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www.tnchamber.org

'Lean' Journey Pays off for Maytag — Jackson

Anne M. Rushing ★ Maytag – Jackson

We at Maytag – Jackson Dishwashing Products began our “Lean” journey in 1998 because we wanted to be manufacturing product in 2008 and for many years beyond.

Our business, like other manufacturers in the United States, is a very competitive business. We knew we needed to transform the way we did business. We knew we wouldn't be able to modify what we were doing and still be successful. We knew we needed to completely overhaul how we operated. We chose not just lean manufacturing, but Lean Sigma as the means to make that happen.

When we began our journey, we had one large assembly cell capable of producing any model any day. We now have seven individual assembly cells, each capable of producing any model, any hour. We are now extremely flexible, and we can respond to customer requirements in a short time frame. We utilize a high performance work team culture to continuously drive the business in a positive direction. The teams are the backbone of our success.

Once we thought we had made good headway on our journey, once we thought we might be successful with

what we were doing, we decided we needed an impartial party to come in and tell us how we were really doing. We decided to apply for the **Shingo Prize for Manufacturing Excellence**. After all, if you really want to know the truth, ask the people who can best tell you, and tell you with data to back up what they say.

The national Shingo Prize was established in 1988. It is administered by Utah State University to promote an awareness of lean manufacturing concepts and to recognize companies that achieve world-class manufacturing status. The Shingo Prize is not just a production model; it is an overall systems model that incorporates all aspects of business operations and processes. This model includes 11 key elements which are grouped into five categories: leadership, culture and infrastructure; manufacturing strategies and system integration; non-manufacturing support functions; quality, cost, and delivery; and customer satisfaction and profitability.

There were several reasons Maytag-Jackson applied for the Shingo Prize. We wanted to maintain and improve

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94th Annual Meeting to Feature Governor, Senate Candidates

Tennessee business and industry leaders from across the state will gather in Nashville March 1 for the 94th Annual Meeting and Reception of the Tennessee Chamber of Commerce & Industry. It is a meeting of the state's leading business leaders and employers.

Governor Phil Bredesen is scheduled to keynote the opening lunch at Noon, followed by expert panels on the new ethics law and the state of TennCare and health care coverage in Tennessee.

It will all be followed by a town hall meeting with the leading U.S. Senate candidates from Tennessee.

The Evening Reception will conclude the day by providing business leaders an opportunity to interact with key policy makers.

It is a meeting you cannot afford to miss.

To register for the Annual meeting, visit www.tnchamber.org or call Suzie Lusk at 1-615-256-5141.



The 2006 Session, Finally

Deborah K. Woolley ★ President

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As I write this, our legislators are still embroiled in a special session on ethics that is being defined more by the media than by the leadership of either party. By the time you read this, it is my sincere hope that the legislature will have passed meaningful ethics legislation that creates a climate in which there are clear rules for relationships between lobbyists, elected officials and state employees, clear rules for reporting and easy access to those reports that let the media and the voter know exactly what is going on. It is also my sincere hope that the legislation does nothing to prevent you, as a business leader and a citizen, from participating in the government process.

It won't stop one single person who is determined to break the rules. It won't prevent another Tennessee Waltz sting operation; after all, everyone arrested in that operation broke an existing law. What it might do, however, is change the culture on Capitol Hill. That will not be a bad thing. More accountability will restore confidence in the political operations in state government and will put the voter back where he or she should be ... in control of deciding the type of person they want to represent them.

I hope, as you read this, Governor Bredesen's State of the State had occurred February 6. I hope that our talk by then is about issues that will make a difference in our economy and in job creation. I hope the partisan bickering and posturing is put aside – at least until this election season this summer and fall, and that we have gotten about the business of running Tennessee.

Already, we have faced down an early

threat of a tax increase – amazingly, the attempt was through the rulemaking process. The Board of Equalization proposed a rule that would have subjected software to personal property tax. Not only was it a tax increase for business, it was a blatant attempt to raise taxes outside the legislative process. We will be looking at ways to ensure the attempt doesn't happen again.

As the session finally gets underway, we will face the normal challenges of any legislative session. First and foremost is balancing and passing a budget in an election year. As we all know, revenues are still below what is needed and legislators must walk a careful path as they fund those needed services without increasing the tax burden on citizens – both corporate and individual.

