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# Business Policy Manual

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## Introduction

HTI, a commercial heat treating and deburr operation in Logansport, IN., is one of the leading specialists in continuous belt austempering in this hemisphere.

Since 1976, HTI specialist has provided quality heat treat services to our customers and has become one of the largest austempering heat-treating companies in the country. This has been accomplished by providing quality heat-treating with on-time delivery. In 2012, we have added deburring and tumbling to our operations to continue to serve our customers' needs.

The early vision and plan of having a well-managed, financially strong, customer driven organization exists today and continues to be the vision for tomorrow. HTI has four continuous belt-driven austemper heat treat furnaces. Each furnace has been modified to include an automatic loading system. The furnaces are computer monitored and controlled for complete traceability of customer orders. Deburr capabilities include (8) horizontal barrels and (3) vibratory bowls.

## Purpose – Quality Management System Integration

HTI, has a strategically planned quality management system that conforms to ISO 9001:2015. We have integrated our Quality Management System (QMS) as part of our business, where management is the cornerstone and bears the responsibility, accountability and required leadership in maintaining the QMS. We are committed to excellence in quality and strive to effectively mitigate risks and take advantage of opportunities. Focus on customer satisfaction as a foundation of our business. This Manual, our Quality Policy, operating procedures, process turtles, documents & forms are written in an easy-to-use manner to be a useful and provide a relevant guide to our process integrated approach to conducting our business. These documents in their relevant sections are maintained to give more detail, definition, and clarify responsibilities for a process or procedure.

Throughout this manual, as well as other documents, the QMS is termed as a business management system, BMS, or business system to encourage the integration of our QMS into day-to-day life of the business with no notable separation of the systems. Using our strategic direction to set our company objectives. This matured system provides the foundation to address our customer's expectations. However, we understand that it takes more than a foundation to demonstrate an ability to provide a level of excellence and consistent results that lead to overall customer satisfaction. That is why everyone at HTI is committed to skillful execution and continual improvement of our manufacturing processes, including product, customer, corporate, statutory and regulatory requirements.

This business policy manual including the Quality Policy is available to and gives our employees, customers, suppliers, subcontractors, and any other relevant interested parties an overview and outline of our business, QMS and the framework for the requirements, as discussed mentioned above and described in Table 1 below. Our senior management team is dedicated to communicating the importance of meeting these requirements, as well as regulatory and legal requirements. Throughout this manual and our procedures, the terms *Senior Management* and *Top Management* are used interchangeably. We define our Senior /Top Management team from the President, to managers whom are responsible for all aspects of HTI including respects to financial, quality, & production.

## Scope

Austemper heat treating, stress relieving and deburring of customer supplied metal components.

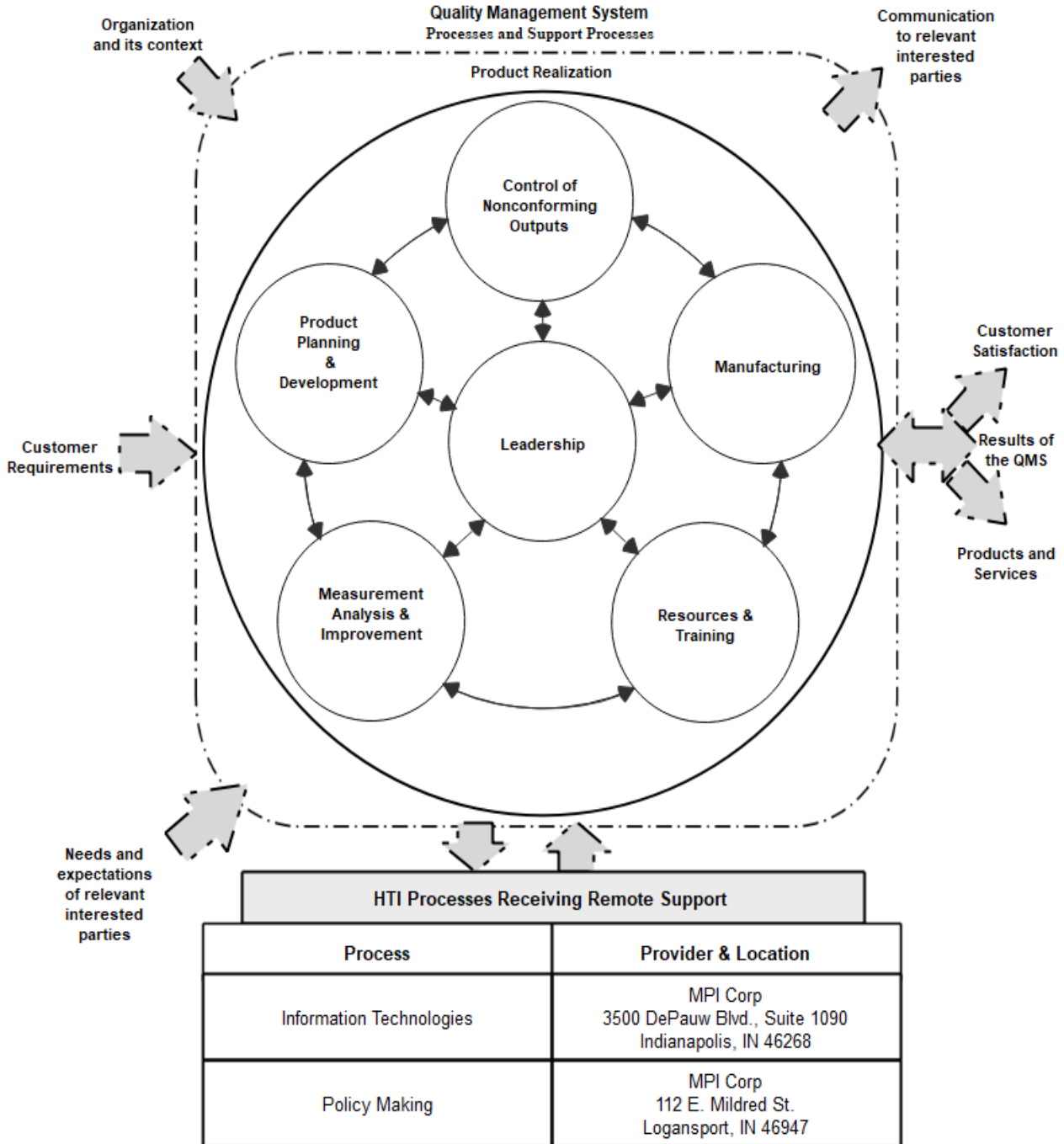
## Exclusions – Product Design /Development and Post Delivery Activities

