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

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## *A message from our President & Chief Operating Officer*

### *When the Rain Came*

It was just another Tuesday. It felt like a Monday with a calendar filled with 30 hours of work to be completed within the business day. It was August 4<sup>th</sup> and not you're typical Louisville summer day. I awoke to a darkening sky. My mind was cluttered with all the pressing items on my "to-do" list. My habit is to turn on the news and see what was the current event, get the traffic report, and oh yes...get the weather forecast for the day. A storm was brewing.

I bolted out of the house to dance between the raindrops. Can't get wet, you understand. I gave minimal thought about grabbing one of the three umbrellas in my trunk, but hey...this should blow over when I reach the office? By the time I hit Interstate 71; I realized that this was going to be one of "those" days. The traffic was backed up over three miles and I was listening to the classic song of Bobby McFerrin's "Don't Worry, Be Happy!" Up ahead the sky had turned to a tar pitch black, while Bobby sang "Listen to what I say; in your life expect some trouble; But when you worry; you make it double; so, don't worry, be happy"... I was living a Stephen King novel.

About a half hour later, with the accomplishment of advancing my car about a mile, the rain came. Now, this was not your laid back-put up your feet enjoyable brand of rain. It was a tumultuous hammering that boomed so hard that it obscured every audible sound within the car. I noticed that my cell phone was blinking, signaling that I had a caller. It was Roy Kraemer, our industrious VP/General Manager. His advice to me was to turn around and go back home until the storm passes. Apparently, the streets around our Louisville facility were ramping up to Noah's Ark experience and that the flooding will ultimately flood our Dixie and Burnett Street offices. However, do not worry they have everything under control for the worst. "For the worst???" I am thinking. Of course I said "Do not worry about me, just take the steps to protect people, product, and equipment." I would be there and make everything right (The only thing I was missing was my suit of armor and my white trusty stallion). Okay, perhaps an illusion of grandeur. But, I was going to make it to the office whatever the challenge before me.

It only took another hour to get within a couple of miles of the office. By this time I was stuck between two flows of rising waters and the interior of my car began to flood. Hmm...now this is interesting.

Okay, I can get out of this. I tried to manipulate the car to higher ground, only to get stuck behind a panic stricken mother who had three of the cutest kids looking at me through the back of their rear window in amazement that I was yelling and beeping my horn to get their mother to move forward, to no avail. The water now was up to my buttocks on the inside of my trusty steed and I could hear the stallion give up one last cough, then die. ...Now she moves, as the little darlings waved a fond farewell to our brief relationship.

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## *When the Rain Came (continued)*

Okay, let's put on the emergency flashers. That did not do anything. The water had risen to mid-passenger window level on the outside, while it had made it to my waist level on the inside. Unacceptable. I must admit I blanked out for what seemed like an hour, but was only about 10 seconds. I looked up and saw the pelting rain through the sunroof window. All right, "open the sun-roof!" shouted the voice in my head. I finally mustered the energy to open the sunroof and escape through the top of the car and waded through armpit deep waters to a dry spot on a neighborhood porch.

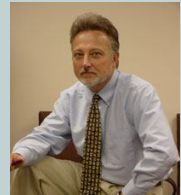
Meanwhile back at the ranch, Accu-tec was inundated with it's own challenges of raging floodwaters inside and outside the plant facility. The team had everything under control (they really didn't need me at all). They managed to re-locate and protect everyone of our customer's product and maintained a very busy shipping schedule. They did have to send everyone home for a day for cleanup and inspection, however we shipped everything on schedule. By the time I made it back to the office (next day) things were reasonably normal.

Several of our employees' vehicles were victims of the flood. Yet, they still managed to show up on time to make sure that we served the customer's need. I want to personally thank someone, everyone. It would be unfair to pick out a couple of individuals over others. So, my fellow workmates: **Thank You!** You continue to display heart and a work ethic that makes me proud to be in your company!

We experienced over six inches of rainfall in a forty-five minute period that morning. Schools, hospitals, libraries, city and private buildings experienced the wrath of the storm. Through all of this, I will remember most that this was a day that "they did not need me". It is with pride that I admit that they were correct! I love these people!

### ***Stephen J. Homola***

PRESIDENT/CHIEF OPERATING OFFICER  
ACCU-TEC INTERNATIONAL  
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***Accu-tec shall be an integral part of each customer's success!***

## **The Silver Lining**

So as we move into the fall of a challenging year for most, and signs of an economic recovery continue, I am reflective of some of the good that has come out of the bad.

