

Insurance Issues

CHTA Chairman **David Wilkins** comments...

I am writing within days of the anniversary of last year's atrocities in the USA, the full effects of which have not yet been seen. Beyond the tragic loss of life and attendant suffering of those directly involved, for whom the whole civilised world grieves, we have seen that the resultant economic aftermath is international.

Insurance markets have of necessity been directly influenced, leading to a hike in premiums which, in the UK, are now at a forty-year high.

Not all the blame for this situation can be laid at the door of the perpetrators of the 9/11 outrages. The soft market conditions prevailing in insurance for the previous five years, together with poor stock-market performances, dramatically reduced insurers' liquidity, thus restricting their ability to operate.

Several CHTA members have reported significant increases in premium costs for covering employers' liability, public and products liability. In one instance, cover could only be arranged after eleven insurance companies had declined to underwrite the business, and then only at a premium that is almost a nine-fold increase on that which had previously applied.

Certain classes of cover, notably product liability, including products guarantee and re-call, are proving to be particularly difficult to secure, with reports of instances where underwriters are refusing to provide specific cover.

Other trade associations have conducted surveys of members, to ascertain the magnitude of these insurance issues. The DTI is aware of the potentially damaging effects upon UK business and has requested that trade associations report any instances of particular difficulty, highlighted by their members.

Accordingly, please advise Alan Hick at the Association's Secretariat of any such experiences, in order that we can formulate a CHTA response to the DTI.

Recognising the great disparity between the value of our customers' products and our revenue as heat treaters, it is incumbent upon us all to continue to manage risks carefully. This is best achieved by prudent co-ordination of effective quality management and insurance cover, together with the application of business conditions based upon CHTA guidelines.

Most importantly, risk management should be a joint activity with our customers, involving active explanation of all the issues and the management procedures involved.

A DATE FOR YOUR DIARY:

CHTA AGM

This year's 24th CHTA Annual General Meeting will take place on Thursday **December 12th** at Aston Business School, Aston University, Birmingham.

This event is the main forum for all members to have a say on CHTA activities and for your Management Committee to gather feedback. In view of its importance, the Management Committee has ruled that member companies attending will be entitled to a free lunch for one of their representatives this time.

Full details will be circulated to members in November.

Hotline on website

Readers are now able to access *Hotline* in downloadable pdf format from CHTA's website at www.chta.co.uk.

This latest addition to the site also includes an archive of more recent editions. It's accessed by clicking on "Hotline" on the site's home page.

Amongst other things, the website also features:

- A version of CHTA's Buyers Guide with automated search facility to simplify finding the right heat treater.
- A listing of all CHTA members with full contact details and processing capabilities.
- Downloadable *Datasheets for Non-heat-treaters* (under "Specifying Heat Treatment").
- Links to bodies in related fields.

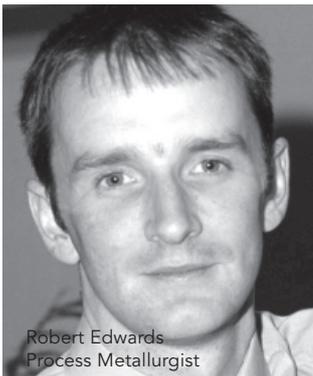
All this and much more at...

www.chta.co.uk

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Robert Edwards
Process Metallurgist

AIR PRODUCTS 

Ask the expert

Q. What nitrogen purity do I need for my heat treatment process?

A. That depends on your process! By understanding your oxygen tolerance levels we can help you reduce your costs. To find out more about proven nitrogen atmosphere technologies, visit our website.

tell me more

www.airproducts.co.uk/metals

ISO 14001 accreditation – members' views

Following up our Chairman's observations in Hotline 88, two accredited CHTA members offer their thoughts on meeting the global standard for environmental management systems.

A key to new orders

John Walsh, Quality Director of **Heat Treatment 2000**, reviews the experience and benefits of implementing ISO 14001 into their Darlaston site.

We at Heat Treatment 2000 pride ourselves on the relationships we have built up with our customers. Therefore, when Jaguar Cars approached us to take part in their European-funded Supply Chain initiative, aimed at implementing ISO 14001 within a select number of suppliers, we jumped at the opportunity.

