

# BEHIND THE BUILD

News for Navistar's manufacturing employees

JULY 2019



Dear Operators, Staff and the Entire Manufacturing Team,

Welcome to the first manufacturing newsletter. Navistar has about 12,000 employees around the globe and most of those workers are on the frontlines building our vehicles. We're launching this newsletter to highlight your great work in our plants and increase transparency in our business.

I know that our company has entered a new chapter, one where we need to prove we are a sustainably profitable company with great products. With this new chapter comes new challenges, many of which we can't control. Assemblers on the line can't control if they have parts and material handlers can't control if they get the parts in time. But we can control if the parts are installed correctly and we can control if the parts we have get to the line.

I am confident that together and little by little, by controlling what we can control, we will overcome the challenges and make this an organization we are all proud to be a part of. Negativity can be toxic, but if we all come to work every day with a positive outlook, the goals we can reach are endless.

Thank you for being part of this team and for writing this new chapter with us.

Mark Hernandez, Senior VP, Global Manufacturing, Navistar

## HEADS UP! FOR SAFETY

Always read, understand and follow the Job Safety Analysis (JSA). It identifies safe working techniques and required Personal Protective Equipment (PPE).

Never take shortcuts when it comes to safety. It's better to lose one minute in life than lose a life in a minute.



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## OPERATING IN TOP GEAR



Sue Clark from the Springfield Assembly Plant team submitted the following kudos, “Kenton and I were following L/S 2323 on the engine line. There were some clipping pieces missed from a prior operation that we needed to see. Kenton was great, he got the missing parts, but we needed help getting them installed.

That’s when we asked operator Thomas Brown at the turn if he could help us out. He agreed, and it wasn’t easy for him to do. We had to run back and forth to give him the correct tools and the clipping was difficult to install on the underside of the transmission. He didn’t give up and he got it done.”

Thank you, Thomas – for “operating in top gear,” being a great team player and getting the job done!

## SAP SHINES AT ERGO CUP



Earlier this year the Springfield team participated in the Ergo Cup® competition, sponsored by the Ergonomics Center of North Carolina and Edward P. Fitts Department of Industrial and Systems Engineering at North Carolina State University.

The team, which consisted of Christine Rollins, senior manufacturing engineer, Chis Oelker, health and safety manager, Terri Cason, UAW safety representative and Shekar Guntumadugu, ergonomist, presented Navistar’s “Standard Ergonomic Evaluation Process.”

“Everyone at the competition was impressed that we have our plant manager in weekly meetings where we talk about ergo issues,” said Christine. “We are definitely unique – everyone has one problem and one solution, we have 190 problems and 190 solutions.”

## MEXICO TEAM WINS COMMUNITY AWARD FOR 10TH YEAR IN A ROW



For the 10th consecutive year, Navistar Mexico had been recognized by the Mexican Center for Philanthropy (Centro Mexicano de la Filantropia - CEMEFI) as a Socially Responsible Company (Empresa Socialmente Responsable Award - ERS).

The Escobedo team earned this award through several activities including donating gifts and clothing to children during the holidays, collecting school supplies for local classrooms, planting trees within the community, cleaning local rivers and donating plastic bottles. The company has also offered new opportunities for employees to voice their ideas, proposals and be celebrated.

Oscar Ruiz, Escobedo Assembly Plant manager, received this award on the company’s behalf on Wednesday, May 15 in Mexico City.

## MILE MARKER: ROBERT CROSS



### Congrats to Robert for 40 years at IC Bus!

Robert began his career in 1979 when he started working at the Ward Bus Plant in Conway, Arkansas as a welder in the seat framing department. During his time at Conway, he helped build the very first chassis.

In August 1981, Ward Bus became AmTran (American Transportation Corporation) and was later acquired by Navistar in 1991. In 2002, Navistar changed the name to IC Corporation also known as IC Bus. Rob persevered throughout all the transitions and continued to provide dedicated service to each company. He held several positions including test driver, material handler, building material analyst and team leader on Chassis for five years.

When the Conway plant ended manufacturing in 2010 and the production of school buses centralized in Tulsa, Rob relocated to Tulsa as well and became a release coordinator. As of November 2015, he has been the manufacturing engineering associate lead in Materials Management.

Rob has been married for 46 years to his wife Debbie and has three daughters – Jennifer, Julie and Wendy. He and his wife fostered more than 400 children up until 2010. They adopted Wendy in 2007 at the age of one. He is a proud grandfather to four grandchildren and one great grandchild. Rob still owns his house in Arkansas and has 218 acres where he plans to retire and enjoy wood working.

We thank Rob for his years of commitment to IC Bus!

