

1986 Will Be Critical

'85 A 'Tough Year' For Alcoa

"Last year was a tough one for us. 1986 is going to be a critical year for us as well." That's how Operations Manager Dennis Falls summed up the situation at Alcoa's Massena Operations.

Overcapacity, plunging prices, the strong dollar and high production costs — problems that have been plaguing the U.S. aluminum industry for the past two years finally caught up with Massena Operations. By year's end, 230 people were on layoff as a result of a temporary potline shutdown and a business slowdown affecting fabricating departments.

"The smelting end of the business is really hurting now," says Falls. "The tremendous impact of offshore government subsidized producers has created an overcapacity situation in the worldwide market for ingot. The resulting drop in prices has forced producers to temporarily idle, and in some cases, permanently close potlines all over the country."

In December, Alcoa announced a permanent 25 percent reduction in its smelting capacity. No decisions have been announced yet regarding which Alcoa location smelters would be affected.

Low tariffs and a superstrong dollar have encouraged offshore producers to become fierce competitors in the U.S. market. In the aluminum imports have doubled.

"Aluminum rod and bar imports have more than tripled since 1980," Falls pointed out. Cold finish rod and bar is Massena Operations major product line.

The problems confronting aluminum makers are very similar to the ones that have crippled the steel industry. However, unlike so many steel companies, Alcoa, including Massena Operations, is responding to these challenges by taking the necessary steps now to stay competitive.

"What we're seeing in the United States is a restructuring of the manufacturing base. Some companies and plants will be able to survive in a global economy, others will not."

Falls says that to survive in a worldwide commodity business as aluminum has become, Massena Operations must be the low cost producer.

There are three major cost factors in producing aluminum — energy, the cost of purchased materials and services, and labor. Massena Operations is working hard to lower costs in all three areas.

"With the help and support of the New York Power Authority, we were able to temporarily idle one



ALCOA FACES '86 — Alcoa officials describe 1985 as a year when the aluminum firm faced tough import challenges. But company officials are hoping that next year the New York Power Authority will lower rates to keep jobs in Massena.

P-75 potline last fall. This bought us some time to improve our cost situation and hopefully see the market for ingot turn around. This is painful for us, but the alternative was to close the line permanently," Falls said.

Alcoa is presently working with NYPA looking into ways to lower Massena's power costs. When operating at full capacity, Massena's bill for electricity to run its smelter totals \$66 million a year. Sixty percent of its power is based on a hydro-replacement contract; 40 percent on a high cost nuclear power contract.

Falls emphasized that Massena Operations is taking other steps to be cost competitive. These include new strategies offered by the plant's major suppliers to lower the cost of purchased materials and services. Alcoa spends about \$30 million a year on local purchases.

Company officials have made it known for some time to employees that a reduction in wages and benefits is necessary for Alcoa to compete. "For the first time, we realize we have to be cost competitive around our compensation," said Falls. "Our people need to make an investment in the future of this plant. Bringing wages more

into line with our competitors will help to improve our business and maintain jobs."

Despite the tough times, Falls likes what he sees happening around the plant. "We're not sitting on the sidelines and letting things go downhill. We're spending a lot of money — over \$20 million a year — to improve our equipment and bring in new technology all over the plant."

"We're working hard to save our two P-75 potlines. We have experimental pots operating there now that can match any in the world for efficiency. Our continuous rod caster in the Ingot Plant has capabilities unmatched by any other caster in the industry. We're bringing a new production center on stream early this year in our Wire, Rod and Bar Department that will help us increase our market share in small screw machine stock."

Falls pointed out that Massena Operations is Alcoa's oldest continuously operating plant. Massena Alcoa's have weathered every economic event the 20th century has thrown at them. By working together and meeting the challenges that lay ahead, 1986 could be a good year for the plant.

"1986 is a base year for years to come. Our future is in our own hands. We must give it our best shot. It won't be easy, but we can do it if we face up to the realities of today's economic conditions and work together to solve our problems."

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Lloyd's Window Fashions, now in its third year of operation, is a "Custom Shop" with free estimates, measuring and installation service. They leave nothing to chance and insist on complete satisfaction.

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In 1986, the Canton business will add wood shutters made Joanna Western Mills Company. Stop in the show room, located at 76 Buck Street, Canton, or call 386-3604.

The Gran View

Continued From Page 11
Swing Shift, Mike and Diane, the Dan Kleves Machine, Jack and Kathy and much more music on Saturday nights.

"A majority of our entertainment is geared for the 40 and up clientele. They really enjoy the cha cha and swing type dance music," noted Williams, who took over the business from his father several years ago. "We do, however, have entertainment for our younger clientele."

Williams, whose proximity gives him access to a beautiful view from his dining room and pool area, says he would like to lighten up the business, yet preserve the establishment's essence of elegance.

He also explained that he has updated the image of the outside property by adding such decor as flags and anchors and by improving the signage.

He added that he will continue to work close with packaging, featured such weekend promotions as "Break Away in the USA," a package that draws the outside tourist market toward the Ogdensburg hotel-restaurant.

"When working with packages, we focus on areas such as Ottawa

and Cornwall," he said. "The computerization of our mailing list allows us to correspond with our customers on a regular basis."

Williams added that he has put a lot of money into this modernization process. Through automation and computerization, he has updated pre-checking, accounting, and telephone systems.

His next updated procedure will occur in the restaurant's bar, where a computerized bar system will be installed. The new system dispenses 12 brands of liquor.

The Gran View also provides docking facilities with 10 slips available, 100-foot docks, 60 feet of water front and enough water (14 feet deep) to accommodate bigger boats.

Williams said his housekeeping staff was rated in the top four percent of Quality Inn International, reputedly the fastest growing chain in the world today.

The Gran View is open seven days a week and is suitable for wedding receptions, class reunions and business luncheons and dinners.

Williams remarked that the restaurant also offers a catering service, which has become a big part of the company's business.



HYDROPOWER — Municipal governments across the North Country are looking at dams in their areas as possible locations for hydroelectric development projects. But governments are also finding that private developers are eyeing sites as well.

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