	
Waukee		27.4	3.0	12.1	0.3			16.1	5.2	
Louis		20.8	15.3	9.9	32.1				7.5	
der.		23.9	14.5	20.0	23.8			13.2	23.9	
cago		32.5	7.5	29.5	0.6				20.7	
R.		1.3	8.4	24.5						
1973		325.3	212.1	551.7	504.6	17.8	2.0	59.3	348.0	16
1972		251.3	149.4	560.2	386.1	76.8	6.4	88.9	319.0	15
1971		232.6	105.5	500.0	377.3	14.8	6.1	69.7	271.8	13

EXPANDING PLANT OPERATIONS

1973 MANUFACTURING COST VARIANCE REPORT
\$ (Fav.) / Unfav.
TABLE III

Cost Account	August			September			October			November			December		
	Mo.	YTD		Mo.	YTD		Mo.	YTD		Mo.	YTD		Mo.	YTD	
MATERIAL															
Assay Yield	35.9	115.5		30.0	145.5		29.9	175.0							
Oper. Eff.	(13.4)	(118.4)		(20.3)	(132.6)		(11.0)	(145.1)							
Other	(8.1)	25.3		(3.3)	27.8		(2.3)	24.7							
Sub-Total	14.4	22.4		6.4	35.1		16.6	54.6							
PACKAGE	4.3	29.5		2.2	32.1		4.2	36.4							
LABOR	17.6	(86.0)		25.9	(60.1)		(20.5)	(80.4)							
VARIABLE															
Outside Services	2.8	7.8		0.9	8.7		0.2	8.9							
Fuel & Utilities	8.3	14.1		(11.8)	(1.3)		2.9	1.5							
Oper. Supplies	(5.2)	12.1		(1.0)	11.1		1.5	12.6							
Maint. Material	6.5	16.4		(2.8)	13.5		(4.0)	9.4							
Maint. Labor	(1.1)	(3.0)		(1.3)	(4.5)		(4.4)	(8.9)							
Communications	0.1	5.9		0.1	5.6		3.4	8.8							
Demurrage	3.6	21.5		2.4	24.2		1.4	25.6							
Other	(2.3)	34.5		(9.8)	24.2		(8.2)	16.0							
Sub-Total	12.7	109.3		(24.7)	80.7		(7.2)	73.9							
FIXED															
Vol. Variance	(8.1)	37.3		(18.6)	18.7		(35.3)	(17.4)							
Budget Variance	3.3	24.6		5.4	30.0		12.7	43.7							
Sub-Total	(4.8)	61.9		(13.2)	48.7		(22.6)	26.3							
SPOILAGE	3.7	10.0		2.1	12.1		2.3	14.4							
TEST COUNT ADJ.	(1.6)	(18.7)		8.0	(14.0)		12.6	1.2							
TOTAL PROD. COST	46.3	128.4		6.6	134.7		(14.6)	126.4							

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EXPANDING PLANT OPERATIONS
 DEPARTMENT 294 EXPENSE VARIANCE
 \$ (Fav.)/Unfav.

TABLE II

Cost Account	August		September		October		November		December	
	Mo.	YTD	Mo.	YTD	Mo.	YTD	Mo.	YTD	Mo.	YTD
Salaries	0.6	(7.4)	0.3	(7.1)	(0.1)	(7.2)				
Emp. Benefits	(0.2)	(2.2)	(0.1)	(2.3)	(0.3)	(2.5)				
Supplies	0.1	(0.7)	(0.1)	(0.8)	0	(0.8)				
Maintenance	0	0	0	0	0	0				
Tel. & Tel.	0	0.3	(0.2)	0.1	0.3	0.4				
Travel	0.2	(1.1)	(0.7)	(1.8)	(1.5)	(3.3)				
Leased Cars	0	(0.2)	0	0	(0.1)	(0.1)				
Co. Meetings	0.6	1.6	0.6	2.2	0.3	2.5				
Prof. Services	0	(0.2)	2.0	1.8	(0.3)	1.5				
Miscellaneous	(0.2)	1.0	(0.2)	0.8	(0.2)	0.6				
Pers. Proc./Reloc.	0.2	(0.1)	5.9	5.8	1.2	7.0				
TOTAL	1.3	(9.0)	7.5	(1.5)	(0.7)	(2.2)				

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