

REQUEST AND AUTHORITY FOR CAPITAL EXPENDITURES / RETIREMENTS

D1

2/14/80

OC-4945

DIVISION OR COMPANY

Organic Chemical Division

LOCATION

J.O. CONTROL POINT

Chicago, Ill.

097

JOB TITLE

Purchase stretch wrapping machine.

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	6-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.

Closed 6/80

SUMMARY OF ESTIMATED COST - Details on GOF-3027		ESTIMATE NO.	STARTING DATE Upon Approval	COMPLETION DATE 3 Mos. after approval	
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.	DEPR. RATE	NAME	REC.	APPR.	DATE
Dr. \$4,895 P. P. & E. (132) Dr. \$232 Expense as incurred	7 1/4%	PROJECT SPONSOR R. Johnson	✓		11-28-79
		<i>[Signature]</i>	✓		12/4/79
		<i>[Signature]</i>	✓		12/14/79
		<i>[Signature]</i>	✓		1/22/80
		<i>[Signature]</i>	✓		1/25/80
ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOX (S)) ☒ <i>[Signature]</i> DATE 1/28/80		GENERAL MANAGER <i>[Signature]</i> 2/14/80			
POST AUDIT PERIOD		VICE-PRESIDENT <i>[Signature]</i> 2/14/80			
DISTRIBUTION					

JAN 28 1979

CYANAMID

Description and Reasons Required

Proposed 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 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 at a cost of \$1100.00 for shrink wrapping a relatively small 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 request 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:

Budget for 1980

<u>Sales-Pounds</u>	<u>Sales-Dollars</u>	<u>Profit on Sales</u>
7,850,000	\$6,968,000	2,282,000 (32.7%)

CYANAMID

-2-

First eleven (11) months of 1979

<u>Sales-Pounds</u>	<u>Sales-Dollars</u>	<u>Profit on Sales</u>
7,769,900	5,512,900	1,489,300 (27%)

Details of Proposal

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

This stretch wrap machine will automatically encase each pallet of Cyastab® stabilizer with a clear plastic film under tension. The stretch wrapped load will be prevented from shifting or product leaking during storage or shipment.

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

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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. JUN 20 1979			

By Don Ross



Memorandum

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2/14/80
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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.
4300 W. 15th ST.
CHICAGO, IL 60623

JUN 7 1979

RFA
R. F. Anderson

RFA:sd