

B. CENTRAL REGION

MONTHLY REPORT

November 1975

I. FINANCIAL SUMMARY

a. Results

	<u>November</u>			<u>YTD</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Var. %</u>	<u>Actual</u>	<u>Budget</u>	<u>Var. %</u>
Sales	\$430.7	\$843.7	-49.0%	\$5,965.7	\$8,463.4	-29.5%
Contribution	76.8	187.3	-59.0%	1,305.9	1,878.9	-30.5%

b. Discussion

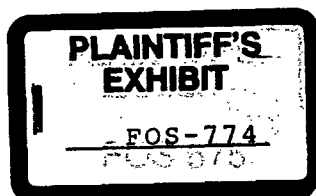
Central Region November sales were unfavorable by \$412,727. The major impactors in this disparity versus forecast are still the same; Republic-Canton, U.S.S.-Lorain, Copperweld, Mac Steel and the first time Republic-Warren and Great Lakes Steel. For the sake of brevity I will not repeat the Copperweld, the U.S. Steel and the Mac Steel stories.

We suffered at Republic-Canton which continued in November due to the poor quality FERRUX piping problem and in their own words "inferior 669 PROFAX". We have corrected the 669 PROFAX situation with the best looking hot top we have supplied in years. We are still waiting for the prototype samples of our new FERRUX which we sold them in our conference in October. Great Lakes Steel, Armco and Republic-Warren were down drastically for November attributable basically to low steel orders. It is worthy to add at this juncture a word of caution concerning the quality of FERRUX 107AM we have been shipping to Armco-Middletown. This account, in their own words "we have been experiencing more pipe problems this year than we have in the past several years". They are carefully scrutinizing our PROFAX and our FERRUX. During a meeting with our quality control and product management teams, it became obvious that many of the batches of FERRUX 107AM we were producing are below minimum aluminum spec. The thought of losing any of the business at Armco-Middletown needless to say, is very upsetting. We must return to a quality FERRUX supply basis.

We do have fortunately two bright spots in this region. The first one being Sharon Steel which is some \$50,000 above forecast for the year, and J&L-Cleveland where we have been doing an excellent job - we are \$164,000 above forecast.

The non-asbestos recipe situation for SEAL-On rings at Great Lakes Steel is going to hit us over the head very shortly if we do not finish our development work on this problem. We are already being grilled in meetings with Great Lakes personnel over seal leaking and piping problems. Harry Shephard and the rest of the marketing group, have been working with them trying to help them improve their practice. Meanwhile, we have a lot of homework

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