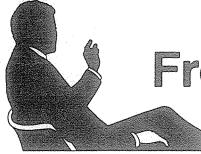


CROWN CRIER

Since 1971

Crown International, Inc. Employee Newsletter

June/July 1999



From Where I Sit...

NOTE FROM RICHARD NEWBERRY:
I'm going to donate my space in this issue to Fred Higgenbottom. The story shared in Fred's article that follows is a terrific example of our Mission Statement put into action! Thank you, and congratulations, to the Modules team for your efforts in delighting our customers with determination, agility and speed!

Scott Robbins, who is the Director of Sales for Crown Audio in the Americas, recently received the following telephone message. Transcribed, the message read:

"Hi Scott, Sam. I hate to burden you with this, but we're losing customers left and right because we can't deliver. It's across the board—it's Macro-Tech's, it's CT's, it's everything. CE's are going crazy. I realize Crown is having a good year, but if we can't produce, I don't want to take any more orders. We're just making enemies out of our customers. I've got to have a CT410 by tomorrow for an installation on Saturday (4/23/99), and that's for General Cinema. If I don't have that, then General Cinema is going to say "Well, just put a QSC in and we'll just go back to QSC and not use Crown anymore." Greg just walked in and announced we lost eight CT810's back to Crest because Crest could deliver and Crown couldn't. And we were converting him back from Crest over to Crown. I know it's not your fault, but it's a problem. We just need help. Thanks."

Although disturbing, it vividly illustrates the dilemma (and opportunity) that Crown found itself wrestling with. "Sam" (Helms) is the President of Sigmet, which is one of the largest Representative (Rep) firms working for Crown Audio. Like almost two thirds of Audio's Reps, Sigmet is above sales plan for the 1st Quarter (see Scott Robbins' article on page 4). "General Cinema," referred to by Sam in the transcribed message, is a large Cinema contract

with future potentials of \$2-3 million of additional Crown product sales this year. Sigmet and Crown have worked hard together to land this business. The backlog in Audio has grown to the point that it was not only beginning to risk this sale, but other significant sales as well. The problem stemmed from simply not being able to deliver enough of the products that customers want, because they weren't originally forecasted.

This was a great problem in many ways and yet, if not handled well, it could have become a very serious problem in the quest for growth and sales momentum. If Audio had not continued to respond as a team to the challenges, we would surely lose the blessings of unanticipated sales for the next several months. The competition was not sitting still. Crest, one of our most formidable competitors, had not been able to ship during the first quarter due to problems associated with its acquisition by Peavey. And to our disappointment, Crest was now shipping amplifiers after being down for almost three months during the consolidation into Peavey.

QSC (who is another worthy competitor) recently finished a "World Class" 80,000 square foot manufacturing plant, and was undoubtedly anxious to pick up sales that we couldn't deliver.

A recovery plan was subsequently put into place by the entire Crown Manufacturing team. The plan required: (a) Increasing the production plans for several families of amplifiers; (b) Ordering the required parts to support the build schedule; (c) Examining the constraint work centers and test equipment; and (d) Employing the surgical use of overtime in Modules to combat the lost capacity that arose from unexpected part shortages. The down time that resulted from this late delivery of a single Toshiba transistor had cost over a day of lost capacity in every product line.

During the fall of last year Crown had changed

its overtime policy to not require mandatory overtime except in critical business situations. The week in which we had experienced critical parts shortages was just such a situation, and it was the management decision (after much agonizing) to require mandatory overtime for all three shifts of Modules on Saturday April 24, 1999. Volunteers from the hourly work force were requested for Sunday.

Because the overtime Saturday was mandatory, the company provided complimentary lunches and complimentary beverages for employees both Saturday and Sunday as an expression and small token of thanks. In addition, for those who worked both Saturday and Sunday, and had met the minimum required hours during the week, double time wages were paid for all hours worked on Sunday—including the hourly technicians and support personnel for whom both days were mandatory workdays.

The plan was certainly not without problems. But I'm happy to report that most of the problems were dealt with, and the objective to fill the pipeline with modules and parts so that customer orders could be assembled, tested and shipped the next week were achieved.

