

From The Desk Of

B. G. WITHERSPOON

Chuck,

Attached is Chicago job order per our conversation. Approval of this job order would mean continued business with our present customers.

PVC Bags have an unlimited life and can be repaired by a local firm as required. Mr. Szykewicz suggest handling value of bags as dictated by our competition in the market place, but in any case would be a marketing decision.

BGW
3/21/80

N12484



Request For Capital
Expenditures/Retirements

DIVISION OR COMPANY

Organic Chemicals Division

LOCATION

J.O. CONTROL POINT

Chicago Plant

097

JOB TITLE

Purchase and install super sack
semi-bulk material handling
system.

REPORTING CLASSIFICATION

DATE APPROVED

JOB ORDER NO.

SUMMARY OF AMOUNTS

DESCRIPTION	LOCAL CURRENCY	U.S. DOLLARS
ESTIMATED PROJECT COST		\$81,340
DISMANTLEMENT EXPENSE		
TRANSFER EQUIPMENT		
GROSS AMOUNT FOR APPROVAL		\$81,340
LESS TRANSFER EQUIPMENT		
LESS SALVAGE OR TRADE-IN ALLOWANCE		
NET CASH REQUIRED (GOF-3027)		\$81,340

RETIREMENT DATA

ECONOMICS

REVISION DETAIL (GROSS AMOUNTS)

AMOUNT		as called for in General Procedure Memo #3 Attachment C. (Attach calculations)		REV.#	DATE	AMOUNT	CUM. AUTHORIZATION
COST		ECONOMICS PERIOD		1			
DISMANTLEMENT		NET SALES		2			
LESS SALVAGE		NAT (PROFIT/SAVINGS)		3			
		TOTAL INVESTMENT		4			
		% ROI (ON TOTAL INVEST.)		5			
		INTERNAL RATE OF RETURN		6			
TOTAL - CHARGE RESERVE		PAYOUT OF NEW FIXED CAPITAL		7			

DESCRIPTION AND REASONS REQUIRED

Funds of -----\$81,340
are requested to purchase and install a semi-bulk packaging system for
Cyastab® heat stabilizers. Included with the purchase of this system will
be 200 - 35 cu. ft. PVC bags at a cost of \$250 each.

SUMMARY OF ESTIMATED COST - Details on GOF-3027

ESTIMATE NO.

STARTING DATE

COMPLETION DATE

when approved

ITEM NO.	DESCRIPTION	MATERIAL	LABOR	ENGINEERING	TOTAL
	Per attached estimate				
	NET CASH REQUIRED	75,270	5,970	100	81,340

ACCOUNTING TREATMENT

APPROVALS

ITEM NO.	DEPR. RATE	NAME	DATE
		PROJECT SPONSOR	
		<i>Johnson</i>	3/14/80
		<i>Steffy</i>	3/14/80
ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOXES)			
☐	☐	DATE	
POST AUDIT PERIOD	POST AUDIT DUE DATE	DIVISION PRESIDENT/DIRECTOR	
DISTRIBUTION		CORPORATE OFFICER	

Proposed Work and Cost

Funds of-----\$81,340
 are requested to purchase and install a B.A.G. semi-bulk packaging system for Cyastab®. Included with the purchase of this system will be 200-35 cu. ft. PVC bags at a cost of \$250 each.

Present Situation

Lead stabilizers, budgeted for sales of M7.85 pounds in 1980, are packaged 50 pounds in a four ply kraft paper bag, and shipped 2000 pounds per pallet (40 x 50 lb. bags).

As a result of government regulations regarding airborne lead dust concentrations and disposal of any lead contaminated materials such as bags and pallets in land fills, our customers are now looking at alternate methods of receiving and handling lead stabilizers. These methods include semi-bulk systems, plastic bags and drums.

Our competitors are currently offering lead stabilizers packaged in paper bags, air pallets, and semi-bulk bags.

Justification

The Chicago Plant has been advised by sales of the loss of business if Cyanamid cannot offer semi-bulk containers (see attached letter).

Commercial Factors

This order supports a plant budget for lead stabilizers as follows:

<u>Budget for 1980</u>		
<u>Sales-Pounds</u>	<u>Sales-Dollars</u>	<u>Profit on Sales</u>
7,850,000	\$6,968,000	2,282,000 (32.7%)
<u>Year 1979 Actual</u>		
<u>Sales-Pounds</u>	<u>Sales-Dollars</u>	<u>Profit on Sales</u>
8,251,000	\$5,926,000	1,553,000 (26.2%)

Details of Proposal

Purchase a B.A.G. semi-bulk stabilizer packaging system for filling a 35 cubic foot (2000 lb.) container, manufactured by the B.A.G. Corp. of Dallas, Texas. Filling system consists of a bag support, automatic cut-off scale, conveyor, and associated controls.

Purchase 200-35 cubic foot PVC bags from Helios Corp., the supplier of the semi-bulk bags at Hammond Lead.

Install an unloading system to handle a 2,000 lb. semi-bulk container which may be returned by the customer due to quality problems or discontinued use.

Production Factors

This proposal will not alter product quality or production rates.

Contingent Future Commitments

This proposal will not require additional funds to complete. However, other types of packaging systems, such as air pallets, may also be required.

Alternatives Considered

No alternatives were considered since our customers have stated that we must ship stabilizers in 2,000 pound bags or lose their business.

Risks

Returned bags from customers will contain lead dust which may offer problems in the plant regarding exposure and disposal.

Concise Summary

The purchase of a portable stabilizer filling system will offer our customers an alternative in packaging and retain those customers who have switched to this system exclusively

DETAIL SHEET

SHEET NO.		JOB ORDER NO.		DATE March 11, 1980	
COMPANY American Cyanamid Company		LOCATION 4500 W. 15th Street, Chgo, Ill. 60623			
ITEM OR CODE NO.	DESCRIPTION	EQUIPMENT OR MATERIALS	LABOR	ENG. MECH. SVC.	TOTAL
1	Fill/weigh station	15,286	70	100	15,456
2	Powered screw conveyor	4,000	2,000		6,000
3	Electrical	1,000	2,000		3,000
4	Piping	500	400		900
5	Freight	400			400
6	Tax	3,584			3,584
7	Container bags	50,000			50,000
8	Unloading system	500	1,500		2,000
		75,270	5,970	100	81,340