

Vol. 2, Issue 15. December 1, 1992

For EW&C (Electronic Wire & Cable) SBU Employees-Omaha Works

Edited by Sonja Coleman, Ext. 4667

## SPECIAL EDITION

A letter from GARY S. EPP, Manager of EW&C Operations and Engineering

December 1, 1992

#### TO ALL EW&C TEAM MEMBERS,

In the spirit of the recent Thanksgiving holiday, I want to take this opportunity to thank you for your contribution to the successful year we are experiencing in EW&C. I know that many of you are tired as the result of the long days and even longer weeks.

Even though you've been rewarded financially for the extra hours you have worked, I realize that money isn't always everything. Many of you have sacrificed personal and family time throughout 1992 and worked the hours necessary to satisfy our customers. This sacrifice has not been in vain. The result is a much healthier business. And that means greater job security than we have enjoyed in EW&C for a decade.

The financial performance of EW&C during 1992 places us among the most prosperous cable companies in the world. This performance is no accident.

Over the past few years we have reduced the number of products we sell and focused on the markets we know best. We have also introduced new products at the right time to give our customers greater value than ever before. The result has been 1992 sales that have exceeded even the most optimistic forecasts. We have seen significant sales growth throughout 1992 in our Local Area Network cable business (1041/1061/2041/2061) and in sales outside the United States. The Central Office cable business has also shown surprising strength during the last three months. This sales growth is especially encouraging, because it has occurred in the midst of slow economic growth in the United States and abroad.

Our excellent 1992 performance has also been aided by the painful steps we have taken over the past few years to reduce the cost of our factory overhead including management salaries, maintenance expense, utilities, supplies, engineering projects, etc. These reductions have required the elimination of numerous management jobs and a tough-minded discipline in how we spend our money that we must never relinquish.

EW&C is now generating more earnings than the corporate targets. This gives us the opportunity to make investments into our business for the future. However, before we get complacent about being at the top of the heap, we must always remember that future success is not guaranteed. Our current success has, in part, come at the expense of competitors. Numerous cable companies have gone out of business in the past few years and others are not as profitable as they once were. However, there are still formidable competitors out there who would like to see us go under.

The key to long-term success at the top is continuous improvement. And, there is still much room for improvement in our business. We can each identify numerous opportunities to eliminate wasted time and material in our operations. Our customers still receive their orders late almost 20 percent of the time. We are still working hard to achieve straight A's on our quality report card. The list goes on. We will talk more about how to address these opportunity goes when we gether



Vol. 2, Issue 16, December 21, 1992

For EW&C (Electronic Wire & Cable) SBU Employees-Omaha Works

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## EW&C progress against 1992 objectives

#### Sales

(The amount customers--external customers and also AT&Tcustomers--paid for EW&C products)

After I I months, we have already exceeded sales objectives for the year. "November was a good month," said Gary Epp, manager of EW&C operations and engineering. He did note, however, that sales were at the lowest level in four months primarily due to adjustments outside of EW&C's control. (This chart is plotted on a calendar basis and tall bars are good.)

## MOI (Measured Operating Income) (The profit before interest and taxes are paid)

MOI for November was decent, although it was below the year-to-date monthly average. This can be attributed to two factors according to Epp: a) lower reported sales, and b) significantly higher than normal sales expense. (This chart is plotted on a calendar basis and tall bars are good.)

#### Factory Expenses

(Management salaries, maintenance, utilities, supplies, depreciation and engineering expenses)

"I am still very happy with our excellent control of factory expenses," Epp said. He explained that, "the additional output we gained with overtime and the continued excellent control of factory expenses has put us significantly ahead of our factory overhead commitment after two months." (This chart is plotted on a fiscal basis--the accounting period from October to September--and short bars are good.)