Most of us have survived. Maybe in a different form, maybe in a different place, but most of us have survived.

Many of us have gone through and cleaned up waste in our businesses or personal expenses.

Many of us have reevaluated how we have been investing and saving.

Many of us have been given a second chance to restructure our lives for the future.

Many of us have been given the opportunity to evaluate our careers for what we expect from them, put into them and in turn receive from them.

Many of us have seen that what we have, and where we are in our lives, really is not all that bad.

Many of us have seen that what we lost really was not all that important.

Many of us have been given the opportunity to realize what is truly important in our lives. Be it for you, family, friends, health, or faith.

## The Silver Lining (continued)

Once survived most bad things give way to growth.

Once you allow it.

Once you allow it you will have survived it.

**Jeff Davis**

*CEO*

*Accu-tec International*



## Health Insurance Reform

Well, this time every year is fraught with anxiety as I grapple with trying to provide a comprehensive health insurance plan with decent benefits at a cost that is affordable to both the employee and the company. For those of you who are responsible for evaluating the benefit plans provided by your company, you understand this is no easy task. This year was no different than last year; as we were presented with a renewal on our health plan with a 34% increase in premium (last year's increase was 28.5%).

Fortunately this year, unlike last year, our broker was able to get competitive quotes from other carriers. We were able to provide essentially the same or better benefits under the plan with an increase in premium of less than 5%. Last year, we were not as fortunate as many of the other carriers declined to even provide a quote. We ended up raising the deductible in the plan and staying with the same carrier so that we could have premiums our employees and the company could afford.

As I was going through the process this year of evaluating our options, I asked myself if we keep doing the same thing by keeping the traditional PPO plan with co-pays for doctor visits and prescriptions and getting the same results of significant increases in premiums, what can we do differently to get lower premiums. I then evaluated a plan that was like an HSA plan that would require the company to increase the deductible, but then the company would pay 50% of the deductible. The theory behind this type of plans is that since there are no co-pays, employees would be compelled to be a more conscientious consumer of their health care. They would research and choose pharmacies that provided the lowest cost prescriptions; they would actively engage their doctors providing their health care and question the necessity of tests and other care the doctor provided. The only problem with this type of plan, even though the percentage of employees meeting their deductible or even using any of their deductible is low, the risk far exceeded the benefit and research indicated we would see only a 5% differential in our premiums at the time of renewal. In our case, instead of a 34% in premium that we saw this year, we would have had a 29% increase in premium.

The issue of the increasing renewals brought about another question – why do we keep seeing such huge increases in our premiums? Even if we stick with the same carrier, year after year, the premium increases kept getting larger. The answer, of course, is fairly obvious. We need to improve our lifestyle. Do the healthy things, rather than allowing the superficially bad habits of smoking, over-eating, and a physically inactive existence.

I had the opportunity to attend a luncheon sponsored by GLI (Greater Louisville, Inc.) in which John Yarmuth, our representative for the third congressional district, Friday. He made some very valid points regarding health care. Mainly, he stated that many Americans have not been held accountable for their own health care by adopting healthier lifestyles.

Another point made by Yarmuth concerned end of life care. He stated that most of the dollars spent on Medicare recipients came in the last 6 months of life.

While I do not have the answers to health care reform (I believe it is now referred to as health insurance reform), I do know we cannot continue doing the same thing and expecting different results.

**Tina Mann**

*Controller/Human Resource Manager*

*Accu-Tec International*



## Common Forms of Packaging

**Shrink wrapping** is generally used to apply a thin plastic film (clear or printed) over retail type products. This process completely encloses the item packaged in plastic film. Printers, binderies and the software industry generally use this process. Shrink-wrap generally uses heat to shrink the film. This is NOT Pallet wrap or Stretch wrap, although it is often confused with these other packaging types.

**Associated with this packaging type:** Printing, software boxes, CD's, tapes, gift boxes

**Bagging** is used in nearly every application in packaging. There are several types of equipment that will create the bag starting with the foot operated manual type sealers generally are the least expensive; yet still prove labor savings. Fully automatic bag sealers using roll stock bags are available. Form fill and seal packaging machinery also create bags around products as the move down the packaging line.

**Bundle wrapping** generally hold large items together. This process partially encloses the item packaged in plastic film but leaves two ends open. This process also uses heat to shrink the shrink poly film much like shrink-wrap. This is NOT Pallet wrap, Stretch wrap or Strapping although it is often confused with these other packaging types.

