For the employees of THG Corporation

The Hope Group
June 28, 2006

Highlights

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PARKER STORE LOCATIONS

- Bangor ME
- Portland ME
- Manchester NH
- Fitchburg MA
- Cranston RI

HEADQUARTERS LOCATION

- Northborough MA

EMERGENCY SERVICE PHONE

- 978-345-2200

COMPANY WEBSITES

www.thehopegroup.com

www.hopeair.com

www.sorensensystems.com

ISO 9001:2000 Process Measures Conformance

By Joe DeMarco, *Director of Quality*

Since October 2004, The Hope Group has been recognized as an ISO 9001:2000 certified facility. We underwent a successful upgrade in our certification, which means that we have implemented a quality management system registered by the Quality Certification Bureau for distribution of fluid power components and industrial supplies. The ISO 9000 designation is generally described as an established Quality Management System standard which can be customized into a powerful *improvement* tool.

We Must Establish Goals

To be competitive, we must continually seek to improve the way we do business. ISO 9000 requires us to establish goals at all levels in the organization and to measure ourselves relative to those goals. For example, some of the charts you see displayed in the Northboro sales office are measurement of those goals. Specific goals include on-time delivery, Hope Air call-backs, and ECN's (engineering change notices).

While ISO 9000 requires us to have quality goals, it does not dictate which goals we should have, or what level of the goals selected we should attempt to achieve. We decide, as an organization, what goals are best for our business and what level of those goals we should attempt to achieve.

Goal is Continuous Improvement

The underlying intent of the ISO 9000 standard is continual improvement and goals are one way to measure improvement. As we achieve a particular goal, we should then raise the bar, and attempt to achieve an even higher level of attainment. When we think we've gone as far as we can, or when we've achieved the highest level attainable, we should consider new goals.

What Can We Do To Improve?

Some goals are not achieved. When this occurs, the question shouldn't be 'why haven't we achieved the goal'? Rather it should be "what can we do to improve?" That's what ISO 9000 is all about. Soon, the charts that are posted in the Northboro sales office will be visible company wide on the intranet. Look for them in a month or so. All you will need to view them is a computer with a browser.

NEWS TO ME

Marc LeBaron, Project Manager for Sorensen Systems, offers an experts opinion on the differences between PSA and Membrane Nitrogen Generators.

By Marc LeBaron
Project Manager
Sorensen Systems

At Sorensen Systems we are expanding our ability to design and build custom PSA nitrogen generators for industrial applications. Many of you may be familiar with the uses of nitrogen as a food preservative and for such exotic things as filling race car tires to reduce the moisture issues with normal atmospheric air.

But, in the industrial arena where The Hope Group, Hope Air Systems and Sorensen Systems operate, nitrogen generation is used by chemical companies, electronics companies, medical research, steel fabrication plants and

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food preparation. All of these types of business are customers for The Hope Group, Hope Air Systems and Sorensen Systems.

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Kaizen Korner

How did we get here...and where are we?

Editor: *During the past three years, we have published nine newsletters with a total of 20 articles about some aspect of the Kaizen process. With this issue we are taking a moment to see how we got here and determine where we are going. Recently, we asked Dennis Boragine, one of the Core Team members, a few questions. Here are his answers:*

Highlights: How did we get started with Kaizen?

Boragine: The Hope Group was introduced to the Kaizen process in 2002 by Parker Hannifin, which was itself beginning to use the process for its continuous improvement goals.

Highlights: What exactly are the goals of Kaizen?

Boragine: Basically, the goals are to increase efficiency and reduce waste. This is accomplished by pro-actively reviewing,

redefining and creating new processes.

Highlights: How do you change or make new processes?

Boragine: We stimulate change by modernizing and modifying job requirements and functional work environments to fit current business requirements.

Highlights: Is that what the RIE, VSM and HELP is all about?