Benefits

At the outset, we were informed that operating an environmental management system would reduce our operating costs and the risk of prosecution and potential

liability from environmental incidents. It would also improve our chances of winning new orders, as ISO 14001 would soon become a prerequisite to supplying the major players within the automotive industry.

That was back in 1998, when we were somewhat sceptical about the claims made. However, over the years since achieving the environmental management standard ISO 14001, all have appeared to be correct.

- Implementing ISO 14001 forced us to consider elements of the business previously overlooked. Utility costs were reduced by £15k per annum by simple low-cost measures.
- Incidents waiting to happen, that would potentially lead to a breach of environmental legislation or a contaminated-land liability, were identified and preventive measures put into place.
- Land Rover and Jaguar now stipulate that their suppliers must have ISO 14001; 50% of our customers are asking about our ISO 14001 status.
- An additional benefit of gaining ISO 14001 is that it has proved a very useful marketing tool.
- In addition to the above benefits, the lessons learned from implementing ISO 14001 at the Darlaston site proved invaluable when refurbishing our West Bromwich site.

However, there is no gain without pain and implementing ISO 14001 is certainly not a half-day job. Without the expert guidance given by John Kyffin-Hughes, the environmental consultant working on behalf of Jaguar Cars, we would not have had the resources or in-depth knowledge to achieve the standard successfully.

Implementation

The implementation process was broken down into 10 manageable chunks, as listed in the accompanying table.

The first few steps (1-4) involved a detailed examination of our work practices and activities in order to identify and prioritise the environmental risks facing Heat Treatment 2000. Environmental risks given a high priority, such as energy use, special waste, fire and spillages into drainage system, all became subject to either an improvement programme or operational control (steps 6-7).

The remaining implementation steps (7-10) involved building the management infrastructure to ensure that the continual

Ten steps to ISO 14001 certification

Step 1 Preliminary Work. Training Implementation Team	<ul style="list-style-type: none"> ● Site familiarisation. Site plan. ● Implementation timing plan. ● Identification and training of implementation team.
Step 2 Environmental Aspect Identification	<ul style="list-style-type: none"> ● Conduct aspect review to determine environmental performance baseline.
Step 3 Legislation and Other Requirements	<ul style="list-style-type: none"> ● Identify relevant environmental legislation. ● Generate register of environmental legislation. ● Legal compliance check.
Step 4 Environmental Aspect Evaluation	<ul style="list-style-type: none"> ● Identify significant environmental aspects. ● Generate significant aspects register.
Step 5 Environmental Policy	<ul style="list-style-type: none"> ● Write relevant environmental policy. ● Authorise policy.
Step 6 Objectives, Targets and Management Programmes	<ul style="list-style-type: none"> ● Set realistic company-wide environmental improvement objectives, targets and programmes.
Step 7 Documentation and Procedures	<ul style="list-style-type: none"> ● Produce EMS Manual. ● Identify and write additional procedures. ● Amend current procedures.
Step 8 Training	<ul style="list-style-type: none"> ● Identify workforce-training needs. ● Train key personnel.
Step 9 Auditing	<ul style="list-style-type: none"> ● Set up internal auditing process. ● Close out resultant non-conformances.
Step 10 Management Review and Certification	<ul style="list-style-type: none"> ● Preparation for external auditing.

improvement element of ISO 14001 is achieved (i.e. the set environmental objectives are realised).

The environmental management structure was incorporated where possible into our existing quality and health and safety management systems

We obtained ISO 14001 at the Darlaston site in July 2000. Since then there has been a constant stream of environmental issues impacting on our business, such as End-of-Life Vehicle Directive, Oil Storage Regulations, Climate Change Levy, Contaminated Land Regulations, which, if we had not had a environmental management system in place, we would not be able to respond to or prepare for.

If you would like further guidance on implementing ISO 14001, please either give me a call or contact John Kyffin-Hughes on 07977 511098.

Keep it short, keep it simple

Frank Butler Environmental Manager for Alloy Heat Treatment, Dudley, shares a few words of wisdom on ISO 14001 accreditation.

The author of this brief piece makes no apologies for practising these six little words: "keep it short, keep it simple".

Alloy Heat Treatment believe that their success in achieving ISO 14001 was aided by the fact that their management system was kept as simple as possible, yet still managed to maintain the necessary criteria for meeting the international standard.

