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Accu-tec shall be an integral part of each customer's success

February 2009

Volume 2, Issue 2

A message from our President & Chief Operating Officer Management By Objectives

We're on the web

<http://www.accu-tec.com>

In this issue:

Message from our President	1
A Message from your CEO Personality and its Affect on your Business	2
Surviving the Business in Today's Economy	3-4
Selecting a Contract Packager	4-5
Who's Who—Patty	5
Teamwork Makes it Happen Again	6
When Costing Gets Very Busy	6
Warehouse News	7
Keeping it Sweet	7
Personal Notes	7
Questions, Comments & Feedback	8

In last month's Newsletter I wrote about the distinction "Structure is not Organization". I have had a half dozen phone conversations about this subject. Each conversation had a common thread; Can any business organize for the long-term in this pressing and uncertain economy? I wish I had an answer, but I do not.

I, as many of you, will wrestle with the dynamics of 2009. I do know, however, that standing still and waiting for something to happen is not the way. It will consume all past successes in a short period of time. I, also, know that hope is not (never was) a plan.

Our Executive Management Committee met on January 16th for an all day session. We reviewed, studied and discussed the external and internal environments of our business. We confronted the uncertainty of a complex and very dynamic external environment. None of us are able to predict future economic conditions nor have a handle on the consumer thought process in these times. Our customer base is a diversity of wonderful companies, each requiring a "specialty" in how we interface between them and their end customer. Accu-tec has taken great pride to be the "invisible" realm of service excellence to satisfy their customers. Now, however, the buying power is diminishing and changing almost daily.

By the close of the day, The Executive Management Committee had come to the conclusion that we needed to respond faster and with more flexibility to our customer requests. In the past, the marketing style of our company had been to customize for the outcome of our customer's desire. In reality, we have a plethora of design models that, under review, have been directed by a "start from scratch" philosophy. We have spent so much time on customizing programs; we have ignored the reality of twenty-one years of experience. We already have the solution for 95% of the requests! This methodology had hindered our engineering and proposal process. The clarity that we not only have designed this before, but with little to no effort can apply this to most customer requests.

This insight will greatly reduce our time investment and the elimination of delayed results. We, also, realize that everything we do must be measured with Key Performance Indicators (KPI) and graded throughout the company. This has created a structural overhaul within our organization, which will free up each business unit manager with the authority to satisfy each customer need and the accountability of boosting performance that is not only measurable by our standards, but theirs as well. The outcome will allow us to forecast predictable results with already tested and proven in-house solutions by Managing by Objectives.

The Management by Objectives process consists of a cycle of four steps: setting goals, planning action, implementing plans, and reviewing performance. It links individual actions (top to bottom) to the achievement of each organizational goals, specific plans, and implementation.

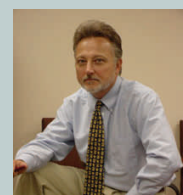
We encourage companies to challenge us to assist you with a problem solving formula. The chances are high that we have already been down your path and can save you time, energy, and money. Give me a call. My personal line is 502/371-5306. Let's see what we can do.

Accu-tec shall be an integral part of each customer's success!

Stephen J. Homola

President/Chief Operating Officer

shomola@accu-tec.com



Personality and its Affect on your Business

It's been twelve years since AL Oliver walked into my office to sell me a service that would prove to change the way I saw my business. Al's organization utilized a personality profile that was so easy to use, that on initial contact it was hard to believe it would tell you much of anything.

I filled out the front and back of the sheet, checking off a series of words, and upon it's scoring, revealed to me information about myself that would go on to change my view of business management. At this point however, I was at most intrigued. So he asked me to give one to all of the people I had surrounded myself with. My wife, my partner at the time, my sales manager, and my controller all completed the **Predictive Index**. When the results came back I was sold. I was not sure what it was telling me, but I new it was telling me something. All of them had the same personality, completely different than my own.

Al went on to explain to me that I like altruistic people. That given a choice these are the people I choose to be with. That because I like them does not mean they are the best people suited for the job, regardless of the strength of their resume. As luck would have it they were great team players, and worked together fantastically when things were stable and maintaining the status quo was the goal. Unfortunately at that time, change was needed, and dealing with the changing needs of our customers was becoming a significant part of our business. Our operating model needed to be reinvented, and an altruistic team was not the one to do this with.

