FILE NAME: Borg Warner (BW)

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April 5, 1973

Memo to: Mr. T. H. Pering

From: E. K. Bancroft

Subject: 3rd Period Report - 1973

## Financial

Without complete figures available - the direct costs of the paper mills and printing plant should be at standard, with each individual plant being essentially at standard.

Period costs should also be at standard - again for each individual plant.

## Production

### Paper Mills

Despite the financial comment above Hurlbut's #1 and #3 machines suffered from excess broke within the period and Wrenn had excess broke due to carryover from period two plus R & A.

#1 machine had difficulty meeting glass grade specifications, trouble with one grade of friction due to polyethylene contamination from a new type of bag for packaging asbestos (probably to meet OSHA regulations) which unravelled when it was slit to discharge the contents, and trouble with desiccant attributed to poor silica gel. #3 machine was $10,000 unfavorable in broke due to a $13,000 broke detriment on one grade (30,445 pounds of 518-DY) attributed to a basis weight variation problem which was fought all night and never solved - but disappeared when the order change occurred. Wrenn's #4 machine period performance was better than standard but, as indicated above, suffered from prior period rejects.

With the continuing high business volume Hurlbut ran two Sundays producing 1293 tons vs. 1131 planned, and Wrenn ran one Sunday producing 502 tons vs. 394 planned.

At the end of the first quarter Hurlbut has operated 82 days vs. 77 planned, and has produced 3,971 tons vs. 3627 planned. Wrenn has operated 80 days vs. 77 planned, and has produced 502 tons vs. 394 planned.

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### Printing Plant

Total operation for the period was essentially at standard,

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We continue to report on the productivity based on manhours/MSF:

| 1973 Actual | 1974 Objective | 2nd Period 1974 | Year to Date |
|---|---|---|---|
| 474 | 482 | 559 | 503 |

Schoeller. Schoeller produced 214 tons of decor, bringing year-to-date total to 819 tons. A yield reduction of 7.6% was experienced over the first period due to equipment malfunction problems, stock flow changes, flow meter response, use of an old lot of Aquablak 100, an X-7 trial, and poor retention from a 501-AKY run (for Kohjin).

Miscellaneous Comments

1. Consolidated Pontiac have advised that effective April 1 they will increase pulp prices $30-$35 per ton.

2. We have previously mentioned our hope that we could get the full 1200 tons of SAC Weyerhaeuser has manufactured for us (as their final production making) before price controls were lifted. As it now stands, we expect to receive 13 cars before April 30 and the final 7 cars afterwards. On this basis, even if the pulp and paper industry is de-controlled without eny short term price restraint, the average price of SAC should be less than what we have in the 1974 standards; however, we had been hoping we could get all of the material before April 30 and place it in a warehouse.

3. As indicated in a memo by Moe Larrivee--Product Engineering's treater/coater has been sold.

4. During the period Hurlbut received the NPDES permits for the operation of its waste treatment facilities. These proved to be as anticipated, and while improvement in our operations will be required, we expect the costs will be more in the form of operating costs (improved flocculating methods to make the clarifiers more efficient) than in capital costs.

5. In June of 1973 we filed a form with the EPA relative to our use of asbestos as a fiber. We have now been contacted by the EPA and a representative will visit us on March 7 to understand how we use this fiber. The initial report was concerned with the possibility of emissions from the plant containing asbestos particles, and we have none so we would not anticipate any problem.

6. Our supplier has advised us that the type of pulp basic to the hot shortening filter is no longer available. He has a potential candidate, more costly. Trials are programmed, and we believe we can accommodate the change.

4. The poor experience at Laurel with its colored overlay run was due to the poorest shipment of Sap Brown we have ever received - requiring many additional plates for color matching, but also producing a basically different color which could not be completely overcome. In addition, a shipment of one of the lightfast colorants used in the "LF" series was frozen and this had an adverse effect when it was used. A meeting was held with Marketing and Product Engineering to discuss the entire problem, pointing out that these lightfast colorants seem to be more sensitive to stock refining changes and chemical additions than the normal colorants. A program has been instituted to improve this situation and constructive information is already being assembled. Before the next colored overlay run is made we expect to have shipments of both raw materials which are more normal, and also to have a better understanding of how to work with the lightfast colorants.

5. As a cost reduction program a new "quick plate" procedure was established at Laurel with apparent success. If this continues it should save approximately 46 machine hours in the course of a year's time.

6. As a step in the program to achieve improved printability a meeting was held by Product Engineering with Marketing, Manufacturing, and Morart for discussion of certain facets of the problem. One decision made was in connection with achieving better base paper uniformity, and it was decided that it would be most advantageous to accomplish this at Schoeller (in view of the paper it supplies Morart). This was accepted as a Manufacturing responsibility, headed up by John Genzabella, and supervised at Schoeller by Ed Stacy. Ted Marcus will provide a printing press as necessary to test improved sheets.

7. Price increases on raw materials continue to be announced. Following the $5 - $7 per ton pulp increase effective January 1, 1973 (Brunswick Pine - $16) we are now facing a $15 - $17 per ton increase (one at $19) effective April 1. One group of colorants advanced 4 - 5% as of March 1, and a second group is advancing 3 - 13% April 2. Some of our first press felts are increasing 5.5% on April 1. Fuel oil that was $4.55 per barrel on January 1 is now $4.90 per barrel.

8. As a move toward improving operating conditions when manufacturing Borg-Warner friction (to meet OSHA requirements) we had asked Borg-Warner to evaluate some deckle edged rolls through their punch presses so we could avoid slitting them and therefore avoid creating asbestos

dust. In a meeting earlier this week with Borg-Warner this was discussed and they have advised they cannot see their way clear to do this so we will pursue some other solution.

9. In connection with the South Lee storage problem for finished goods, and general warehousing situations, Ted Marcus was assigned to study the thoughts proffered by Paul Burchette - establishing a task force as necessary.

10. Relative to abrasive overlay - we have heard from Enjay that the run recently made to replace the deficient material they had received earlier has tested out satisfactorily. This replacement run was made with the Washington Mills material.

11. It is perhaps worth noting that during the period the time spent on sampling at Morart reached 8.4% versus a normal level of 4.1%.

E. K. Bancroft /s

EKB:s
cc: Mr. S. C. Mason

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