

## A Look INSIDE



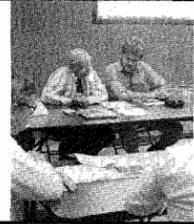
Wire meter  
saves time,  
cuts losses

See page 8



Bruns is  
honored as  
"best boss"

See page 4



Preventive  
health care  
is discussed

See page 6

# The Owners Manual

A PUBLICATION FOR EMPLOYEE/OWNERS AND RETIREES OF NORTHWESTERN STEEL AND WIRE COMPANY

November, 1990

## ESOP update: Class B stock provision

Under provisions of the ESOP Agreement, once during a 30 month period which begins in February 1991 and ends in August 1993, the Class B shareholders (shares held by senior management and outside investors) must offer to sell their shares to the ESOP. This provision, often referred to as the "buy-sell"

**...when the entire Houston project is complete, Northwestern will benefit from a balanced product flow and corresponding cash flow benefits...**

agreement, was put in the August 16, 1988 buy-out package to guarantee a window of opportunity for retention of local control (by the ESOP) of Northwestern Steel and Wire Company.

Open meetings were held in early

October for the dual purpose of informing ESOP participants of the current status of ongoing preparations, anticipating the commencement of the February 1991 "buy-sell" option period, and also to obtain feedback from participants on the final selection of an investment advisor to assist the ESOP in evaluating the eventual offer to sell the Class B Common Shares.

The meetings were chaired by Noel Reed, President of USWA Local 63. Reed was a key figure in negotiating the August 16, 1988 agreement. Utilizing this experience, he led the discussion/question and answer segment of the meetings. Other panel members were ESOP Administrative Committee members Jim Olson, Jim Boesen, and John "Skip" Leach; USWA Local 63 officers and Committeemen Arthur

Gillihan, James "Gene" Baker, Clarence Hylton, and Tom Hager; USWA Local 3720 officers John Tomczak and Ray Jamieson; and USWA area Supervisor Bill Warmbier.

The formal presentation was made on behalf of the ESOP Administrative Committee by Administrative Committee member Malon Wilkus of American Capital Strategies. Wilkus outlined many of the financing vehicles which are typically used in leveraged buy-outs (LBOs), and the manner in which these various sources of financing may be put together to make a deal.

Wilkus explained the mechanics of several investment strategies, such as an initial public offering (which requires registration with the Securities and Exchange Commission to place a company's stock on a public market), borrowing money through private placement (which means finding interested lenders, such as insurance companies, and arranging acceptable repayment schedules), and the more traditional method of having a major bank (or syndicate of banks, led by a major bank) finance the entire deal, similar to the August 16, 1988 initial ESOP transaction.

Focusing on the investment advisor selection, Malon Wilkus, who works as an investment advisor, summarized the strengths of the three finalist firms for participants.

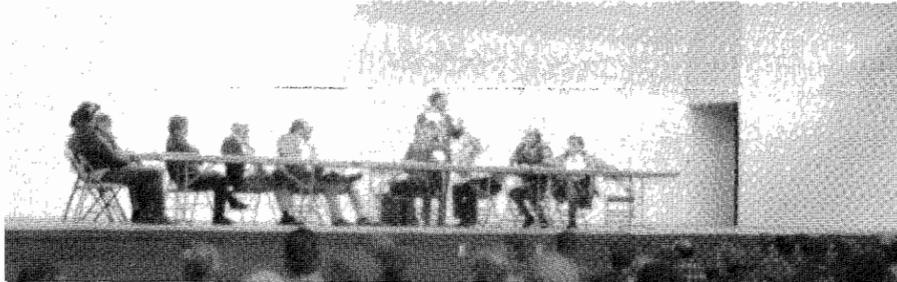
He characterized Goldman Sachs as a strong, larger company with broad experience in the steel industry; Prudential-Bache as perhaps the largest financial institution in the world who has experience in unionized, ESOP stock transactions, having assisted Weirton Steel in their recent Initial Public Offering (IPO); and Keilin & Bloom as a "known quantity" resulting from their having previously advised the USWA in the August 16, 1988 ESOP transaction.

The following day, the ESOP Administrative Committee met with 20 members of a recently formed (See ESOP, page 7)

### NSW workers now can buy company products for less

Northwestern employee/owners now have the opportunity to buy consumer-type products the company produces or purchases for resale. These are products produced or handled in the Wire Mill and the Rock Falls Plant.

Reject and dead stock material will cost 20 percent below book price, while prime products will be sold for book price plus three percent. Tax is already included in these prices, and (See PRODUCTS, page 7)



Three meetings were held in October for employee/owners to discuss the "buy-sell" option period, which is the time during which Class B shareholders must offer their shares for sale to the ESOP.

### Trade show focuses on DIY marketing

## NSW's Color Guard may soon circle Japan

Northwestern is one step closer to begin exporting products to Japan. Jim Treacy, Assistant Manager of Sales of the Wire Products Division, made a week-long trip to Japan in September to attend a trade show and concentrate on marketing white Color Guard to potential distributors.

Dave Oberbillig, Vice President

**Treacy said doing business overseas was quite unlike performing that task within the U.S... "Being exposed to another entirely different market and culture, and trying to adapt my product or talk to people buying my product, was really unique - and quite a challenge."**

of Wire Division Sales and Mike Mullen, Vice President of Operations of the Wire Products Division, had attended a housewares show in Tokyo in June, where they determined white Color Guard would be Northwestern's

most marketable product in Japan.

The show Treacy attended in September was a Do-It-Yourself (DIY) Show, which exhibited products for the popular Japanese DIY stores. Everything from hardware to electrical appliances to sporting goods was displayed at this show.

Northwestern is being guided in its exporting efforts by the firm Export Resource Associates, Inc., Minneapolis, Minnesota. Export Resource Associates is an international trade resource for companies around the world.

President Sandra Renner says her company has been working with NSW since January to study which products could be exported, where NSW could export, and which NSW products would be in demand in certain countries.