So I started to make adjustments and build an organization that was conducive to the business model we were following. Social drivers in sales development, analytics in costing, engineering, and quality, people with high patience in some slots and low patience in others. Leadership based on confidence in uncharted territory, leadership based on knowledge in areas we were already strong in. Over time as we applied these concepts and taught them to our people Accu-tec became the personality required of it. Required of it to maximize the benefit we offer to our customers and to fulfill our company's mission.

The building of an optimum organization is not about resumes alone; it is about putting people into jobs where they will succeed. That when "push comes to shove" the personality of the individual is what moves them in the correct direction for the position they are in. This is not an exact science. There are many ways to build an organization to accomplish the same thing. The key is having all of the bases covered in proper balance.

Every organization has a personality, as does every position and every individual. Understanding this, defining each, and bringing all into alignment are critical in maximizing the effectiveness of an organization.

Jeff Davis
CEO



Surviving the Business in Today's Economy

On December 1, 2008, the academics made official what many around the country already knew – the US was mired in a recession and had been since December 2007 (do I hear a collective “DUH”?). By then, the federal government had been taking numerous steps to stimulate the failing economy with tax rebates, interest rate cuts, and bailouts. At the beginning of 2008, experts were predicting a short, shallow recession. Now many CEOs and business leaders across the country are going into survival mode, predicting it will be three years before the economy starts to improve. News of record losses hit the Street almost daily, as do business responses to combat those losses: companies are slashing payrolls and unemployment rates are the highest they have been in nearly 20 years. Knowing a little about operating in survival mode, one thing I do know is ***Cash is KING!*** Generating positive cash flows from operations is essential to funding new investments for growth and for paying debt. However, this will be difficult to do in today's economy. Below are some steps to take to survive the business – not only for yourself, but for your employees as well.

- 1. Review your cash position.** Determine how much cash is required to survive the business for a 3 to 6 month period. Forecast your cash flows and identify potential problems and their impact on the operations of the business. Formulate an action plan to address problems before they arise.
- 2. Scrutinize all your expenses and determine what can be cut.** There may even be costs that appear to be fixed that you may be able to reduce. Calculate the cost of paying termination fees versus continuing in a contract. Sometimes, the termination fee equals one or two monthly payments. If the contract has 12 months remaining, then paying a termination fee could end up saving you several months' payments. It is important to understand that any discretionary costs cut today could have a negative impact on your future; for example, cutting R&D or advertising will likely lead to reduced sales tomorrow.
- 3. Re-negotiate debt terms to reduce your monthly obligation.** Remember, the goal is to preserve cash and reducing your monthly cash outflows is integral in achieving this goal. Even if the new terms are less favorable than your current terms, view it as an investment in the company. You are reducing your monthly cash obligations and buying the business time to generate more profits.
- 4. Leverage your relationships with your suppliers to improve your cash-to-cash operating cycle.** The obvious way to do this is to extend your payment terms to your suppliers, but you could also do this with JIT inventory systems. If the time and expense make implementing JIT prohibitive, try buying your inventory on consignment. Accu-tec currently purchases a portion of our inventory on consignment. We have a section of our warehouse dedicated to this inventory and it is re-supplied weekly. However, we are billed at the end of the month for the inventory that is consumed during the month. We then pay our supplier in 45 days, which gives us anywhere from 45 – 75 days AFTER we consume our inventory to pay for it.
- 5. Improve your cash collections** from your customers or factor your receivables to improve the timeliness of your cash inflows.
- 6. Communicate with your suppliers** if you are unable to pay within terms. You may be able to negotiate smaller payments on the account over time rather than one large, lump sum payment.
- 7. Get competitive quotes at least yearly.** A good business should do this not only for their inventory items, but for all goods and services used in the business. This includes your health and property and casualty insurance, office supplies, housekeeping supplies, and other operating supplies and services used in the business.
- 8. SELL!** This is harder said than done, especially when everyone is trying to save. Look for opportunities to gain new customers or to sell new goods and services to existing customers. Chances are good that your business has excess capacity (the biggest expense in any company) – why not take on a special order at a price lower than you normally charge? As long as the selling price covers your direct costs, you will be making a little money to cover some of your overhead costs. If the special order is for a new customer, then it presents an opportunity to build upon this new relationship to garner additional business. Plus, you are doing one of the most important things a good manager does – keeping your employees employed!

Surviving the Business in Today's Economy

(continued from page 3)

9. Outsource. Of course I must mention this option as this is the service Accu-tec provides. Several companies have been successful using outsourcing as a means to reducing costs and improving their own efficiencies, allowing them to focus on their core competencies and allowing companies like Accu-tec to do what we do best – helping our customers succeed.

