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FIBERGLAS | INTRA-COMPANY CORRESPONDENCE

To R. L. STAFFORD - TOLEDO

Date MAY 24, 1965

From MICHAEL HARDWICK - BERLIN

cc M. D. BURCH - TOLEDO
B. E. BOYD - TOLEDO

Subject KAYLO - LONG RANGE PLANNING
PERSONNEL

AFTER REVIEWING THE KEY PLANT PERSONNEL, THEIR BACKGROUNDS, QUALIFICATIONS, LONG RANGE POTENTIAL AND PARTICULARLY THE REPLACEMENT PEOPLE FOR THESE KEY PERSONNEL, I CAN FIND NO BETTER EXPRESSION TO EXPLAIN MY APPRAISAL THAN ALARM. THE RESULTS OF THIS APPRAISAL OF PLANT DEPTH AND STRENGTH TO SUSTAIN THE LONG PULL OF FUTURE GROWTH, IMPROVEMENTS IN PROFITS, SALES AND PRODUCTIVITY ADDED TO AND MAGNIFIED THE IMPRESSION WHICH HAS BEEN SLOWLY FORMULATED IN MY APPRAISAL OF OUR CORPORATE AND DIVISION SITUATION AS CONCERNS KAYLO, ITS SHORT AND LONG RANGE FUTURE. YOU WILL FIND ALSO ATTACHED MY APPRAISAL OF THE CAPABILITIES OF OUR STAFF AREAS TO ASSIST KAYLO IN STRENGTHENING ITS POSITION, IMPLEMENTING ITS GROWTH AND CONTINUING A TREND OF INCREASING PROFIT LEVELS.

HOW A SITUATION WHEREIN A PROFIT LEADER AND ENTIRE FACILITY CAPABLE OF $8 MILLION ANNUAL SALES COULD BE SO ISOLATED AND UNATTENDED IN THE OVERALL CORPORATE PLAN IS BEYOND UNDERSTANDING AND BASICALLY BESIDE THE POINT. IT DOES EXIST IN THIS STATE AT THIS TIME. THE FOLLOWING ARE SUBMITTED TO SUBSTANTIATE THIS BOLD STATEMENT:

1) FIELD SALES HAVE REQUESTED AN IMPROVED PROCESS KAYLO MPC PRODUCT LINE FOR IMPROVED PRODUCT QUALITY FOR THE PAST 5 YEARS. ACTIVITY - NONE. RESULTS - NONE.

2) A PATENT HAS BEEN APPROVED ON AN OWENS CORNING FIBERGLAS PROCESS DEVELOPED IN 1961 FOR THE PRESSURE FORMING OF KAYLO MPC WHICH HAS POTENTIAL FOR YIELDING THE DESIRED END PRODUCT. ACTION - NONE UNTIL MARCH 1965 WHEN BERLIN PLANT BUILT THEIR OWN PROTOTYPE. ALTHOUGH REQUESTED, GENERAL ENGINEERING HAS SHOWED NO INTEREST DUE TO CURRENT WORK LOAD IN OTHER AREAS.

3) EXPANSION REQUIREMENTS TO MEET SALES INCREASES WERE FORECASTED IN 1963, 1964, 1965. ACTION - NONE. RESULTS - 10-15% INCREASE DUE ONLY TO PLANT EFFORT.

4) A $105,000 .901 FOR BUILDING REVISIONS APPROVED IN 1965. REQUESTS FOR REVIEW OF OVERALL LONG RANGE PLANT LAYOUT IN LIEU OF EXPANSIONS REQUESTED. ACTION - NONE

- CONTINUED -

5) BATCH, PACKAGING AND DIRECT MATERIALS COSTS INCREASING AT 2- 2½% PER ANNUM. THIS COMPRISES 43% OF TOTAL MANUFACTURING COSTS. CORPORATE PROGRAHS IN PROGRESS - NONE. REQUESTS FOR HELP HAVE BEEN MADE - ATTENTION - NONE

6) LABOR COSTS AS PER CENT TOTAL COSTS 35-37%, WILL INCREASE WITH TIME AND NEW CONTRACTS. SOLUTION - MECHANIZATION, REQUESTS FOR PLANT LAYOUT STUDY, MECHANIZATION EQUIPMENT, OTHER LABOR SAVING PROGRAMS - ACTION- MINOR IN METHODS ENGINEERING; NONE- GENERAL ENGINEERING OR PROCESS DEVELOPMENT.