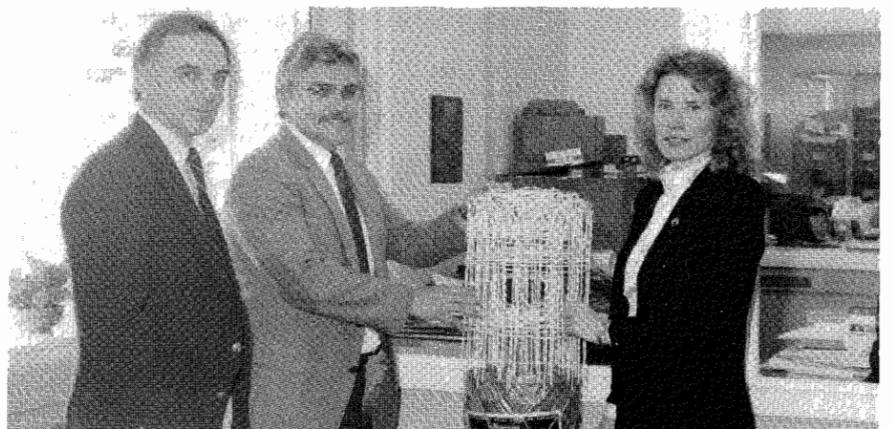
They have also set up contacts for NSW personnel traveling abroad, including interpreters and distributors who might be potential customers. Treacy displayed white Color Guard because Export Resource Associates determined the Japanese are concerned with both gardens and beauty.

Treacy says it is very different dealing with the Japanese compared to dealing with Americans. He says the biggest problem is the language barrier. "We did have an interpreter over there, but even so, the interpreter is talking through a Japanese mind to Japanese people. And, there's no way for me to tell whether she's getting across the message we

want to deliver or not," said Treacy.

Treacy returned from Japan with four potential distributors. The prime potential distributor is Takasho Company, Ltd. located near Osaka, Japan.

This company carries fencing products, but they requested a small change in the Color Guard. (See TREACY, page 7)



Jim Treacy (center), Assistant Manager of Sales, Wire Division, is pictured above with Gary Winget, Vice President of Export Resource Associates, Inc., and Sandra Renner, President of Export Resource Associates, Inc.

# Viewpoint



*"I'm glad I got to go down. It was a fun trip. The mill looked like it was well taken care of. I hope it does good for us. The people down there were really happy. I'm glad we hired people down there - glad they got a job now."*

**Bob Carbaugh**  
Nail Department

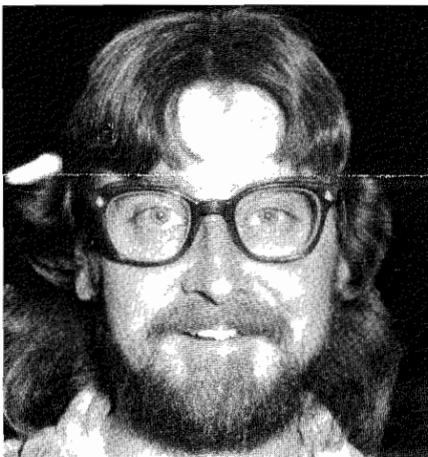
**"What are your comments regarding your recent trip to NSW's Houston plant for the grand opening festivities and mill tour?"**

The NSW employee/owners who give their viewpoint are picked at random. The opinions of the *first eight* people who give spontaneous or impromptu answers are used; we do not look for the "best" eight answers. The responses given are the responses that appear in print. They are not edited or changed.



*"I really had a good time and I was impressed with the facilities there. The mill tour was great; it was clean. I was also impressed with the automation; the number of men was not as many as I had expected."*

**Donna Rompf**  
Data Processing



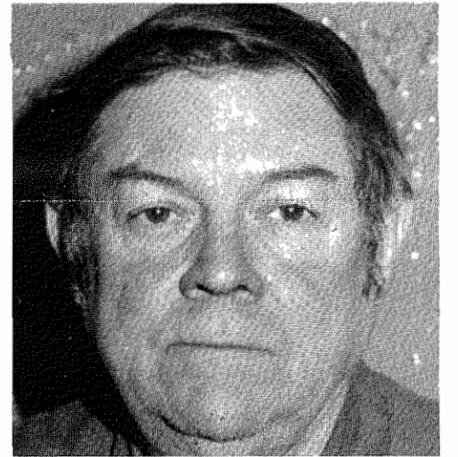
*"You could tell that the people were real happy to have the job. It looked like a real depressed area. People were real friendly; plant was real clean."*

**Michael Hurley**  
Rock Falls Electro-Weld



*"It was great. Whoever organized it did a fine job on the dinner and everything. The tour was real good. Everybody you talked to seemed real enthusiastic. I went away with a better outlook on it."*

**R. G. Lathrop**  
Trucks



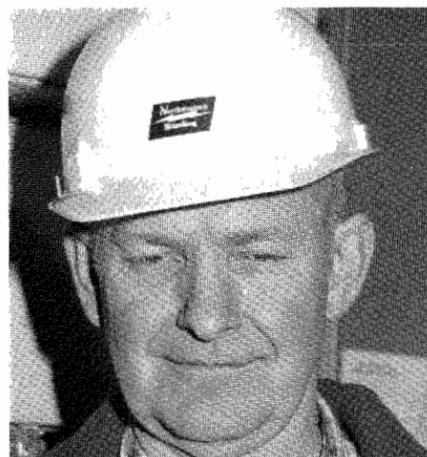
*"The plant looked pretty good, but I think they should take some of the guys from here and send them down there to help them get that place going."*

**Billy Young**  
Crane Mechanic  
24-Inch Mill



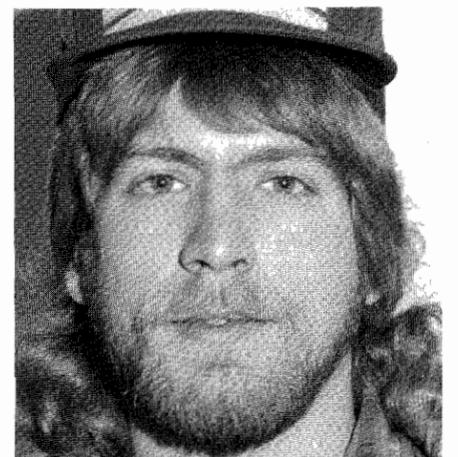
*"It was a good trip; I enjoyed it. But I'd rather be here. I was born and raised here and this is where I want to work."*

**Floyd Royer**  
14-Inch Shipping



*"I was impressed. It seemed like a good bargain."*

**Mont Cessna**  
Crane Operator  
24-Inch Mill



*"I think the plant looks like it could do real good, as long as we keep the orders going for it. I think it will be a good venture."*

**David Blanton**  
Wire Galvanizer  
Plant 1

Company certified by ABS

## Quality standards needed for global sales

Northwestern Steel and Wire Company has begun the long process necessary to become fully certified to manufacture steel products under certification from governmental and industrial bodies.

This year NSW was audited by American Bureau of Shipping (ABS) and has been certified to supply ABS structural steel for ship building.