#### Labor Payments

(Salaries and benefits for production associates)

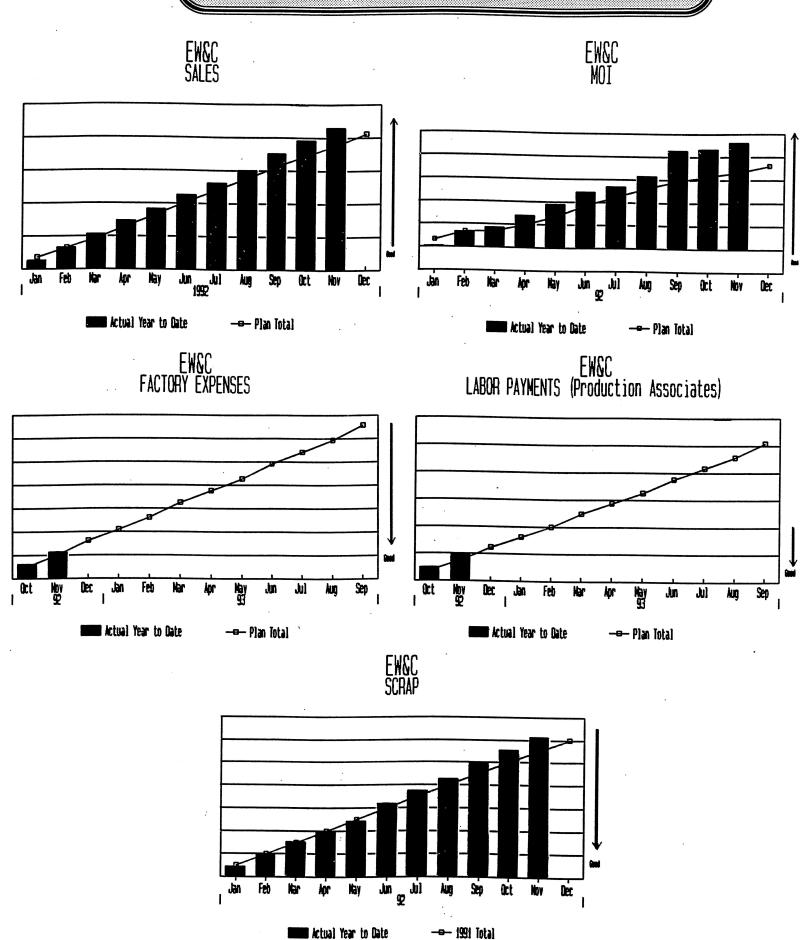
Extremely high demand for many EW&C products has continued to drive high levels of overtime. "The premium payments associated with overtime caused us to miss our labor commitment in November," Epp said. (This chart is plotted on a fiscal basis and short bars are good.)

#### Scrap (Scrap dollars)

There have not been significant improvements in scrap, but EW&C is running close to the material variation plan for 1993. That's primarily because of the ongoing effort to control material usage (jacket thickness and insulation thickness). (This chart is plotted on a calendar basis and short bars are good.)

See page 2 for progress charts. Due to the proprietary content of the charts, the dollar values have been deleted. To see dollar amounts, you may view the graphs at one of three locations: outside of Gary Epp's office (now located in Building 20 on the southwest end), inside the "porch" entrance at the west end of Building 50, or in the Building 50 EW&C information center just south of the PYC twisters.

## Progress against '92 objectives (continued)



For EW&C (Electronic Wire & Cable) SBU Employees-Omaha Works

Vol. 2, Issue 14. October 13, 1992

Edited by Sonja Coleman, Ext. 4667

## Answers to your questions about MFCS and CAPS & TWINS

There are questions that some of you may be asking regarding the two new computerized systems, MFCS and CAPS & TWINS. (The acronyms stand for Material Flow Control System and CAble Production System for TWist and INSulate, respectively.) Below are answers to some common questions dealing with how both systems will enhance EW&C's competitive edge in the national and global marketplace as well as improve the quality of work life for employees. Answers were provided by Gary Epp, manager of EW&C operations and engineering; Jerry Taylor, department manager in charge of MFCS and CAPS & TWINS; Dick McGaughey, manufacturing excellence manager; Brent Timko and Susan Addison, CAPS & TWINS project experts; and Paul Perez and Judy Cook, MFCS project experts.

