



TOOL TALK

A Publication of the Michigan Tooling Association

Asset Management In Troubled Times

By: Brian Augustine, Toddman Solutions

Have you ever really stepped out of the box and looked at how much you are spending on the equipment in your facility? It's obscene! And worse, we all know where we need to cut costs to stay viable in this pathetic market. But what price are we going to pay down the road for those cost savings?

Looking for long term cost savings initiatives that really make a difference? Asset Management is one of those initiatives. It's relatively inexpensive to implement, and its benefits cannot be ignored. Your fiercest competitor has been using Asset Management for years and it is saving them millions.

Defined, Asset Management tracks how assets that are critical to business and financial performance are purchased, maintained and optimized throughout their useful life. It goes far beyond an inventory of your equipment. True asset management tracks all critical information regarding assets such as: purchase information, preventative maintenance, job planning, scheduling, work order tracking, warranty, spare parts inventory, etc. Asset Management can be applied to your manufacturing operations, facilities, fleet and IT equipment.

OK, so what. How is *spending* time and money to track that information going to *save* money?

Once procedures are implemented, and both staff and management have bought into the concept, your equipment will run better, downtime due to equipment failure will substantially decrease, and product quality will be greatly improved. It's not uncommon to see downtime decrease by 50% or more, spare parts inventory decrease by 75%, labor utilization increase by 50% and first time through rates greater than 95%.

In considering the worth of Asset Management to your organization, ask yourself:

- ❖ How much downtime did I have this year due to equipment failure?
- ❖ How much does downtime cost me per minute?
- ❖ How much downtime could be eliminated if all scheduled preventative maintenance procedures were followed?
- ❖ Have I had problems with product quality due to improperly functioning equipment?
- ❖ How much time could be saved by preventative vs. reactive maintenance? (Is it easier to change a failed motor or to perform recommended monthly lubrication?)
- ❖ Am I paying for repairs that should be covered under warranty?
- ❖ Do I have difficulty tracking where my assets are and which departments are utilizing them?
- ❖ Am I recognizing tax deductions from my idle assets?

You've cut to the bone with layoffs, benefits, contracts, and overall costs. For long term viability, its time to go deeper and look for long term, substantial cost savings. The equipment on your plant floor is probably your largest determinant of profit/loss from month to month. Asset Management could give you the much needed boost towards cost reduction that you've been seeking.

Asset Management is a simple concept to grasp, but recognizing its vast outreach is very important. If you are interested in learning more about asset management, MTA may be hosting a seminar in the near future. Please complete the enclosed form and fax it to MTA. We will inform you of a date based on interest.

Toddman Solutions is an IT Service provider focused on ensuring that businesses achieve maximum potential from their IT equipment, through practical, inexpensive, mainstream technology. Brian and the other consultants at Toddman Solutions can be reached at info@toddmansolutions.com or 734-324-7999.

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MTA Calendar of Events - July

NOTE: All seminars & training programs this month are being held at the MTA Training Center in Farmington Hills unless otherwise noted.

- 4 MTA offices closed for 4th of July
- 15 Deadline for sending in items for **Tool Talk**
- 16 MTA Board of Directors meets
- 16 Safety Seminar - Required MIOSHA Training
8:00 a.m. - 11:30 a.m.
- 17 MTA Workers' Comp Fund Board of Trustees meets

Members in the News



With great pride, **C & B Machinery Company**, of Livonia announces their appointment to “Green Status” by the Ford Motor Company, for meeting all the requirements of their “Reliability & Maintainability” programs.

This program was initiated by Ford to encourage their major suppliers to improve the reliability of the products they are supplying, while at the same time driving down the cost to Ford of maintaining large quantities of replacement components. By incorporating the fundamentals of the R&M program into their product designs and engineering, C & B Machinery is able to drive down the “Life Cycle Costs” of their products to the end user, in this case the Ford Motor Company.

A mere thirty-five companies globally have achieved this status, and C & B is very proud to have their name included in this very “elite” group of manufacturers.