**Associated with this packaging type:** cases of water, tuna cases, cases of food, beverages, shipping items

**Blister Packaging** uses a ridged PVC shell that encloses a product and is attached to a piece of foil or chip-board (thin card board).

**Associated with this packaging type:** Fishing lures, kids small toys, portion control pharmaceuticals

**Skin Packaging** forms a very tight sheet of plastic film that has been vacuumed down over the product. The end result is generally backed in cardboard on one side and film on the other.

**Associated with this packaging type:** Machine tools, instruments, items that need to be held securely to a card.

**Vacuum forming** is the process used for make the blister used in blister packaging or in making clam shells.

**Associated with this packaging type:** Clamshells, blisters.

**Vacuum sealing** are generally bag sealers that modify the atmosphere inside the bag. Food and electronics industries use this process heavily.

**Associated with this packaging type:** Food, electronics, coffee beans

**Pallet wrap** is the stretchy cling type wrap that is used to wrap items on a pallet for shipping. These are also used to place netting around produce. This is NOT SHRINK WRAP or Bundling Film, although it is often confused with these other packaging types.

**Associated with this packaging type:** Pallets, produce (in netting), large items to be shipped

**Stretch wrap** and pallet wrap are generally referred to in an interchangeably format. However, laundry items and meats are also wrapped in a process using a stretch wrap film and a heat plate; while house hold goods use not heat activated "cling wrap".

**Associated with this packaging type:** Pallets, produce (in netting), large items to be shipped

The aforementioned are routine project applications for Accu-tec. We have been doing this for over 21 years and have refined this expertise to bring the highest quality value to each customer we have the privilege to partner.

**Roy Kraemer**  
Vice President/General Manager  
Accu-Tec International



## A Lean "Teachable Moment": Starbucks

Here are excerpts from a WSJ article and blog posts:

Pushing Starbucks's drive is Scott Heydon, the company's "Vice President of lean thinking," and a student of the Toyota production system, where lean manufacturing got its start. He and a 10-person "lean team" have been going from region to region armed with a stopwatch and a Mr. Potato Head toy that they challenge managers to put together and re-box in less than 45 seconds.

Reducing waste will free up time for baristas -- or "partners," as the company calls them -- to improve the Starbucks experience. "Motion and work are two different things. Thirty percent of the partners' time is motion; the walking, reaching, bending." We want to lower that.

One of Starbucks's biggest expenses is store labor, which costs about \$2.5 billion, or 24% of revenue, annually. When the economy was strong, Starbucks added workers to handle an expanding menu. "We continued to add things, but we'd never had a real pressure on us to look at an optimal way to do the work." "Lean has helped us re-look at what we do every day."

The company began testing lean methods in Oregon last year. "In my eyes, we couldn't get better," says Ms. Jordan. Her store boasts one of the fastest Starbucks drive-through windows in the country, according to the company, with an average time per order of 25 seconds.

Observing the area where blended drinks, such as frappuccinos, are made. "I thought it was going to be the best station in my store." "What I saw was how much my partners were moving and reaching for things that were never in the same place. It took way too long to make one beverage."

They moved all the most commonly ordered syrup flavors closer to where the drinks are made. After learning that topping the drinks with whipped cream and chocolate or caramel drizzle at the drink station was slowing them down, they moved those items closer to where drinks are handed to customers. The changes shaved eight seconds off the 45-second process. "Just to top the beverage with whipped cream and drizzle took six seconds,"

In all, new methods have cut two seconds off the store's drive-through time -- to an average of 23 seconds.

Drink preparation wasn't the only bottleneck at Starbucks stores.

At one store, the barista made about 40 trips back and forth before the store opened -- carrying baked goods from one end of the shop, where they were delivered, to the pastry case at the other end. Time clocked: one hour and 15 minutes. Efforts at other stores have shaved an average of an hour-and-a-half off the task per store per week.

Since every store is configured differently and has its own customer-traffic patterns, employees are encouraged to come up with their own solutions. That's crucial, "Most companies just focus on cost savings and figure out a better way to do things and roll it out everywhere." "With more than 10,000 sites, Starbucks can't do that. The only person who's going to know the work the best is the person on the front line."

Starbucks baristas used to grind all of the day's coffee in the morning and, at a lot of stores, keep it under a counter where they would have to bend over and scoop the grounds each time they made a new batch. The lack of grinding sounds and fresh coffee aroma were among the things missing.

Now, baristas are required to grind beans for each batch and timers buzz every eight minutes to signal when it's time to make new coffee. Bins of beans are kept on top of the counter so the baristas don't have to bend over; bins are color-coded, so they can find a particular roast without having to pause and read the label. They also use different colored tape to quickly differentiate between pitchers of soy, nonfat or low-fat milk.