## Q. Why is cycle time important to the customer, and how will CAPS & TWINS and MFCS improve cycle time?

A. (Cycle time is the time that elapses from the moment a customer places an order for cable until that customer receives the cable.)

Cycle time is important to the customer because the customer wants and deserves the product as promised by AT&T. Today, many customers wait too long for our product following placement of an order. When EW&C does not meet schedule, the customer will go elsewhere to get the product in the desired time frame. With CAPS & TWINS and MFCS, employees will be able to manufacture what the customer wants and get it out on time.

Gary Epp said, "Both systems are simply tools to help take the guesswork out of determining and resolving cycle time problems.

"If there is a machine or area that doesn't keep up with the schedule, CAPS & TWINS and MFCS will help determine if the problem is with the schedule, or with

such things as machine breakdowns, changeovers, people issues, yield variations, etc.," he said.

"It's hard to plan production with so many variables," Epp said."Now we have data to tell us where to go to look for the answers."

(Cycle time reduction has been a manufacturing excellence action item since late 1990. It was during that time period that EW&C managers began looking for tools to place in the hands of employees to allow for sequential scheduling, better flow of product and easier and more efficient work operations.)

## Q. Why is CAPS & TWINS called a "sequential" scheduling tool?

A. According to Brent Timko, CAPS & TWINS is called a sequential scheduling tool because "it is a three-step process for developing a production schedule that indicates the time and sequence for each operation in the manufacturing process.

"The first step is to identify the processes to be used and the order of use," he said. "For example, the order sequence for 1024-025A6Y R1000 cable is insulate, twist, strand, jacket, test and rewind."

In the second step, the machines that will be used are identified and given the following product information: (1) when the machine should start production, (2) the production time required by the machine and (3) the time the machine will finish producing the product.

In the third and final step of the process, the above information is tabulated and printed to a report which lists:
(1) the individual machine to be used, (2) the product to be made and (3)when the product should be started and completed for delivery to the next manufacturing process.

Timko said that when all these steps are completed, a schedule is produced that makes material available for each succeeding process as long as the last process is completed on time.

## MFCS, CAPS & TWINS (continued)

# Q. If employees are making more changeovers due to CAPS & TWINS, how does the system make work more efficient? Aren't more changeovers less efficient?

A. No. Without CAPS & TWINS, wire waits in line and accumulates in large piles waiting to be processed into cable. The bigger the pile, the longer the wire waits before it is made into product. The manufacturing cycle is therefore much longer. CAPS & TWINS is a tool to make wire and cable flow through the shop faster so it can be sent to the customer on time and not stored in warehouses or piles on the shop floor.

## Q. What is the black box called that I carry in my hand and use to input data?

A. The small black units that measure approximately 10 inches by 5 inches and have a decoder or scanner attachment are called hand-held computer terminals. These MFCS tools communicate via radio frequency between the shop floor and a main computer. There are antennae positioned in Building 50 to transmit the frequencies.

## Q. When I put information into my hand-held terminal, am I supplying data to MFCS or CAPS & TWINS?

A. MFCS.

#### Q. What is MFCS, and what does it do?

A. MFCS is a software program that tracks material flow throughout the shop, and it is also a shop floor control system that tracks the execution of the schedule generated in CAPS & TWINS, thereby providing information which is used to improve the quality of the CAPS & TWINS production schedule.

One of the software developers of CAPS & TWINS, Ken Lipske at the Phoenix Works, explained the tracking data base function of MFCS. He said, "As operations are performed and assemblies and wire moved, the MFCS data base is updated with the time that these transactions occurred. From this data, statistics are provided, as necessary, to indicate when differences between the scheduled and the actual transactions occurred.

"This data can be used to help solve problems as they

arise, as well as trigger the generation of a new schedule. It may be that machines are down, manning is low, etc."

### Q. Why is it taking so long to implement MFCS and CAPS & TWINS?

A. There is a lot of data that must be collected, such as which machines will be used to run product, the individual product codes, reference numbers for wire used, types of plastic used at insulate and jacket, footage on 533 and 534 reels, twist gears used for each pair of conductors and the run speeds for each machine and for each product.