## ESCOBEDO HOLDS FALL IN LOVE WITH NAVISTAR CAMPAIGN



The Escobedo team held a campaign this year centered around the question “What makes you fall in love with Navistar?” The top responses were: environment, companionship, our trucks, security, values and culture. Read what a four employees had to say:

“Thank you for accepting me into this great family that is Navistar. I fell in love from the first day I joined; it is a company that has a great work environment. We are a great team with the same goal: to build the best truck.”  
- Juan, Ladder Line 1

“I like what I do, and I feel proud every time I see a finished truck. I feel even more proud when I drive the roads and my children see the International diamond on the trucks. They proudly say ‘those are the trucks my dad builds’.”  
- Josué, Ladder Line 1

“First, the International brand represents strength, character, decision, greatness, commitment, quality and safety. Second, how impressive it is to assemble a screw, a motor, a hood, tires and so on and at the end we see a big truck.”  
- Margarita, Logistics

“When I arrived, I thought I would never be able to do the task that was assigned to me, but I had a great gift: my mentor. He taught me patience and love for what he does. Navistar is more than a company, it is a great family and I feel super proud to wear my shirt. Not everyone represents Navistar and I have that privilege.”  
- Rosa, Final Assembly Line 1



# LEAN LESSONS: THE FIVE LEAN PRINCIPLES

Navistar has been on a lean journey for several years. Much progress has been made and most recently, the Springfield Assembly Plant has begun to implement lean operations such as job rotation to improve safety, quality and costs.

But what does implementing lean today really mean? It's more than just eliminating waste. Here are the **five lean principles** that Navistar is aspiring to work under and they all center around customer needs.

"We are an organization driven by lowering costs, but eliminating waste is only a small part of lean. Lean, first and foremost, is about delivering customer value."

- Mark Hernandez, senior VP,  
Global Manufacturing



## VALUE

Everything we do should provide value to our customers. At Navistar, the value we bring is simple – we build quality units, on time and at the lowest cost.



## VALUE STREAM MAPPING

This principle involves mapping out your workflow. In manufacturing, it's our assembly lines. This big picture review of our lines allows us to see what is bringing value and what isn't.



## PROCESS FLOW

On the assembly line, bottlenecks and interruptions can come up at any time. We need to determine what typically shuts it down and remove those roadblocks. A clear process flow can help teams overcome obstacles and complete their tasks quicker and safer.



## PULL

This principle is about doing the work, only if there is a demand for it. For us, every unit we deliver is what the customer wanted.



## CONTINUOUS IMPROVEMENT

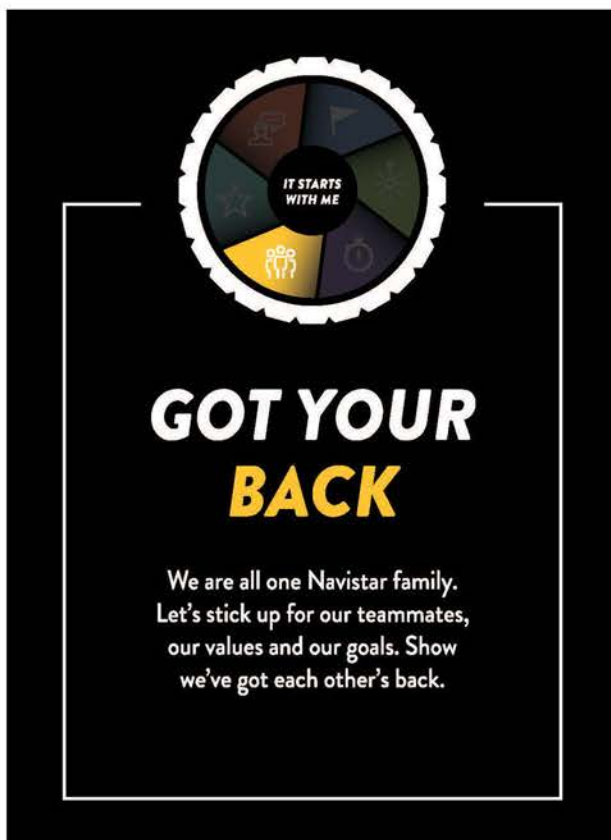
This is about always getting better. Always identifying what works, what obstacles we need to overcome and updating the way we work.

# POSITIVE TEAMS, POSITIVE PRODUCTION

When it comes to ensuring productivity in all aspects of a corporation, many factors can make a difference. Recently, Navistar's manufacturing leaders have been working to implement practices that create positive environments for their teams.

According to an article in the Harvard Business Review, there are three major reasons why positivity benefits a company: it boosts overall positive emotions, helps buffer against negative events and attracts and bolsters employees.

"When we come to work every day, we are all making a choice to add positivity to the workplace – or not. Negative attitudes can be toxic, so it's my hope that we get to a place where all employees are coming to work happy and with a goal to support and inspire one another," said Mark Hernandez, senior VP, Global Manufacturing.