In these days of leaner and fitter companies, customers are asking for their

CHTA BENCHMARKING CLUB LAUNCHED

Many thanks to members who participated in the new CHTA Benchmarking Club. They will now have received the first summary report of performance data, restricted to participants, as outlined in *Hotline* 88. The exercise is planned to be repeated at six-monthly intervals.

supplier chain to demonstrate it's environmental responsibility. Sometimes this involves only the production of an environmental policy and answering an environmental questionnaire. However, in some industries, notably the *automotive*, large manufacturing organisations are asking their first-tier suppliers to achieve certification to ISO 14001 as a condition of continuing business.

For Alloy Heat Treatment, 14001 has proved to be instrumental in providing us with a framework that looks at and identifies key performance measures. These, in turn, provide the company with the following benefits:

- Reduced costs through the production of less waste.
- Accurate monitoring and measuring of all energy usage.
- Identification and management of risks, which in turn assist in avoiding any liabilities and possible court fines.
- Active employee involvement through in-house committee.
- Elimination of unnecessary junk mail.
- Proper storage and handling facilities.
- Active re-cycle programme.
- Enhanced customer relationships through actively being seen as a responsible supplier who can demonstrate good environmental practices.

As Environmental Manager for Alloy, I am proud of the way the company has steadily grown and adjusted to the many environmental issues that are currently pressing and, indeed, challenging companies who have not yet woken up to the fact that, in order to run a successful business, you must consider your environmental obligations.

If possible, try to make environmental decisions part of the overall business planning process, along with financial, marketing, quality, safety and other considerations. That way, the environment should come to be seen as one element in the business no less, but no more, important than any other.

For Alloy Heat Treatment, this is now embedded into the culture of the company and (surprise, surprise!) this is "just what the bank manager ordered".

Spreading the word

Our thanks to Metallurgia magazine for again featuring the annual listing of CHTA members in its September 2002 issue. Recent editions have also carried a couple of articles conveying the Association's message:

Highlighting our sector's growing reputation for pioneering the application of state-of-the-art processing advances in a July article, **Chris Baumann**, MD of TTI Group (and a member of CHTA's Management Committee), urges UK manufacturing industry to "**Make good use of latest technology**" in competing with global low-cost economies.



Chris underlines the fact that heat treatment and surface engineering have a significant influence on the total cost, quality and performance of an engineered product.

He comments that: "*Having substantially lost most of its metallurgical and processing expertise, manufacturing industry has become more dependent on the commercial heat treatment and surface engineering industry to provide this technology leadership as part of the service package*".

Chris cites numerous examples of recent processing developments before concluding that: "*For UK manufacturing industry to thrive, innovation and effective use of technology is vital*".

In his September article "**Support for contract heat treaters and their customers**", Chairman **David Wilkins** reviews CHTA activities and achievements that have benefited engineering companies outsourcing heat treatment, as well as the Association's members who provide the specialised facilities and know-how.



Outlining CHTA's progress, David states: "*The Association is rightfully proud of the way in which it has encouraged the development of the industry, by promoting a culture of co-operation in areas such as quality, process control, health and safety, trading conditions, training and publicity.*"

CHTA Secretariat

Items for inclusion in *Hotline* and enquiries about CHTA activities should be addressed to:

Contract Heat Treatment Association

c/o WHTC, Aston University,
Aston Triangle, Birmingham B4 7ET.

Tel: 0121 359 3611, ext.5212

Fax: 0121 359 8910.

E-mail: mail@chta.co.uk

Website: www.chta.co.uk

CHTA Secretary: Alan J. Hick

The Contract Heat Treatment Association is not responsible for the statements made or opinions expressed by contributors to *Hotline*.

At times, its influence has been far beyond what size alone would predict and has been instrumental in assisting the strategic development of contract heat treatment. These developments have been of value to the engineering industry at large".

"Since its inception, the Association has seen a transformation of the heat treatment industry. Contract heat treatment has evolved into a vital production support service, recognised by even the largest original equipment manufacturers as having a strategic importance and value well in excess of what applied in the past.

Those Association members who have consistently pursued a policy of enlightened investment and business development have seen their activities expand from 'jobbing' relationships to full operational partnerships with some of the country's largest OEM's. Others have expanded as specialists serving niche market sectors."