Thanks to the managers, technicians and employees of the Modules team for helping Crown meet its challenge and blunt the recent critical business situation. Please continue to bear with the management team as it strives to lead and help improve operational logistics. As I've said many times, everyone who is rational really wishes to do a good job. By supporting each other we can return Crown to the forefront of suppliers of Professional Audio products. During this time of problems and opportunities, I would also ask you to join me in thanks that we enjoy such a problem—it means better job security and bonus potentials for all.

'Fred W. Higgenbottom,
Sr. Vice President and
Audio General Manager



Corporate Mission Statement

We, as Crown International, seek to delight our customers with creative solutions in electronic products, systems and services through innovation, determination, agility and speed. We will pursue opportunities for global growth through product and technology development, strategic alliances and synergistic acquisitions.

We commit to uncompromising integrity, quality, responsiveness and continuous improvement in everything we do. We will accomplish this in an environment of learning, empowerment and accountability.

We recognize the vital roles of our customers, employees, suppliers, stockholders, and the community in our success.

We, as Crown International, are guided by our corporate principles of honoring God, serving people, developing excellence, and growing profitably.



Learning & Memory

This is the third in a series of articles about On-the-Job Training. The objective of OJT is to enable employees to do the tasks that comprise their jobs effectively. Remembering information, facts, steps, or even where to get information is a key part in successful OJT.

Most people remember everything for a short period of time (short-term memory). But what we remember over the long-term depends on how meaningful the information is (long term memory). For example, we often forget phone numbers easily because those numbers mean nothing to us. However, if the numbers are transposed into letters it is often easier for us to remember 1-800-123-FISH than 1-800-123-3474. Research has shown that there are several important ways to make information more meaningful and therefore easier to remember.

One way to give more meaning to what you are trying to learn is to associate the new information to knowledge that is cur-

rently in your memory. Associate what you know with what you already know. Using examples, telling stories, and comparative analysis are all good ways to make the link from new information to existing information. When the steps in assembling one type of product are similar to the assembly steps in another product, making that association will enable the learner to become efficient quicker.

Another technique is **organization**. If, for example, there is a large amount of information to learn, break it into groups. Most people can process no more than seven pieces of information at a time before they begin to forget. Using outlines, diagramming, and index cards are common methods used to organize information. Remember, when training someone, giving too many steps at once doesn't allow that person to organize the information.

A third memory technique is **review**. Reviewing the important information allows the learner to reinforce the concepts. All

good teachers and presenters summarize key points for this reason. Review has been built into our OJT program, and occurs when the certified employee observes and reinforces the learner the first time they perform the tasks on their own.

Visualization is the fourth memory technique. Using pictures, graphs, charts, or photos is much easier for many people to remember than words or numbers. The digital color assembly photographs used in assembly are great memory joggers. A variation of this technique is to form an image in your mind the next time you want to remember something; oftentimes, the funnier or more exaggerated the image is, the easier it is to remember.

It is up to you to determine which of the four memory techniques works best to make learning more meaningful for you. If you would like to test your short-term memory, use the links on the training site on Crown's Intranet.

by Susan Van Orman, Training and Development Instructor

Survey Says...

All departments have had at least one employee survey review meeting, which was held to look at those areas where groups "scored" significantly above or below the organizational norm. Your comments and suggestions have been reviewed by your supervisor and the next level of management to develop "action plans" which will be used to make improvements in the areas where scoring was below the norm. Nearly all ar-

eas have developed action plans, and many have made significant progress toward making improvements.

In reviewing the survey results, three main areas of concern were detected: Communications, Promotions, and Policies. What are some of the improvements that have been made to address these concerns?

Please note that this list is only a sampling of the concerns that are being ad-

dressed, and that the improvements made to date are, in many cases, just the first step in addressing your concerns.