C & B Machinery “re-manufactures/re-engineers” CNC production grinding machines and has recently made partnerships with three European manufacturers of “new” CNC grinding machines: Danobat - O.D., surface and broach grinders; Estarta - centerless grinders; and Overbeck - I.D. and internal radius grinders. With these new associations and the twenty plus years of re-manufacturing experience, C & B Machinery has now positioned itself as a true “World Class” supplier of grinding machinery.

The **Temperform Corporation** of Novi is pleased to announce that it recently has been certified to the ANSI/ISO/ASQ Q9001: 2000 quality standard.

Temperform is a privately held business that was founded in 1970; it services the cement, pulp and paper, mining, food processing and petro-chemical industries, which require castings of stainless steel for corrosive and high heat applications. Temperform markets castings throughout the United States, Canada, the Caribbean, Central America, with affiliates in Italy, Switzerland and Germany.

Temperform incorporates the shell and no-bake sand systems for the production of castings, ranging in size from 2 lbs. to 6000 lbs., in quantities from 1 piece to 100,000 pieces.

Effective April 28th, 2003, **Schenck Turner Inc.** of Orion has a new home and a new name. Schenck Turner, long recognized throughout the balancing industry worldwide, has merged facilities with its sister company, **Schenck Pegasus** which is also a division of Durr AG.

Their new home in nearby Troy is on 12 acres of property with nearly 80,000 square feet of office and manufacturing space, which will allow them to expand their manufacturing capability and provide even more room for future expansion.

From this point forward, they will be operating under the name of **Schenck RoTec Corporation**, a wholly-owned subsidiary of Schenck RoTec, Darmstadt, Germany.

The merger between Schenck Pegasus and Schenck Turner into one facility in Troy will provide greater efficiency and more opportunities for both organizations, which will continue to offer complete solutions to meet customer requirements in the field of Balancing and Diagnostics and Development Test Systems. Schenck remains committed to providing superior products and services, and looks forward to seeing everyone at their new location.

Our congratulations and best wishes to the above. Let us know what is happening at your company. We would like to share it with all our readers.

MTA Agency News

by: *Mark Tyler, General Manager*
MTA Insurance Agency



Blue Care Network - New Group ID Numbers for all Customers and Freeze Period for Benefit Changes in August

Blue Care Network (BCN) is going to a new operating system, beginning in August, that will affect any changes you make to your coverage and also premium payments.

In early August, BCN will stop using their current electronic system for membership additions and changes. There will be about a three-week interval to transfer data from the old system (STAR) to the new one (FACETS).

You need to be aware that changes submitted during that time will not be processed until after the conversion of the systems. Therefore, to avoid delays in updating your group member records, **we strongly recommend that you submit as many enrollment changes as possible prior to July 29th.**

If you need to activate coverage immediately for members new to your company who need medical care during the freeze period, you can request an expedited change by calling BCN Group Inquiry at 800-970-6684.

Also, in the next few weeks you will be receiving new group

numbers, that are effective August 8th. There are three groups of numbers that will make up your new, unique customer ID number with BCN:

1) Group ID - an eight-digit number assigned to each employer that represents the group's headquarters. This number will usually be the employer's current group number with two zeroes in front of it.

2) Subgroup ID - a four-digit number that represents the group's locations, usually consisting of sequential numbers. These subgroups may also be classified as a unique plant location or city of operation.

3) Class ID - a four-digit number that represents the group's benefit offering to a classification of employees. These class IDs will identify both non-Medicare retirees and Medicare retirees. BCN will issue new ID cards to Medicare dependents in August, which will show the employee/retiree's ID numbers, rather than the dependents.

BCN will not be issuing new ID cards to everyone at this time - since the employee's social security number is the critical number to receive coverage from doctors, hospitals, pharmacists and other health care professionals.

Along with these changes, BCN will be printing out new Enrollment/Change of Status forms to use and also several changes to their billing statements.

The billing statement will have some changes beginning in September. This also includes a new revised delinquency policy. Beginning this fall, BCN procedures for nonpayment cancellation will be the same as Blue Cross' policy. Your payment is due on the date stated on the invoice. If a group's payment isn't received by that date, the account will be delinquent and can result in coverage being terminated and claims and services denied for your employees and their families.