### Q. How long will it be before we can see some results from CAPS &TWINS and MFCS?

A. Before CAPS & TWINS and MFCS, the manufacturing interval was three to five weeks. All product families that are in the systems now have a **two-week** manufacturing interval. (A manufacturing interval is the time from insulate through the time the product is shipped to the customer... employees on the shop floor don't necessarily notice the reduction to two weeks, but the **customer** does.)

# Q. There is a rumor that MFCS and CAPS & TWINS are only going to be around for about six more months? Are the systems only a temporary experiment--just another new program?

A. No. Both systems are being implemented as a permanent means of communicating customer orders to the shop and tracking the material flow through the shop.

The systems are not new programs. MFCS was selected because it was a system already being used effectively in Omaha Works storerooms. It was modified to perform shop floor control functions to track the execution of the schedule generated in CAPS & TWINS.

According to Jerry Taylor, we were attracted to CAPS & TWINS because it was being used at the Phoenix Works in a capacity very similar to the cable manufacturing operations in Omaha. The CAPS software was written by Bell Labs in response to a request from Phoenix to help schedule the back end of the shop. The TWINS software was written by Phoenix personnel to schedule the front end of the shop.

(Continued on Page 3)

## MFCS, CAPS & TWINS (continued)

#### Q. How much are the new systems costing us?

A. CAPS & TWINS did not cost us anything. Personnel at Phoenix gave us a copy of the software, and we have modified it to meet our needs. MFCS, on the other hand, has cost approximately \$400,000 (money spent on computer software and associated computer equipment).

## Q. We have always done the best we can in our areas. Why isn't the old way of scheduling product good enough for the customer?

A. Employees in each work center have always had the best intentions to maximize their own operations. In so doing, the needs of the customer have not always been served because cycle time has been too long. One of the causes of poor cycle time is the absence of sequential scheduling.

According to Taylor, "The old way of doing things meant that employees would optimize production in their own work areas, but many times this would slow down the rest of the shop and consequently lengthen cycle time and jeopardize our ability to deliver products on time to our customers.

"Sequential scheduling assures that all manufacturing processes are marching to the same drum beat," he said. "That drum beat is determined by our customers' needs. In pleasing our customers, we enhance our own job security as well as please our shareholders."

### Q. How does MFCS and CAPS & TWINS benefit the shareholder?

A. When product can be made efficiently and shipped on time, less money is tied up in inventory. This money can be used to improve and grow our business. Shareholders want to see their dollars in dividends and capital investments that will pay off in the future--not inventory.

## Q. How will CAPS & TWINS and MFCS help solve inventory problems?

A. In the past, ineffective ways of trying to meet schedule have caused a lot of problems for the company. "For example," Epp said, "large amounts of inventory were set

aside to make up for poor cycle time. Someone had to guess about inventory quantities. When the guess was wrong, there was too much or too little inventory, and this was no way to do business in a competitive environment.

"Now with these systems, we have a better inventory tool. We can tell exactly where we stand, and the opportunity for mistakes will disappear because we don't have to guess what to make," Epp said.

## Q. Why, in some cases, do we have more inventory now than we had before?! We recently added additional 533 and 534 reels.

A. "That's right," said Dick McGaughey. "In some cases we really didn't know how many reels of wire inventory would be needed to eliminate wire shortages and best improve the flow of our production processes," he said.

## Q. How will MFCS and CAPS & TWINS enhance the quality of work life for employees?

A. According to Epp, things are not going to get better right away.

"We will struggle because there is a lot of discipline involved in producing things in a particular order and always doing things on time," he said.

However, Epp sees immediate benefits in two problem areas.

"First," he said, "One of the struggles comes when wire is not available from the supplier when it is needed. The two systems will alleviate this struggle."

"Second, before MFCS, there was no way of easily determining where our supplier was on a particular order. We didn't know if the order had been started, or if it was near completion.

"With MFCS, we can tell exactly where we stand, and where the wire is located or stored in the plant."

Epp said that MFCS eventually will allow employees to stop taking physical inventories, and will eliminate some of the chances of inaccurate data.



