



LETTER FROM OUR CEO

October/November 2011

Dear Friends and Colleagues of ReadyOne Industries:

As we approach the end of the year, it's time to assess our achievements and progress toward achieving the goals we set at the beginning of the year. Key among the goals we set for ourselves were the following:

1. Diversify our business away from total dependence on apparel and packaging.
2. Diversify our apparel business away from dependence on JSLIST
3. Increase our headcount
4. Hire more people who are blind or have other significant disabilities
5. Hire more veterans

I am very happy to report we have been very successful in accomplishing these goals. To give you brief summation on where we stand today I present the following information:

1. In addition to producing Apparel related products and Corrugated boxes, we are now engaged in several service related businesses to include; Document Management (2008), Vehicle Storage (2010), Vehicle Washing (2010), Warehousing and Kitting (2011), and a Contact Center (2011).
2. In our apparel division we have successfully diversified into the production of several different items in support of our war fighter. At the end of last year 78% of our revenue was from JSLIST. In September less than 40% of our revenue was from JSLIST.
3. We have increased our headcount from 1155 to 1272, or an 8% increase. Most of this increase comes from hiring more individuals who are blind as well as others with significant disabilities. For instance, we now employ 71 people who are blind compared with 38 at the beginning of the year.
4. We have increased our employment of veterans to 33 from the 17 we employed in April. Many of these veterans comply with the AbilityOne definition of "significant disabilities".

We are keenly aware that change is difficult for all of us. I have nothing but praise for each of you for supporting and embracing the changes necessary to ensure the future success of ReadyOne Industries. Your continued understanding to the need for change as well as your commitment to the successful implementation of change is critical.

As always I welcome your comments and suggestions on how we can be a better place to work tomorrow.

Letter from our CEO continued...

Products

Apparel:

Since our last newsletter we have received over 34 million dollars in new orders to be shipped in 2012. This is particularly relevant considering the Government plan to reduce spending on apparel by \$400 million in 2012.

We have introduced 4 prototypes to the Marines in response to their need for an addition to their current sleep system. Two of the designs were very favorably accepted. Modifications to these designs are being made per the customer's request.

We have new agreements to do prototyping for Lockheed Martin and 3-M.

We are working very hard to come to an agreement with an Israeli company that developed a very unique and important product to be used in defense of our soldiers. The scope of this agreement will allow ReadyOne Industries the ability to market, sell and produce the product in the USA. Hopefully, by our next newsletter we will have positive information to share with you on this status of the relationship.

Packaging:

As I have previously mentioned during the past two years we have spent a considerable amount of money (over \$1 million dollars) updating old equipment and purchasing new equipment in an effort to reduce the cost of producing boxes to establishment of a marketing/sales strategy designed to optimize the utilization of our equipment to increase our revenue. While the marketing plan will be a "living document" and subject to change based on market conditions, I believe we are on the way to preparing and executing a successful plan.

Services

Document Management:

Revenue in our document management division that includes document storage and document destruction continues to exceed last year. Thru September 2011, revenues are 165% over 2010.

Warehousing, Vehicle Storage and Fleet Management:

Our warehousing business continues to be strong. We just finished a project for our customer in which we successfully stamped 66,000 units in less than one month. We have found that the people with disabilities in warehousing enjoy a totally different skills set than those employed in our other divisions. Based on our successful entrance into the warehousing business we have decided to grow this business by hiring a dedicated sales person to support these activities.

Contact Center:

The first week of October we opened our first Contact Center with 17 employees in Support of United Blood Services. In the first three weeks of operation ReadyOne Contact center employees have been surpassing the most optimistic expectations by both management teams. November 3rd was the Grand Opening for the center. Based on early successes we are already planning to expand the operation to include more "seats" for UBS as well as additional customers who have indicated a strong interest in partnering with ReadyOne Industries.

Regards,

Tom Ahmann
President/CEO
ReadyOne Industries

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QUALITY NEWS

GARMENT: Month of **AUGUST 2011** defect levels by production line: DHU (Defects per Hundred Units) Goal is 2.0 %. Second's goal is 0.30%.