Following a description of CHTA activities designed to assist the heat treatment customer/specifier, including the website and *Datasheets for Non-heat-treaters*, our Chairman concludes with a look to the future:

"At the present time, when the very survival of parts of the UK's manufacturing engineering base is once again threatened by global economic forces, it is timely to revisit the fundamental principles upon which the Association was founded.

It is opportune to remind engineering manufacturers that, by placing business with members, they can secure cost-effective heat treatment services of the highest quality, on the conventional subcontract basis or with the option of a complete outsource solution, involving a move away from captive in-house facilities. Thus their finite resources can be concentrated upon their core business activities without, in any way, compromising their product performance or reputation.

The CHTA looks forward to the future with a sense of purpose and the intention to further improve the standards of contract heat treatment for the benefit of its members and their customers. Heat treaters have always been a special 'breed'; this remains the case in this 'high-tech' age. Their 'inbred' characteristics of hard work and flexibility, coupled with professional capability, will stand the UK engineering industry in good stead in meeting present and future challenges."

The full articles by Chris Baumann and David Wilkins (alongside the listing of CHTA members) can be found in the July and September editions of *Metallurgia* respectively.

THT CONTINUE INVESTMENT PROGRAMME

A leading independent heat treatment and surface engineering company, established in 1980, CHTA-member Tamworth Heat Treatment (THT) offers a comprehensive heat treatment service to toolmakers and specialist engineers. The customer base covers a wide range, from large PLC's to one-man operations.

The range of processes offered by the company has increased over recent years in an attempt to give an all-round service to its customers. Investment to improve this service continues, despite the present difficult climate for engineering and manufacturing generally.



THT's vertical vacuum furnace.

Currently being installed, to complement the existing five vacuum units, is a Torvac vertical vacuum furnace. The furnace vessel is manufactured from stainless steel and has internal molybdenum heat shields and elements. Working dimensions are 650mm diameter by 1143mm depth, with a load capacity of 500kg and achievable vacuum levels of 10^{-6} millibar. All aspects of the process can be controlled by a touch-screen computer system. A second furnace, with the same features and dimensions, is planned to be installed later this year.

THT's salt-bath processing shop is currently undergoing reorganisation, including an environment-improvement project that involves installation of up-to-date fume extraction and filtration to ensure only clean air is discharged to atmosphere.

A hydraulic quench press has also been installed in the salt shop for the hardening

of high-speed steel discs up to 355mm diameter, with disc flatness controlled to fine limits. The installation of the press was an element of development work with a well-known engineering company, resulting in the closure of their own in-house heat treatment facility.

THT have been successful over recent years in convincing manufacturers with in-house heat treatment facilities that their requirements can be met by a committed relationship with a subcontract heat treatment company. This allows them to target their resources, people and money, at their core activities.

The ongoing investment by THT demonstrates to existing and potential customers that the company is prepared to meet the challenges of the ever-increasing demands to improve processes, the environment and health and safety.

AALBERTS EXTENDS EUROPEAN NETWORK

TTI Group's parent group, Aalberts Industries N.V., has acquired the German companies MPT Metallbehandlung und Plasmatechnik GmbH and PHT Plasma-Härtetechnik GmbH. It has also taken over heat treatment activities from Philips of Holland.

With a turnover of around EUR 5million, MPT is the market leader in the field of plasma nitriding in Germany. It has three sites and is mainly active in southern Germany. In addition, the company offers its know-how by selling complete installations, such sales generally taking place outside Europe. In this respect, MPT has been involved in a joint venture in China for a number of years.

PHT Plasma-Härtetechnik GmbH, with a turnover of approximately EUR 9million and over 60 employees, is located in a new service centre near Strasbourg and has a wide range of modern heat treatment processes. Because of its strategic location on the German/French border, PHT will also form the link between Aalberts Industries' networks of six service centres in France and eight in Germany. Aalberts Industries' activities in France will benefit significantly from the know-how and capacity that PHT offers, which will enable it to service the north-eastern French market, in particular, much more effectively.

After the breakdown of negotiations with Philips last year, agreement has now been reached on Aalberts' takeover of the heat treatment activities (H&ST Heat & Surface Treatment) located in Acht, Holland. H&ST has a turnover of some EUR 10million and employs more than 70 personnel. The works council and the trade unions have

issued a positive recommendation on the move.