There is no doubt that there will be health care legislation designed to address the needs of those citizens who are not covered by TennCare but need access to health care. Study committees are looking at a system – apparently to be named Cover Tennessee – patterned somewhat after Healthy New York. The goal would be to create products and a reinsurance pool that make health insurance more cost effective for Tennesseans and their employers. The Governor has told the Chamber's Executive Committee that it would be a voluntary system and that he would not support a "play or pay" concept. We need, however, to make sure that it is not a program that is subsidized indirectly by providers or insurers -- which only passes hidden costs to us.

Other issues we will be working hard at the General Assembly are carried

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Maytag's 'Lean' Journey

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2006 Tennessee Shingo FAQ

What is the Tennessee Shingo Prize?

The Tennessee Shingo Prize was established in 2004 to recognize business excellence and create an increased awareness of the development, and implementation of lean manufacturing principles and techniques throughout the state. It is administered by the University of Tennessee Center for Industrial Services and co-sponsored by the Tennessee Chamber of Commerce & Industry.

What is the difference between the Tennessee and North American Shingo Prize?

The North American Shingo Prize, established in 1988, is open to manufacturers in the United States, Canada, and Mexico and is awarded to companies who achieve world-class manufacturing status based on their application and site visit. Only one level of Shingo Prize is available at the national level.

The Tennessee Shingo Prize will be awarded at four levels: Platinum, Gold, Silver and Bronze.

How does a company challenge for the Tennessee Shingo Prize?

1. Complete an Intent to Apply Form with brief company history, which is due **February 28, 2006**. Enclose the application fee (\$3,500 for large companies and \$1,500 for small companies)
2. Complete and submit an Achievement Report documenting the company's efforts and results by **April 28, 2006**.
3. Multiple day site visits will be conducted between **May and August, 2006**, with fees generally ranging from \$3,500 to \$5,000.
4. Prize winners will be notified in **October 2006**.



our competitiveness within the market place. We wanted to promote long term growth and job security at Jackson. We wanted to achieve recognition of Maytag as a world-class manufacturer utilizing lean principles to provide a high quality product. We also wanted to attract new investors to the Maytag organization.

We applied in 2002 and were named a finalist, but not a winner. We considered this a success for many reasons. It was our first time to apply for any such prize, and to be named a Shingo Prize finalist was quite an honor for us. We took the Shingo report and performed a gap analysis. From that we developed an action plan which we executed and then applied again. This time we were successful. Maytag – Jackson Dishwashing Products was awarded the Shingo Prize for Manufacturing Excellence in the spring of 2004.

We recognize our responsibilities on our journey. We know we must understand our targets and how we affect them on a daily basis. We know we must actively participate in the improvement process by finding new ways to eliminate the seven forms of waste: storage, over production, waiting, defects, transportation, process, and motion. We know that we must continuously improve our 5S in all areas, not just on the shop floor. Most important, we recognize the need to educate and involve all associates.

So, what has being a Shingo Prize recipient done for Maytag – Jackson? We have maintained our competitiveness within the marketplace. We have had growth and we have our jobs. We are recognized as a world-class manufacturer who utilizes lean principles. We have created a good network with other manufacturers to benchmark with and thereby enabling many manufacturers to improve and maintain competitiveness and growth.

We learn from others as they learn from us. It is a continuous cycle. It is a continuous journey. It is a journey with no end. That is the beauty of improvement. The more we improve, the more we recognize we are not where we need to be. So, we continue on our journey for excellence. We continue to strive to learn and to be the best. No one knows what the future has in store, but we must move forward and continue to redefine how to get better. This is the best way to ensure we will be around to enjoy a future of growth and prosperity.

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Employer Report Cards Coming for Business

William A. "Zan" Blue ★ Constangy, Brooks & Smith, LLC

Recently, Charles James, Director of the Office of Federal Contract Compliance Programs ("OFCCP") and other high-level agency officials discussed some of the OFCCP's upcoming programs and plans. These included issuing employer "report cards," engaging in more in depth inter-agency information sharing and an announcement that James will remain with the OFCCP through the current administration's term.

Whether you know it or not, you are being graded. The OFCCP is scrutinizing your company's affirmative action compliance programs. Do you feel comfortable? Will you proudly post your OFCCP report card on the break room refrigerator, or sheepishly approach your "elders" with failing grades? Before you panic, there is good news. You have time to study before final exams.

OFCCP Director Charles James announced a new agency initiative that will be implemented in the next 18 to 24 months. The OFCCP will use information from sources such as EEO-1 reports and individual compliance reviews to make determinations on company compliance with affirmative action programs. Employers with poor

records will be targeted for extensive review from the agency.