Currently, the majority of

***"JIS certification not only allows you to sell more; it allows you to sell a higher standard. With JIS approval, automatically customers know NSW is top-ranked."***

Northwestern's steel is produced to American Society of Testing and Materials (ASTM) requirements for sale in the U.S., and Gerald T. Shinville, General Manager, NSW Quality Assurance, is a Producer Voting Member of the ASTM. ASTM is the largest source of voluntary consensus standards in the world.

NSW's most recent endeavor in this area has been the process of obtaining certification which will support our expanding export efforts. This certification is the Japanese Industrial Standard (JIS). The JIS certification is a governmental body within the Ministry of International Trade and Industry (M.I.T.I.).

Recently, Shinville made a trip to Japan to review the draft application for the JIS. Accompanying Shinville to Japan was Frank Murphy,

Supervisor of Quality Assurance. The formal application NSW must submit to the M.I.T.I. is very detailed, including the company's history, capability, procedures, and processes.

With certification by JIS, NSW can sell their products to Japan as well as other Pacific rim countries such as China, Taiwan, and Korea. But Shinville says the reason for applying for JIS certification is two-fold. "JIS certification not only allows you to sell more; it allows you to sell a higher standard. With JIS approval, automatically customers know NSW is top-ranked." If approved, NSW will stamp JIS certification on all structural beams, channels, flats, and angles.

The M.I.T.I. will review the application which was translated into Japanese and submitted by NSW in early November. The review is expected to take approximately four to six weeks.

Once the application has been approved, two Japanese surveyors will come to NSW to conduct an audit. This 3-day audit could occur in January 1991. The purpose of the audit is actually a "check" of the previously submitted application.

The auditors will study all processes involved in making raw scrap into a finished product. For example, a few areas included will be sales, production/inventory control, shipping, scrap control, melting, casting, reheating, and rolling. Shinville says it is these actual processes that the surveyors will be concentrating on.

"They're making sure that our

processes - through our people - produce the product. They're focusing on quality assurance." Shinville says if the processes are under control, and the people know their jobs, the product will invariably turn out good.

"These auditors don't necessarily look at the end result or the quality of the finished product. Instead, they study the consistency of the quality assurance going into making that product," Shinville added.

The surveyors will randomly select the items to observe, but the inspection will be keyed to specific areas. Of great importance to the M.I.T.I. team will be housekeeping, education, SOPs, and interviews. In fact, the auditors may come up to any employee/owner, and through an interpreter, ask him questions regarding his job. These interviews will be a major part of the audit. The specific areas the on-site inspection will focus on include:

- Company history explanation, quality commitment, and explanation of the company's policy.
- Company personnel attitude and policies toward standardization and quality control.
- Company education: how in-house employee training is implemented, what are the current practices, and what and how education will be improved in the future.
- Checking SOPs. The inspectors will take copies to interview for compliance and M.I.T.I. may take copies to include in the report of the audit.
- Worker awareness: M.I.T.I. will

cross check items listed in the application to assure process of practice is followed.

- Tensiles, yield, and elongation testing procedures will be reviewed and audited. Compliance to JIS standards will be closely monitored.

- Spot check interviews with all employee/owners: check process flow, process control, feedback, SOPs, corrective actions, and compliance to company standards. Investigate capabilities and quality or statistical charts and records.

- Inspect all data, witness and confirm all testing for conformance (mechanical, chemical, and physical).

If approved, NSW will be the second steel company in the U.S. to receive the JIS certification. Currently, only Chaparral Steel Company, Midlothian, Texas has the honor.

It is important for all employee/owners to be aware of

***The employee/owners' knowledge of their work and surroundings may be the key to NSW receiving a certification which will open new doors for sales of NSW products.***

this audit. The employee/owners' knowledge of their work and surroundings may be the key to NSW receiving a certification which will open new doors for sales of NSW products.



Larry Swords (left) is pictured above as he receives a \$2,215 suggestion award from Wilson McCullough, Mechanical Maintenance Supervisor.

## Swords cuts price tag on chain replacement

Larry Swords, a Northwestern Steel and Wire Company millwright, recently received \$2,215 for a money-saving device installed in the 24-Inch Mill.

More than a year ago, Swords called for the replacement of "log chains" being used to raise the reheat furnace doors because the chains were a maintenance problem almost daily.

"I suggested we install a roller chain for use in lifting the doors to the reheat furnace because it would require less extensive maintenance," Swords said.

The roller chain, installed nearly a year ago, has saved NSW about

\$27,000 in maintenance costs. Swords, for his suggestion contribution, won a percentage of the total savings.

The roller chain, which has solid links spaced two inches apart, is made up of three 10-foot sections. As the doors are lifted by the chains, the pull is done more evenly and without chain twisting, he said.

Twisting does not occur because the links contain rollers - similar to that on a bicycle.

Swords is a 27-year veteran of NSW's 24-Inch Mill. The roller chain, he said, is the first of what he hopes will be other suggestion awards he will earn.

## Carter heads Harris County, Texas PIC

Rubin Carter, NSW-Houston Human Resources Manager, has been appointed to the Private Industry Council (PIC) in Harris County, Texas.

Carter, who joined Northwestern Steel and Wire Company in Houston last year, took on the board post June 27th.

He and 24 other private sector business representatives are responsible for administering programs developed and financed under the federal Job Training Partnership Act.

The programs are for the employment and training of economically disadvantaged individuals and others facing severe employment barriers.

"A Chamber of Commerce committee searches out people in private industry, based on background and affiliations, to serve on the PIC Council," Carter said.

Carter, who has been through his official training for the post, will serve out an unexpired term. His committee assignments have yet to be determined.

"Serving on the PIC board will be a considerable, large task. Harris County is the largest county in the state of Texas," Carter said.

"I'm proud to represent Northwestern Steel and Wire Company on this board. It behooves NSW to be a part of the community and area economic growth," he added.

As a PIC board committee member, Carter said he will know first-hand what federal grants are available for job training. "By being on the board, I will know how much money is available and how to apply for funds for use in training at NSW-Houston," he noted.

At NSW-Houston, the Human Resources Manager is responsible for employment, benefits, wages and salary administration, training, safety, security, labor relations, workers compensation, medical, insurance and pensions, employee involvement, and employee activities for the Houston facility.



Charles Biermann, Senior Vice President of Sales, is pictured above as he receives a clock in honor of his 35th year with the company.