AUGUST 2011

	<u>Production</u>	<u>#Defects</u>	<u>DHU%</u>	<u>Total Seconds</u>	<u>% Seconds</u>
JSLIST Coat	3,050	64	2.10 %	0	0.00 %
JSLIST Trouser	15,440	357	2.31 %	14	0.09 %
NWU Blouse	2,366	33	1.39 %	0	0.00 %
NWU Trouser	799	34	4.26 %	0	0.00 %
JC3 Coverall	No Production				
JC3 Coverall Seam Sealing	No Production				
FR ACU Coat	13,745	605	4.40 %	0	0.00 %
PCU L4 Windshirt	1,020	3	.29 %	0	0.00 %
PCU Level 5 Jacket	1,127	33	2.93 %	0	0.00 %
PCU Level 5 Pant	No Production				
PCU L9 Next-to Skin	2,800	56	2.00 %	0	0.00 %
PCU L9 Blouse	3,097	29	.94 %	0	0.00 %
PCU L9 Pant	3,326	338	10.16 %	0	0.00 %

The Top 3 defects for the month of AUGUST 2011.

JSLIST Coat:	9 – Set Slide Fastener Lt & Rt Frt, 9 – Trim Threads, 5 (Each) – Close Sides & Under Sleeves / Join Slv to FRTS /Set Hood to Coat / Set Hood Channel to Hood /Tk Drw Cord & Hd/Slide Fastener
JSLIST Trouser	43 - Trim & Inspect Snap , 40 – Set Loop Pkt Flap, 36 – Join Inseam Pairs
NWU Blouse	8 – Fell Close Sides, 4 – Trim, Inspect and Button\, 3 (Each) – Join Shoulders / Attached Sleeves to Armhole / Hem Bottoms
NWU Trouser	9 - Tack Pleats on Pocket, 5 – Trim, Inspect & Fold, 4 - Tack Cargo Pockets
JC3 Coverall	No Production
JC3 Coverall Seam Seal	No Production
FR ACU Coat	48 – Trim, Inspect, Button & Fold, 47 - Hem Bottoms, 46 - Fell Close Sides
PCU L4 Wind shirt	1 - Top Stitch Middle Hood, 1 - Set Loops to Hood, 1 - Hem Bottom
PCU Level 5 Jacket	6 – Attach Pockets to Top Sleeve, 6 - Bartack Front, 4 – Hem Bottom
PCU Level 5 Pant	No Production
PCU L9 Next-to Skin	26 - Tack Pocket & Flap, 17 – Tack SLV, 7 – Tack Sleeve Pad
PCU L9 Blouse	5 - Fell Side Seam, 4 - Sew 2-Loop Rt & Lt Front, 4 – Bartack Back
PCU L9 Pant	56 – Bartack Thigh,Lower,Top Pocket , 34 – Bartack Loop & Btm Knee Pad, 18 - Close Ban

qual-ity
How do you define it?

Quality News....Continued

PACKAGING DIVISION: Month of **AUGUST 2011** defective rate (Goal 2.0%) & Scrap (Goal 1.5)

	<u>PRODUCITON</u>	<u>DEFECTS</u>	<u>Defective DHU%</u>	<u>SCRAP</u>	<u>SCRAP RATE</u>
GSA	246,950	2,430	.98 %	2,430	.98 %
USPS	No Production				
Commercial	317,118	1,169	0.37 %	1,169	0.37 %
Total Corrugated	564,068	3,599	0.64 %	3,599	0.64 %

PACKAGING DIVISION: Month of **AUGUST 2011** defective rate (Goal 2.0%) & Scrap (Goal 1.5)

WASTE	<u>Qty Shipments</u>	<u>Waste</u>	<u>Waste%</u>
• GSA	259,100	6,033	1.82 %
	<u>Produced Items</u>	<u>Waste</u>	<u>Waste %</u>
• Commercial:	301,962	3,111	1.02 %

qual-ity
How do you define it?

