

Project C-D
A. S. & W.
Donora

Decision Making - Bodnar's Office & Cost Analyst

Two types of decisions will be discussed--those concerning accounting and its operations and those in which accounting supplies the information needed by other departments in making their decisions.

11-1-A

Bodnar's group started in April, '51 to write the operating review before the current month is up. Believed that in this way operating people could know sooner the facts that accounting had, concerning the operations. "Idea originated from headquarters in Cleveland" T. Durst.

23-3-B

Ted Durst, chief accountant, decides to stop any further payments to the Donora Construction Company. Through discussions with a company auditor Durst discovered that there were some discrepancies in the accounts involving Donora construction. Since he had been wary of this company for some time, Durst decides to stop payment of A/P (\$3-5000) until the matter was cleared up. The \$3-5,000 was easily enough to cover the discrepancies involved.

9-2-9*

Bodnar's group was doing a special study on the plausibility of installing a conveyor from the rod mill to the open hearth to carry scrap which resulted from rejects or bad work in the rod department. This idea was initiated by the Division Superintendent, Strachen, in a conversation with the cost analyst (probably Dick Shettee). The analyst mentioned the idea to Bodnar who in turn got the chief accountant, Ted Durst, in on the idea.

Bodnar's group wrote up a report showing costs involved and the savings figures including direct labor hours. Criteria used in the report was pay-off period. The procedure followed upon completion of the report was to first get the division superintendent's concurrence and then to present it to the general superintendent (Mr. Cope). Bodnar's group did about 21 such reports in a year. They have trouble selling such reports, when they come up with an idea which is primarily technical and they have to sell it to technical or operating men, when sometimes the idea is not even feasible from the technical standpoint.

27-5-A

Carl Topiani (Accounts Control Man - Wire Products) designed a new form for a man-hour variance report that he puts out weekly. It includes the actual, the budget, the variance and the performance for the total divisions and by departments with a written explanation. Carl didn't believe that a report with only the total division figure would be any good to Just (Division Superintendent - Wire & Wire Products) so he broke it down into departments.

(This decision area is concerned with the mill account units but is included here.)

Carl discussed the new form with Jim Corwin (Mill Accounting Supervisor, Wire Products) who in turn checked with Cy Rodgers (Assistant Chief Accountant - Mill Accounting). Durst (Chief Accountant) also saw the form and they all decided it was a good idea to initiate this type of report. No mention was made of consulting with the Division Superintendent Joe Just.

Mill Turnings as Blast Furnace Charge.

If more turnings and less ore than standard are used in the Blast Furnace charge an unfavorable material variances arises. "Mr. Cox, the Blast Furnace division superintendent, does not make the decision to use more turnings and thus give an unfavorable material variance. He wouldn't want these variances," says Herman Niehouse, B. F. Mill Accounting Supervisor. "The General Superintendent must pass these instructions down."

Low Level Procedure Change Related to Accounting

H. Niehouse, Blast Furnace Mill Accounting Supervisor: "The people in my section here used to do the mark sensing to aid tabulating. Joe Bodnar did a little investigation and as a result, we now have the operating people in the mill take care of it."

Break-even point on Changing Borings to get Hot Metal

J. Cox: "You can use borings and turnings to get hot metal out faster, but there is a break-even point between using borings and hot metal and reducing the cost above. The breakeven point has been worked out by myself, the mill accounting section, the cost analysts and Cleveland. They weren't all the same, but we have pretty well decided that it is about \$25 per ton."

Improving Efficiency in Wire Drawing:

Bodnar's cost group noticed that the efficiency variance was running unfavorably in the wire mill. They ran a cost study which highlighted the reasons and suggested that one section be motorized. Just opposed the idea on the basis that they were expecting to get an entire new wire mill.

When Bodnar discovered that there were no approved entries for new wire drawing facilities and informed Just of this fact. Just still objected to the idea of motorizing on other grounds. Bodnar said of this: "Off the record, in this case, in the other Joe Just never went along with the ideas unless they were his own suggestions. We finally got Cope to write a letter of Joe. This is what Cope told us--that he did write the letter and then finally the improvements were made. So, the improvements were a direct result of my suggestions. We had numerous troubles with Joe Just on our cost savings plan."

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3-5-A

2-6-B

Cox
Interview
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24-3

24-4

Sticker Ingots in the Open Hearth Department

John Wach and Joe Bodnar discovered that sizeable losses were occurring in the open hearth as a result of "stickers." (Stickers were ingots which cannot be freed from the molds by the extruding equipment. In such cases it is necessary to break the mold to recover the ingot.) Stickers were causing sizeable expenditures for removing the ingots and because of mix-up of various grades of steel.

Bodnar's group studied this problem to determine its costs and then made a breakdown to see when the stickers were occurring most frequently. They found the main cause of strippers to be too long a cooling period which sometimes occurred on Wednesday when a shift was not working.

They alleviated this by making provisions to have the extruding equipment run on Wednesdays and also adding a man to cut the bond that formed between the ingot and the top of the mold.

Bodnar mentioned that they got into an industrial relations problem by adding the extra man and also had some trouble in changes which affected the Fair Day's Work Plan.