Remember: if you have any changes for August or prior, or you wish to make a group-wide change to your benefits, we need them prior to July 29th, when the freeze begins.

Why is BCN changing operating systems? "Facets" replaces an old operating system for claims, membership and other key business transactions. It offers improvement that will make it easier for BCN reps to respond to member inquiries; make claims, billing and membership activities consistent across the state; facilitate compliance with the federal Health Insurance Portability and Accountability Act (HIPAA). It will also allow for one state-wide network and state-wide benefit administration, thus making everyone's life easier.

Legislative Update

by: *Judy Augenstein*
Legislative Consultant, Lansing



The legislature continues to work on the budget for fiscal year 2004. Governor Granholm has proposed budget cutting to balance the state's budget. She has also proposed \$118.9 million in revenues from tax "loophole closures" to balance the budget. She continues to work towards getting \$250 million in wage concessions from state employee unions. So far, they have resisted.

Of the \$118.9 million in proposed "new revenues," the House Tax Policy Committee has rejected all but \$18.8 million of the requested new revenue. Business/industry have argued that the rejected bills were actually tax increases to Michigan businesses disguised as "loophole closures." The Senate is close to making the same declaration on the issue of tax increases.

The House and the Senate are debating their own versions of small business health insurance market reform. Senate bills would allow BCBSM to narrow choices for small businesses struggling to afford insurance. The House bills are being substituted so they will more closely mirror the Senate bills.

Senator Michelle McManus (R-Lake Leelanau) has prepared legislation which attempts to strike a compromise between the state and local governments on the controversial issue of payments in lieu of taxes. SB 521 puts limits on how much the state would have to pay, but not reduce the amount to the \$2 per acre Governor Granholm has proposed. The McManus plan would freeze all current payments in lieu of taxes at current levels. The measure would allow local townships and counties to forgive any tax obligations in future land sales and end any requirement that the DNR pay the state's education property tax.

Mackinac Bridge legislation has been introduced in the House and Senate. The package of bills intends to provide financial responsibility for the maintenance of the bridge, forgives all debt and freezes bridge tolls at January 2003 levels. Car and truck rates would be rolled back \$1.

MTA continues to work with legislative leaders on the competitiveness issue. MTA has testified twice before the Special Competitiveness Committee and once before the Senate Commerce Committee. At the request of legislators, MTA has provided a short list of "fixes" to be pursued at the state level. Work continues on setting meetings with members of Congress.

Economic Talk – The Dana Viewpoint

by: *Mike Dana, CEO*
Dana Investment Advisors, Inc.

Just because you do not take an interest in politics doesn't mean politics won't take an interest in you... (Pericles 430 BC)

Economics is an Illusion...

... politics is real. The Democrats have been fighting President Bush's tax cut plan every step of the way, claiming it favors the rich and will cause a severe budget deficit. Ironically 40 years ago, it was President Kennedy who proposed a sweeping tax cut and the Republicans fought him every step of the way. In 1962, Kennedy cut income tax rates by 20% and corporate tax rates by 10%. His goal was to insure investment incentives by increasing the availability of investment capital. It worked as the growth rate of the economy grew from 4.3% to 6.6%, and more than one million new jobs were added over the next four years.

Both Kennedy and Bush have acknowledged that the federal deficit will rise on a near term basis, but over the long term the boost to the economy will result in increased tax revenue and a budget surplus. Any number of economic statistics can be generated to create the illusion so desired to reach a conclusion. But, then again, this is just the reality of politics.

Let's look at the deficit illusion. This year the deficit will be about 1.5% of GDP. This compares to an average of 2.6% since 1980. Another economic illusion is that deficits cause inflation and higher interest rates. Since 1980, the federal deficit has increased dramatically while interest rates and inflation have dropped dramatically. With all the concern about deflation, we should be focusing on growth. Deficits are a result of slow growth.

