



FROM: E. G. ANDERSON

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2) ~~R. R. B.~~

~~3) R. M. Soffer~~

4) ~~J. B. Glidden~~

5) ~~J. R. [REDACTED]~~

~~6) W. M. Steele~~

7) ~~Mr. J. J. Long~~

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02234131

Distribution List
for
REGIONAL MANAGERS MONTHLY REPORTS

E. G. Anderson
B. A. Blessington
H. A. Brown
A. S. Clapperton
H. C. Duecker
R. T. Frohlich
G. E. Hall
W. R. Hanlon
P. E. Korenberg
R. H. Locke
W. F. McCord
R. A. Merther
L. Rosenblatt
R. M. Vining
R. F. Watrous
J. L. Westbrook
Zono-Atlanta
J. W. Wolter
W. R. Wright
W. S. Zorkers
R. A. Wittgren

11/1/76 cj

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ZONOLITE

CONSTRUCTION PRODUCTS DIVISION

REC'D DEC 14 1976

INTER-OFFICE CORRESPONDENCE

02234132

TO: B. R. Williams and
Division Management Distribution

DATE: December 10, 1976

From: T. P. Felt

SUBJECT: Pacific Region Monthly Report
for October and November 1976

cc: J. V. McKague
R. L. Asher
T. F. Egan
C. R. Lowe
W. K. Rogers
B. A. Blessington
L. W. Farmer

Because the markets and products and October sales and profits were reviewed in detail at the time of our November 3 and 4 meeting with you and Rod, this report combines the October and November results.

As we had forecast at the end of the 3rd quarter, the last quarter is turning out to be a disaster (see monthly report of September activities, dated October 13, 1976). We still believe that we will accomplish \$9,200,000 for the year; i.e., a budget underrun of approximately 8.5% and 3% ahead of 1975.

Gross Sales Results:

October gross sales were \$736,000 -- behind October 1975 and budget by \$132,000 (15.2%)

Gross sales in November amounted to \$641,000 -- this is \$118,000 behind November 1975 and \$218,000 behind the budget. Most of this poor showing is attributable to jobs that just didn't start rather than lost jobs.

Year-to-date dollar sales of \$8,477,000 continue ahead of 1975 sales (by \$476,000 or 5.9%) but remain behind budget (by \$875,000 or 9.4%).

Estimate for Next Month -- December 1976:

Our \$746,000 estimate for December is \$18,000 ahead of budget.

We need to do at least \$740,000 in December to meet our year-end estimate (adjusted at the end of the 3rd quarter) of \$9,217,000. The poor November showing pretty much destroys any possibility of picking up that additional \$100,000 for which I had hopes. In any event this is likely to be the poorest 4th quarter since 1972.

-1-

PACIFIC REGION



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To: B. R. Williams and
Division Management Distribution
From: T. P. Feit
Subj: Pacific Region Monthly Report
for October and November 1976

December 10, 1976

Profit and Loss:

The October operating profit was \$101,000 -- \$28,000 (21.7%) behind budget and \$47,000 (31.8%) behind October 1975.

The \$57,000 operating profit for November is behind budget by \$80,000 (58.4%) and behind November 1975 by \$34,000 (37.3%).

Year-to-date profits of \$1,439,000 are 11.5% (\$188,000) below budget, but are 18.4% (\$224,000) ahead of 1975.

Percent gross margins on gross sales for the months of October and November and year-to-date (36.5%) are on or slightly over budget.

Market and Product Report:

1. MONOKOTE® - The fire in the Occidental Tower in downtown Los Angeles is summarized in the attached ENR article. No structural damage was reported and the MK-3 did the job. Doyle Nigh has inspected the fire damaged areas and confirms the excellent performance of MONOKOTE®. We have been invited back after the arson investigation is completed and intend to provide Bob Merther with as much documentation as we can.

Structural Fireproofing, Inc. (Bob Chaney) was cited by Cal/OSHA for excessive exposures of nuisance dust. Chaney's workmen were using nonapproved respirators at the time. It is possible, however, that OSHA would have issued the citation even if approved respirators had been used because, in this instance, OSHA is insisting on engineering (mechanical) controls. Chaney is contesting this matter and we are working closely with him. An outside consulting firm (employed by us) confirmed that the Cal/OSHA dust levels (in excess of 10 mg/M³) were essentially correct. I am concerned about the potential affect this might have on other fireproofing jobs.

typical
OSHA
will also
want
engineering
solutions

Ken Porter and I spent most of one day on Chaney's job observing the operation and monitoring the tests. There was nothing unusual, and the dust levels, in my opinion, were typical. Chaney was friendly, very cooperative and pleased to see Ken again. Bob was very appreciative of the loan (by us) of the stud welding gun; however, he experienced lots of trouble with it on the top floors and even the Nelson people were unable to help.

