**Monsanto**

FROM (NAME & LOCATION) H. C. Carder, St. Louis General Offices

DATE July 27, 1967 cc D. B. Hosmer

SUBJECT AROCLOR VARIANCES

REFERENCE Memo from Cresce to Hosmer, et al dated July 21, 1967

TO :

Mr. Joseph Cresce - JCRES

In the reference memorandum you asked for information as to why we have not met profit budget for the first six months and plans for improving the situation during the next six months. This memorandum will be confined to Aroclor since this is the only group that I am concerned with that is under your responsibility.

The variances generated year to date and expected to be generated for the remaining half of the year are due primarily to the Anniston operations. WGK has a total year to date liquid aroclor performance variance of -$9,753. This will be a small positive variance by year end.

The significant variances generated at Anniston have been due to two sources, the aroclor unit itself and flowed variances from biphenyl and chlorine. In summary variances during the second half will be about the same as they have been during the first half. Although constructive programs are under way, results from these programs will not be seen until 1968.

Total year to date through June ~~profit~~ performance variances for liquid ~~variances~~ Aroclors at Anniston is -$124,151. About $14,000 of this is a paper variance due to a change in method for accounting for chlorine. The remainder is due primarily to the technical effort being expended to upgrade quality and to increase capacity. This effort will continue at about the same rate for the rest of the year. Also significant is the fact that a large percentage of new business has been export increasing continued cost. We also changed to a more expensive drum in order to improve "as-received" quality.

Variances flowed from biphenyl were due to start up of new installed equipment and low benzene ~~use~~ yields due to inadequate performance of the new refining still. The startup variances have stopped, however, raw material variance will continue to be generated at about $6,000 per month until the biphenyl refined still is modified. CED has the responsibility for doing this. They are just starting to work on the problem. I anticipate the next 12 months for corrective action to be complete.

DSW 200732

FORM 10 REV. 11-65

STLCOPCB4058796

July 27, 1967
Mr. Joseph Cresce

Variances flowing from chlorine have been due to a combination of mechanical and operational problems. An intensive repair effort is under way and will continue for the rest of the year. Miscellaneous projects will be completed during the second half that will improve performance to some degree. However, variances will be generated by chlorine during the seconf half at about the same rate as year to date.

H. C. Carder

HCC:mr

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