CH-2 REV. 7-80

DU PONT
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E. I. DU PONT DE NEMOURS & COMPANY
INCORPORATED
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CHEMICALS AND PIGMENTS DEPARTMENT

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EXECUTIVE SUMMARIES

I recently chaired a committee of your Divisional representatives to review and revise the Executive Summaries. Attachment A is a list of the products for which Executive Summaries will be written for the 1984 planning cycle.

Attachment B is an Executive Summary format with descriptions of the requested information. Attachment C is a sample summary using Solid Cyanides as an example.

Since there are nine more summaries than last year, we attempted to streamline the process of creating the document by using the Business Plan Review format. For those products that had a General Management review, some straightforward editing of the Business Plan charts should yield most of the Executive Summary.

The data base for the Executive Summaries will be the #1-1984 forecast. The Product Divisions should begin to issue Executive Summaries after the forecast is finalized in early October. All Executive Summaries should be completed and sent to Departmental Plans by December 16, 1983. Departmental Plans will issue a complete set of Executive Summaries to General Management by 1/1/84.

Questions re the Executive Summaries should be directed to your DPD liaison.

K. F. BALDWIN

KFB:jds
Attachments

N 26966

Attachment A

EXECUTIVE SUMMARIES BY PRODUCT DIVISION

*COLORED PIGMENTS

ACIDS & AROMATICS

*Aniline
*H_2SO_4/SO_3/Oleum
*Sodium
*DCA
*PCL
*PD/NCB/ODA
*Nitrotoluenes
α-Naphthylamine
Sodium Nitrite
Chlorosulfonic Acid
Nitric Acid
Silicates

METHANOL

*Methanol
*Formaldehyde
*Methylamines/Methylamides
*BDO
*THF
*"Teracol"
DME/DMS
Hydroxyacetic Acid

SPECIALTY CHEMICALS

*Solid Cyanides
*Peroxygens
*Fluorochemicals
*Titanates

WP&MP

*Titanium Dioxide
Ferric Chloride
Mineral Products

PETROLEUM CHEMICALS

Antiknocks
Additives

* Executive Summaries for these products were published last year

KFB:jds
8/10/83
Rev: 8/29/83

N 26966.01

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Attachment B

BUSINESS PLAN EXECUTIVE SUMMARY
BUSINESS NAME

BUSINESS DESCRIPTION: What is the business?
What products are made?
What markets are served?

STRATEGIC MANAGEMENT CATEGORY:

PRODUCT LIFE CYCLE:

BUSINESS MISSION:

CURRENT COMPETITIVE POSITION:

PRIMARY STRATEGIC OBJECTIVE: A concise statement (a few sentences) describing what we're trying to accomplish in this business over the long term. This statement should also encompass mission and strategy.

N 26966.02

KEY ISSUES & KEY UNCERTAINTIES

A key issue is a description of an important problem, which if not resolved successfully, will prevent the business from accomplishing the primary strategic objective. Resolution of a key issue generally can be accomplished over time by the proper application of resources.

Although most key issues will result from current business conditions, some will occur as the business' market structure or life cycle position changes over the forecast period. These key issues should be delineated and appropriate strategies developed to deal with them.

A key uncertainty has the same attributes as a key issue, but may not be resolvable by the application of resources or may not have a strategy yet developed to resolve it.

BUSINESS PLAN - KEY ELEMENTS OF STRATEGY

The Key Elements are those critical steps that the business must successfully implement to achieve the primary strategic objective. Examples are major pricing and volume strategies, significant process or product developments, key capacity requirements, and cost reduction objectives.

IMPLEMENTATION PLAN

These are the specific actions required to achieve the business' objectives. The time frame is the remainder of 1983 and all of 1984. These items should be organized by functional responsibility: R&D, Marketing, Production, Product Division, and should have some specific timing. The implementation plan should be at most two pages.

#1-1984 FINANCIAL FORECAST

FINANCIAL SUMMARY

	1983 (Estimated)	1984	1985	1986	1987	1988
Volume						
Revenues						
Pretax Earnings*						
Pretax Profit Margins						

Volume Growth Rates (1983 - 1988)
Price Growth Rates (1983 - 1988)

Retained Earnings
Depreciation
Capital Expenditures **
Δ Working Capital

Net Cash Flow

Authorizations (over 2MM$)

*Please footnote any significant impact on PTE due to LIFO.

**This section may be omitted for a small business where the major elements of cash flow depend mainly on allocations.

COMPETITIVE SECTION

This section should contain data, graphs, and/or prose most descriptive of the competitive environment. Some examples: capacity/demand data (Du Pont/competitors'), lists of key competitive strengths/weaknesses, market environment descriptions, competitors' thrusts, technology advantages/disadvantages. The exact nature of the competitive section will be left to the discretion of the Product Division, but the emphasis should be on those key items driving the competitive environment. This section should be no more than 2 pages.