The "corporate report card" initiative is intended to deter discrimination and non-compliance by focusing agency efforts on "problem" employers. James predicts that the new corporate profile system will have an impact "when report cards get to the senior executive suite." The question becomes how an employer raises their grade, or more succinctly separates themselves from the undefined "problem" children. A good start is to check with your labor and employment counsel to make sure your EEO-1 reports and other affirmative action materials are in proper order.

James also announced that the agency will determine whether an employer is a federal contractor or subcontractor by reviewing information that other government agencies have on that employer. Previously OFCCP used the self-identification information provided by employers on their EEO-1 reports, but James felt there were too many "clerical errors." James said that the inter-agency information might also be used in determining an employer's "grade" on its compliance "report card."

Ending much speculation, James

announced that he would stay on as director through the end of the Bush administration. James hopes to "affect a culture change" by building the technology and infrastructure that will help the agency distinguish between contractors that are compliant and those that are not, so that it can focus its resources on the latter.

Finally Patsy Blackshear, OFCCP's Director of Program Operations and Acting Mid-Atlantic Regional Director, discussed a number of issues, including the agency's receipt of EO Survey evaluations performed by its consultants. Based on those evaluations OFCCP will make a final determination regarding the usefulness of the EO Survey as a selection device for compliance reviews. The proposed guidelines on the Definition of an Internet Applicant have also been finalized and are awaiting final review and conclusion by the Office of Management and Budget, and the final guidelines on compensation analysis are awaiting decision by the agency. Blackshear did not provide deadlines for any of these initiatives.

Blue can be reached at the Nashville offices of Costangy & Brooks at 615-320-5200 or by e-mail at wblue@constangy.com.

Participate in Annual Compdata Survey

Data collection for the 2006 *Compdata Compensation and Benefit* survey sponsored by the Chamber begins in March. Companies participating in the survey receive a substantial price reduction for the final book of results - \$319 for participants versus \$719 for non-participants.

Past participants report that the breadth of data surveyed and ease of submission have been very positive. For more information about the survey, contact Bob Gaskill at the Tennessee Chamber or call Compdata Surveys at 1-800-300-9570.

Tennessee Chamber of Commerce & Industry Partners With *Meth Destroys* Campaign

The Tennessee Chamber of Commerce & Industry has become a partner in the *Meth Destroys* campaign, a statewide initiative aimed at increasing awareness about the devastating impact the drug is having on a growing number of individuals, families, communities and workplaces.

Meth Destroys, launched by Gov. Phil Bredesen and the Tennessee District Attorneys General Conference, is putting together a network of partners across the state to fight the growth of meth abuse on a variety of fronts.

Many people don't think about the economic impact of the meth problem, but it is very real, and the Chamber is enthusiastic in its commitment to the *Meth Destroys* campaign, said Chamber president Deb Woolley. Improving the quality of life in Tennessee obviously improves the business climate and contributes to economic development efforts. Anything we can do to help fight back against the meth problem is in the best interest of all our members.

There are several ways businesses

can participate in the campaign, from displaying campaign window clings to participating in community education projects to informing employees about educational resources regarding meth.

Methamphetamine abuse affects more than just the users. Businesses are having to deal with meth-related absenteeism, workers compensation, and accelerated turnover in personnel. Those who use meth on the job also put everyone around them in danger. Addicts experience hallucinations and paranoia and are more prone to violence. They also often resort to theft to aid their addiction.

The fight against meth intensified with the launch of the *Meth Destroys* campaign, as Gov. Bredesen and the state's district attorneys teamed up with law enforcement agencies and campaign partners to raise awareness about the drug's dangers.

Meth Destroys is funded by a grant from the governor's office following last fall's final report from the Governor's Task Force on Methamphetamine Abuse, which called for the state to educate communities about the dangers of

methamphetamine abuse. Additional attacks on meth abuse have come in the form of increased criminal penalties, and moving some cold medicines containing pseudoephedrine, the main ingredient in meth, behind the pharmacy counter.

The campaign launched in November with an announcement by Gov. Bredesen at Merrol Hyde Magnet School in Hendersonville and includes a Web site, www.MethFreeTN.org, radio and television PSAs, billboards, a youth brochure, an adult education booklet, posters and special informational fliers.

All *Meth Destroys* campaign materials feature powerful images and stories of Tennessee meth users. The pictures depict the serious effects this very dangerous drug has had on real Tennesseans.

For more information about the fight against methamphetamine in Tennessee, and to join the Anti-Meth Task Force, visit www.MethFreeTN.org.

The 2006 Session, Finally

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over from last year's Business Agenda: the Small Business Regulatory Flexibility Act, reducing fraud in workers' comp, expanding a voluntary pre-K system and supporting education initiatives that will support workforce development.