William A. Foster quotes:

“Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skillful execution; it represents the wise choice of many alternatives.”



Randy Engel, Cynthia De Haro, Maria Elena Jiménez,
Rosa Baca, Tena Garlick and Rosa Mendoza

Tena Garlick, the Regional QA Manager for Patagonia Inc., presented a Plaque to Rosa Baca, Quality Final Auditor, for successfully demonstrating that she understands Patagonia's Quality Standards, and audited accurately without failure for over 6 months and in doing so has shown that she has completed the Patagonia Auditor Certification Program. As of September 14, 2011, Rosa Baca is now a Patagonia Certified Factory Auditor for all PCU products.

Congratulations to Rosa Baca for a job well done!

Maria Elena Jimenez
Quality Manager

ISO Department

ISO 9001 and Business Performance: Does Certification Really Matter?

At the beginning of this decade acceptance of the quality system standard ISO 9001 by U.S. companies, seemed to be uncertain. Prior to this time, approximately 50% of all mid-sized U.S. companies hadn't even heard of the ISO 9001 quality system standard, amazing isn't it? That is not true today. The rapid acceptance of ISO 9001 suggests that many firms find that the standard is well written and worth observing. The theory implicit among practitioners that ISO 9001 can contribute to competitive advantage has attracted little interest from researchers. Yet many firms are increasingly questioning the link between ISO 9001 and business performance. Does the size of the firm affect the benefits obtained?

According to ANSI/ISO/ASQC 9000-1-1994, the ISO 9001 standard is intended to provide a generic core quality system that can be applied to a broad range of industry and economic sectors. The ISO 9001 standard describes what elements quality systems should encompass but not how a specific organization such as ReadyOne Industries should implement these elements. The standard intends for each organization to design and implement a quality system that works for its specific products, processes and practices. ISO 9001 includes management responsibilities for the quality system, procedures for contract review and procedures to control and verify product design. Certification that an organization's quality system meets the requirements of the ISO standard is established by an independent third party selected by the organization. ReadyOne went through this process and obtained ISO Certification for our textile and POV (Private Owned Vehicle) storage facilities in June 2010 and for our packaging and document services facilities in December 2010.

Although compliance with ISO 9001 is voluntary (in many cases), the standard has been marketed so that many companies believe it is a requirement for doing business. Indeed, any company that lacks a certificate of compliance could be at a significant marketing disadvantage if its competitors do have certification. To be competitive in the global marketplace, ReadyOne Industries must go above and beyond the basic quality management system that is outlined within the standard, and **WE WILL SUCCEED!**

Accordingly, ISO 9001 registration leads to improved operating performance through reduction of scrap and corrective action processes, enhanced profitability, and marketing advantages resulting from the international recognition of the ISO logo. Such marketing advantages are especially important for organizations such as ReadyOne with governmental and commercial sales strategies. Because the ISO 9001 standard is written to address areas where good business practices are essential, it is considered a good general guideline for efficient and effective operations. ReadyOne Industries believes that the major benefit of the ISO 9001 standard is the process of establishing a solid quality base within the organization.

Related News.....

As previously mentioned above, ReadyOne's Packaging and Document Services divisions became ISO 9001 certified in December 2010. You guessed it; coming up fast on November 27 & 28 is the yearly surveillance audit for these business units. We have been conducting internal audits, sending customer satisfaction surveys to our valued customers, etc., ensuring that our quality management system continues to show improvements in all aspects of the business. Excellent work!

We Are ReadyOne!!!

Until Next Time.....

Richie Ybarra
ISO Coordinator



Epicor Update

The beginning of Oct finds us wrapping up our 4th month on Epicor. We continue learning more about all the wonderful features the system has. The last few months have been filled with reinforcing our routines and processes so that they become systematic, second nature if you will. Users continue logging in information and processing transactions daily in Epicor. In the last edition, we talked about the greater visibility we now have on our largest asset on the books, inventory. A variety of reports and queries are in use that gives us much more real time visibility than we had before. This will be key as we head towards year-end and conduct our yearly physical inventory, (yes that time again). Now let talk about another area reaping huge benefits on Epicor, Manufacturing.