Thank you again to all that have participated in these meetings. Please do not hesitate to see your supervisor/manager if you have further comments or suggestions that can be used in this process of improving our workplace.

by Richard Pede, Human Resources Officer

Concern	Improvement(s) Made
1. Regular department meetings not held.	• 90% of production supervisors recently surveyed are holding regular meetings—up from 50% prior to the survey.
2. Wednesday Assembly value.	• One Assembly per month will be held solely with manufacturing employees—including 2 nd & 3 rd shifts.
3. Availability of supervisor.	• 80% of production supervisors recently surveyed have committed to making themselves more available to their employees, and have honored that commitment.
4. All positions should be posted.	• Policy implemented that requires all positions in grade levels 1-16 to be posted.
5. Pay & bonus.	• HR has made several departmental presentations to clarify compensation plan. • ROA bonus wage offset discontinued in '99, and pay increases—up to 6%—geared toward those in lower ranges of wage range.
6. Accuracy of job description. 7. Training not adequate.	• Due to ISO9002 requirements, all supervisors were required to review and document each employee's job description and training requirements during the '99 performance review process. • All job descriptions are available for review on the Intranet.
8. Favoritism.	In order to handle employee issues in a consistent manner: • Policy Manual & Employee Handbook updated and reissued. • All policies are available for review on the Intranet.
9. Required to use vacation to cover illness.	• Short-term disability plan offered. Use of vacation to cover illness is now optional.
10. Errors/Quality.	• Quality is being measured on a weekly basis. • ISO9002 is being implemented. • 100% of production supervisors recently surveyed have initiated at least one correction to reduce errors/improve quality, including quality check labels for products, installation of lighting, daily quality reviews, and an inventory reduction plan.

Benefits News

Benefits Statement

The Benefits Statement projecting our total compensation with Crown International was mailed to your residence on Wednesday, April 21, 1999.

The statements have been enhanced to pictorially graph the importance of the benefits in your total compensation.

Should you have any questions, please call Ray Patnaude (8230) or Rhonda Chapman (8531) in the Compensation Department, or Deb Sharp (8012) or Ann Frantz (8342) in the Benefits Department.

Retirement Plan Investments

If you would like to look up the investments on the Internet, the ticker symbols are listed below:

Stable Asset Income Fund

One Group Bond Fund
One Investor Growth & Income
One Group Diversified Equity
Alliance Premier Growth
Fidelity Advisor Equity Growth
Alliance Quasar
Putnam International Growth

No Ticker, not a mutual fund

PGBOX
ONGIX
PAVGX
APGAX
FAEGX
QUASX
POVSX

You can also access your retirement account any time, any day by calling 1-888-550-9316. Enter your Social Security number and press #. Enter your PIN number and press #. You will then receive a menu. If you need to speak to someone directly, press 0. If you have any questions regarding access, please call Deb or Ann.

by Ann Frantz, Benefits Manager

Product Spotlight

Differoid Mic Featured on Jackson's Album Cover

On the cover of superstar Janet Jackson's new album, "The Velvet Rope Tour Live in Concert," Janet is wearing the Crown CM-311A Differoid headworn mic. The microphone has become part of her look on stage.

In the cover photo, the rear of the mic is shielded with a foam windscreens.

Jackson's album is a spectacular concert filmed live at Madison Square Garden, New York. It was released on DVD, VHS and Laserdisc.

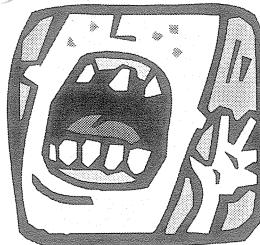
by Bruce Bartlett, Senior Microphone Design Engineer



Name	Years of Service
Daniel Cripe	30 Years (June 23)
Paula McBrier	20 Years (June 25)
Cindy Swald	15 Years (June 11)
Jeanette Birr	15 Years (July 30)
David McClellan	10 Years (June 26)
Kevin Gring	10 Years (July 5)

Robert Smith	10 Years (July 10)
John Balzano	10 Years (July 31)
Marilyn Easton	5 Years (June 13)
Sharon Edwards	5 Years (June 13)
Stephen Wills	5 Years (June 20)
Shirley Kelley	5 Years (June 27)

Safety On & Off The Job



Road Rage – Don't let things get out of hand

Note from the Editor: The article that follows deals with what I term "the consequences of an impolite society." If each of you heed the advice provided below, more than 700 cases of road rage should be avoided. Share the information with a friend, and possibly double the number. Please drive safely and courteously—your life may depend on it.

