

THE Leavenworth CONNECTION

JANUARY 2013

EDITORS: MEREDITH THOMPSON & LISA ALLEN

Leavenworth Plant 2013 Update

Tony Prohaska,
Plant Manager

I hope all of you have enjoyed the time off with your family and friends during the Christmas and New Year's holiday! While most of us were enjoying the extended holiday break, there were others in the building helping us get a jump start on the work to be done early in the new year. The Kansas Plant Consolidation created the need to work on some building and equipment maintenance. A special thanks to those of you who were in the building during the holiday shutdown.

Last year, the Leavenworth plant accomplished so much to be proud of. Handwork support was provided in the spring for the Walgreen's initiative. The VTP program this summer allowed us to restructure and consolidate our exempt staff. In the fall, the Kansas Plant Consolidation was announced and will bring additional specialty products and processes to Leavenworth. Over 35 non-exempt folks have taken advantage of the voluntary severance outlined in the Kansas Consolidation Program. Some left at the end of 2012 and others will stay through mid-March. Meanwhile, we delivered on all of our 4th quarter seasonal programs. Over all, our unit cost party

and gift wrap product was lower in 2012. We have put the Leavenworth facility in a great position to make additional cost improvements. I am very proud of the flexibility and the results you delivered in 2012 during a significant amount of change.

As we look to the future, the efforts to transform our business will continue to be a major focus. In fact, we have to move faster and be more decisive if we are to win in today's retail environment.

This year will present additional challenges as we work to improve and grow our business with Wal-Mart, Walgreens, CVS, Kroger and Gold Crown retailers. The first quarter will be about moving Ribbon and Bow equipment from Lawrence to Leavenworth; while introducing 38 new Hallmarkers as they transfer to the Leavenworth facility. Our goal is to have all equipment in place and fully operational by the 1st of April. As we look beyond the first quarter of 2013, refer to the graphic below with the North American 2013 priorities and the 3 year strategic priorities for Leavenworth. This graphic helps to show the alignment of how the Leavenworth priorities support the North American strategic direction. It really boils down to focusing on three areas or priorities.

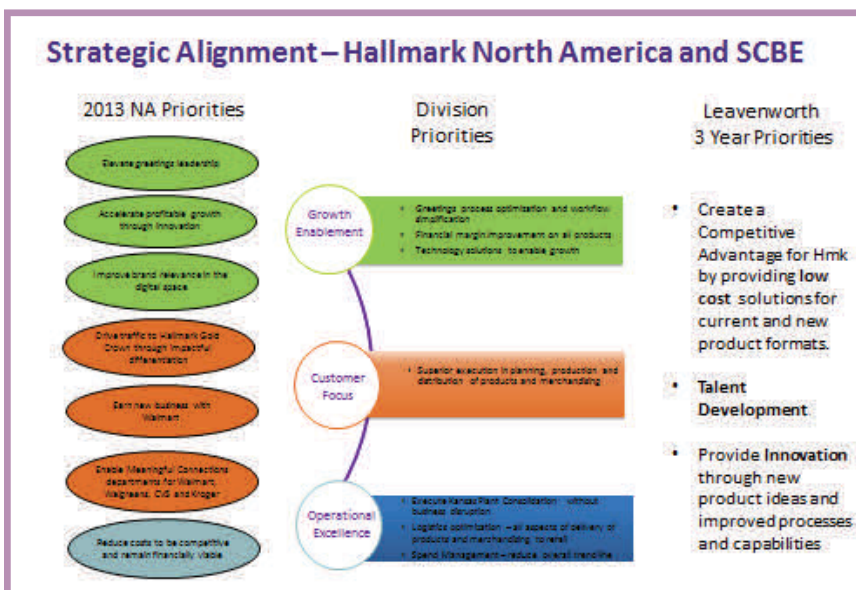
3 Priorities for 2013

1. Create a competitive advantage

We must deliver on being a competitive advantage. This means we will have better cost, quality, and service to our internal business partners each year. There will be a greater focus in the coming year on unit cost and what we can do at the work cell level to improve our performance, by reducing material and labor cost. We do have a great advantage with our ability to ship our products direct to retailers. We need to leverage that with superior cost and quality.

2. Talent Development

Talent Development is critical to our success; we have to be multi-skilled and flexible with our work assignments. Our production peaks and valleys create the need to be far more nimble in our response to retail de-



ANNIVERSARIES

Dave Birkes

January 5,
Gravure



Rick Link

January 30,
Roll Wrap

BIRTHDAYS

- 03 Jim Wagner
- 05 Trish Johnson
- 06 Kurt Whalen
- 08 Tom Martinez
- 08 Mark Toy
- 09 Bob VanSchoelandt
- 10 Jamie Wilbanks
- 12 Christy Palmer
- 14 Pam Bailey
- 17 Rick Link
- 18 Rick Tate
- 19 Kevin Starnes
- 23 Anita Jackson
- 25 Shelly Mohan
- 26 Connie Robinson
- 26 Rhonda Skaggs
- 28 Derek Denney
- 29 Petra Baker
- 29 Ron Zink
- 31 Teri Morgan
- 31 Orin Schlight

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mand than we have demonstrated in the past. We need to move staff where the work is, this isn't just about press operators, and it's about all of us working on developing skills that allow us to be more agile. We can no longer afford to have skilled operators and managers waiting for the work to come to their value stream. We need to move operators, technical, and supervision support to where product requirements are. When we are effective at this, it will reduce overhead, while improving our responsiveness to customer demand.

3. Provide innovation for new product and processes

We will find ways to bring new product and process concepts to our busi-

ness partners faster. We have to anticipate future request, while providing options that surprise and challenge our internal partners. We shouldn't wait until a request for new product concepts are bought to us. We will be retail focused and improve our understanding of the products and how they help people connect and celebrate. The solutions could be the way in which we ship, pack, distribute, or consolidated shipments. Our innovation team will expand to include all of our value streams as well as our fulfillment capabilities.

Let's have a great start to the new year and focus on the work we have ahead of us. Working together, we can focus and make this all happen! Happy 2013!

-Tony Prohaska

CARD SHOP HOLIDAY MARKDOWN\$!!!



Upcoming
Blood Drive!
Thursday,
January 24th
6:30-10:00am

THANK YOU'S

Thanks to all my friends for the great food, gifts and good wishes at the retirement party. I'll miss you all. Take care.

-Debbie Sherretts



Start inputting your points for 2013 for up to \$250!

Check out the changes in this years program with a focus on preventative health care for employees and their spouse or partner. The theme for this year is "Prevention Pays" and you can now get points for a routine physical, age specific preventative tests or completing an online health risk questionnaire on MyCigna.com. For more information, see the recent article on the intranet or log onto the health rewards page. Start getting rewarded for your health for 2013!



SAFETY OVERVIEW 2012 by the numbers

Projected incident rate = 4.4

Corrected Safety Items = 241

Monthly Safety Audit Score (Through November) = 0.87 (goal = 0.90)

Safety Training Completion Rate (Through November) = 97.5%

HallMark INTRANET

Access the intranet from home, HR Direct, and TMS:
<http://access.hallmark.com/intranet>