Manufacturing in the Garment Division now has a much better way to track their jobs in the system. After the customer sales orders are loaded, the Scheduling Dept is creating the cut numbers. Meticulous details which include such info as: ROI part number, NSN, due dates, quantities, and even CLINs are all logged and scheduled. In the Cutting Dept, the actual yardage on our major fabrics used on the jobs is being entered. These actuals are being compared to the standard yards required as per our Engineering specs and any + or – variances are being tracked directly in Epicor. This type of variance is called material usage variance.

The cut fabric and trim items are then sent to the production lines, and yes, these movements are tracked in Epicor. As work in process is being assembled throughout the manufacturing process, we have been recording good units produced at certain key areas. Many of you have heard the terms “Sew1” and “Sew 2”. These represent 2 major points in the production of the garment. Once the 1st quality goods pass these points, production is reported in Epicor. Thus key users can see with a few clicks of the computer mouse, where their jobs are, and how many units are out there. This reporting of production counts has significant impact to our financial results as that is how we record “standards earned”. That is, we earn *standard* costs for every good unit we produce. We then can compare these to *actual* costs incurred and we can make intelligent comparisons. Production reporting in Epicor culminates when the units on the job are packed. The jobs in Epicor are then closed and all the dollars feed into our financial reports.

Throughout the manufacturing process, direct labor continues to be one of the key areas we analyze. In the case of Epicor, we use the system to tell us how many standard hours we earned on first quality product produced. Many of you know this by the letters “SAHs”. We can consider these as the “should be” hours. So for example if we say one garment takes us 2 hours from the time we begin cutting the fabric to the time we pack the finished unit, and say we produced 100 units, then the standard hours we earned “should be” 200 hours. We then compare these 200 hours earned to the actual payroll hours from Kronos that we incurred. Any variance resulting between the differences of standard hours vs. actual hours in direct labor is considered Direct Labor Variance. And yes, we can track this down the specific product we are making.

Oh but wait, there’s more. We have the ability to capture scrap right at the job level. We can load specific reason codes as to why we made a scrap entry and have a history of all this. As we build more history in Epicor, look-back reports will become more meaningful. The manufacturing process truly ends when product is shipped out to our valued customers. A multitude of reports and queries are being used to track our shipments all the way down to the CLIN level. What a powerful tool we now have!

Ed Esquivel & Ricardo Ybarra (ERP-Project Management)



Document Management

Kudos from a Satisfied Customer

At ReadyOne Document Management Services, we stress that we have an obligation to provide the highest levels of reliability, service and quality to our customers. It seems that the customers have noticed.

ReadyOne received this hand written letter:

To ReadyOne:

Attention Imelda and the two gentlemen who picked up my business papers for shredding on 9/30/11.

Thank you so much for your kind and responsible service. I am sending payment of \$27.60 & another check for \$25.00 for contribution to your agency & I will recommend to others.

Sincerely,

(signed) Joanne Wieters, LCSW

ReadyOne Industries matched the \$25 check and the three people from Document Services, Imelda Luquin, David Aguilar, and Juan Beltran each received a check for \$25.00 to award superior customer service.



Frank Serna, Operations Manager for ReadyOne Document Services presents checks for \$25.00 to Imelda Luquin, Juan Beltran, and David Aguilar

Human Resources

Congratulation to our own Kevin Bowes! Kevin received a special recognition from the Transition Association of El Paso. The association's president Tom Laign awarded Kevin with the "Transition Professional of the Year", certificate for his outstanding services to students in El Paso as they transition from high school.

Kevin has been our Veterans Recruiter in HR since April. We are very proud to have Kevin in our staff!



By Ray Vigil
Social Security Public Affairs Specialist in El Paso, Texas

Each year, on November 11, America observes Veterans Day and honors the men and women who have served in our nation's Armed Forces. Many of our Vietnam era veterans are now nearing retirement age, or already there. It is important that they — and other American service personnel — know just what retirement benefits they can count on from Social Security as they make their future financial plans.