Vol. 2, Issue 13, September 23, 1992

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### EW&C progress against 1992 objectives

### MOI (Measured Operating Income)

(The profit before interest and taxes are paid)

Results continued strong. Actual profit before interest and taxes was 20 percent ahead of the August plan. Total year-to-date (YTD) results are also nearly 20 percent ahead of the plan.

Reviewing MOI, Gary Epp, manager of EW&C operations and engineering, said, "We expect continued strong results through year-end, and we anticipate that our team will exceed our commitment to the company.

"I recognize that our members have worked very hard," he said, "and I want to thank everyone for their conscious effort to attain our financial goals. I also want to encourage each of us to continue the fine work through the remainder of the year." (High is good.)

#### Sales

(The amount customers--external customers and also AT&Tcustomers--paid for EW&C products)

EW&C revenues were nearly 10 percent ahead of the plan for August, and the eight-month total is 8 percent ahead of the YTD plan.

"We are excited that our future looks very optimistic," Epp said. "Demand for our products is extremely high. We expect to see some extra business as a result of hurricane damage in Florida and Louisiana. However, our growth will be fundamentally due to the expanding markets for our high performance cables." (High is good.)

#### **Factory Expenses**

(Management salaries, maintenance, utilities, supplies, depreciation and engineering expenses)

Although factory expenses were up during August, total

YTD expenses are down more than 14 percent under plan. This is positive.

Commenting on factory expenses, Epp said, "We are investing money to remove old equipment and rearrange other equipment to prepare for '93 production. It's important to invest money in our business if we want our factory to remain financially strong and healthy.

"However, please don't interpret these actions as a return to the old days when we spent money too liberally," he said. "We need to continue the discipline of carefully spending every dollar." (Low is good)

#### **Labor Payments**

(Salaries and benefits for production associates)

Although EW&C spent slightly more than the plan during August, the overtime payments from July to August dropped by 25 percent.

According to Epp, "We're still working on ideas and plans to improve our productivity for 1993 in ways that will enhance our long-term competitiveness as a business." (Low is good.)

#### Scrap

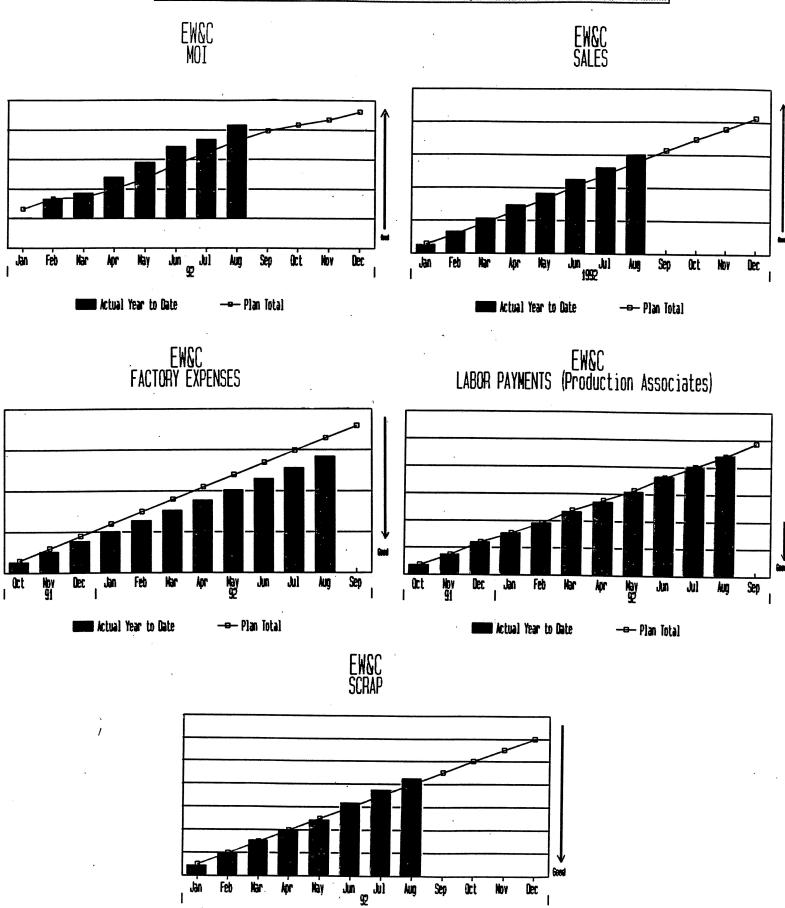
(Scrap dollars)

There has been no significant improvement in the scrap dollar trend. EW&C continues to be more than half a million dollars above plan.