Marianne Johnson, secretary for the Safety Department, is pictured above with her boss, Chuck Lancaster, on Boss's Day. The message revealed in the photo was spray painted on a hill next to the Safety Department office. It drew plenty of attention from passing motorists and even from a pilot flying over the area.

## Merlyn Bruns is named 'the most terrific boss'

Many bosses received special recognition during the week of October 15, Boss' Week. But few



Merlyn Bruns, Vice President of Human Resources, was recently named "The World's Most Terrific Boss" during Boss's Day celebrations. He is pictured above with Karen Freres, his executive secretary.

were titled "The World's Most Terrific Boss." One of the ten receiving the honor in a contest sponsored by SBM Business Equipment Center was Merlyn Bruns, Vice President of Human Resources at NSW. Bruns won the contest as a result of a letter sent in by his executive secretary, Karen Freres.

Among reasons Freres listed in her letter as to why Bruns should win the contest, she included the following: "He takes the time to make you feel like you're not just another 'face in the crowd.' He treats me with respect, as I do him." Freres says Bruns makes it easier for her to juggle the responsibilities of being a working mother. "He's very professional, yet very caring and understanding," she said.

Bruns says he was surprised by the award. Freres told him he had won just 15 minutes before WSDR-radio arrived to present Bruns a certificate live on the air. Other prizes Bruns received included dinner for two at the Peppermill Restaurant, a flower arrangement from Callas Floral Gallery in Rock Falls, an executive portrait from Picture This, and a pen and pencil set from SBM Business Equipment Center.

## NSW workers keep on breaking more records

Employee/owners continued to knock out records in Sterling, proving that Northwestern Steel and Wire is the winner and still champ!

*Owners Manual* salutes the ongoing accomplishments of NSW's employee/owners.

### Bale Ties Shift Record Old Record

14-0-13 bale ties	
Sept. 28, 1990	Unknown
81 bundles	75 bundles
3 to 11 shift	Unknown
Julie Edwards	Unknown

### Electro-Weld Shift Record Old Record

36-inch, 408-foot diamond-weld fabric to be plastic-coated	
Oct. 10, 1990	None established
8,193 feet	
11 to 7 shift	
Mike Hurley	

### Drawing Room Shift Record Old Record

.034 wire	
Oct. 12, 1990	July 24, 1990
10,360 pounds	9,650 pounds
7 to 3 shift	Unknown
Filemon Sandoval	Filemon Sandoval

### Bale Tie Shift Record Old Record

13-0-14 bale ties	
Oct. 13, 1990	Unknown
104 bundles	90 bundles
7 to 3 shift	Unknown
Leland Downs	Unknown

### Bale Tie Shift Record Old Record

14-0-14 bale ties	
Oct. 14, 1990	Unknown
92 bundles	85 bundles
11 to 7 shift	Unknown
Albert Benson	Unknown

### Electro-Weld Shift Record Old Record

6x6x10-150 remesh	
Oct. 16, 1990	Nov. 1, 1989
26,640 feet	25,940 feet
11 to 7 shift	3 to 11 shift
D. Eubank	M. Fowler
C. Tucker	D. Griffis
C. Forren	S. Griffis

### Drawing Room Shift Record Old Record

100 mkt. wire	
Oct. 17, 1990	June 5, 1990
22,120 pounds	19,840 pounds
3 to 11 shift	Unknown
Jerry Fullmer	Jerry Fullmer

### Bale Tie Shift Record Old Record

13-0-13.5 bale ties	
Oct. 18, 1990	None established
100 bundles	
7 to 3 shift	
Albert Benson	
Larry Wyatt	
Linda Hilton	

### Drawing Room Shift Record Old Record

9.5 gauge (.142)	
Oct. 22, 1990	Sept. 17, 1990
32,590 pounds	27,120 pounds
3 to 11 shift	Unknown
Lloyd Fulkerson	John Kastner

### Drawing Room Shift Record Old Record

116 galv. and 148 galv.	
Oct. 23, 1990	None established
55,860 pounds	

3 to 11 shift  
Lloyd Fulkerson

### Electro-Weld Shift Record Old Record

36-inch diamond-weld 50-foot rolls	
Oct. 25, 1990	April 13, 1990
8,584 feet	8,333 feet
7 to 3 shift	11 to 7 shift
Gary Bender	Larry Bell

### Field Fence Shift Record Old Record

48-9-11	
Oct. 25, 1990	Oct. 9, 1990
83 rolls	79 rolls
7 to 3 shift	7 to 3 shift
Jaime Garcia	Jaime Garcia

### Drawing Room Shift Record Old Record

12-gauge (.102)	
Oct. 25, 1990	April 20, 1990
24,920 pounds	24,050 pounds
11 to 7 shift	Unknown
Fullmer	J. Cook

### Drawing Room Shift Record Old Record

10-gauge (.135)	
Oct. 25, 1990	Oct. 22, 1988
31,270 pounds	28,440 pounds
11 to 7 shift	Unknown
Fullmer	D. Hammes

### Drawing Room Shift Record Old Record

.378	
Oct. 29, 1990	April 6, 1990
52,800 pounds	47,050 pounds
7 to 3 shift	Unknown
Kinnaman	W. Gibbs

### Bale Tie Shift Record Old Record

19-0-12.5 bale ties	
Oct. 31, 1990	Unknown
62 bundles	56 bundles
3 to 11 shift	Unknown
Gerald Fowler	
Jim Weeks	
C.J. Watson	



Norb Zagaz

## Zagaz is head of materials buying

Norb Zagaz succeeds Dale VanDeVelde as Manager of Energy and Raw Materials Purchases for Northwestern Steel and Wire Company, effective August 6.

In his new post, Zagaz will be responsible for acquiring various alloys, electricity, water and gas to be used in the Melt Shop.

His post, which falls under the Purchasing Division, will enable NSW to acquire the most cost-efficient raw materials from the best suppliers.

A graduate of Western Illinois University in 1975, Zagaz was formerly employed by BRK Electronics, better known as the First Alert Company. At BRK he was a senior buyer.

Zagaz is married and has two children.

## Profits slip in 1990, but Houston lifts stock price

A decline in NSW net sales, volume shipments and operating profits was reported for fiscal year 1990, which ended July 31st.

According to Edward G. Maris, Senior Vice President and CFO, net sales of \$464 million were down from the prior fiscal year by \$77 million, or a decrease of 14%. Contributing to this decrease, he explained, was a decline in average selling prices, which in turn bore a near direct relationship to a decrease in the cost of the company's major raw material -- steel scrap.