Attachment C

SAMPLE EXECUTIVE SUMMARY

SOLID CYANIDES
DESCRIPTION OF BUSINESS

BUSINESS DESCRIPTION:

- Manufacturing and Marketing of Solid Sodium and Potassium Cyanides for use in mining, metal plating, and chemicals.
- Du Pont is the only manufacturer of these products in North America with
  - 70% of Domestic Market
  - 58% of Western Hemisphere Market

STRATEGIC MANAGEMENT CATEGORY:

Full Support

PRODUCT LIFE CYCLE:

Mature

BUSINESS MISSION:

Strengthen

CURRENT COMPETITIVE POSITION:

Strong

PRIMARY STRATEGIC OBJECTIVE: Protect share in Western Hemisphere Market and capture growth in the North American mining industry.

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SAMPLE EXECUTIVE SUMMARY

SOLID CYANIDES

KEY ISSUE

How can we position ourselves to meet North American price competition?

KEY UNCERTAINTY

Does increased competition depress pricing such that expansion cannot be justified to compete in Latin America?

SAMPLE EXECUTIVE SUMMARY

SOLID CYANIDES
BUSINESS PLAN - KEY ELEMENTS

- Protect market share and maintain price in the high growth U.S. and Canadian gold mining markets through technical service/distribution advantages.

- Continue to reduce costs.

- Increase capacity to permit maintenance of market share in Western Hemisphere markets.

SOLID CYANIDE
IMPLEMENTATION PLAN - 1984

ACTIVITY	INCENTIVE OR JUSTIFICATION	CHECKPOINTS TIMING
MARKETING		
• Implement Schedule Price Increase - Up 5%, 11/83 Up 5%, 11/84	To cover cost increases & improve margin.	Complete by 12/31/84
• Target direct sales and service to large volume mines in Western U.S. & Canada.	6 MM Lbs. '84	Continuing
• Educate mining industry & regulatory agencies in safe handling & environmental issues.	Permit forecast growth of business	Continuing
• Develop optimum mode for receiving & handling NaCN at large volume mines.	Position Du Pont in unique supply position.	Potential Volume defined 12/83
• Maintain presence in international market through U.S. engineering companies & consultants.	Positions Du Pont to supply market	Continuing
R&D/MANUFACTURING		
• Capacity - S/U & Demonstrate 100MM PPY Capacity	Meet Demand	Project Auth. 2Q'83 complete 12/83
- Expansion beyond 100MM PPY		
+ Expand Memphis to 140MM PPY (Dry)	Provide low cost/ investment for long-range supply	Direct briquetting, authorized 1Q'84 crystallizer basic data, 2Q'84

SOLID CYANIDE
FINANCIAL SUMMARY

	1983 (Estimated)	1984	1985	1986	1987	1988
Volume - MM Lbs.	78	92	100	108	112	116
Revenue - MM$	47.8	58.7	69.4	79.0	86.4	94.7
Pretax Earnings - MM$	7.5	10.9	12.9	15.5	17.8	20.1
Pretax Profit Margin - %	16	19	19	20	21	21

Volume Growth Rate (1983 - 1988) 9.4% per year

Price Growth Rate (1983 - 1988) 5.7% per year

Retained Earnings - MM$	2.3	3.3	3.9	4.7	5.3	6.0
Depreciation - MM$	2.1	2.2	2.5	2.5	2.6	2.8
Capital Expenditures - MM$	4.9	4.8	4.5	3.2	2.8	2.4
ΔWorking Capital - MM$	(0.8)	0.9	1.5	1.5	0.9	1.0
Net Cash Flow - MM$ (Retained Earnings Basis)	0.3	(0.2)	0.4	2.8	4.2	5.4

COMPETITIVE SUMMARY

SOLID CYANIDES
EXISTING DOMESTIC COMPETITION

COMPETITOR	PERCEIVED MISSION	STRENGTHS/WEAKNESSES	COMPETITIVE THRUSTS
ICI	Sustain	• Outmoded HCN facilities	• Aggressive pricing • Excess Capacity (30MM)
DEGUSSA	Sustain	• Two production facilities	• Selective marketing effort in U.S. • Excess capacity in Germany (34MM)
MONTEDISON	Strengthen	• By-product HCN	• First-time presence at mines • Secured Hillside Capital account
MITSUI	Sustain		• Aggressive pricing
TA NUN	Strengthen	• 10MM Expansion on-line in 1983	• Aggressive pricing • Stepped-up marketing through new distributors
AMERICAN CYANAMID	Strengthen	• Mining presence for other products • Current product has limited acceptance	• Increased presence in mines • 20MM excess capacity (1) • Aggressive pricing
DU PONT	Strengthen	• Only domestic manufacturer	• Capture US/Canada mining growth

(1) Claimed by American Cyanamid (NaCN equivalent)

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