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December 10, 1976

We are looking at a \$3,000 claim from Shearer & Sons, Inc. for the MONOKOTE® difficulties they experienced early this year on the PGE Building with MK-5 produced in Portland. Their claim appears to be justified. As you are aware, I have requested that we cancel the manufacture of MONOKOTE® and '3300' in Portland and produce those products in Newark for the northwest business.

2. '3300' - Enthusiasm runs high over the news that we can actively go after the high humidity vegetable storage work. A successful fire test at FM next Monday will give us the two remaining items to complete the package -- (i) FM approval and (ii) lower applied cost.
We have lost thermal barrier jobs both because of the lack of FM approval and because of lower cost provided by Foamcrete at their 3/8" approved thickness.

It has been reported that the state of Idaho will only accept ICBO approved thermal barriers. Although we have experienced some delays in obtaining ICBO approval for '3300', I am confident that approval will be forthcoming.

3. CONCRETE - The diaphragm assembly has been poured and scheduled for testing on December 28.

Chuck Buggy confirmed to me that he had attended the fall meeting of the Perlite Institute. Chuck had given me the impression after attending the spring meeting that he would not be attending others. He has done several small perlite jobs since and learned of the ZONOLITE/Bonitz of Alabama matter at the Perlite Institute meeting!

Foam concrete continues to nip at us on almost every job. On many of these jobs we have had to become very competitive. We must have them concerned or they wouldn't continue to write the dumb letters that they do.

4. INSULPERM® - Bill Culver's 1977 forecasts justify producing INSULPERM® in Auburn and we have so requested.

Burnham's 1977 forecasts also justify producing INSULPERM® in Phoenix and this will be pursued in conjunction with the Phoenix polystyrene project.

5. POLYSTYRENE - Den has sold approximately 250,000 bd. ft. to Johns-Manville for their precast concrete floor/roof structural system which was first mentioned in my monthly report of January activities. Unfortunately, Western Insulfoam has picked up a subsequent order at a price we have elected not to meet.

December 10, 1976

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Lynn Farmer is pursuing the possibility of producing polystyrene in Phoenix.

6. THERMO-STUD® - Porter is attempting to locate a local steel supplier who will make channels for us in Southern California. Culver is in contact with a similar supplier in the Northwest.

Certain work that we have lost in the past (U.S. Navy, State Fire Marshal, etc.) because of high smoke test values may be recovered because of the new UL method of reporting smoke. We are attempting to test the waters on this, but lack necessary back-up (UL salmon card, etc.). This will require close coordination between sales and manufacturing with respect to the type of beads to be used on specific jobs.

Don Gillin and Ken Porter have worked out an arrangement for us to act as dealer for the Tapcon Fastening System.

7. THERMOCLAD® - Ralph Burnham has the Southern Nevada Prison job for 140,000 sq. ft. of 3" THERMOCLAD®. We believe that this will be the largest THERMOCLAD® job sold anywhere.
8. CONSUMER PRODUCTS - Our Southern California "Incentive Program" has met with less than complete success. To date only one package order has been received.

Conni Joyce has been very helpful in resolving our difficulties with J-M and our attempts to obtain glass fiber from the Willows, California plant. Ron Hodges had sold a truckload of foil-faced glass fiber, but J-M claimed that they had no authorization (by their Denver people) to ship for our account.

9. AGRICULTURAL AND HORTICULTURAL - Rothfelder has been active in implementing plans to improve on the 1976 results.

Production of REDI-EARTH® in Newark is on stream. This should ease, somewhat, the high freight costs associated with supplying REDI-EARTH® to Northern California and to the Northwest from Santa Ana. Storage (or manufacture) of REDI-EARTH® in the Portland plant will likewise improve our competitive position, but this will await other considerations involving Portland.

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Ray's calls on distributors who cover the grower market indicate we will need to provide some kind of incentive (advertising, free goods, etc.) to get them interested in taking on REDI-EARTH®. Most of them are already selling Mica Peat which they get along with their peat moss shipments. While some distributors are aware REDI-EARTH® is a superior product for many uses, they feel a certain amount of pioneering work is necessary and they want help in this effort.

Personnel:

Ralph Burnham has begun interviewing for a replacement for Ross Wittgren.

Jim Taylor has not yet filled the San Francisco sales territory opening.

Work Plan Achievements and Future Objectives:

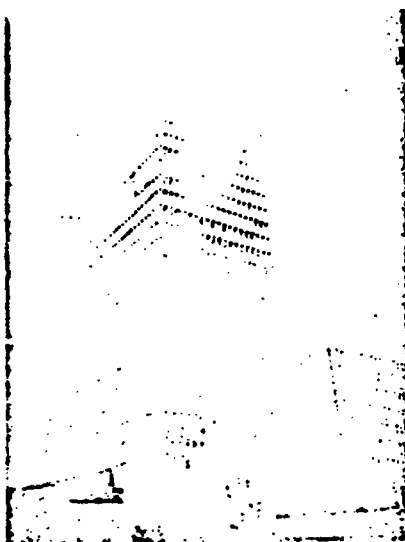
Paul Korenberg will be here next week to work with Ken Porter on the introduction of ACE.