What about the dollar? Treasury Secretary John Snow says he favors a strong dollar. Then he touts the virtues of a weaker dollar, namely a boost in exports for our troubled manufacturing industry. The last time we had a weak dollar was the mid-1980s, and we had a very severe stock market decline followed by a round of interest hikes to stop inflation. The danger of a weaker dollar would be foreign investors withdrawing money from the US, which could push interest rates and inflation up. Maybe that's what the Fed wants. That would take care of any deflationary concerns. Like we said in the beginning, economics is an illusion.

The European Central Bank cut interest rates 50 points to 2%. This will make our bonds somewhat more attractive at least until the Fed meets later this month to consider another

rate cut. Whether interest rates are 1% or 1.25% will not make a difference to anyone making a decision to expand their business. The Fed has pushed that option to the limit. Japan has pushed beyond the limit to no avail.

What's left then? Well, it would seem that if you are going to have capitalism, you are going to need capital. Webster's defines deflation as "a fall in the general price level or a contraction of available money (as opposed to inflation)." This is brought about by slowed economic activity. Hence, it is necessary that the Fed creates more money as existing money is circulating more slowly.

To sum up then, three things must happen to revive a comatose economy:

1. The government must relieve cost burdens on businesses and consumers. This they have now accomplished (begrudgingly) with passage of the tax plan.
2. The Fed has cut interest rates, and now they must provide adequate money for economic expansion.
3. Businesses are doing their part (as painful as it is near term) by getting costs under control. This is by means of worker lay-offs and more efficient use of existing assets. We believe this painful part is nearing an end.

The stock market is telling us that these three pieces of the puzzle are coming together. After three years of a bear market and a continued avalanche of bad news, investors are having a difficult time adjusting to the fact that the bear market has ended. That is not to say the stock market will move up smartly to new highs and resume the advance of the 1990s.

The market trades more on raw emotion than other avenues of investment and currently may be somewhat ahead of itself. We may be due for a pull back in prices and then a more orderly advance. Basically the market is telling us that the majority of the bearish investors have thrown in the towel. The positive spread between advancing stocks and declining stocks widens daily as does the difference between stocks making new highs and those making new lows. This has been a very broad based advance.

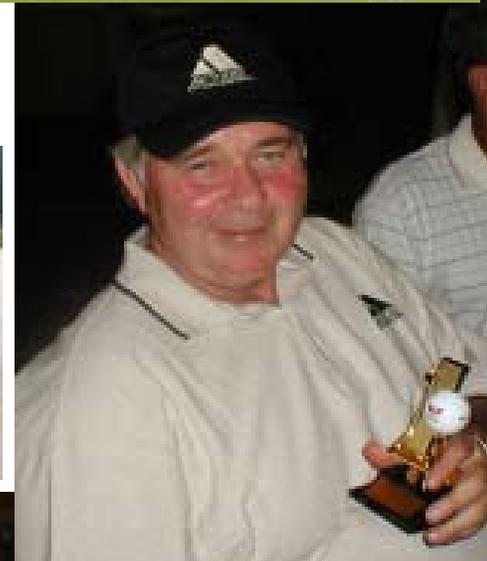
REMEMBER.....

The Income Tax has made liars out of more Americans than Golf!!

Will Rogers

Good Breeding consists of concealing how much we think of ourselves and how little we think of the other person.

Mark Twain



From the Desk of Gary Wood

Administrator MTA Workers' Comp Fund



I hate when I read an article that is a reprint of some other article that I did not get the opportunity to read in the original publication.

Having said that, I offer the following reprint. The author told me I was free to use whatever I wanted of his original article, so in the interest of time and space here are the first 71 of "101 Ways to Reduce Workers' Compensation Costs", as originally drafted by Steven Link, Senior Executive Vice President of the Midwest Employers Casualty Company.

(If some of these sound familiar, it is because the Fund has been preaching these concepts for years.)

Employment Practices

1. Create an atmosphere of trust among employees. Good relationships are key to good business.
2. Establish a drug-free workplace policy.
3. Hire quality employees. These individuals offer increased productivity and cost savings.
4. Enforce existing policies and procedures consistently.
5. Fight workers' compensation fraud. Develop an anti-fraud plan and make your policies known.
6. Treat all claims as legitimate until proven otherwise.
7. Ask senior management to issue a worker's compensation policy statement.
8. Recognize and reward supervisors for good safety and accident response performance.
9. Encourage and implement employee suggestions when possible. Employees are the real experts.
10. Hold managers accountable for controlling worker's compensation program costs.
11. Insist location managers, department heads, and supervisors lead by example.
12. Minimize employee turnover. Recognize and reward exceptional performance.
13. Match people's physical abilities with job tasks.
14. Develop good job descriptions.