Volume shipments of 1,273,800 net tons reflected a decrease of 252,147 net tons, or 17% from the previous fiscal year. While finished product shipments were at approximately the same level as the prior year, the overall volume decline was attributed to lower levels of semi-finished product shipments to other

steel companies.

Operating profits of \$32.9 million compared unfavorably to operating profits of \$48.4 million from the prior fiscal year.

Based on audited fiscal year financial results, the company's valuation as of July 31, 1990 was \$247 million, or \$29 per share on a fully diluted basis. These figures were released by the firm of Houlihan, Lokey, Howard and Zukin Inc., an independent financial advisor to the ESOP.

In comparison, the company's valuation at the end of fiscal year 1989 was \$255 million, with employee stock valued at \$29.60 per share. This higher than anticipated stock valuation was credited in part to acquisition of the Houston facility.

Now operational, orders are being accepted for fourth quarter shipments from Houston to both domestic and foreign markets.



Beryl Cooke



Laura Thompson

## Suggestions concern women in workplace

Northwestern Steel and Wire Company employee/owners Beryl Cooke and Laura Thompson hope to see local application of ideas developed at a recent Women Workers conference held in St. Louis.

Cooke, who works in the Drawing Room Scale House, and Thompson, a 24-Inch Mill worker, attended the five-day conference, which drew 150 women. The women represented 24 unions from nine states as well as seven African countries.

The conference provided sessions

on industrial economy, minority women, health and safety, media and video in marketing, computers and stress management and health.

"At the conference, I learned what is acceptable for women in the workplace," Cooke said. Among the issues discussed during the conference were pregnancies and day-to-day job duties and sexual harassment incurred by women. "I hope our union follows the recommendations we gathered at the conference. There's a lot of work to be done here," she said.

## Three workers celebrate 50 years of NSW service

A number of employee/owners will reach career benchmarks in December with Northwestern Steel and Wire Company. On these anniversaries, *Owners Manual* recognizes the longtime dedication of these valued workers.

### 30 Years

Martin B. Riveria, Over the Road Truck Driver.

Glen A. Kastner, Billet Caster.

### 20 Years

Steven M. Dowd, Scrap Yard Switch Crew.

## Three workers retire after 86 years at NSW

Three NSW employee/owners have retired effective November 1, 1990. *Owner's Manual* commends these individuals on their longtime dedication to the company and extends best wishes for a happy and productive retirement.

### 35 Years

Gene Miller, Welder.

### 27 Years

Jerry Staton, Welder.

### 24 Years

John Hurley, Drawing Room, (Deferred Vested).

# In your corner

## Needy's family offering thanks

We, the family of Glenn Needy, wish to express our sincere thanks to Northwestern Steel and Wire Company for the lovely floral

arrangement. Also, thanks to the insurance department for being so cooperative. God bless you all.

Evelyn Needy and family

## Bucket Brigade thanked for help

Thanks to everyone who donated money during the bucket-brigade. A special thanks to all the men who gave of their time manning the buckets at the various plants.

I'm looking forward to the day when I can return to work and thank you all personally.

Your thoughtfulness is greatly appreciated.

Don Porter

## January drawing is set for eligible QIP teams

QIP/LMPT Manager Larry Miller says QIP members who have kept up their attendance this year should begin thinking about warm weather as winter settles in. During this time they can be preparing for the QIP drawing which will be held in January for those QIP members who have accumulated sufficient points to be eligible to win a trip. The winner will receive a trip for two to his or her choice of destinations, which include Las Vegas, the Carribean, Bermuda, and other popular vacation spots. Last year's winner,

Cedric Patterson, was finally able to fulfill a 21-year-old promise to his wife to take her to Hawaii.

In addition to winning the travel and lodging expenses, one extra week of paid vacation and \$350 spending money will be awarded to the person whose name is drawn.

Possible entrants have until December 31 to accumulate points and get their names into the hat. The names of those eligible for the drawing last year, excluding the winner, will remain in the drawing this year.

## Checking the stats

### September, 1990

#### PRODUCTION

Department/Mill	Produced (tons)	Performance to Plan
<b>Primary Department</b>		
Raw Steel	126,650	N/A
Billets Cast	56,246	83.2%
Blooms Cast	57,667	87.0%
<b>Wire Division</b>		
Rod/Wire	2,465.3	N/A
Plant 1	6,822.1	95%
Plant 4	5,268.3	91%
<b>24-Inch Mill</b>	29,974	110%
<b>14-Inch Mill</b>	28,315	114%
<b>12-Inch Mill</b>	28,644	91%
	<b>Shipped (tons)</b>	<b>Plan vs. Actual</b>
Total Rod/Wire	17,338	- 2,292
12-Inch Mill	8,928	- 1,072
14-Inch Mill	24,527	- 1,873
24-Inch Mill	31,828	+ 4,288
48-Inch Mill	1,456	- 4,069
Semi-Finished	15,260	+ 6,260

#### COMPLAINTS

Wire Division Products				
Number Recorded	Reason	By Costs		TOP FOUR COMPLAINTS = 89% OF TOTAL
		\$	%	
78	Service Short	\$5,645	37.48%	
	Order Entry	3,643	24.19%	
	Rust	2,837	18.84%	
		1,273	8.45%	
Steel Division Products				
Number Recorded	Reason	By Costs		TOP FOUR COMPLAINTS = 86% OF TOTAL
		\$	%	
90	Slivers	\$42,357	41.05%	
	Price	29,540	28.63%	
	Lap	9,277	8.99%	
	Vendor Defect	7,859	7.62%	

#### ABSENTEES

Normal Work Hours	Total Absence* Hours	% Absence to Normal	% Aug., 1990
377,524	24,456	6.48%	6.82%

\* includes off until further notice, i.e. workers compensation, sickness and accident, discipline, etc. and general reporting off.

#### OSHA RECORDABLE INJURIES

OSHA recordables are injuries resulting in time loss, sutures or physical therapy needed, industrial illness, etc.	Rate 14.19% Rate is % per 200,000 man hours (100 employees working 1 year)	Rate - Sept., 1989 20.08%
32		

## QIP REPORTS

*QIP group studies rising costs***Team sees need for preventive health care**

A new approach to health care, consisting of preventive wellness/fitness programs has been proposed by QIP Office Team No. 2.