Boragine: That's part of it. These are structured ways to review and redefine processes. The VSM (value stream mapping) takes a look at large, complicated things we do; RIE (rapid improvement events) looks at less complicated things with an eye toward making small but effective changes; and finally the HELP program encourages employees to submit their solutions to minor problems. All of these are tools in the Kaizen bag that we use to identify places where positive change can be made.

Highlights: Is there a set goal that will be reached and we can stop the Kaizen process?

Boragine: While there will be many goals set and met during the process of Kaizen at The Hope Group, the truth is that there is no end for continuous improvement. Even at a point where something is working perfectly, changes in technology, changes in requirements from customers and other forces will also mean we will still need to change.

Sorensen Systems benefits from Nitrogen growth

The growing industrial demand for nitrogen generators means potential growth in business for Sorensen Systems and its line of custom on-site PSA nitrogen generators.

Today, in liquid or gas form, nitrogen is being widely used for everything from food preparation to electronics and medical applications.

According to industry experts, nitrogen is associated with 75 percent of the things people use every day. Each bag of potato chips has a small blast of nitrogen shot into it to reduce the chance of soggy chips. Biotech, which is big in the New England region, has seen nitrogen sales increase at a rate of 15 percent a year, which makes it one of the faster growing market segments.

Sorensen Systems is poised to take advantage of this growing industrial demand with its unique capability to design and build custom PSA nitrogen generator equipment.

The *Highlights* newsletter is published monthly by THG Corporation for its employees and customers.

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Employee News

All the employee news that fits

By Donna Warren
Summer is here, although with all the rain recently, it's been hard to feel cheerful. But, we had some happy people during our recent Memorial Day Weekend 50/50 raffle. Fritz Zuegg and Jay Hannon were our winners.

Fritz won $80.50 in the raffle with the same amount going into the Awareness Committee fund to defray future event costs. Jay won the second prize which was a $25 gift certificate to Pizza Hut.

Recognition Night
Keep your eyes open for information about this year's Recognition Night. It is set for Saturday, November 11, 2006 at Wachusett Mountain Resort. It promises to be an exciting evening of fun, food and prizes.

Happy Birthday
For June, our birthday celebrants include David Viens, Marc LeBaron, Stephen Kelley, Brad Hunt, John Moran, Don Dussault, Wayne Ryan and Joe DeMarco.

In July, celebrating birthdays are Phil Lund, Henry Silva, Lee Robinson, Tony Cantone, John Moore, Sherri Roberts, Cindy Desjardin, Paul Daniels, Jon Mitton, Riccardo Ricci, Derrick Cotnoir, Earle Cummings and Marsha Gillespie.

Thank Q Ending
Just a reminder that the Awareness Committee has voted to drop the Thank Q program effective Sept 30. That means that anyone who has Q cards to redeem must submit them to Donna Warren no later than Sept 30, 2006. After that, the program will be officially suspended and no redemptions will be made.

Ice Cream Truck
Also, we are on a new schedule for this summer with our weekly visit from the ice cream truck on Wednesdays instead of Fridays. So far, the visits have been welcomed by all our ice cream fans.

Blood Drive News
Thanks to our most recent blood donors:

- Dennis Boragine
- Gregory Clark
- Joe DeMarco
- Martina Eaton
- Jay Hannon
- Kaitlin Higgins
- Cathy Lane
- Christopher Morin
- Ed Murphy
- Lee Robinson
- Preston Sturdevant
- Fritz Zuegg

Intranet keeps making changes for the better

Editor: *Our Network Administrator (computer guy), Dennis Boragine writes about how the company Intranet is changing and how you can benefit from recent improvements.*

By Dennis Boragine
Network Administrator

If you looked at the Hope Group Intranet today, you would find a number of resources of interest. Looking for an easy way to track a package? Go to our Shipping Information section. Or perhaps you have an International shipment to make, and you don't know where to start, who to talk to, or what a "Certificate Of Origin" is. The International Shipping section of our Intranet has all that information and more!