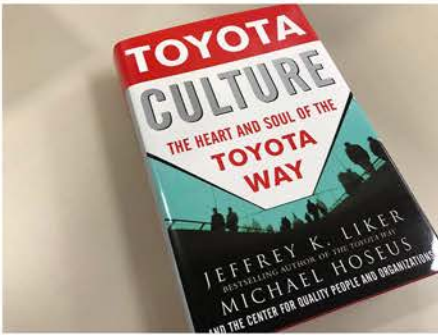


## The goal is to develop a culture that reflects positive habits and mindsets including:

- Caring and being interested in colleagues as friends
- Providing support including offering kindness and compassion when others are struggling
- Avoiding blame and forgiving mistakes
- Inspiring one another
- Emphasizing the meaningfulness of work
- Treating one another with respect, gratitude, trust and integrity

## As an individual, positivity in the workplace can directly impact us:

- People are drawn to and want to help those who share positivity
- It avoids wasting time complaining
- Keeps energy high
- Builds teamwork
- Determines and builds confidence
- Solves problems without making them
- Helps you make good decisions



## IMPROVING THROUGH TOYOTA KATA

Toyota Kata is a buzzword that you often hear in manufacturing. It can be tied to lean initiatives, continuous improvement, company culture and more – the list goes on and on.

Kata is any type of structured form, routine, pattern or behavior that becomes second nature through practice. It has been studied, observed and implemented at thousands of companies around the

world. But at the center of Toyota Kata's success is not the employment of lean processes – it's the people and company culture that make it work.

"At the core it is about respect for people and continuous improvement, and this has not changed since the company's founding," said authors Jeffrey Liker and Michael Hoseus in "Toyota Culture: The Heart and Soul of the Toyota Way."

Navistar's manufacturing team is striving to use the Toyota Kata way to build strong teams, improve operations and efficiently deliver high-quality trucks to our customers.

Rodney Tharp, Tulsa Bus Plant manager, is working under the Toyota Kata mindset daily. He starts and ends each day on the plant floor with the goal of bringing a passion and energy that empowers people to celebrate their successes, solve the challenges in front of them or raise their hands to ask for help if there is an issue.

"If I walk out on the floor and see teams collaborating and working together to identify and solve issues with no involvement from me, then I've successfully done my job," said Rodney.

"This collaboration starts with small steps such as celebrating successes with a simple thank you from a supervisor or in Tulsa we have also reengaged the activity committee to develop new ways of connecting our employees," he added.

Kiichiro Toyoda, Toyota Motor Company founder, said, "Each person fulfilling his or her duties to the utmost can generate great power when gathered together, and a chain of such power can generate a ring of power."

## PRACTICING THE ANDON MINDSET



Call for help, boost productivity – everyone has the right to do it at any time. This is Andon.

"Our trucks and buses are complex vehicles to build – problems will occur. When we call them out, we increase quality and get products to our customers more promptly."

- Jeff Webb, VP, Manufacturing

# BRINGING 145 NEW JOBS TO HUNTSVILLE

Last month, Navistar announced capital investments of approximately \$125 million in new and expanded manufacturing facilities in Alabama. The investment will bring 145 additional jobs to the Huntsville facility.

The International A26 diesel engine is currently produced at the plant. Navistar plans to make the new investments over the next three years to produce next-generation big-bore powertrains developed with global alliance partner TRATON.



"Over the last two decades, the state of Alabama has been a wonderful partner for Navistar as we have developed and produced big-bore engines and other products in the state," said Persio Lisboa, Navistar's executive vice president and chief operating officer. "Today, we are excited to have the opportunity to expand our presence in Alabama, while adding to our array of next-generation products."

## IC BUS CONTRACT RATIFIED, SIGNING THIS MONTH



Navistar UAW Local 5010 represented employees at the IC Bus Plant in Tulsa, Oklahoma ratified a new four-year collective bargaining agreement. The contract was approved by a majority of voting UAW members and replaces the prior contract that expired February 1, 2019 at 12:01 a.m. The contract represents about 700 workers at Navistar's Tulsa Bus Plant.

A signing ceremony is scheduled to take place in Tulsa the week of July 15.

## NAVISTAR REPORTS SECOND QUARTER 2019 RESULTS

Navistar reported second quarter 2019 results on June 4, and COO Persio Lisboa shared his thoughts in a video to employees.

"We delivered strong operational performance, and saw revenues increase 24 percent compared to the second quarter of last year to \$3 billion," said Persio. "We generated \$224 million of adjusted EBITDA in the quarter. In addition, we achieved 1.9 share point growth in our Core market share – reflecting higher share in all vehicle segments."

"We are optimistic that both 2019 and 2020 will be great years for Navistar," added Persio. "Now it's up to all of us to keep up this momentum. Let's continue to be diligent about cost and focus on providing the very best uptime for our customers."

To watch the video, visit [Navistar Connect](#).



## MAIN LABOR CONTRACT SIGNING



Representatives from Navistar and the United Auto Workers (UAW) signed the 2018 Navistar-UAW Collective Bargaining Agreement on June 20 at a signing ceremony at Navistar's Lisle headquarters. Nearly 30 representatives from both parties signed the new six-year contract, which was ratified by employees at the end of last year.

## SPOT OUR STUFF



This International truck was spotted delivering food at Mother Stewart's Brewing Company in Springfield, Ohio.



This custom Red Bull International truck was spotted at Tulsa Tough, a cycling event in Tulsa, Oklahoma.

## LEARN MORE AND SUBMIT NEWS

Interested in reading more Navistar news? Be sure to read the daily news stories on Navistar Connect and check out the new Diamond Vision Blog where Navistar leaders share perspectives on the trucking industry, emerging technologies and other issues that drive our world.

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