At the same time, we will have to guard against any weakening of the state's right-to-work law, any efforts to weaken our workers' comp reforms, and any new tax increases on business, such as taxing computer software.

The ethics legislation will change how we do business at the State House, and it will, we hope, change the culture of how business is done. It cannot be allowed, however, to change your willingness to interact with government or your responsibility to your company and your employees to be heard. While government creates the business climate in which we operate, only we, the employers of Tennessee, can create jobs. Our elected officials and state government need to know what will allow that to happen.



Manufacturing Skill Standards Council addresses workforce needs



A skilled workforce is one of the prime challenges faced by American manufacturers. And in the true sense of manufacturers everywhere, they are coming together to address the problem.

The Manufacturing Skill Standards Council (MSSC) is a nationwide, industry-led organization that focuses on the foundational skills and knowledge needed by workers in the nation's advanced manufacturing sector. The MSSC Certification System offers manufacturing production workers the opportunity to demonstrate that they have mastered the skills increasingly needed in the high-growth, technical jobs of the 21st century.

The MSSC System awards the *Production Technician Certification* to new and incumbent workers who pass the four manufacturing-related modules: Manufacturing Processes and Production; Quality Assurance; Maintenance Awareness; and Safety. Applicable to all sectors of manufacturing, the MSSC System has the potential to certify millions of production workers against industry-recognized, federally-endorsed standards.

In creating this expanded pool of workers with the foundational skills needed to keep pace with technological changes, the MSSC can help alleviate the growing skills gap faced by many manufacturers. In its 2005 Skills Gap Report, the National Association of Manufacturers (NAM) found that 80% of the respondents to its survey of NAM members believed that “skilled produc-

tion workers are expected to be in short supply over the next three years.”

The MSSC System provides industry with a new set of tools to ensure that both entering and incumbent workers are flexible, easily trainable, and highly motivated *knowledge workers* in high-performance work organizations. The MSSC assessments require mastery of foundational subjects such as math, science, reading, writing, communications, IT, analysis, problem-solving, teamwork, organization, planning, and basic technical skills—all in a manufacturing context. Just as “ASE” (Automotive Service Excellence) certification is the standard for quality in the automotive repair sector, the MSSC *Production Technician Certificate* will set the quality standard in our nation's factories as its use increases.

Today, the MSSC Production Technician Certification System offers several valuable benefits:

- ❑ An aid to attracting, motivating and retaining qualified employees;
 - ❑ Workers with portable, nationally-recognized skills documentation, and;
 - ❑ Standards by which educators and trainers can align training curriculum with industry needs.
- Employers will have a workforce possessing the required skills to meet current and future job needs;
 - Employees will have better job opportunities because they possess the required skills; and,
 - Educators and Trainers will be able to provide timely and relevant education and training.

Quency Holmes, manager of Human Resource with Bosch in Gallatin, has served on the MSSC Executive Board since 2001. According to Holmes, the MSSC Production Skill Standards should realize the following results.

Holmes also serves on the Tennessee Chamber of Commerce & Industry Human Resources Committee. He can be reached at quency.holmes@us.bosch.com



Mountain States Health Alliance Wins Tennessee Excellence Award

Mountain States Health Alliance, a Cornerstone member of the Tennessee Chamber, has won the prestigious Tennessee Excellence Award.

Mountain States, headquartered in Johnson City, will be presented the award by the Tennessee Center for Performance Excellence at the thirteenth annual Excellence in Tennessee Awards Banquet on February 23, 2006, at the Nashville Renaissance Hotel.

The Excellence Award is the highest level of recognition presented to organizations that have demonstrated management excellence through their practices and achievements. Winners at this advanced level are outstanding examples of high performance organizations, exhibiting world-class processes that serve as role models for others. The program uses the *Criteria for Performance Excellence* established by the

Baldrige National Quality Program as the evaluation tool.

“Our organization has always been committed to excellence,” Dennis Vonderfecht, President and CEO of MSHA said. “To put action behind this commitment, we adopted the Baldrige/TNCPE framework as our business model a few years ago. Participating in the TNCPE award process has given us the opportunity to conduct detailed self assessments, host site visits for teams of examiners, and benefit from their feedback. Recognition as an Excellence Award winner confirms that MSHA is progressing on its journey to excellence.”