"With high demand for our products," Epp said, "the high levels of scrap put an unnecessary strain on us, because we are spending far too much time and money making things wrong." (Low is good.)

See page 2 for progress charts. Due to the proprietary content of the charts, the dollar values have been deleted. To see dollar amounts, you may view the graphs at one of three shop locations: outside of Gary Epp's office, inside the "porch" entrance at the west end of Bldge 50, or in the new EW&C information center in mid shop.

## Progress against '92 objectives (continued)



■ Actual Year to Date

—— 1991 Total



Vol. 2, Issue 12, August 25, 1992

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#### **Comunications Central**

## SBU information area available in mid shop

Earlier this month noticeable changes (such as display cases featuring various communication aids and news items about EW&C) began to appear in the new SBU information area in the center of building 50, just east of jacketing line No. 8 and just south of the PVC twisters.

An article commending all the employees who helped start to make the area a reality appeared in the May 26 issue of EW&C AT a Glance. Employees who worked throughout the last few weeks to get the area constructed were Daryle Donner, project designer and coordinator for the information center; Steve Bales, plant and factory engineering; and Dennis Karloff, plant trades. Bales worked with the contractors who constructed the framework, and Karloff fabricated the display cases.

The purpose of the center is to provide a central area where employees can get current information regarding the EW&C SBU.

#### HERMAN® posters spotlight good quality, safety

New eye-catching, colorful posters promoting quality and safety are appearing throughout Bldg. 50. The posters feature a character by the name of Herman who learns the hard way that good quality and proper safety have no substitute. The posters are one more tool in the effort to achieve manufacturing excellence in EW&C.

# New product lines are ready for cut to MFCS, CAPS & TWINS

This week, four new product lines are scheduled to be cut over to MFCS and CAPS & TWINS (acronyms for Material Flow Control System and Cable Production Scheduling & Twist/Insulate Scheduling System, respectively).

The product lines are DIW, IWC, C-plenum and D-plenum. This includes DIW and IWC small-pair wire, IBU 256 (sections 1, 2, 3); DIW large-pair wire, IBU 254 (sections 1, 2, 3, 4, 5, 6); and C&D plenum, IBU 256 (sections 7, 8, 9).

In preparation for the cut over, extensive three-week training was held for designated resource employees in the targeted areas.

The employees are:

First shift
Gary Blohm, pager 479
Bill Huetson, pager 478

Second shift
Gary Mintken, pager 479

Third shift
Mel Finley, pager 479
Henry Hill, pager 478

Additional training classes for various employees will be held, as needed, to ensure that the synchronized scheduling software tool and the shop floor control system are used effectively.

In addition, trainer **Bob Hosier** is working to develop training manuals for supervisors and user manuals for production associates.

Also, supervisors and managers, along with production control personnel, are meeting to review schedules on Mondays, Tuesdays and Wednesdays.

According to the manager of EW&C operations and engineering **Gary Epp**, "These sessions allow us to manually adjust for schedule/ execution shortcomings. They also allow for

good problem-solving discussions and joint feedback sessions with the project team."

Jerry Taylor, department manager in charge of MFCS and CAPS & TWINS implementation, said, "The synchonized scheduling and product tracking functions of these two systems are essential to reducing product cycle time to our customers. They are also critical to enhancing our competitive position in a world-wide marketplace, as well as improving the financial viability of EW&C and increasing the job security of our employees."

All questions about the cut over should be directed to one of the five employee resource people mentioned above. However, if you are unable to contact any of them, contact one of the following project experts: Brent Timko, ext. 3672, Susan Addison, ext. 3695 (CAPS & TWINS); Paul Perez, ext. 3149, or Judy Cook, ext. 3457 (MFCS).