H&ST specialises in PVD and CVD coatings and vacuum soldering. With particular emphasis on the application of PVD/CVD coatings on small products in large series, H&ST has created a unique position for itself in Europe. It will now be able to offer its specific expertise, in the field of applications for electronics, to a wider market via the European network of Aalberts Industries, including TTI Group in the UK.

H&ST will work closely with Mamesta, also based in the Netherlands and a sister company of TTI Group, and be incorporated in the Aalberts European network of service centres for heat and surface treatment which now numbers 44.

BODYCOTE INTRODUCES KOLSTERISING IN THE US

Bodycote has announced that its proprietary *Kolsterising*® treatment for stainless steel, previously only available from Bodycote's facility in Apeldorn, the Netherlands, is now being offered in North America from a new operation in Boaz, Alabama.

A surface heat treatment primarily for austenitic stainless steel, *Kolsterising* improves resistance to wear and galling while corrosion resistance remains unchanged. It involves diffusion of carbon into the workpiece surface, without the formation of chromium carbides, to impart a case depth of 22-33 microns with a hardness of 70-74HRC.



Kolsterised lobe pump parts for the foodstuff industry.

Paul Dymond, the Business Development Manager for the process Stateside said: "We are pleased to bring this technology to the North American market. *Kolsterising* will continue to help engineers use stainless steels in new applications."

In the UK, the *Kolsterising* contact is John Yarnall based at Bodycote Heat Treatments' Aldridge division (tel: 01922 453388).

Hotline welcomes news items from all CHTA members. Please address your material to the Association's Secretariat.

"GOVERNMENT MUST CHANGE APPROACH TO MANUFACTURING"

BEMA (Bristol and Western Engineering Manufacturers' Association) is urging the government to take prompt action to arrest the decline in UK manufacturing. With small and medium-sized manufacturing businesses continuing to struggle in the current economic climate and the prospects for a turnaround bleak, BEMA wants to see a more considered approach from government.

BEMA's Director, John Whitlow stated: "The government must take action to help manufacturing become more competitive.

The majority of existing support seems to come in the form of training initiatives. Whilst these are beneficial in the long-term, manufacturers desperately need help that will create a more immediate impact. In short, we need to look at investment in equipment as well as investment in people."

With the strong pound making UK exports look unattractive, and the inability to compete with lower labour and regulatory costs enjoyed in the Far East and Eastern Europe, Mr Whitlow feels that the government should be helping firms invest in modern capital equipment in order to help UK manufacturing improve its productivity and competitiveness.

Dr Robert Davies, Chairman of Bristol-based City Engineering and a former lecturer in Economics at Bath University, added:

"The government, through its various bodies, offers millions of pounds worth of advice to the manufacturing sector. Doubtless it will continue to do so through the newly-created Manufacturing Advisory Service – but it's not just advice that SMEs are looking for – it's hands-on support! In the 1980s, government schemes were in place to help manufacturers invest for the future and improve their efficiency, with grants of 33% available for the purchase of plant and machinery. This type of support no longer exists."

Mr Whitlow continued: "BEMA itself is heavily involved in training schemes which yield long-term benefits to employers. However, if the government does not take prompt action to

help SMEs in the short term, there simply won't be a long term, as many more businesses will make redundancies or go under. Subsidised capital investment will at least allow businesses to compete globally and generate income. An additional benefit is that it will enable firms to diversify and thus strengthen the sector's long-term stability."

The organisation also wants the government to look at existing tax incentives. Currently companies investing in computer and IT equipment can write-off 100% of the cost of this expenditure against its profits (in the year it is acquired). BEMA believes that this should also be the case for shop-floor capital expenditure by manufacturing firms, as it is still effectively investment in technology.

HSE ADVICE ON REPORTING INCIDENTS

The Health and Safety Executive (HSE) has issued an updated leaflet giving employers advice on how to report health and safety incidents – and how to use HSE's new incident contact centre.