Mountain States Health Alliance (MSHA) is a not-for profit health care system serving a 24-county area in Northeast Tennessee, Southwest Virginia, Northwest North Carolina, and Southeast Kentucky. The largest

health care system in the region, MSHA operates ten hospitals, 21 primary/preventive care centers, and 13 outpatient care sites, all located within a 75-mile radius of Johnson City, Tennessee. The health care system has been recognized in many areas for excellence and serves as a role-model in areas such as patient satisfaction, cardiac care, cancer treatment, joint replacement, women’s health, and nursing excellence.

To date, 16 organizations have attained the Tennessee Excellence Award, of which four – Eastman Chemical Company, Federal Express, Pal’s Sudden Service and Caterpillar Financial Services, Inc. – have also achieved the Baldrige National Quality Award. Mountain States Health Alliance is the first Excellence Award winner since 2002.

In addition to the Excellence Award, four organizations will receive recognition in the Achievement category, twelve in the Commitment category, and 17 in the area of Interest Recognition (the beginning level). Other Tennessee Chamber members receiving recognition are **Achievement Award** – BAE Systems, Kingsport; **Commitment Award** – Maytag Cleveland Cooking Products; Tennessee Department of Labor & Workforce Development Division of Adult Education, Nashville; University of Tennessee Center for Industrial Services, Nashville; **Interest Award** – Tennessee Department of Labor & Workforce Development Tennessee Division of Adult Education, Nashville; and University of Tennessee Department of Industrial and Information Engineering.

For more information on the Tennessee Center for Performance Excellence, contact Katie Rawls, president, at the organization’s Nashville office at (800) 453-6474 or katie.rawls@tncpe.org.

TENNESSEE CHAMBER UPCOMING EVENTS

February 3	.....Air Pollution Permit Compliance	Nashville
February 1	.....Maintenance Standards	Johnson City
February 7	.....Maintenance Standards	Clarksville
February 23	.....Maintenance Standards	Dyersburg
March 1	.....Annual Meeting & Reception	Nashville
March 10	.....Basic Safety	Nashville
March 14	.....Basic Safety	Jackson
March 23	.....Basic Safety	Chattanooga
March 29	.....Basic Safety	Morristown
April 5-6	.....10-hour OSHA Voluntary Compliance	Jackson
April 7	.....Forklift Training	Kingsport
April 12-13	.....10-hour OSHA Voluntary Compliance	Knoxville
April 18	.....Bloodborne Pathogens & Sharps Injury Prevention	Kingsport
April 19	.....Bloodborne Pathogens & Sharps Injury Prevention	Knoxville
April 25	.....Bloodborne Pathogens & Sharps Injury Prevention	Chattanooga
May 10	.....TOSHA 101	Jackson
May 12	.....TOSHA 101	Knoxville
May 17	.....Safety Programs	Jackson
May 18	.....Bloodborne Pathogens & Sharps Injury Prevention	Jackson
May 23	.....Safety Programs	Morristown
May 24	.....Bloodborne Pathogens & Sharps Injury Prevention	Cookeville
June 1	.....Bloodborne Pathogens & Sharps Injury Prevention	Nashville

TABCAMP Workers' Compensation Trust **A Benefit to All Members**

Tennessee Chamber manufacturing members have access to a unique and valuable asset.

In 1992, the Tennessee Chamber created TABCAMP Trust, a not-for-profit, self-insured workers' compensation fund that is open to Chamber manufacturing members. The Trust provides members who qualify for the fund with access to stable, conservatively managed workers' comp coverage at cost-effective premium rates. As well, TABCAMP members have the opportunity to earn dividends based on the overall group's loss experience.

Manufacturing members placing coverage through the Trust can also take advantage of a range of additional services, at no cost. These services include:

- Loss control and prevention evaluation and training
- A library of safety training videos
- On-site safety evaluation and training
- Claims management staff that is locally based and familiar with Tennessee workers' comp law

What might be less well known among the Tennessee Chamber's full membership is that the Trust brings benefits to the entire association through the expertise of the Trust's management company, CCMSI. Even though CCMSI staffs TABCAMP with local personnel who live and work here in Tennessee, the company also manages more than 60 self-insured funds and stand alone workers' comp funds across the nation, in a variety of industries. Their experience and advice is of value to all Chamber members as they work with us on seminars and policy issues.

In the coming months, the *Business Insider* will feature articles submitted by TABCAMP's management company, addressing workers' compensation issues that affect both manufacturing and other business sectors of the Chamber.

If there is a workers' comp topic that you have questions about and would like to see discussed in an upcoming edition of the *Business Insider*, please contact Deb Woolley at deb.woolley@tnchamber.org and let her know about it. If you are interested in TABCAMP coverage for your manufacturing company, contact Janet Bowman at JBowman@ccmsi.com



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