Product lines cut over earlier this year to MFCS and CAPS & TWINS were: 1061 cable in February; Halar® insulated products, Teflon® insulated products and 1041 cable in April.

Future articles on MFCS and CAPS & TWINS will further discuss why the two systems are so important.

July results
against 1992
objectives
on Page 2

#### July results against 1992 business plan

#### Sales

(The amount customers--external customers and also AT&T customers--paid for EW&C products)

EW&C revenues were very positive during July with sales 3 percent more than the average monthly forecast. The seven-month total is 8 percent ahead of the year-to-date (YTD) plan. (High is good.)

#### MOI

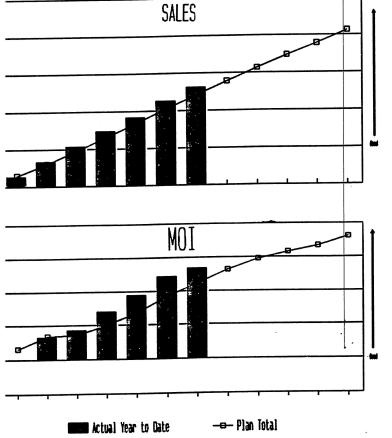
(The profit before interest and taxes are paid)

July was a very strong month. Actual profit before interest and taxes was equal to the forecast for the month. However, a significant billing correction brought the net MOI for July down by 40 percent. The correction was due to double billing of sales during 1991. Despite the adjustment, EW&C is still nearly 20 percent ahead of the year-to-date (YTD) plan. (High is good.)

#### **Factory Expenses**

(Management salaries, maintenance, utilities, supplies, depreciation and engineering expenses)

Factory expenses are still well under the plan for 1992. This continues to reflect the fine job that everyone is doing to keep the amount of money spent at a minimum. Total year-to-date (YTD) expenses are nearly 15 percent under the YTD plan. (Low is good.)



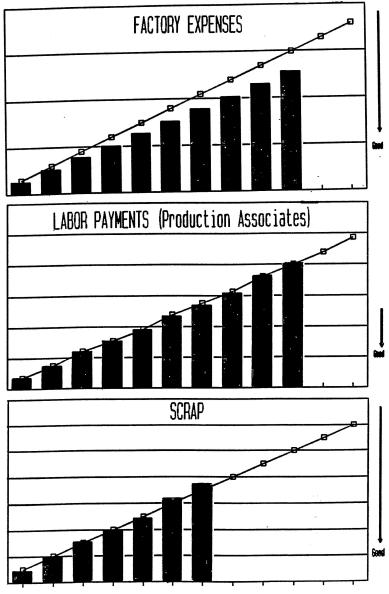
#### Labor Payments

(Salaries and benefits for production associates)

Viewing labor payments, Gary Epp said, "The trend for labor costs is not good. We are not getting worse, but we are not getting better either. We need to find ways to improve productivity. Our competition is not standing still, and neither can we. In general, we need to concentrate on working smarter. We need to look for ways to reduce or eliminate activities that add no value to the product. Then we need to figure out how to take the time that is made available and use it to make more good production." (Low is good.)

#### Scrap (Scrap dollars)

With everyone's help and continued attention to proper machine operation and maintenance, the scrap dollars can be brought into line. Currently, EW&C scrap dollars are nearly half a million more than the 1992 year-to-date (YTD) plan, and this is not in line with a world-class business. (Low is good.)