We will be finalizing details for our Regional Sales Meeting -- February 2, 3, and 4.

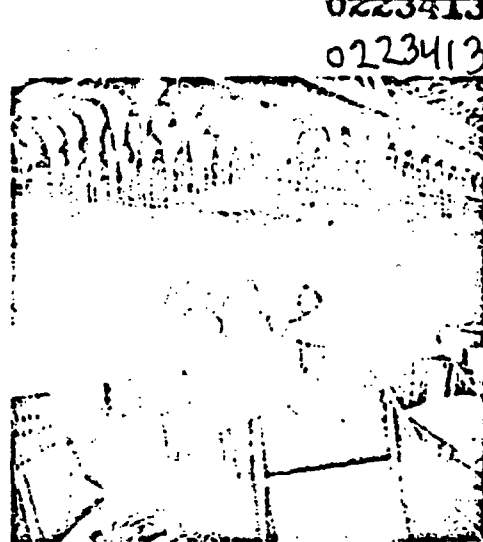
Other:

Clive Boyer and his reduced staff deserve special mention. They have been putting in long hours to complete all of the usual year-end matters as well as the additional work caused by the changeover to ZIRS.

TPF:me



Fire was confined to half of one floor.



Plastic screens covering lighting melted.

Spandrels in Los Angeles tower kept flames from spreading

An early alarm combined with aluminum spandrels that kept flames from spreading up the outside of the building were credited with keeping a fire in a Los Angeles high-rise office building from becoming a major conflagration.

An arsonist apparently started the fire in the 32-story Occidental tower in the predawn hours of Nov. 19. While \$1.5 million worth of damage resulted, the flames were confined to the 10 executive offices of Transamerica Financial Co. on the 20th floor, and no structural damage was evident, according to fire department officials.

The other half of the 20th floor had smoke and soot damage, the 21st floor sustained heat and smoke damage, and the 18th and 19th floors were damaged by water from the fire fighting, said officials of Occidental Life Insurance Co., owner of the \$46-million complex consisting of the tower and two interconnecting 10-story units to the east.

Except for the 20th and 21st floors, all other parts of the building were occupied Monday, while firemen and engineers continued inspections.

The building was completed in 1965. According to project structural engineer Brandow & Johnston & Associates, Los Angeles, the tower has a structural steel frame and combination metal deck and concrete floor slabs. Steel members are fireproofed with sprayed-on vermiculite. The building's curtain wall consists of aluminum spandrels between heat-absorbing glass panels.

Automatic sprinkler systems were installed only on the main floor and underground levels as required by building

codes, says the architect of the complex, William L. Pereira and Associates, Los Angeles. Two years ago, the code was revised to require sprinklers in any new building over 75 ft high. The Occidental tower is 437 ft high.

Firemen said sprinklers might have confined the blaze to an even smaller area but would probably have caused more extensive water damage. A spokesman for Occidental says the owner feels that the effectiveness of sprinklers remains open to question. "We felt that our highly sophisticated sensor-alarm system would identify an emergency quickly and allow an early response by fire fighters. That is exactly what happened," said the spokesman.

"Our first efforts were aimed at stopping the fire from spreading to floors above," said one fireman. On the 20th and 21st floors, the intense heat broke the glass panels. Firemen credited the aluminum spandrels with retarding the upward spread of the flames.

"This is the first time we've encountered the possibility of flames lapping up the sides of the [exterior] walls to the floors above," said a fire department spokesman.

The fire brought out 58 of the city's 103 fire companies and involved 325 firemen and two helicopters that provided lighting and delivered equipment to the rooftop.

Computer-operated elevators were immediately placed on manual operation for vertical transport. Most of the equipment was carried up the stairways. The elevators did not fail, say fire and building owner officials.