The quality system conforms to the requirements of the international standard ISO 9001:2015, but with the following which are non-applicable; Product design & development and post-delivery. HTI does not design or develop products. All product characteristics are specified by customers. However, we are committed and are focused on using best industry standards and practices of our manufacturing processes. In addition, HTI does not have any customers that require any post-delivery activities.

**Relevant Interested Parties – Figure 1**

Interested Parties	Needs	Risks	Risk Management Process	Organizational Knowledge	Monitoring & Measuring	Opportunities
<b>Customer</b>	<ul style="list-style-type: none"> <li>• Parts to spec</li> <li>• Parts packaged correctly</li> <li>• Parts on time</li> <li>• Supplier quality requirements compliance</li> <li>• PPAP on Time</li> <li>• Accurate Capacity</li> </ul>	<ul style="list-style-type: none"> <li>• Parts not to spec</li> <li>• Parts not packed right</li> <li>• Parts late</li> <li>• Requirement noncompliance</li> <li>• Late PPAP</li> <li>• Capacity constraints</li> </ul>	<ul style="list-style-type: none"> <li>• APQP Process Flow</li> <li>• Production Procedure</li> <li>• Identification and Traceability Procedure</li> <li>• Customer surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Specific Requirements</li> <li>• PFMEAs</li> <li>• Control Plans</li> <li>• Trac Sheets</li> <li>• Subject Matter Experts</li> </ul>	<ul style="list-style-type: none"> <li>• KPI Data</li> <li>• PRR</li> <li>• Management review</li> <li>• Customer survey data</li> </ul>	<ul style="list-style-type: none"> <li>• Increased sales from top customers</li> <li>• New customers</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Proper hiring practices</li> <li>• Proper orientation</li> <li>• Proper training</li> <li>• Compensation</li> <li>• Benefits</li> <li>• Safe workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Unqualified individuals hired</li> <li>• Poorly trained individuals</li> <li>• Unsafe workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Safety Committee</li> <li>• Resources Training and Safety Procedure</li> </ul>	<ul style="list-style-type: none"> <li>• Training Matrix</li> <li>• Work Instructions</li> </ul>	<ul style="list-style-type: none"> <li>• Safety Data</li> <li>• KPI Data</li> <li>• Bi-monthly staff meeting</li> <li>• Management Review</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced turnover</li> <li>•</li> </ul>
<b>Owners / Shareholder</b>	<ul style="list-style-type: none"> <li>• Correct margin</li> <li>• Process Efficiency</li> <li>• Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of profitability</li> <li>• Loss of resources</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder meeting</li> </ul>		<ul style="list-style-type: none"> <li>• Management Review</li> <li>• KPI Data</li> <li>• EBITDA</li> <li>• ROIC</li> </ul>	<ul style="list-style-type: none"> <li>• Increased profit</li> <li>• Increased share price</li> </ul>
<b>Local Government</b>	<ul style="list-style-type: none"> <li>• Fire Inspection Compliance</li> <li>• Wastewater compliance</li> <li>• Increased water consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Fire</li> <li>• Contaminated Water</li> <li>• Permit change</li> </ul>	<ul style="list-style-type: none"> <li>• Wastewater treatment system</li> <li>• Fire Dpt. Walkthroughs</li> </ul>	<ul style="list-style-type: none"> <li>• Work Instructions</li> <li>• Training Matrix</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Reports</li> </ul>	<ul style="list-style-type: none"> <li>• None currently</li> </ul>
<b>State of Indiana</b>	<ul style="list-style-type: none"> <li>• IDEM Compliance</li> <li>• OHSA Compliance</li> <li>• Tax Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Unsafe working conditions</li> <li>• Unpaid taxes</li> <li>• Contaminated environment</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Audits</li> <li>• Safety Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Training Matrix</li> <li>• Work Instructions</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Reports</li> </ul>	<ul style="list-style-type: none"> <li>• None currently</li> </ul>
<b>Public Community</b>	<ul style="list-style-type: none"> <li>• Clean environment (water &amp; air)</li> <li>• Quiet environment</li> </ul>	<ul style="list-style-type: none"> <li>• Contaminated air or water</li> <li>• Disruptive environment</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Audits</li> </ul>	<ul style="list-style-type: none"> <li>• Training Matrix</li> <li>• Work Instructions</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Reports</li> </ul>	<ul style="list-style-type: none"> <li>• None currently</li> </ul>
<b>Outside Services</b>	<ul style="list-style-type: none"> <li>• Consistent product received</li> <li>• Product delivered on-time</li> </ul>	<ul style="list-style-type: none"> <li>• Defective product received could lead to nonconformance</li> <li>• Late product delays production</li> <li>• Unsafe working conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Approved contractor list</li> <li>• Applicable credentials</li> </ul>	<ul style="list-style-type: none"> <li>• Subject Matter Experts</li> </ul>	<ul style="list-style-type: none"> <li>• Management Review</li> <li>• Bi-monthly staff meeting</li> </ul>	<ul style="list-style-type: none"> <li>• None currently</li> </ul>