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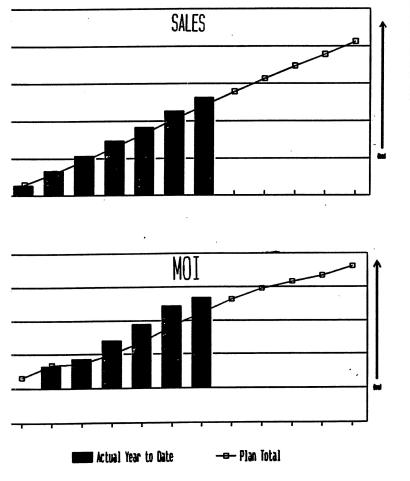
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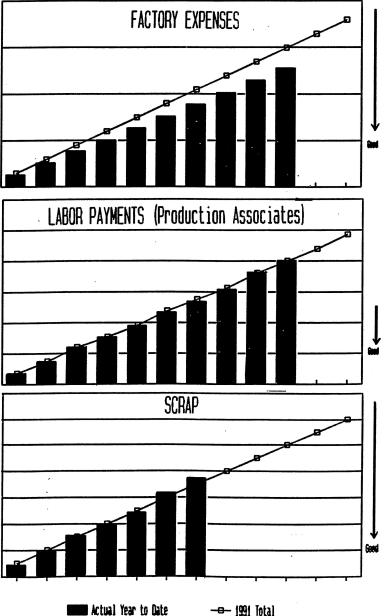
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For EW&C (Electronic Wire & Cable) SBU Employees-Omaha Works

Vol. 2, Issue 11, August 21, 1992

Edited by Sonja Coleman, Ext. 4667

New product lines set for cut over to CAPS & TWINS,

MFCS

Coming the week of Aug. 24, 1992

The **cut over** of four new product lines . . .

\*DIW

\*IWC

\*C-plenum

\*D-plenum

to
CAPS & TWINS
and MFCS...

Cut-over dates are:
Monday, Aug. 24
-Insulate
Tuesday, Aug. 25
- Twist
Thursday, Aug. 27
- Strand and
Jacket

See the next issue of EW&C At a Glance for details!

Spotlight on Quality Improvement (QI) activities

# Employees find QIS process valuable SBU quality tool

This is a first in a series of articles that will highlight Quality Improvement (QI) activity in EW&C.

The Quality Improvement Story (QIS) process is well under way in IBU 256-Small Pair DIW. The four teams in that area are the Flow Masters, the Volunteers, the Stepsavers and a third-shift team now forming.

On day shift, the Flow Masters team is headed by Ron Schmidt, and members include Wayne Andersen, Nancy Beusse, Lula Perryman, Eric Einarsson, Joe Borkowski, Steve Marasco, Bill Meyers, Cliff Richardson, Dan Staudt, Steve Zerbs and Johnny Langle.

The team, which was formed in October 1991, has cycle time reduction as its goal. To that end, data is being collected to show how much time is involved in moving small-pair DIW from jacketing to shipping. The data will be used to show where and how improvements and/or changes need to be made.

"In the past, cycle time between jacketing and shipping has been as high as 119 hours," said Schmidt. "During July it was 71 hours," he said.

Currently, team members are working on Step 4 in the QIS process. This step helps them to identify countermeasures, better known as solutions.

Also on day shift are the Volunteers. Their team captain is Terry Westbrook, and members include Les Craig, Vince Seaman, Ben Bass, Joe Borkowski, Karen Metzger, Claudia

### Spencer, Dave Moore and Sherril Mefford.

Their mission is to improve quality, safety, and productivity through enhanced machine performance. The team was organized last February, and the members are involved in the upgrade to the PM/ MMS system. They are collecting downtime information on the Reelex and rewind machines and forwarding the information to trades department personnel, department manager Wayne Andersen and maintenance engineer Gary Shaw.

This team is on Step 2, called "current situation." In this step, team members arrive at a problem statement.

On the second shift, the Stepsavers are headed by team captains Lula Perryman and Eric Einarsson. Members include Barb Geising, Wayne Brown, Clarence Gibson, Gene Barker, Wilma Psota and Marty Voigtlander.

Their mission is to find ways to eliminate output problems and streamline and improve product flow, thereby increasing output in a more efficient manner. Currently, the team is on Step 3, called "analysis." At this point, the members are working to identify and verify the root cause of the problem. This team was also started last February.

Members on the fourth team are on third shift. They are Sandy Walden, Pat Michalak, Aretha Jones and Bill Filipi. This team is in the beginning stages, but they plan to focus on packaging and raw material problems in the Reelex and rewind areas.

Other QI teams will be featured in future issues.