John Whitlow, BEMA Director

Tamworth Heat Treatment

specialist heat treatment and surface engineering for industry

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Tel: (01827) 318030 Fax: (01827) 54748
Email: sales@tamworth-heat.co.uk

Visit our website at:
www.tamworth-heat.co.uk
or
www.heat-treatment.com

All employers have a legal responsibility to report the following health and safety incidents:

- deaths;
- major injuries;
- over-three-day injuries, where an employee or self-employed person has an accident resulting in them being off work, or unable to do their work, for more than three days;
- injuries to members of the public that require them to go to hospital;
- work-related diseases; and
- dangerous occurrences which could potentially have resulted in reportable injuries.

The incident contact centre (ICC) provides a single point of contact for all employers in England, Scotland and Wales to use, whatever their business. Reports can be made by telephone – the quickest and most straightforward method – or via the internet, e-mail, fax or post.

HSE Director General Timothy Walker said: “The ICC offers an excellent integrated service to employers and considerable benefits for business. It cuts down on paperwork and helps duty holders to discharge their legal obligations with the minimum of fuss”.

To contact the ICC: tel: 0845 300 9923; fax: 0845 300 9924; e-mail: riddor@natbrit.com; post: Incident Contact Centre, Caerphilly Business Park, Caerphilly CF83 3GG; website: www.riddor.gov.uk.

GUIDANCE FOR SMEs ON IDENTIFYING EU FUNDING SOURCES

The Small Business Service, an agent of the DTI, has produced new guidance for small and medium-size enterprises on accessing a variety of European funding/support programmes.

Hard copies of the guidance pack, containing theme-based sheets with EU programme information, together with case studies and “frequently-asked questions”, can be obtained from DTI by ringing 0870 150 2500 and quoting URN 02/324: *Guidance Notes for SMEs – Accessing European Funding*. The material has also been placed on the Business Link national website (www.businesslink.org) and can be found under “More Topics, Europe”.

BIO-WISE SEMINAR ON DEGREASING

BIO-WISE, in association with SEEDA, invites readers to attend a free seminar on *Biological Degreasing and Cleaning in Engineering*. Scheduled for 22 October this year, at The Hilton, London Gatwick Airport, West Sussex, the event is particularly relevant to companies who clean and degrease components during processing.

The benefits of using biological methods to clean and degrease will be demon-

Market Movements

ANALYSIS OF QUESTIONNAIRE REPLIES RELATING TO 37 CHTA MEMBER SITES

“THIS QUARTER” =
1 APRIL –
30 JUNE
2001
= TURNOVER INDEX 100

National

OVERALL ANALYSIS (37 SITES)	Mean index
This quarter last year	105.5
Last quarter	103.9
Predicted next quarter	102.6

TURNOVER TRENDS
Based on “Market Movements” data related to 1st quarter of 1991

National

strated through industrial examples. These show how biotechnology can help companies realise financial savings, become more environmentally friendly and improve health and safety.

In addition to the presentations, delegates will have the opportunity to discuss any specific issues they may have with a BIO-WISE technical expert in a confidential “surgery session”.

BIO-WISE is a major UK Government Programme funded by the DTI. It aims to improve the competitiveness of UK industry through the use of biotechnology and to support the development of the UK biotechnology supplier industry.

In order to register for the seminar and to book a surgery session, call the BIO-WISE Helpline on 0800 432 100 (website: www.dti.gov.uk/biowise).

EMS WORKSHOP

An SEA-supported Envirowise Workshop, *Finishing with a Profit through Environmental and Energy Management*, takes place at the National Motorcycle Museum,

Birmingham, on 16 October this year.

This free event is designed specifically to help surface engineering companies reduce costs and increase profitability. For details, contact Hilary McNeill, Envirowise, Harwell International Business Centre, 173 Curie Avenue, Didcot, Oxfordshire OX11 0QG (tel:0800 585794; fax: 020 8614 0471; web: www.envirowise.gov.uk).

MTI

MTI SALES CONTINUE DECLINE IN FIRST HALF OF 2002

After two quarters, 2002 heat treatment sales reported by North American participating members of the Metal Treating Institute totalled \$444.8million, off 6.2% from 2001 billings for this period of \$474.3million.

June 2002's figure, \$71.5million, was a drop of 8.5% compared with the \$78.1million of June 2001. The latest information for July this year shows a continuing decline at \$67.2million, down 3.6% on July 2001's \$69.7million sales.