Citing the increasing need for preventive health care, team members Fred Tintori, leader; Jim Thurwanger, co-leader; Karen Freres, recorder; Jeanmarie Hall,

***"We feel that in our world of skyrocketing health care costs, such a program (as preventive wellness/fitness) is very important in improving and maintaining our profitability in today's competitive marketplace."***

co-recorder; Craig DeWitt, Mike Fritz, Sandy Loos, Andy Moore, Lonnie Fisher and Karen Galbreath have recommended that Human Resources contract with a professional agency to develop a wellness/fitness program best suited for NSW.

Not only would the program encourage the change of workers' detrimental lifestyle habits but would help offset escalating health care costs faced by NSW. In a report, the team concluded, "We feel that in our world of skyrocketing health care costs, such a program is very important in improving and maintaining our profitability in today's competitive marketplace."

To demonstrate this fact, the team reported NSW has paid a total of over \$60.6 million in health care benefits in the past seven years. During the same time, employee/

owners were required to pay nearly \$38.7 million in non-covered deductible and co-payment expenses, for a total of over \$99 million.

During these same seven years, the annual cost of health care has



Members of QIP Office Team No. 2 are pictured above as they discuss a new approach to health care by focusing on preventive fitness programs.

more than doubled from \$8.6 million in fiscal 1984 to a staggering \$21.8 million in fiscal 1990, all the while covering the same number of individuals, approximately 12,000.

One major area of health concern for NSW is costs involved in the treatment and recovery of impaired circulatory conditions. Over the past seven years, the company has paid over \$10.5 million, or 17% of its total benefits paid, for circulatory problems. The steady increase in charges over this period indicates a trend that could cost NSW \$33 million over the next ten years and \$4.2 million in the tenth year alone.

Like many other companies,

NSW's health care plan covers treatment of illness and injuries -- not prevention, although it is said 50 percent of diseases are caused by lifestyle habits.

"Office Team No. 2 feels that our company should re-evaluate these

wellbeing.

In examining the success rates of these programs, the team believes NSW could benefit from a similar program as well. Improvements were noted in such areas as high blood pressure, smoking cessation, alcohol problems, general fitness and attitude, all the while recording fewer hospital admissions and a reduction in inpatient costs.

"The information suggests Northwestern could benefit financially by implementing programs designed to alter the lifestyle habits which endanger its employees' health," the team said. "Our EAP is designed to correct some of these health and welfare difficulties after the problems have surfaced. A wellness/fitness program could be initiated as a

***...NSW has paid a total of over \$60.6 million in health care benefits in the past seven years. During the same time, employee/owners were required to pay nearly \$38.7 million in non-covered deductible and co-payment expenses, for a total of over \$99 million.***

preventive measure against the inception of the physical and mental health problems."

Members of the Steering Committee are Merlyn Bruns, Dave Hadley, Larry See, Ron Adams, Tom Vercillo, Jim Treacy, Denny Redfield, and Fred McCloud. The facilitator is Lanny Munz.

*Team effort pays off with new tractor***Forklift uncoils product transport problem**

The efforts of Coiler Team No. 12 paid off recently when a new forklift tractor arrived. Clark tractor salesman, Ernie Ratcliffe, and Northwestern Manager of Maintenance and Engineering, Ron Leuschke, were present at the QIP meeting to present the new tractor to the team.

The team had made a presentation to the steering committee earlier this year in late March, recommending a more suitable tractor for their needs. Originally, Team No. 12 saw a problem with the siderail along the traffic path.

In certain places, the siderail jutted out, interfering with the tractor as it traveled along the aisleway. As a result, the tractor was consistently down for repairs about once a month.

When the steering committee heard the team's recommendations to remedy the problems, they asked the team to go one step further and submit a request for the type of tractor that would be most beneficial for the Coiler Department's needs as seen by the members of the team.

Coiler Team No. 12 required a tractor that could serve as a pole tractor by having at least an inch narrower fork that would fit through the center of the stems.

They also required a tractor with better maneuverability because of the cramped work area. The new Clark lift tractor which NSW has leased meets their specifications.

Team facilitator Ed Rios has nothing but praise for Coiler Team No. 12.

"This team is a very efficient team,

and they are enthusiastic about what they are doing," said Rios. Rios arranged with Clark tractor salesman, Ernie Ratcliffe to deliver the tractor to the team during their QIP meeting.

Ratcliffe also provided the team with a demonstration, which was followed by a question and answer

session. The team welcomed the delivery of the tractor and was glad to see their time and effort pay off.

Members of QIP Team No. 12 are co-leaders Gerald Fowler, Rick Nelson, and Pete Shore; Michael Ackland, Glenn Luther, Walter Miller, Calmar Watson, and Marvin Wulf.



Member of QIP Team No. 12 are pictured above with the new Clark forklift tractor NSW is leasing for the Coiler Department. From left are Northwestern Manager of Maintenance and Engineering, Ron Leuschke, co-leader Rick Nelson, Walter Miller, Big River Equipment Company salesman Ernie Ratcliffe, (seated) Calmar J. Watson (C. J. Foyt), Michael Ackland, co-leader Gerald Fowler, and Glenn Luther. Not pictured are co-leader Pete Shore and Marvin Wulf.

**Office will be closed to celebrate holidays**

The office will be closed for the upcoming holidays according to the following schedule:

**Thanksgiving**

Office closed

Thursday, November 22, 1990

**Christmas**

Office closed

Monday, December 24, 1990 (All day)

Tuesday, December 25, 1990

**New Year's Day**

Office closed

Tuesday, January 1, 1991

## NSW GOES GLOBAL



Steel warehouse owners from Malaysia and Singapore visited Northwestern in Sterling and Houston recently to observe the steelmaking process firsthand. The visitors had purchased wide-flange beams from NSW through the trading company of Tuteur Associates, Inc.

## NSW plays major role in a new export video

The U.S. Commerce Department has selected NSW as one of 12 companies nationwide to be included in a catalog of video shows introducing them to foreign markets.

NSW's four-minute video, completed and sent to Washington, D.C. the end of August, describes the

***The U.S. Commerce Department has selected NSW as one of 12 companies nationwide to be included in a catalog of video shows introducing them to foreign markets.***

company's structural product, the 24-Inch and 14-Inch Mills, as well as the Houston facility, said Frank Rausa, Manager of Training and Development.

The video will tour U.S. Embassies in 35 countries over a nine-month period and is expected to be viewed by foreign government leaders and

industrialists.

One image NSW's video projects involves the company's operation on the cutting edge of technology. "It (video) gives a brief history of the company, describes our structural product, quality and our latest technologies," Rausa said, "including the fact we have the world's largest electric furnaces, largest ladle met furnace and continuous caster complex in North America. We also included the fact we're employee-owned and have QIP teams that contribute to problem-solving."

