

GEORGIA-PACIFIC CORPORATION

Interdepartmental Communication

DATE: August 2, 1966

TO: Mr. G. E. Wilson

LOCATION: Paoli

FROM: P. J. Curry

LOCATION: Acme

SUBJECT: 1966 COMMITMENTS

CC: Mr. E. B. Hollingsworth - Paoli
Mr. T. W. Richards - Paoli

PLAINTIFF'S EXHIBIT

GP-865

File

THIS COPY FOR

Complying with your request that you be kept up to date on the progress of the 1966 cost reduction program, I am submitting the following report.

<u>Commitment</u>	<u>6 Mo. 1 Estimate Savings</u>	<u>6 month Gain or (Loss)</u>
1. Board Perfects up to 96% We are falling short of our goal; perfects 95.94% on 7/1/66.	\$ 7,932.00	\$ 843.00
2. (a) Board weight reduction With normal volume we shall surpass our 12 month estimate.	18,255.00	15,242.00 ✓
(b) 10% Reduction of Overtime Poor business conditions have inflated this figure.	3,948.00	10,460.97 ✓
3. (a) Installation of Entoleter Demand for this product has been very low.	2,214.00	369.40
(b) Elimination of 2 pulp men Revision of formula has prevented this, we see no way of obtaining this goal in 1966.	3 750.00	--
(c) Vermiculite bulk handling New Firestop formula has caused a revision of our plans.	1,250.00	---
(d) Reduction of man on Firestop runs Started on July 26, 1966.	600.00	---
(e) Larger mixers and elevators in Joint System Improved production methods caused us to hold up on this expenditure.	2,000.00	---
(f) Paper hauling with G-P Trucks This commitment was improperly classified. It should read: Hauling of all products with G-P Trucks.	25,000.00	26,596.41

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<u>Commitment</u>	<u>6 Month Estimated Saving</u>	<u>6 Month Gain or (Loss)</u>
4. Joint System Department		
(a) Reduce freight rate No action was taken due to inability to find local vendors.	\$ 315.00	\$ ---
(b) Increase production by 9% High volume and an increase of over 9% accounts for this figure.	519.00	3,416.00
(c) Pack all textures in department Packing still bein done in packing department.	198.00	---
5. General Plant - Yard		
(a) Eliminate one yard truck & driver and minimize janitor requirements. Program started in May.	5,806.00	376.00
6. Mill		
(a) Bulk rock storage bins Item has been removed from our Capital Expense Budget.	2,500.00	--
7. Quarry		
(a) Reduce prill usage Commitment will not be attained, however last 6 months will show an improvement.	293.00	(161.00)
8. Board Warehouse		
(a) Fiber corner protectors Reduced shipments causing us to run below projected estimate.	750.00	461.00
(b) Savings on Brandon Tie Cars Savings not possible due to type and condition of equipment furnished.	540.00	---
(c) Crew utilization Low volume has prevented full expected savings.	4,347.00	3,150.00
9. Office		
(a) Reduce Overtime	240.00	261.00
(b) Reduce phone bill TWX charges were not considered when commitment was taken.	480.00	(1,436.00)

<u>Commitment</u>	<u>6 Month Estimated Saving</u>	<u>6 Month Gain or (Loss)</u>
10. Board Manufacturing		
(a) Reduce unloading labor and pulp costs	\$ 2,172.00	\$ (60.00)
(b) Fuel	501.00	135.00
(c) Electric	802.00	(1,322.00)
(d) Reduce Talc	100.00	(2.00)
All items under review.		
11. Maintenance		
(a) Reduce repair labor & material 5%. Projects planned for second half of 1966 will offset some of the gain shown.	4,066.00	11,044.32
(b) Reduce maintenance delays 5% 5% reductions for the year is still attainable.	158.00	49.00
12. Packing Department		
(a) Reduce manpower requirements	409.00	---
(b) Efficient use of electric power No action taken as yet.	43.00	---
13. Quality Department		
(a) Convert to Krystallex Krystallex proved unsatisfactory.	1,050.00	---
(b) Reduce starch usage Higher reduction than estimated was possible.	1,350.00	2,476.00
(c) Reduction of complaint cost A new quality program will reverse the first 6 month trend, however commitment cannot be attained.	650.00	(6,589.00)
	<u>Proposed</u>	<u>Actual</u>
6 MONTHS TOTAL PROPOSED SAVINGS PROGRAM	\$ 92,238.00	\$ 65,310.10

<u>Commitment</u>	<u>6 Month Estimated Savings</u>	<u>6 Month Gain or (Loss)</u>
Items which should be deleted from program due to formula changes and budget changes	\$ (13,262.00)	
3. (b) Remove 2 pulp men		
3. (c) Vermiculite bulk handling		
3. (e) Larger mixers in Joint System		
6. (a) Bulk rock storage bins		
8. (b) Saving on Brandon Tie Cars		
10. (a) Reduce pulp costs		
13. (a) Convert to Krystalllex		
6 MONTHS TOTAL WORKING ITEMS	<u>\$ 78,976.00</u>	<u>\$ 65,310.10</u>
% Realized: 81 & 92%.		

P. J. C.

PJC:om