7) PRODUCT DEVELOPMENT PROGRAMS - NONE

8) PROCESS DEVELOPMENT PROGRAMS - NONE OUTSIDE PLANT

9) BATCH R & D PROGRAMS - NONE OUTSIDE PLANT

THIS STORY COULD CONTINUE FOR MANY PAGES. HOWEVER, IN THE INTEREST OF CORPORATE PROFITS AND FUTURE GROWTH, WE MUST FACE THIS AREA HEAD ON AND THIS MEMO IS INTENDED TO FORCE THE FACTS OUT ON THE TABLE IN HOPES THAT CONSTRUCTIVE ACTION WILL BE OBTAINED.

FINALLY I SUBMIT TO YOU THAT THE BERLIN OPERATION AND KAYLO AS A PRODUCT LINE HAS RISEN FROM AN 11% GROSS MARGIN TO A 25% PLUS GROSS MARGIN OVER THE PAST THREE YEARS. THIS WAS ACCOMPLISHED AT 90% JOB EFFICIENCY LEVEL WITH OLD EQUIPMENT AND PLANT, OUTDATED PROCESSING, 35% LABOR AND 43% MATERIAL COSTS. I AM REMINDED OF AN IMPRESSION I HAD UPON MY TRANSFER FROM THE TEXTILE PRODUCTS AREA TO GENERAL PRODUCTS IN 1963 IN PREPARATION FOR THE WAXAHACHIE START-UP. AT THAT TIME THE GENERAL CONSENSUS WAS THAT A WOOL MACHINE WAS A RAMBLING, TOUGH AND TUMBLE OPERATION WHICH COULD BE PROFITABLE UNDER THE WIDEST VARIANCE OF OPERATIONS CONTROL. THIS IS IN FACT ABSOLUTELY RIDICULOUS AND FORTUNATELY YOU HAVE SPEARHEADED A DRIVE FOR IMPROVED CONTROL OF WOOL FORMING THAT WILL RESULT IN MAJOR GAINS IN PROFITABILITY. I SUBMIT THAT ANY MANUFACTURING OPERATION MUST HAVE THE FOLLOWING INGREDIENTS IN ORDER TO BE PROFITABLE OVER THE LONG HAUL AND KAYLO IS NO DIFFERENT:

1) TECHNICAL KNOWLEDGE IN BASICS OF PRODUCT FORMATION AND STRUCTURE.

2) PROGRESSIVE IMPROVEMENT PROGRAMS IN BOTH SHORT RANGE PROCESSING EQUIPMENT AND MATERIALS AND LONG RANGE RESEARCH AND DEVELOPMENT IN PROCESS, MATERIALS AND TECHNOLOGY.

3) PRODUCT DEVELOPMENT - NEW PRODUCTS

4) ENGINEERING ADVANCES IN ALL PHASES OF MANUFACTURE.

5) MECHANIZATION INNOVATIONS AND METHODS IMPROVEMENTS.

6) LAST, BUT NOT LEAST, TO UTILIZE THE ABOVE - LEADERSHIP IN MANUFACTURING WITH TECHNICAL UNDERSTANDING OF THE PROCESS. A PLANT STAFF MUST BE TECHNICALLY QUALIFIED TO OPERATE THE FACILITY ON THE SHORT RANGE WITH DEPTH IN TRAINING FOR EXPANSION AND REPLACEMENT.

KAYLO HAS A FUTURE! WITH HELP OF THE QUALITY AND AGGRESSIVENESS CURRENTLY GIVEN WOOL AND TEXTILE OPERATIONS, KAYLO COULD BECOME A TOP PROFIT OPERATION. KAYLO NEEDS SUPPORT AND ITS SHARE OF ATTENTION FOR THE FUTURE. YOU ARE CHALLANGED AS ARE WE AT THE PLANT TO BEGIN NOW BUILDING THE FOUNDATION REQUIRED FOR FUTURE GROWTH AND PROFITS.

KAYLO IS A PART OF OWENS CORNING FIBERGLAS CORPORATION AND DAMNED PROUD TO BE ONE OF THE COMPANY'S PROFIT LEADERS! WE INTEND TO STAY THERE! WE NEED YOUR HELP.

Michael Hardwick

MDB

MICHAEL HARDWICK