The U.S. Commerce Department will handle all language translations. Information on how and whom to contact for more information is included on the video.

In addition to the Commerce Department, the video was made possible through the state-awarded ITP Export Training grant, NSW's export team and Chuck Bennett, who helped with the production.

## Treacy to Japan

(continued from page 1)

Because so many Japanese gardens and yards are very small, Takasho requested rolls of about three meters (9.8 feet), rather than the 20-foot rolls NSW currently sells.

This request forced NSW to research production costs and establish a new price. Renner says it may be as long as four to six weeks before NSW hears from Takasho from the time the quote was presented.

"The Japanese take a lot of time to research the sales potential for any products before they agree to try to sell them in their market," said Renner. But Renner says this assures everyone the product will sell — and at the price everyone wants.

The secondary potential distributor Treacy met in Japan is Sanyei Corporation of Tokyo. Sanyei is a wholesaler that deals with the type of DIY stores and homecenters where NSW's Color Guard could sell well. Sanyei will buy Color Guard in the 20-foot length now produced at NSW, and Treacy has already received an order from them.

Vice President of Export Resource Associates, Inc., Gary Winget says Color Guard is very different from the traditional wooden fences and rocks surrounding most Japanese gardens today.

"This is a new look. It's American. The distributor wants 'Made in the USA' big on the label," said Winget. The Japanese are very interested in buying American products, and Color Guard could become very popular with the recent trend in movement from the city to rural areas.

Overall, Treacy said doing business overseas was quite unlike performing that task within the U.S. He said, "Being exposed to another entirely different market and culture, and trying to adapt my product or talk to people buying my product, was really unique — and quite a challenge."

## Products

(continued from page 1)

purchases may be made by check only.

Employees may purchase up to \$150 of material each calendar year, but a committee has been set up to consider requests to exceed this limit. Committee members are Al Burkett, Bill Helms, Steve Lauff, and Denise Frey.

To purchase material in the Wire Mill, call extension 2424. In the Rock Falls Plant, call extension 2212. Items may then be picked up on Thursdays between 2 and 4 p.m. at the respective plants.

## Foreign steelmakers tour company plants

Steel warehouse owners from the countries of Malaysia and Singapore witnessed the art of steelmaking up close recently during tours of Northwestern Steel and Wire Company's Sterling and Houston plants.

The foreign visitors have purchased wide-flange beams from NSW through the trading company of Tuteur Associates, Inc, located in Houston.

"The representatives of the foreign companies wanted to see for themselves just who was making the steel they have been buying," Ray Bauer, Assistant Manager of Sales, Steel Division, said.

At the invitation of the foreign businessmen, a similar tour of the warehouses in Singapore and

Malaysia will be taken by an NSW representative in the first quarter of 1991.

The tour, which involved both the foreign dignitaries and representatives of Tuteur, was conducted through the furnaces, casters and structural mills.

"The visitors are eager to do business with Northwestern," Bauer said, noting, "In August, we shipped 5,000 tons to Singapore and Malaysia."

"The tour was just part of Northwestern's internationalization move since the opening of the Houston plant," he added.

Following the tour of the NSW facilities, a luncheon was held in the visitors' honor, Bauer said.

## Three accept posts as shipping supervisors

Three former group leaders in Northwestern Steel and Wire Company's 24-Inch Mill have been named Shipping Supervisors.

The promotions of Raymond Saffell, Duane Pinkston and Barney Shockley took effect July 29th.

According to Kenneth W. Church, Manager of Shipping and Inventory, the three will be responsible for maintaining production flow and directing outside car and truck shipments to Northwestern customers.

The three appointees, former union members, have been with Northwestern several years. Saffell, a former shipping loader, has been at

NSW 17 years, as has Pinkston. Shockley, former laborer, has logged 19 years with NSW.



Duane Pinkston



Barney Shockley



Ray Saffell

## ESOP Update

(continued from page 1)

Investment Committee, made up of a representative cross-section of ESOP leaders selected from the four union locals and salaried employees.

The four members of the ESOP Administrative Committee assessed the feedback from all meetings and shortly after, voted unanimously to hire Keilin & Bloom as investment advisors to the ESOP.

It will be Keilin & Bloom's responsibility to investigate ways to put together an acceptable package, both to the sellers (Class B shareholders) and the buyers (ESOP members).

Keilin & Bloom will have their work cut out for them. The investment advisors will be soliciting funds in a less friendly financial environment than was encountered during the 1988 transaction. Further,

Northwestern has committed the bulk of its currently available cash to complete the Houston expansion project, which includes finishing the new jumbo beam blank caster in Sterling to provide semi-finished steel for the Texas facility.

Company funds are also committed to the cashing out of ESOP shares which the company is required to re-purchase as employee/owners retire.

When the entire Houston project is complete, Northwestern will benefit from a balanced product flow and corresponding cash flow benefits. This will increase the company's financing base, but with the additional plant and equipment and related earning power increase, the value of the shares to be purchased could also go up.

*\$7,000 expense may save \$100,000*

## Scanner head changes cut looper downtime

Excessive maintenance and downtime costs incurred over the last year on the Looper Scanner heads at the 12-Inch Mill should be reduced significantly thanks to changes proposed by members of

***"Without these changes now, we would have faced more than \$100,000 in costs down the road in the form of a complete changeover - all new looper heads and new computer system."***

Engineering and Support Team No. 2.

A series of improvements, most of them implemented this summer, should result in a real savings of \$25,361, according to Team Facilitator Dennis Stoudt.

"Savings actually go much higher than the Quality Improvement Team's report," Stoudt said, explaining, "Without these changes now, we would have faced more

than \$100,000 in costs down the road in the form of a complete changeover - all new looper heads and a new computer system."

"In other words, the team's plan to spend \$7,000 to make some changes now really adds up to some big savings later," he said.

Among the problems faced by the QIP team was how to address the downtime situation which occurred weekly when the heads were calibrated and repaired.

From August 1989, to January 1990, calibration and repair of the looper heads cost nearly \$8,000. The frequent repairs were necessary, according to the team report, due to cobbles knocking the scanner out of line.

Water was also a major problem addressed by the team. Spray from stands and cooling hoses frequently got on the lenses and into the looper covers, as did grease.

Downtime while looper troughs were changed meant downtime for the scanner heads also, making

calibration necessary often.

Junction boxes in sluiceways, as well as scale and dust, were problems addressed by the team.

Thanks to the team's efforts, the junction boxes have been moved. New wiring was installed in January 1990.