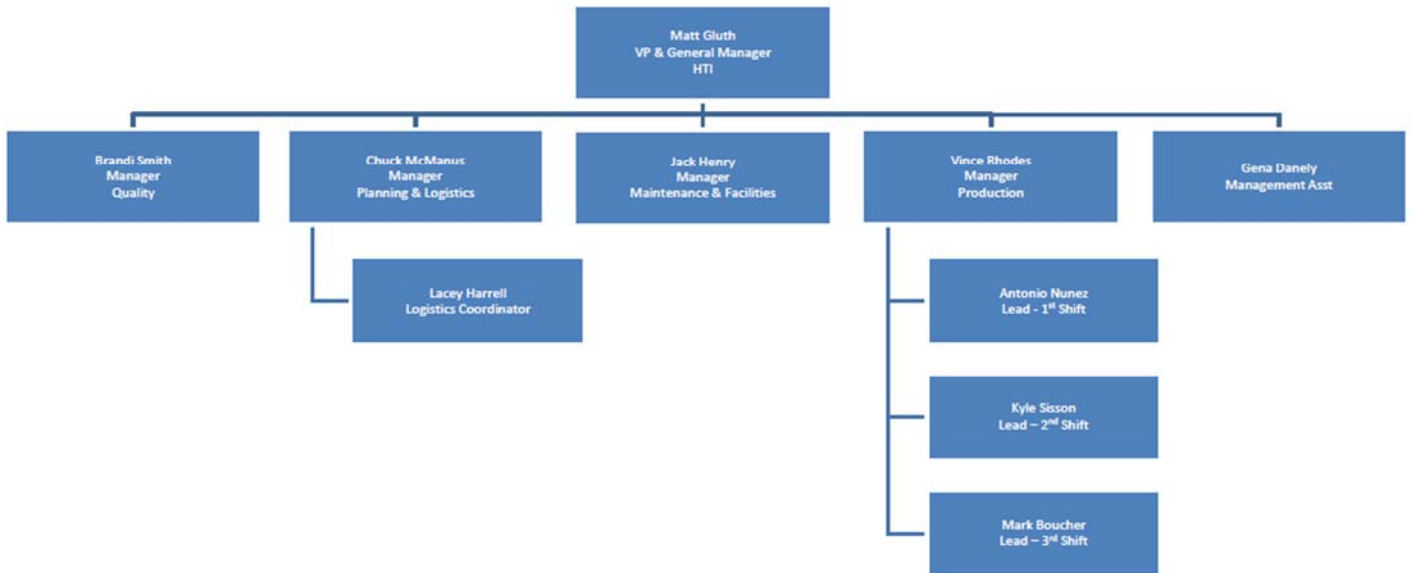
# Process Approach - Process Interactions – Figure 2



