# HOW DO I PREPARE A PROJECT FOR P1-P3 GATE REVIEW?

## TRAINING WALK-THROUGH EXAMPLE

**Use the following example to follow along during the training.**

### Background

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|---|---|
| Project | Optimization of wire skewing in paper machine |
| Potential benefits | – Improve consistency, reduce downtime<br>– Expected annual cost benefits of $20-80k |
| Planned TIC | $200k |

**Enter the 'Example Project' information into EcoSys.**

| No. | EcoSys Field | Example Project (*enter this into EcoSys*) |
|---|---|---|
| 1 | Portfolio | *Georgia Pacific > Consumer Products Group > Consumer* |
| 2 | Project | *PRJ-XXXXXXX* |
| 3 | Project Name | *PM20 Wire Skewing Optimization* |
| 4 | Security Org | *Savannah* |
| 5 | Private Project | *No* |
| 6 | Supports a Brand | *Check* |
| 7 | Primary Investment Category | *Cost Reduction* |
| 8 | Secondary Investment Category | *Sustaining* |
| 9 | Investment Type | *Normal Capital Investment* |
| 10 | Venture | *Replace Savannah 20PM the existing wire tensioning device with a forming fabric skewing /tension control system* |
| 11 | Portfolio Rank | *5* |
| 12 | System/Area | *Paper Mill* |
| 13 | Area Rank | *2* |
| 14 | Project Sponsor | *Doten, Chris J. (SRM)* |
| 15 | Project Originator | *Quick, Matthew C.* |
| 16 | Project Owner | *Calloway, Bryan M.* |
| 17 | Project Manager | *Pierce, Tal* |
| 18 | Financial Analyst | *ARNSDORFF, COURTNEY M.* |
| 19 | Recommended Action | *Approval to invest 195K l / $5K expense to improve the wire skewing process of Paper Machine 20 (PM20).*<br>*This project will replace the wire tensioning device on PM20 with a forming fabric skewing device which has the capability of* |

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|---|---|---|
| | | *tensioning and skewing the wire. Assets being written off have a net book value of $0K.* |
| 20 | Background | *Paper Machine 20 (PM20) currently has to adjust sheet width coming off the paper machine almost every grade change to try and meet KS and QNUP converting width and roll quality expectations. PM20 was not designed with either sheet width or wire skewing control (on the run). PM20 operating group has improvised a method to change wire skew (to control sheet width) on the run but they had to give-up wire tension control to do so. With this method, the paper machine can either control wire tension or wire skew while running. This has led to several operational issues for the PM20 and its converting lines. Swapping the controls between the wire skew and wire tensioning requires machine downtime of 4 hours for each occurrence. SRM has had to bring down PM20 eight (8) times in the last 12 months to switch strategies. One instance of skewing the wire while running caused the wire to run off the machine. This resulted in 6 hours of downtime and a new wire.* |
| 21 | Vision Fit | *This project opportunity supports the Retail Tissue Business Category, where Savannah Paper Machine 20 (PM20) is a primary strategic paper making asset supplying the Retail Tissue Business. 20 PM is part of 3-Ply CWP product system - manufacturing Quilted Northern Ultra Plush© and the 2-Ply CWP product system manufacturing – KS Toilet Tissue. Market demand outlook and Retail Tissue Business supply chain priorities for 20 PM are looking for investments that improve asset productivity and competitive cost position as well as improve or maintain quality attributes in Quilted Northern Ultra Plush® and or KS bath tissue brands.* |
| 22 | Key Drivers | *Downtime reduction for Skewing Wire: Cost: $200M Benefit: $20M/yr Owner: Matthew Quick*<br>*Improve consistency of wire drainage: Cost: incl.*<br>*Benefit: $15K Owner: Matthew Quick*<br>*Improve consistency of sheet width to converting: Cost: incl. Benefit: $20K Owner: Chris Doten* |
| 23 | Next Steps | ** Full Funding Approval - February 2019*<br>** Equipment arrive on-site - March 2019*<br>** PM20 scheduled outage - May 2019*<br>** Close of project June 2019* |
| 24 | Fundamental Objective | *Improve Competitive Cost Position and Reliability of Savannah 20PM supplying Quality Quilted Northern Ultra Plush® and KS Bath Tissue.* |
| 25 | Superior Earnings and Growth | *Check* |
| 26 | Disciplined Reliable Operation | *Check* |
| 27 | Project Start Date | *02/04/2019* |
| 28 | Project End Date | *12/11/2020* |
| 29 | Expected Start Construction Date | *01/06/2020* |

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|---|---|---|
| 30 | Expected Construction Complete Date | *05/29/2020* |
| 31 | Expected Place in Service Date | *05/29/2020* |
| 32 | Optimized Base Case | *Implement paper planning and grade change protocol to reduce grade changes between Quilted Northern Ultra Plush® and KS bath to reduce number of Grade changes / year. Improve and Optimize the existing wire Skew and Tension Control Standard Operating Procedure to safe guard against wire run off. Continue with current plan – to skew with wire tension mechanism. Not recommended since this doesn't address the consistency and does not account for market -supply demand requirements for just in time supply which could lead to more or less downtime.* |
| 33 | Alternative 2 | *Trim Paper Sheet on Wire - $30K: Experiment to discover how to trim sheet on PM20. This alternative is not recommended since it is experimental and not proven technology on Crescent Formers making low tension sheet (several trial attempts have been made to trim on the wire without developing a viable long-term solution – no path forward as of this point). This alternative does not enable the needed ability to skew the wire on the paper machine.* |
| 34 | Alternative 3 | *Install crescent former: Replace existing crescent former with newer style that has wire skewing capabilities built in. P1 Estimate of $10-15M. This alternative would meet the required drivers, but at a much higher price tag* |
| 35 | Upside NPV ($) | *483,000* |
| 36 | Downside NPV ($) | *6,000* |
| 37 | Upside IRR (%) | *31* |
| 38 | Downside IRR (%) | *6* |