A more accessible cover for the looper scanner head has been constructed and modification to the existing 12-Inch Mill equipment has been completed.

***From August 1989 to January 1990, calibration and repair of the looper heads cost nearly \$8,000. The frequent repairs were necessary ... due to cobbles knocking the scanner out of line.***

The modification meant the elimination of motor phase swapping and lens drum slippage.

The changes made, thanks to the team's study and proposal, should reduce man-hours spent on

working on the looper scanners by 90 percent, the team report indicates. The labor cost savings would account for \$14,000 of the annual savings of \$25,361 projected by the team.

The "most obvious intangible savings" with the changes, according to the team report, is improved morale. "Having a cobble due only to an electrical malfunction can be extremely demoralizing to everyone," the team report read.

With most of the recommendations implemented, the team has begun a six-month evaluation period to determine actual savings.

Members of the Engineering and Support Team No. 2 are: Dick Williams, Mike Lubbs, Bill Scott, Steven Bell, Jerry Bauer, Danny Anderson, Mike Hughes, Bernard Goeking and Barry Hassell.

The steering committee included: Ken Burnett, Al Ernst, Mike St. Pier, Don Morgan, John Smith and Jim Patterson.

### *Drawing Room IDEA cuts losses*

## Metering saves time, improves production

A two-year pilot program involving the metering of wire on Plant 4's Drawing Room machines has proven to be cost saving for Northwestern Steel and Wire Company.

Members of the I.D.E.A. (Ideas Do Encourage Answers) team conducted the pilot study and recently reported findings to a steering committee.

Two years ago, the team noted that the weighing of stems of wire resulted in the lost production in the Drawing Room. The stem weighing at the end of each shift was taking up production time.

"Lost tonnage was a fact because wire drawers were shutting down machines early in order to give tractor drivers time to pull and weigh stems," the team report states. "Tonnage was also lost when the scale malfunctioned."

Short or partial stems left at the end of shifts also contributed to the lost production time factor. Short wire stems meant problems for the production department and

operators.

In order to collect data to back up the lost production and downtime figures, the team called for the metering of the wire. Counters were obtained and mounted on the No. 24 layer machine.

The installation involved the work of millwrights, machinists and the electrical staff.

The total cost of implementation will be \$1,617. Since the installation, the team noted the meter has allowed the machine to be more productive, saving on downtime at the end of shifts.

The meters eliminate the expense of scales and scale maintenance, the team report said. Short reels are being eliminated and safety hazards at the scale at shift changes are alleviated.

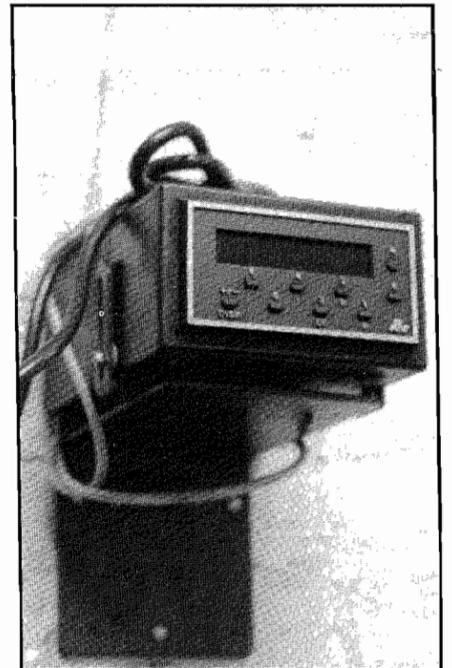
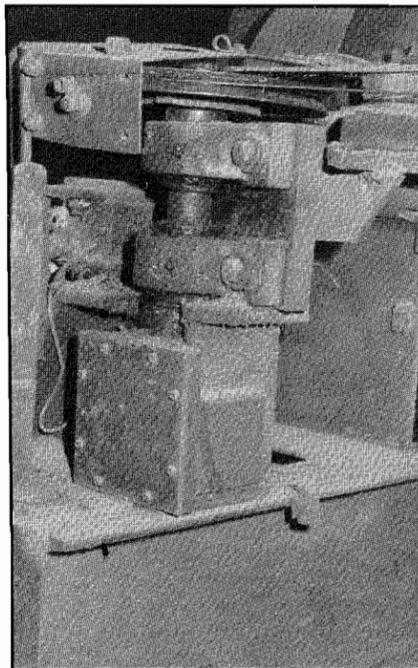
The annual savings in downtime, the team estimates, will be \$51,169 if all 11 machines in the Drawing Room are metered.

Team members include: Bill Manon and Jim Rumley, co-leaders;

Barb Desch and Marv Jackley, co-recorders; Mike Andrews, Roger Johnson, Jim Olson, Delvin Rajnowski and Bill DeWald. The team's facilitator is Merle Heckman.

Steering committee members are:

Mike Mullen, Melvin Berogan, Jim Olson, John Tomczak, Todd Beck, John Thayer, Larry Bell, Tom Baker, Merle Heckman, Gordy Rolofson, Larry Fisher, Rudy McCrady, Al George and John Souser.



A pilot program has been put into place in the Drawing Room at NSW where a computerized metering device which measures the wire being drawn is housed in a box on the drawing machine (left). The measurement is then transmitted to a readout box (right).

## Johnson earns 'cool' \$1,775 for suggestion

A merit award of \$1,775 has been earned by Merrill Johnson, Air Conditioning, whose suggestion on replacement filters has improved service and can save the company a potential \$16,875 a year.

Johnson, who has been with NSW since 1961, proposed use of a different type of media as replacement filters for air conditioning and heating equipment. "In the past we used Farr 30/30 filters in our equipment," he said. "We are now using another type of media and have found that we can do as good a job of filtering for a lot less money."

During one month's use, the new filters cost less than \$500, which compared to a cost of \$1,882.70 for the Farr brand. "The savings will be even greater after our filter change program is firmly in place," Johnson noted.

According to Steve Bell,

department Supervisor, the Farr filters solved the original problem of preventing dirt from plugging the units, but were very costly too. "In the past, with the original filters that came with our air conditioning equipment, we found that the dirt was getting through. We were spending a lot of time cleaning the coils because they were getting plugged, and we even had to replace a unit in No. 6 Furnace regulator because of this," he said. "Then we decided to use the Farr 30/30 filters which really worked but were very expensive."

The filters Johnson suggested are made with a polyester treated media material and "work just as well as the Farr filters but at a fraction of the cost," Bell said.

Johnson's award amount represents ten percent of one year's annual savings.

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