

November 4, 1969

TO: W. J. Sheehan
FROM: G. M. Brown
SUBJECT: WET MACHINE OPERATION

In reviewing the economics of continuing the operation of the wet machine, one of the important factors was the 25% variance addition to our standard costs. The 25% addition was suppose to cover the off gauge material produced for which we had no usage. To determine the validity of this cost we reviewed a four week run and compared sheets produced to our actual requirements. In addition we recorded all sheets scrapped for all reasons including unusable gauges.

We obtained the following results.

#70 White Calandared Asbestos
33046 Sheets produced
1955 Sheets scrapped for all reasons
5.5% Scrap

#70 White Uncalandared Asbestos
19188 Sheets produced
1612 Sheets scrapped for all reasons
9% Scrap

As you can see, the percentage of sheets scrapped is considerable less than 25%. Even assuming that we might build inventory, over a period of time, in some gauges in excess of our needs which we would have to scrap. I don't feel we would exceed 10% of our overall production.

In order to verify the above figures we will investigate the current wet machine run on the same basis.

In addition to the above investigation on quality, considerable effort was expended to reduce clean up and idle time on the wet machine.

sent 11/11/69

DANA-292

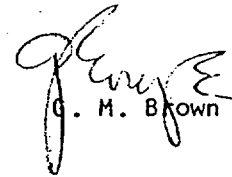
VPD-91-0000808

In the past, on a two shift basis approximately 46 man hours a week was used on clean up. Twenty-six man hours on the "C" shift Friday for machine clean up for the week-end and approximately 20 man hours were lost at the start of the "B" shift due to clogged sprays.

We've taken some unorthodox steps in this area and have reduced the man hours lost to 8 per week or an overall reduction of 38 man hours. Based on an average cost of 3.24 per man hour this will reflect a decrease in expense of \$123.00 per week or approximately \$3000.00 per year.

I'd like to get these savings reflected in our standard costs and will talk to J. Mayer to see if it is possible.

Based on the above there is no major savings to be had by purchasing this material and I recommend we continue to produce our own #70 board.


G. M. Brown

ds