

DISTRIBUTION SHEET

PRODUCTION DIVISION COST REDUCTION PROGRAM
SUMMARY REPORT

M. E. Baker - B-16204
E. V. Beebe - Experimental Station
J. Blackwell - B-17270
H. B. Clark - B-17204
J. B. Coleman - B-16270
S. C. Doberstein - Jackson Laboratory
D. I. Garnett - Experimental Station
J. P. Glas - B-17206
P. J. Grunwald - B-9237
R. W. Hess - Edge Moor
P. A. Hopkins - B-17249
B. F. Kennedy - B-17249
F. Knowles - Experimental Station
N. E. Krauss - Jackson Laboratory
R. W. Kurek - B-16252
P. Z. Larson - B-17202
J. D. Lojewski - B-17249
R. J. Lombardo - B-17249
R. J. Mattson - B-17249
P. L. Meredith - Experimental Station
P. M. Norling - Experimental Station
R. J. Pavlin - B-17302
C. C. Quarles - B-6206
C. I. Smith - B-17249
G. C. Tunis - B-6237
F. A. Vogelsberg - Edge Moor
R. S. Weis - B-17202
P. A. Wriede - Jackson Laboratory



E. I. DU PONT DE NEMOURS & COMPANY
INCORPORATED

WILMINGTON, DELAWARE 19898

CHEMICALS AND PIGMENTS DEPARTMENT

Wilmington, Delaware
August 4, 1982

TO: ADDRESSEES

FROM: W. H. MC COY

WKM 8/5

COST REDUCTION PROGRAM
1982 FIRST 6 MONTHS' RESULTS
HIGHLIGHTS

- Year-to-date savings through June total \$35.4MM, 68% of their commitment for the year, 47% of goal.
- The "current estimate" of year-end savings is \$77MM, equal to goal, and 148% of the commitment for the year.
- Five plants predict a shortfall vs. commitment, while 9 plants predict exceeding goal.
- Sixteen plants anticipate achieving savings of over \$1MM. Ten have already done so.
- Three large plants are now forecasting they will not meet their original commitment (Beaumont, LaPorte, and Memphis). Their combined commitment is \$7.7MM. They anticipate achieving \$6.5MM, a shortfall of \$1.2MM, which is more than made up by other large plants.
- In general, most of the plants are having trouble achieving their goal savings in the ingredient category due to lower-than-forecast production rates. This is more than offset by greater-than-anticipated personnel reductions.
- The following comments are intended to point up where we are having difficulty meeting our commitments and goals and the off-setting highlights -- by exception:

Beaumont's modest shortfall vs. committed (\$133M) is accounted for by cancellation of yield optimization program. Manpower was shifted to work on the new plant.

Chambers Works is predicting an \$18.2MM savings for C&P vs. a goal of \$17.3MM. The improvement is essentially all in the labor and salaries category -- accomplished through personnel reductions. Savings from their other programs are expected to be as forecast.

Comments (Cont'd)

- Cleveland is having trouble, as are most of the plants, in achieving predicted ingredient savings due to low production rates and/or postponed savings projects. Fortunately, labor savings have offset this to a large extent.
- Deer Park overall is on target vs. "committed". Meeting goal would require higher capacity operation.
- DeLisle anticipates exceeding goal by \$1.5MM. Reduced use of outside contractors, not forecast, accounts for the large improvement. Other items are on target.
- East Chicago cost reduction efforts have exceeded expectations mainly in use of H₂O₂ (\$115M), energy (\$250M), and personnel reductions (\$410M).
- Edge Moor now anticipates year-end savings of \$7.6MM vs. a commitment of \$2.4MM and a goal of \$3.5MM. The big tag items behind this are advancing alternate coke use (\$1.0MM), improved finishing yield (\$0.6MM), reducing substandard production by 75% (\$0.5MM), a force reduction valued at \$1.3MM, and better-than-expected micronizer control (\$0.6MM).
- Johnsonville currently estimates it will exceed its goal by nearly \$3MM by year-end. Recovered ore feed (\$1MM), extended spare part fabrication (\$0.4MM), inventory reduction (\$0.3MM), and reprocessing of substandard R-101 via dry blending (\$0.25MM) accounts for the majority of the improvement expected.
- LaPorte estimates it will miss its commitment by \$180M, primarily in the field of energy savings (-\$126M) limited by production and maintenance materials (-\$100M) partially caused by cancelled projects in the sulfuric area.
- Memphis forecasts a shortfall of \$855M or 21% of "firm" primarily due to production rates being lower than forecast -- \$1.4MM in energy and \$0.67MM in ingredients offset by labor reductions greater than forecast.
- Newport's labor and salary reductions will exceed forecast by nearly \$0.9MM, roughly 40% of the total "firm" projection according to their current estimate.
- Niagara expects to exceed their goal by \$660M, primarily as a result of improved yields of Teracol® from THF (\$195M), fuel to steam ratio in power (\$200M), and maintenance costs (\$229M).
- Repauno is now estimating labor savings of \$1.4MM vs. goal of \$0.6MM in that category. This more than offsets difficulties in obtaining forecast ingredient savings due to lower-than-anticipated production rates.