They observed two workers at the espresso machine and traced their movements on what's called a "spaghetti map," because of all the lines. After a few minutes, the map showed a jumble of lines from the espresso machine to the sink, over to the ice chest and back. "We're on a never-ending quest to get to perfection."

The way Starbucks has chosen to incorporate this new way of working is revolutionary. Traditional companies too often try to implement lean (or perhaps traditional industrial engineering, or six sigma or process reengineering), in a programmatic way. They do it that programmatic way because ... simply because they can. Starbucks, on the other hand, couldn't approach change on its massive, diverse level in a programmatic, straightforward, cookie-cutter way. Not and provide the kind of unique, customer-oriented service they want to provide. They had to do it a different way. They have no choice but to do it the right way -- through involving the people who do the work.

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## A Lean "Teachable Moment": Starbucks (continued)

Each Starbucks store is different. The footprint is different. The customer experience is different. Starbucks wants the customer experience from store to store to be consistent but unique. Starbucks wants the customer to enjoy the experience of being in the store, of interacting with the barista, of hearing the barista call his or her name. Starbucks wants the customer to appreciate the fact that the barista is highly skilled at crafting each drink to perfection and to the customer's satisfaction.

Instead of barista's having to stop to search for things that are in the wrong place, or aren't there at all, the goal is to make as many things as possible routine so that the barista can spend just a few more seconds talking with the customer. That's the goal. No workarounds due to the line backing up, no short-cuts to get caught up – handling each unique order as it should be handled, in stride, without burden, and to the customer's satisfaction.

By the way, the lean transformation Starbucks is pursuing is possible for all service and retail industries. Many service industries – especially healthcare – are discovering the power of lean.

**Larry F. Leopold**  
Quality Engineer  
Accu-Tec International



## Good housekeeping and slip and trip accidents

In 2005 slippery surfaces such as water, ice, and grease were the number 2 cause of workers compensation claims. According to OSHA, slips, trips, and falls constitute the majority of workplace accidents. In 2002 37% of workplace injuries were slips, trips, and falls. Most slip, trip, and fall incidents are preventable with general precautions and safety measures.

Practicing good housekeeping is one of the most important measures in preventing slips and trip accidents. Having a clean and organized working environment will not only help reduce the risk of injuries from these types of incidents, it will also help employees work more efficiently and increase employee moral – nobody wants to work in a cluttered, dirty and potentially hazardous environment.

Although housekeeping may be delegated to a janitorial staff in most work environments, it is everyone's job to keep the workplace orderly. Developing a housekeeping program can be done in three easy steps:

**Plan Ahead:** know what needs to be done, when it should be done, and what the workplace should look like when you're finished cleaning up.

**Assign responsibilities:** individuals should be responsible to clean up after him or herself, but assigning responsibilities for shared spaces may be helpful to ensure that housekeeping duties are completed.

**Implement the program:** make housekeeping duties a part of the daily routine.

Following this simple rule will reduce the risk of slip and trip injuries:

**If you drop it, pick it up.  
If you spill it, wipe it up.**

**Look where you are going**

**And go where you are looking**

**Charlie Cox**  
Facility Manager  
Accu-Tec International





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## Quitting Smoking....

The Surgeon Generals Warning:

*Quitting smoking now greatly reduces serious risks to your health.*

If you smoke Lights it does not mean safer. It refers to taste.

Last month I was dealing with Breast Cancer. This month is High Blood Pressure. I am back to work now dealing with the normal stress of the job and I love it, but now my Doctors (3 of them) tell me to quit smoking. WOW!

O.K. I will quit smoking. How? Could use some help here.

One of my doctors recommends a new drug called Chantix.

Studies show that 44% of smokers were able to quit at the end of 12 weeks. That's great except the possible side effects are nausea, vomiting, constipation, gas and sleep disorders. The price of this wonder drug starts as low as \$184.00 for your 1<sup>st</sup> 4 weeks and you need it for up to 24 weeks.

Next is the Electronic cigarette. It looks, feels and taste like a real cigarette. Delivers all the pleasures of smoking without the social restrictions, second-hand smoke, nicotine or carcinogens. No more tobacco stains on your teeth, no more smokers' breath and no more cigarette burns! Costs about 80% less than traditional cigarettes.