15. Ensure programs and procedures comply with the Americans with Disability Act.
16. Develop a crisis management plan.

Safety/Loss Control

17. Maintain equipment and tools in good working order.
 18. Establish a safety committee that is well-respected and consists of representatives throughout the organization.
 19. Wear personal protective equipment and clothing that are provided.
 20. Ask for assistance when moving or lifting heavy objects.
 21. Clean up spills on the floor immediately to prevent slips and falls.
 22. Investigate accidents thoroughly and promptly. The objective is to identify causes and prevent future occurrences.
 23. Keep aiseways clear and remove objects that pose a tripping hazard.
 24. Insist employees wear proper footwear.
 25. Insist on neat workspaces. Clutter hinders productivity and increases risk.
 26. Discuss the importance of safety during the interview process. Set expectations early on.
 27. Conduct frequent self-inspections of the premises and operations.
 28. Do not remove guards or modify equipment or machinery.
 29. Make ergonomic improvements at the workplace when possible.
 30. Prohibit horseplay at the worksite.
 31. Clear ice and snow from walkways and parking lots.
 32. Develop a self-inspection checklist to ensure consistency.
 33. Use floor matting to cushion hard surfaces or to provide slip resistant surfaces.
 34. Label and store all chemicals and solutions properly.
 35. Do not lock or block exit doors. Make sure they are clearly marked.
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- 36. Create a safety culture. Safety must become a way of thinking and a matter of lifestyle.
- 37. Prevent exposure to bloodborne pathogens.
- 38. Make sure fire extinguishers are in good working order.
- 39. Review and modify safety procedures and protocols on a regular basis.

Claims Management

- 40. Use preferred medical providers to administer quality medical treatment. Negotiate discounts but do not compromise quality.
- 41. Use telephonic or electronic claims reporting when available.
- 42. Develop a workers' compensation claims kit.
- 43. Use structured settlements when appropriate.
- 44. Use occupational health specialists when needed.
- 45. Establish a return to work program.
- 46. Utilize claims experts to manage catastrophic cases.
- 47. Audit legal bills for accuracy and appropriateness.
- 48. Formulate a sound legal philosophy and strategy.
- 49. Pursue subrogation when appropriate.
- 50. Ask supervisors to accompany injured workers to the doctor's office.
- 51. Review the status of large claims on a regular basis.
- 52. Help preferred medical providers understand your business operations.
- 53. Keep an auto kit in the glove compartment of fleet vehicles.
- 54. Draw upon the second injury fund when appropriate.
- 55. Audit select claims files and claims processes.
- 56. Audit medical bills for accuracy and appropriateness..
- 57. Report claims immediately. Time is money.

Training and Communication

- 58. Train supervisors to administer first aid treatment.

- 59. Conduct training and education programs on an ongoing basis.
- 60. Teach and encourage healthy habits. Healthy employees tend to be more productive and less prone to injury.
- 61. Train workers on back injury prevention and proper lifting techniques.
- 62. Train supervisors how to respond to an accident.
- 63. Teach defensive driving techniques. These will be valuable both on and off the job.
- 64. Use creative communications to promote your safety and accident response procedures. Market your message the same way you market your products and services.
- 65. Send a get well card to injured employees. The sentiment and thoughtfulness will be appreciated.
- 66. Monitor and post accident free days in a highly visible place.
- 67. Distribute program brochures, posters, and paycheck notices.
- 68. Stay in contact with injured employees and family members.
- 69. Keep senior executives apprised of program savings and successes.
- 70. Utilize safety training videos to communicate and demonstrate proper techniques.
- 71. Emphasize safety and accident response procedures during employee orientation.

If you all work hard at following these guidelines, it will serve to reduce the costs to the Fund and the members.