10. Sell unproductive or idle assets, including equipment and inventory. Not only are you generating some much needed cash flow, you reduce the coverage required to insure the assets, free up warehouse space, reduce property taxes, and reduce the labor required to handle and inventory the assets.

11. Reduce payroll – as the last resort. Hopefully, this will be a short-term situation and maybe all you will have to do is reduce hours before laying off employees. Remember, your employees are your number one asset. Too often, they do their jobs well but are the victims of poor management of the company. It is easy to make the mistake of cutting too quickly, too deeply and a business finds itself without their top talent. Identify your poor performers and place them at the top of the list. Also, contact your legal counsel before any layoff, since the size of the layoff may trigger federal and state laws that require you to provide employees with advance notice of the lay-off.

Tina Mann

Controller/HR Manager



Selecting a Contract Packager

Here are several considerations when looking for a contract packager. These are Accu-tec's minimum standards, within our contract packaging division, of performance to our clients. We invite you to compare and see why we consider our company the best in all we do.

Quality * Look for signs of innovation, unique approaches, and a different perspective. Ask about whether the packager has a quality program in place and discuss their production controls.

Cost * You get what you pay for. Both low and high packaging quotes should be thoroughly studied, analyzed, and considered in relation to service that you expect to receive.

Location * Convenient location relative to your manufacturing and distribution facilities can save delivery time and lower freight charges, possibly impacting the total cost of your project. But keep in mind that the savings achieved by using the most qualified packager can easily outweigh most freight considerations.

High Standards * A good packager should be constantly striving to serve you better. Even if a contract packager fits all of your requirements, don't use any vendor if you don't feel comfortable or confident that they can get your job done successfully.

Experience * You're paying for expert packaging skills, so make sure the packagers you consider are equipped to deliver the service your needs demand. Look for companies that have serviced other clients with similar product lines and packaging needs.

Strong Ethics * There simply is no substitute. If you don't have complete confidence in the honesty and integrity of the contract packager you work with, then the service and information that contract packager offers is of little or no value.

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Selecting a Contract Packager

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Good Communication * The packager must know what your situation is before offering options. Beware of candidates who don't listen to what you have to say. Brilliant thoughts and innovative solutions will do you no good if the contract packager doesn't have the communication skills he or she needs to pass those ideas on to you.

Controls * Be sure you see eye-to-eye on detailed paperwork or control requirements and that the company is set up to put the proper procedures in place. Make sure the packager you choose has the analytical skills needed to help you develop a full and accurate picture of problems, solutions, and the various repercussions of those solutions.

Roy Kraemer
Vice President / General Manager



Who's Who at Accu-tec International

Our production employee this month is Darlene Schlett. She is one of our newest production employees, starting out as a line worker in July of 2007 after working for us thru the temporary company until she could pass all my little tests to be the next lucky new hire. Darlene has proved to be flexible as schedules change and possesses good productivity skill in manual operations.



Darlene is better known by fellow teammates as Chi Chi. She has set high goals for herself and is learning to become a line leader. My perception of this was that she did not have the right personality or strength to do this. Well I believe in giving anyone a chance to better their positions so we started working with her on some of the machine lines that didn't require a lot of people work. She did O.K.

Then, I put her on a very fast moving line in charge of 8 people and I was amazed. The energy put forth to prove that she could do the job astounded me and opened up many opportunities for her. Next comes computer training. Good Luck to you!

Oh! Did I mention that Darlene has beautiful long dark hair?
Has a little problem with the hairnet thing!

Patty Bentley,
Production Manager





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TEAMWORK MAKES IT HAPPEN AGAIN....

"Hey, Gary, we are out of air bags." "How do you know?" "I just used the last one."

Yes, I have plenty of purchasing assistants and that's great! There are some items that we need for production and shipping that are not included in a "BOM", or "bill of materials" that flushes the consumed inventory. Items like knives, gloves, hair nets, first-aid supplies, baling wire, and office supplies, to mention a few, are considered "expense" items.

These expense items have to be on hand. After over ten years of buying them, I have learned to keep a backup supply in our inventory and I have a few of them under lock and key. A problem occasionally happens if someone takes the last of our backup supply and forgets to mention it. That's why I need plenty of purchasing assistants and I just wanted to say "Thank you" for your help. It tells me that everyone at Accu-tec is working as a team to make sure there are no delays in servicing our customers.

About those air bags, I had to make a few phone calls to find some in town, locate the company pick-up, and find a volunteer to drive and get them. In a matter of minutes the problem was solved.

Thank you team!

