

MAJOR PRODUCTION PROBLEMS

Major production concerns at this time are as follows:

- Delayed delivery of critical materials and components.

We are experiencing more and more shortages of critical materials as well as finished components from vendors who also are having difficulty of material supplies. The shortages can be characterized generally as walnut wood, cold drawn steel, neoprene components, aluminum die castings and purchased machined parts. Active programs have been initiated to deal with each of these categories.

- Extended lead times have placed added emphasis on long range forecasts.

Our rapid response to increased demands for our product has been severely handicapped by longer than normal lead time for equipment and materials. This factor places much more stress on our use of the 5-year forecast. It appears this is true for not only our own in-plant capacity but also for that of our vendors. In many cases, vendor capacities have been just as critical to our increasing demand as any effort we have made in-house.

- Short service employees are a concern.

Our capacities have been increased significantly and along with the equipment, our people needs have also increased. In 1963, our production force was approximately 1,000; in 1973, it was approximately 2,000, and by 1976, will be 2,600. This growth has required considerable on the job training and has prompted a more thorough industrial relations training program.

- Excess cost associated with each of the areas mentioned above.

Fortunately, our product volume has been constantly expanding over the last eleven years and has helped to offset the added costs of materials, lead time delays and component expediting to avoid extended shortages. Cost control remains a problem and probably is most visible in the amount of overtime premium currently needed to make up short falls of either materials or purchased components.

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