## HTI - Processes, Support Procedures and Work Instruction Reference Table

Processes	Support Processes and Documents	
	Procedures	Work Instructions
Leadership	Management Review	Abnormal furnace conditions
Manufacturing	Contingency Plan	Abnormal rapid cool and salt temp
Product Planning & Development	Customer satisfaction and continual improvement	Analysis & Use of data
Measurement Analysis & Improvement	Purchasing	Barcoding
Control of Nonconforming Outputs	Contract Review	Corrective Action
Resources & Training	Production	Document change
	Identification and traceability	Employee training
	Resources and Training	Final Inspection
	Quality	Internal Audit
	Internal Audit	Preventive Action
	Gage Calibration	Process trac sheet
	Control of non-conforming product	Quality Planning
	Document and Data control	Receiving and shipping
	Corrective Action	Reject non-conforming orders
	Preventive Action	Reprocess
		Sample testing
		Specification Change
		Temporary trac sheet

## HTI Organizational Structure



HTI has an offsite metallurgist available to analyze product

## Our Commitment to Excellence: Business (Quality) Policy & Objectives

### Quality Policy

HTI is committed to strive for zero PPM, on-time delivery, meeting customer requirements, and continual improvement of our services

### Quality/Business Objectives

Decrease Cost of Poor Quality (*COPQ*) by 2% from the average of 3 prior years. (value will be determined when data has collected for a minimum of 2 years)

Decrease Internal PPM (*IPPM*) by 2% from the average of 3 prior years.

Customer satisfaction performance 90% or greater for one year.

Implement (10) improvement projects over one year.

### Our Vision and Values

Through the development and application of our core values of *safety, integrity, excellence and service*, HTI will continue to be a leader in our market, providing superior value in our relationships with our customers, employees, owners and others.

What do our values mean to our customers?

#### *Safety*

- Doing what's right for our employees

#### *Integrity*

- Doing the right thing

#### *Excellence*

- Doing things right

#### *Service*

- Doing things with the right attitude

### Corporate Responsibility:

Built on these values, is a safe and ethical work environment which supports our social responsibilities. Our policies including the ones listed below, ensure our employees work in this ethical environment without fear of reprisal.

- Code of Conduct Policy
- Anti-bribery Policy
- Ethics Policy

## HTI Communication Table

Type of Communication	Purpose of Communication	Owner	To Whom	Frequency	Documentation (How)
Process Changes (Recipe)	Notification of changes made to product or processing requirements	V.P. Operations	Quality, Production, Logistics	As needed	Internal Deviation form
Procedure and Document Changes	Notification of changes made	Quality	All Employees	As needed	Change log on relevant document
Daily Production Meeting	Review expedite orders, MRB (Material Review Board), Production efficiency (Total Trac Report) and status of relevant issues to the organization	V.P. Operations	Quality, Production, Logistics	Daily	White board, Nonconformance log, Daily Efficiency Report log
Staff Meeting	Review of: Finance, HR, Safety, Maintenance, Production, Logistics, Quality, Sales,	V.P. Operations	HTI Staff	Bi-weekly	Staff meeting notes
Operational Reviews	Review of the QMS (Quality Management System) to ensure its continuing suitability, adequacy, effectiveness and alignment with the strategic direction	V.P. Operations	HTI Staff	As scheduled	Operational review electronic folder
Management Reviews	Review of the QMS (Quality Management System) to ensure its continuing suitability, adequacy, effectiveness and alignment with the strategic direction	President	HTI Staff	Annually	Management review electronic folder
Request for Quote (RFQ)	Respond to RFQ	President	Customer	As needed	Quote package
Quality Policy	Communication of Quality Policy	Quality Manager	Relevant Interested parties	As needed	Bulletin boards, TV monitors, Website, employee meetings, BPM
Quality Objectives	Communication of Quality Objectives	Quality Manager	Relevant Interested party	As needed	Bulletin boards, TV monitors, Website, employee meetings, BPM
Nonconformances	Action steps required when suspect or nonconforming material is produced in manufacturing	Quality Manager	Production Employees	As needed	Employee meetings, signs throughout manufacturing areas, TV monitors
Interested parties	Communication and status of relevant issues to the interested party	Organization (Various departments-topic dependent. )	Interested party	As needed	Communication may be done through various methods, including but not limited to, verbal and documented
Safety Committee	Safety items and walk-throughs	HR	Safety Committee	Monthly	Safety committee checklist
Employee Meeting	To communicate safety, quality, productivity, business status, and other items	Production Manager (HTI managers)	All employees	As scheduled	Power point and verbal



## Revision History

	Brief Description	Date
	Removed mitigation table and bridge table for later review	12/9/2020
	Completed Manual for Management review	4/14/2021
	Updated organizational chart	1/7/2022