Gary Klass

Inventory and Purchasing Manager



When Costing Gets Very Busy

Our customers, partners, vendors and suppliers are not content to accept the new consumer spending habits, or lack thereof. The result is that product managers, of varying titles, are quite busy in pursuit of the ever-evolving habits of the consumer.

Our customer base is making a flurry, (not speaking of snow either), of requests for proposals for the members of our costing group. Yes, it is good to be busy and challenged. Also, it is also good to know we are connected to such a committed group of must do – can do partners.

There is much planning and forethought to find the formula of consumer appeal. There is a large increase in planning and strategy, which we are blessed to be apart. These consumer goods companies are looking at their lineups in numerous ways. New brand presence, new packaging options, new focus on profit leader products, expanding on niche markets, lesser quantity package sizes and reconfigured multi-packs, improved shelf presence, expanding markets, and logistic controls.

If you are pressing into the market, we would like to serve you to meet and exceed your goals. We invite you to come with your challenges and see what we can offer toward your success. The time is now and in your favor. As we promise to hold true to all..."Accu-tec shall be an integral part of each customers' success".

Yes, business is busy, very busy, from the costing groups perspective.

Larry Leopold
Production/Quality Engineer



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ACCU-TEC PERSONNEL NOTES

February Birthdays

Shams Rashid	February 14
Kevin Parson	February 22
Jasvir Kaur	February 25
Danny Williams	February 26

February Anniversaries

Gloria Botchway	8 yrs
Kirandeep Dhani	8 yrs
Mercy Opoku	8 yrs
Tom Clodfelter	3 yrs
Rosa Glenn	3 yrs
Valencia Jones	3 yrs
Joseph Young	2 yrs

Warehouse News

I have recently had the opportunity to re-negotiate with some of our vendors, products and services that we use and need every day here at Accu-tec. Through this process I have been fortunate to meet with and learn that these vendors are just as concerned about our business and how we are able to service our customers needs as we are.

The first vendor to step up to the plate for us here was Metro propane. I had approached Brent Byrne (Metro) with some concern over our cost of propane. They were quick to recognize and adjust our pricing to meet our needs at a considerable discount due to our volume of propane that we purchase. These guys provide excellent service and I highly recommend you give them a chance to quote for you on your propane needs.

The second vendor was Industrial Disposal. Again, a concern over pricing was quickly addressed by Amanda Walukas. She saw and recommended a way to reduce our pricing and worked closely with us here at Accu-tec to insure that we would still receive the same excellent quality of service while experiencing a significant price reduction for the removal of our solid waste. Give Amanda a call and let her go to work for you and your company.

As many of you know, the recycled corrugate industry has taken a drastic turn for the worse recently. I met with and discussed our options with Lorrie Marr of Rumpke. She was able to recognize and find a way for us to sell our bailed cardboard instead of having to pay to dispose of it.

Working closely with all of vendors or service providers is just one way that we here at Accu-tec are ever vigilant in our quest to keep our customers costs in line and give the best service that we possibly can. This is our way of: "Being an Integral part of your Success"



Charles (Rusty) Green
Warehouse Manager

Keeping it Sweet

(not everything in life is about work)

Due to the massive requests that I received during the Holidays for Janet's famous no bake cookies recipe, I decided to add it to our Monthly Newsletter and share it with the world. These are really very good and I recommend them to everyone.

No Bake Cookies

INGREDIENTS:

- 2 cups white sugar
- 3 tablespoons unsweetened cocoa powder
- 1/2 cup margarine
- 1/2 cup milk
- 1 pinch salt
- 2 1/2 to 2 3/4 cups quick cooking oats
- 1/2 cup peanut butter
- 1- 2 teaspoon vanilla extract to taste

DIRECTIONS:

In a saucepan bring sugar, cocoa, margarine, milk, and salt to a rapid boil for 1 minute, remove from heat.

Add peanut butter, and vanilla until peanut butter is melted in; stir in quick cooking oatmeal, mix well.

Working quickly, drop by teaspoonfuls onto waxed paper, and let cool.

Store in an air type container at room temperature for up to a week.

Charlie Cox
Facility Manager



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Questions, Comments, or Feedback

We at Accu-Tec International take great pride in our work, customers, friends, associates, and business partners. For that reason we are incorporating this section as another enhancement in the opportunity to contact us regarding general questions, comments, or feedback. This will be reviewed by our management staff as they come in. The option to fill out the Request for Quote (RFQ) on our web site is still available at <http://www.accu-tec.com> or call us directly for one on one assistance. We look forward to hearing from you.