Then there are all the natural herbs, support groups and Cold Turkey! Maybe Duct Tape would help. I have smoked for 35 years. My children hate it and I just found out my oldest daughter is, finally, pregnant. That should help motivate me. You can't smoke at work or inside any businesses and in Murray Ky. where my youngest daughter is studying architecture you can't smoke inside any rental dwelling anymore.

Right now I'm still studying my options. Feel free to send me suggestions. My E-Mail is [pbentley@accu-tec.com](mailto:pbentley@accu-tec.com) I love hearing from our friends and customers and maybe someday I'll be able to help out with a problem you're having.

Thanks for being there!

Patty Bentley,  
Production Manager

**Patty Bentley**  
**Production Manager**  
**Accu-Tec International**



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## Just for Fun...

How well do you think your memory is?

Take a few minutes and hit the link

<http://www.bbc.co.uk/science/humanbody/sleep/tmt/>

How well did you do? Your individual memory is not as good as you may think it is.

Sleep scientists say that:

Recognition memory for faces is unaffected by sleep loss. A person who has not slept for as much as 35 hours can perform as well as someone who is not sleep deprived.

The area of the brain that controls temporal memory can be affected by prolonged sleep loss and/or ageing. So a healthy 65 year old who sleeps normally would be able to perform this test similarly to a 20 year old who has gone without sleep for 36 hours.

So, there is hope for us old folks after all. As long as we get plenty of sleep...

**Charles (Rusty) Green**  
Warehouse Manager  
Accu-Tec International



## Beware of Picket Fences.....

Last weekend my son and I traveled to my mother's home in order to paint her 60' picket fence. She had the paint and brushes and the forecast was for sunny skies. I am an expert do-it-yourself painter so I loaded my portable workbench, 3 different sizes of paint rollers, 4 different sizes of brushes, drop clothes, paint trays, paint scrappers, an electric sander, 2 different grades of sandpaper, and all of the other paint equipment I had collected over the years. We were set. I estimated it would take, at the most, five hours to complete the project. We could then relax, maybe pop in a movie, and visit with my mom. Wrong!

Even though the fence was actually in good shape and it only took an hour of prep time, I didn't realize that the spaces between each wood slat and the bottom portion of each board could only be painted with a brush. The other problem was the row of burning bushes in front and the holly bushes on each side. We had to get on our knees, backs, and stomachs to reach every space. After ten hours we were exhausted, and a partial section remained unpainted.

You may have a "picket fence" project that needs to be completed and you may think you have correctly estimated your costs by doing it yourself. Let us review the situation and give you an expert estimation. We have an experienced staff that is ready to help, while you relax and pop in that movie.

**Gary Klass**  
Purchasing/Materials Manager  
Accu-Tec International



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### ACCU-TEC PERSONNEL NOTES

#### September Birthdays

Chris Depp	September 1
Surjit Kainth	September 5
Stephen Homola	September 12
Sheldon Suckoo	September 23
Jerry Martin	September 28

#### September Anniversaries

Chris Depp	3 years
Tommy Fink	3 years
Jim Fleming	3 years
Bridgett Todd	3 years
Eddie Vest	3 years

## There are many types of FLEXIBLE PACKAGING

Flexible packaging is generally used to describe different types of non-rigid packaging materials.

**At Accu-tec, it best describes the way we do business. Change seems to be the only constant these days, and to remain a valuable part of your customer's process, it is absolutely imperative, that we remain flexible.**

Like most companies, our customers have been feeling the effects of the difficult economic times we have been in. To maintain their position in the marketplace, they have looked at every phase of their operations, trying to find ways to reduce, and control costs. Having the flexibility to change, is what will allow you to maintain an advantage that is of value to your customers. Demonstrating that we have the experience, expertise, capacity, and flexibility, to be a vital part of this change, is why we remain of value to our customers. The "same old way" of doing things, needs to change and become the "old way" of doing things. Our importance to each customer is under scrutiny, and re-evaluated each and every day. Flexibility, will keep us at the table, to be part of the change taking place today, and the changes that will inevitably be in the future. As a team, Accu-tec has the ability to manage our own change, that will be brought about by change within our customers. We are not the same company that Jeff Davis started 20 years ago. The future always has many unknown elements, but one thing was for certain, his company would change, and change it did. We will change again, as we remain flexible into the future.

**Our customers now need us to be different than we were yesterday. Having the ability, and willingness to do so will keep us relevant. It is ever more imperative that we evolve into the company that our customers need us to be.**

**We have seen much change over the last while, and you can rest assured, there is more to come. If you are not flexible, you may snap under the pressure.**



**Warren Ellis**  
*Plant Manager  
Canada*



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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.*