WHM:lrg
Attachments

COST REDUCTION SUMMARY
6 MONTHS 1982

Plant	6 Months 1982		Annual Data		
	Realized YTD	% Factory Cost	Committed	Goal Total	Current Estimate % Factory Cost
Antioch	988	8.0	679	1151	1890 9.4
Augusta	57				99
Beaumont	506	1.3	1040	1283	907 0.9
Belle	807	1.0	1895	3600	2375 3.0
Burnside				171	
Chambers Works	7859	7.7	12427	17339	18228 8.8
Cleveland	851	5.3	1731	1917	1740 5.4
Deer Park	5511	4.0	9696	15891	11303
Delisle	2541	5.6	2987	3872	5450 7.1
East Chicago	611	0.9	464	787	1386 3.4
Edge Moor	3414	8.5	2418	3508	7608 8.6
Florida	483	5.6	455	920	917 4.9
Fort Hill	13		13	13	13
Fortville	15	1.8	12	12	27
Grasselli	531	1.2	827	1023	1047 2.4
Healing Springs	21		245	267	139
James River	--	---	--	--	--
Johnsonville	4366	7.1	4051	5812	8580 6.5
LaPorte	1131		2647	3665	2465
Memphis	1220	1.9	3974	6501	3119 2.2
Newark	552	1.9	1092	1291	1265 1.7
Newport	1745	9.4	2304	3805	3614 8.8
Niagara	1143	1.2	875	1829	2494 2.7
Pineville	--	---	5	5	1
Repauno	1073	3.6	1671	1970	2446 4.1
Toledo	6	---	52	52	--
Wurtland	4	0.04	32	36	26 0.3
TOTALS	35449		51497	76563	77139

COST REDUCTION SUMMARY
6 MONTHS 1982

<u>Plant</u>	<u>Ingredients</u>	<u>Labor & Salaries</u>	<u>Maintenance</u>	<u>Energy</u>	<u>Other</u>	<u>Total</u>
Antioch	61	333	41	382	171	988
Augusta	-	10	-	40	7	57
Beaumont	231	-	53	173	49	506
Belle	424	-	-	383	-	807
Burnside	-	-	-	-	-	-
Chambers Works	2349	2844	250	1964	452	7859
Cleveland	308	331	83	67	62	851
Deer Park	4951	380	255	298	(373)	5511
Delisle	1337	840	200	71	93	2541
East Chicago	15	368	7	192	29	611
Edge Moor	1108	601	122	888	695	3414
Florida	-	279	112	63	29	483
Fort Hill	-	13	-	-	-	13
Fortville	-	-	14	-	1	15
Grasselli	89	103	183	112	44	531
Healing Springs	5	-	-	16	-	21
James River	-	-	-	-	-	-
Johnsonville	1747	194	1041	442	942	4366
LaPorte	513	81	105	322	111	1131
Memphis	433	224	210	(4)	357	1220
Newark	201	167	147	18	19	552
Newport	114	1023	80	247	281	1745
Niagara	541	51	286	20	245	1143
Pineville	-	-	-	-	-	-
Repauno	7	442	77	266	281	1073
Toledo	5	1	-	-	-	6
Wurtland	1	-	-	-	3	4
TOTALS	14440	8285	3262	5960	3498	35449