SUMMARY OF RESULTS
PACIFIC REGION. Oct. 1976

02234138

GROSS SALES RESULTS
(To Nearest 000)

	Month of: Oct.			Year-to-Date			Year-End		
	Actual	Budget	Prev. Year	Actual	Budget	Prev. Year	Est.	Budget	Prev. Year
Concrete Aggregate	66	131	118	1034	1225	1099	1221	1526	1353
Masonry Fill	53	48	71	421	551	471	487	634	573
Mono-Kote	245	305	297	2611	3107	2790	3343	3688	31436
3300	3	8	1	105	72	15	133	80	19
Styrene Roof-Board	31	12	11	178	116	53	166	134	117
Other Polystyrene	192	176	194	1623	1740	1417	1907	2027	1739
Other Products	146	188	176	1664	1692	1397	1960	1991	1702
TOTAL REGION	736	868	868	7636	8493	7242	9217	10080	8939
Southern Calif.	163		206	2168		2104	2524		2406
Northern Calif.	214		194	1533		1760	2194		2156
Northwest	69	680	148	1017	6637	891	1200	7919	1120
Arizona	67		115	1017		1017	1226		1201
Pacific Polystyrene	223	158	205	1801	1956	1470	2073	2161	1856
TOTAL REGION	736	868	868	7636	8493	7242	9217	10080	8939

	Estimate	Budget	Previous Year
ESTIMATE FOR: <u>Nov.</u>	<u>757</u>	<u>859</u>	<u>759</u>

AVERAGE SELLING PRICE:

	Month of: Oct.			Year-to-Date		
	Actual	Budget	Prev. Year	Actual	Budget	Prev. Year
Concrete Aggregate	2.200	2.178	2.044	2.151	2.134	1.953
Masonry Fill	2.124	2.200	2.042	2.115	2.109	1.946
Mono-Kote	3.637	3.551	3.364	3.580	3.550	3.106
3300	10.338	8.000	8.088	9.860	8.000	9.915
Styrene Roof-Board	99.19	105.00	99.01	95.94	105.00	99.01
Styrene Plain-Board	77.52	69.00	75.82	78.39	69.10	75.50

STATEMENT OF PROFIT & LOSS:

	Month of: Oct.			Year-to-Date		
	Actual	Budget	Prev. Year	Actual	Budget	Prev. Year
Gross Sales	736	868	868	7636	8493	7242
Gross Margin %	36.4 %	36.6 %	29.8 %	36.6 %	36.2 %	24.1 %
Freight	3	8	7	29	83	49
Policy Allowances	1	-	-	9	2	2
Other Sales Deductions	9	9	8	77	84	64
Selling Expenses	88	91	80	627	660	793
OPERATING PROFIT	101	129	148	1362	1491	1124

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SUMMARY OF RESULTS

PACIFIC REGION. Nov. 1976

02234139

GROSS SALES RESULTS (To Nearest 000)	Month of: Nov			Year-to-Date			Year-End		
	Actual	Budget	Prev. Year	Actual	Budget	Prev. Year	Est.	Budget	Prev. Year
Concrete Aggregate	67	131	96	1101	1356	1195	1235	1526	1353
Masonry Fill	49	49	56	470	599	527	512	634	573
Mono-Kote	155	302	262	2966	3408	3052	3176	3688	3436
3300	7	8	-	113	80	15	117	80	19
Styrene Roof-Board	15	12	25	193	128	78	224	134	117
Other Polystyrene	194	148	159	1817	1888	1576	2005	2027	1739
Other Products	154	210	161	1817	1893	1558		1991	1702
TOTAL REGION	641	859	759	8477	9352	8001	9223	10080	8939
Southern Calif.	130		199	2299		2303	2476		2606
Northern Calif.	153		188	1987		1948	2132		2156
Northwest	71	699	105	1052	7336	996	1166	7919	1120
Arizona	78		83	1094		1100	1220		1201
Pacific Polystyrene	209	160	184	2010	2016	1554	2229	2161	1956
TOTAL REGION	641	859	759	8477	9352	8001	9223	10080	8939

ESTIMATE FOR: Dec. 1976	Estimate	Budget	Previous Year
	746	728	937

AVERAGE SELLING PRICE	Month of: Nov.			Year-to-Date		
	Actual	Budget	Prev. Year	Actual	Budget	Prev. Year
Concrete Aggregate	2.185	2.178	2.039	2.153	2.138	1.959
Masonry Fill	2.111	2.200	2.024	2.115	2.116	1.954
Mono-Kote	3.635	3.549	3.164	3.583	3.550	3.116
3300	10.441	8.000	-	9.895	8.000	9.916
Styrene Roof-Board	105.96	105.00	97.99	96.64	105.00	98.39
Styrene Plain-Board	61.27	69.00	76.28	78.75	69.00	78.59

STATEMENT OF PROFIT & LOSS:	Month of: Nov.			Year-to-Date		
	Actual	Budget	Prev. Year	Actual	Budget	Prev. Year
Gross Sales	641	859	759	8477	9352	8001
Gross Margin %	35.9 %	37.0 %	28.7 %	36.5 %	34.3 %	26.3 %
Freight	3	9	5	32	92	54
Policy Allowances	-	-	2	10	2	4
Other Sales Deductions	5	8	5	81	92	69
Selling Expenses	78	83	78	705	943	871
OPERATING PROFIT	57	137	191	11439	11628	1215

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