Like most of the civilian workforce, all current military personnel pay Social Security taxes and earn Social Security coverage. Earnings for active duty military service or active duty training have been covered under Social Security since 1957. Also, earnings for inactive duty service in the reserves (such as weekend drills) have had Social Security coverage since 1988.

In addition to regular military pay, Social Security adds special earnings credits to an individual's Social Security record when he or she serves in the military. The extra earnings are for periods of active duty or active duty training. If, for example, a person served in the military between 1957 and 1977, he or she has been credited with \$300 in additional earnings for each calendar quarter in which active duty basic pay was earned. These extra earnings may help someone qualify for Social Security or increase the amount of the Social Security benefit.

The number of credits an individual needs to qualify for Social Security depends on his or her age and the type of benefit. Any future Social Security benefit payment depends on a person's earnings, averaged over a working lifetime. Generally, the higher a person's earnings, the higher his or her Social Security benefit will be.

And remember that Social Security is more than retirement. If a worker becomes disabled before reaching retirement age, he or she may be eligible for Social Security disability benefits. A disabled worker's spouse and dependent children also may be eligible for benefits. If a worker dies, the widow or widower and dependent children may be eligible for Social Security survivors' benefits.

If you, or someone you know, were wounded while on active duty in the military, find out more about what Social Security can do by visiting our website designed specifically for wounded warriors: www.socialsecurity.gov/woundedwarriors. There, you will find answers to a number of commonly asked questions, as well as other useful information about disability benefits and Supplemental Security Income (SSI).

Veterans and others who are within 10 years of retirement age should begin planning for retirement. A good place to start is with Social Security's *Retirement Estimator* at www.socialsecurity.gov/estimator.

For more information, you can read our fact sheet, *Military Service and Social Security*, which is available on our website at www.socialsecurity.gov/pubs/10017.html



ReadyOne Industries Bulletin

November 2011

Veterans Day November 11

ReadyOne Industries' Blood Drive November 15 (Pellicano) and 16 (Ability Dr)

Pre-screening on Monday from 10-1 Ability Drive

Pre-screening on Monday from 2-3 Pellicano

Thanksgiving Holiday

ReadyOne Industries will be closed in observance of the Thanksgiving holiday Wednesday November 24 and Thursday November 25. Regular work schedule will resume on Monday November 28.

**Veterans Day November 11, 2011 (11-11-11)
Honoring All Who Served. You will not be forgotten!**



Some of our veterans at Pellicano: Julian Bonilla, Juan Ybarra, Carl White, Rodolfo Preciado and David Aguilar (not in photo) Herman Walls, Alfredo Viscarra, Ricardo Lopes, Alfredo Gallegos



Our veterans at Esther Lama: Alfonso Moreno, Derick Bayan and Ricardo Holguin



Alfredo Chavelle with our CEO, Tom Ahmann



HR Director Wes Schotten, Russell Gibson Tom Ahmann, Rudy Loya and Cynthia De Haro



We have 24 veterans in the Ability Dr. facility, among them are: Jacqueline German (above) and Donald Johnson (above) with our HR's own veteran, Wes Schotten.



December's Holiday Schedule

Date	Day	Paid as:
17-Dec	Saturday	Work in lieu of 12/21
21-Dec	Wednesday	Hrs. worked on 12/17
22-Dec	Thursday	PTO (Paid Time Off)
23-Dec	Friday	PTO (Paid Time Off)
26-Dec	Monday	Christmas Holiday
27-Dec	Tuesday	PTO (Paid Time Off)
28-Dec	Wednesday	PTO (Paid Time Off)
29-Dec	Thursday	PTO (Paid Time Off)
30-Dec	Friday	New Year Holiday
JAN 2	Monday	Return to work



National Disabilities Employment Awareness Month Celebration

ReadyOne Industries celebrated its employees on October 28. Thank you to all that participated in the event. There was an overwhelming turnout. Congratulations to the Karaoke Contest winners, raffle winners and to the Employees of the Year.