If you've used the Intranet in the past, you'll know that all of our ISO 9000 documentation and related processes are online for all to view. But did you know that we load the latest Tribute documentation at every release?

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Membrane vs. PSA Nitrogen Generators

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The PSA Process
Pressure Swing Adsorption (PSA) is a process of separating molecules of gas from each other. It's not a chemical process, such as "absorption", rather it is physical process called "adsorption." Did you see the difference? The first word is spelled using a "b" and the second is spelled using a "d". This distinction helps you understand that a "pressurized" process, using carbon or zeolites, actually sifts molecules, which releases nitrogen from the air we breathe. Remember, the air we breathe is 78 percent nitrogen. This process separates it and the only waste product from the process is oxygen sent back into the air. By forcing air into a pressure vessel or sieve bed filled with sieve, some molecules are trapped and others released. The captured nitrogen molecules are stored in a tank ready for use in the desired application.

The Membrane process
The so-called "membrane" process involves a series of hollow fibers that have holes in their walls. Compressed air is forced through the hollow fibers. The holes are small enough that nitrogen molecules are trapped. They are forced to escape. Heat is applied to excite the molecules in the hollow fiber to increase the chance they will permeate out through the holes.

PSA vs. Membrane
For the most part, the PSA process better suits "critical" applications, while membrane is suitable for less critical requirements. When there is a need for high purity levels (up to 99.995) and low dewpoints, we often recommend a PSA system. The compressed air requirements are lower than the membrane systems and these systems are more tolerant to ambient temperature swings within a limited scope. The nitrogen product and the compressed air supply can be controlled, monitored and adjusted through a pre-programmed monitor. This can also control external valves, pumps or alarms.

Membrane systems are useful in less critical applications. They are often very simple in design with a minimum of components. Convenient packaging and small size make them more flexible. Where tight spaces prevail, such as laboratories, the air supply can come from a remote location. If hazardous gas or vapors are a concern, membrane systems are preferable. There are no electrical components required unless monitoring of the product is required.

Which process is better?
Between the PSA and membrane process for generating nitrogen, the answer is each meets special requirements, each has advantages and each has disadvantages. It takes a thorough understanding of the requirements to make the right choice. Some PSA systems may have a useful life of 20 years, while some membrane systems may fail within 7 or 8 years. Does that always mean that PSA is better? The answer is no. Only a careful assessment of the customer's needs can result in the right choice for nitrogen generation.

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More Intranet Changes

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With the number of changes Tribute makes (3-4 updates a year), it helps to know how those changes will affect your daily activities.

We keep changing too
Very recently, we started adding more resources to the Intranet. There's a new section for salespeople that contains various tools from Parker product manuals to special configurators for specifying Miller cylinders. The "Kaizen Korner" is our newest addition - this section contains everything you might want or need to know about participating in Kaizen here at The Hope Group.

You'll find definitions for all the Kaizen lingo people have thrown around, such as VSM (Value Stream Mapping) and RIE (Rapid Improvement Event). Find yourself the Kaizen Team Leader of an event? Look through the website to find everything you'll need - from explanations of what is expected, to tools you'll use to track significant changes along the way. If you'd like to participate in Kaizen, you'll find more than enough information to get started. You can read more about Kaizen in other parts of this issue of the newsletter.

Suggestions for more changes?
There's been a lot of talk lately, about what else we could post on the Intranet. Some current thoughts are - the Hope Group Employee Handbook, Vacation Request Forms, New Job Application Forms, and others. These are all great ideas, and soon we hope to begin a Kaizen event to work out the details. Let us know what you think.

To contact us, just send an e-mail to: dboragine@thehopegroup.com with any suggestions you have for items you'd like to see on The Hope Group Intranet.

Visit today at http://neptune or type neptune (by itself) into your address bar in Internet Explorer *DB*