The term "road rage," used to describe unacceptable behaviors behind the wheel ranging from tailgating to outright murder, has been used in the national media so often in recent years that it has become as common a part of our daily vocabulary as ".com".

A recent study found that the frequency of these incidents has increased at least 7% each year since 1990, and that over 60% of drivers report being involved in an aggressive driving scenario of some kind. Aggressive tailgating was the most common incident reported, followed by headlight flashing/misuse of hi-beam headlights, obscene gestures, deliberately obstructing other vehicles, and verbal abuse. One percent of drivers claimed to have been physically

assaulted by other motorists (included in this category is use of the vehicle to deliberately bump or hit another motorist).

With society as a whole becoming increasingly more violent, it's no surprise that aggression is being manifested on the nation's roads and highways as well. For many of us, driving has become one of the most frustrating activities we regularly engage in. The causes of road rage likely extend beyond the immediate "triggering" incident, with a "bad day at work," troubles at home, increased congestion of roads and highways, or impairment by alcohol or drugs being probable contributors. To make matters worse, possibly millions of drivers are armed with firearms, knives, golf clubs, tire irons, and jack handles. Eggs and partially eaten fast-food have even been used as weapons. The most commonly used weapon is the vehicle itself.

Surprisingly, studies of the perpetrators of such incidents have failed to provide a "typical profile" of the aggressive driver. Regardless of age, gender, race or economics, *anyone can be an aggressive driver*. One common thread, however, is the seemingly trivial nature of the triggering incident in most cases. Reasons like "She wouldn't let me pass" to "Nobody gives me the finger" abound in police and media reports of these incidents.

To reduce your stress level and the likeli-

hood of becoming a victim of road rage, the AAA Foundation for Traffic Safety and the Crown EHS Staff offer the following tips:

- Practice basic traffic courtesy.
- Don't view other driver's mistakes as personal affronts.
- Be patient when you are behind the wheel.
- Allow extra time to get where you are going.
- Be aware—pull over and let others pass you if you're holding up several cars, or if someone is tailgating you.
- If you suspect that you're being followed by an aggressive driver, *don't drive home*. Go to the nearest police station or a well-lit convenience store instead.

Before deciding to take problems with you on the road, before accepting a challenge from an aggressive driver — keep your cool, and consider the fact that at least 1,500 men, women, and children are seriously injured or killed each year in the United States as a result of senseless traffic disputes and altercations. Ask yourself, "Is it worth being paralyzed or killed? Is it worth a jail sentence?" An impulsive action could ruin the rest of your life.

by Carmen Wegener, Environmental, Health, and Safety Specialist

Developing Excellence

When was the last time you checked the air in your car's tires or checked the oil level in your engine, or any number of things you do to ensure your vehicle will continue to perform trouble-free? Why do we do those things? I would guess most of us want to avoid breakdowns that could leave us stranded at the most inopportune times. Or avoid those unexpected repair bills from premature failures. Or avoid those accidents we see in the papers that could be us. Some have labeled these activities a part of preventive maintenance. In a quality management system like the ISO set of standards, a similar type of activity is called **internal auditing**. In simple terms, it means we take a look at ourselves to see how we are doing as compared to the ISO Standard guidelines.

We began that activity the first of May. A class of trainees audited several manufacturing departments against ISO Standard Element 13, Control of Nonconforming Product. By the way, "nonconforming" is a new term to some of us. For Crown, it mostly

means, "not to design or print." We often call non-conformities "rejects." The trainees reviewed what departments do with nonconforming material (rejects) as compared to what the standard requires. The ISO requirements include identification and segregation of nonconforming material in our process. To borrow from our automobile example, we found a few tires flat, some with low air pressure, and some inflated perfectly. In ISO terms, flat tires or those with low air pressure are called "finding's." It simply means something was found not meeting the standard requirements.

Once something is found needing repair, the next step is to fix it. This part of the process will be to fix the flats, pump up the tires with low air pressure, or fix the leaks. In ISO terms, this is called "corrective action." Those departments with "findings" will need to take corrective actions to "fix" the "finding." Once this is done the system will conform to the requirements. To those of us with automobiles, it means we can drive on down

the road, enjoying the ride and thinking pleasant thoughts, knowing that our vehicle is in good working order. For those of us in manufacturing concerned about Element 13, it means we can go about our day not worrying about nonconforming material being put into or sent out in otherwise good product.

P.S. Some of you had the opportunity to talk to internal auditors when they were in your area during the internal audit. An important point to remember when talking with internal auditors is that they are not there to catch you doing something wrong. They are there to find out how our system is working or not working. The end result will be an opportunity to correct the system. This will help us prevent nonconforming product from reaching our customers. And for those who did not get an opportunity to talk to the internal auditors, your turn may come. There will be many more opportunities coming in the near future.

by Larry Kauffman, Corporate Quality Manager



Welcome!

Employees that have joined Crown since March 1999:

Modules	Kari Obedi
Dorothy Carter	Janice Brown
Diane Jordan	Phothixay Chanthavongsavath
Stacie Current	Jonathan Reiner
Debby Robinson	Joni Tumbleson
Tamara Howard	Maria Hernandez

Line 1	John Craig
Mark Wendt	Line 11
Jeff Remus	Janet McCain
Tokalee Aguilar	Broadcast Mfg
David Hassinger	Ernestine Andrews
Dean Bartley	Magnetics
Line 4	Debbie Yoder
J. Kathleen Adams	Wirecut
Line 9	Jeanie Mast
Michael Eggleston	Powdercoat
Teresa Martinez	James Lennox
Line 10	Deborah DeShone

Screenprint	Eric Madson
Jo Ann Fontes	Med/Ind/ Broadcast
Stockroom	Administration
Deb Berndt	Larry Coburn
Dawn Lannoo	Broadcast Mfg
Shipping	Engineering
Rudy Beal	Bill Wagnerowski
Audio Amplifier	Crown Sourcing
Engineering	Lowell Klinefelter
Nathan Eslinger	Janitorial
Audio Technical	Lillian Nine
Service	

Exceptional Results!

We have successfully completed the first quarter of 1999 with exceptional results. Crown is ahead of plan in sales, and spending below our planned budget through the first quarter. Two-thirds of our rep force are above 100% of planned quota, for a YTD total of 109% of plan!

I would like to prove that the 1st quarter was no fluke! We have tremendous opportunities in the 2nd quarter to significantly outdo what we accomplished in the first...but, the business will not come without some effort—the plan calls for an increase in sales volume during the 2nd

and 3rd quarters of 1999. Please read Fred Higgenbottom's article on Page 1 to get a good idea of the challenges we face in meeting our goals.

Just a few other highlights from the first quarter:

- We landed the Tokyo Disney project in Tokyo, Japan. We heard from major sources in the industry that "Crown has no chance of getting this project".... "Crest is already specced".... "QSC is much lower than Crown in price" and on and on. However, through some incredible

effort and teamwork on the part of Jerry Stutzman, Jim Stembel, Hibino Corporation (our Japanese distributor) and others, Crown landed this prestigious project.

- We reorganized Factory and Tech Service, allowing us to provide an even greater level of support to our customers. This change falls in line with our thinking and plan to organize sales into two halves: 1) One half to support our existing business, and 2) the other half to proactively seek out and land new business.

by Scott Robbins, Director of Sales, Americas



The Crown Crier is a communication medium published by the Human Resources Department to promote the Company's mission and guiding principles, share management information about the company, and celebrate significant employee accomplishments and events.



Innovation Determination Agility Speed

1718 West Mishawaka Road, Elkhart, IN

Employee Committee Financial Report

Balance as of 4/26/99:

Checking	\$2,472.42
Savings	\$5,116.27
Total	\$7,588.69

Honor God • Serve People • Develop Excellence • Grow Profitably