

CNH taking a new direction locally

G.I. plant transition under way

CNH to shift production at local plant to combines

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CNH's Grand Island plant is undergoing a major transition.

Production will shift from hay harvesting equipment to combines, and about 300 of the plant's 450 hourly shop employees will experience temporary layoffs as part of the change, Plant Manager Steve Lee said on Friday.

The Grand Island plant will produce CaseIH and New Holland brand combines, corn headers and grain headers.

Production of 34 models of hay harvesting equipment is being transferred to Belleville, Pa., and haytool component machining operations are switching to New Holland, Pa. Although there will be temporary layoffs in Grand Island, significant growth in the number of CNH employees is anticipated in the second half of 2003, Lee said. He declined saying how many employees could be added. The Grand Island plant has a \$27.5 million annual payroll and about 630 employees.

"Our employees have really done a great job keeping this transition on track," Lee said. "Their efforts have been outstanding. ...Even though we're facing a lot of challenges, the CNH plant has a bright future. ...Our plant has been given a strong vote of confidence by the management of CNH."

"I can't say enough about how our employees have stepped up," said Ross Wachowski, the plant's human resources manager.

For instance, some employees worked over the Fourth of July or have offered to work longer hours.

CNH is making a multimillion dollar investment in the changes in the Grand Island plant, but Lee declined saying what the cost of the changes would be.

"A lot of money is being invested here," he said.

This is the last week of haytool production in Grand Island. Installation of a new painting system has started, and relayout of the plant for combine production is under way. The new painting system will offer better corrosion resistance on products.

About 85 to 90 percent of the plant's interior will be changed by early November. Also, there has been pilot production of a new generation of New Holland brand CR rotary combines in Grand Island. New Holland also manufactures CX brand conventional combines. The CR and CX models have a common platform. The New Holland CR combines were introduced at dealer meetings in Madrid, Spain, and in St. Louis last week.

Grand Island employees will be laid off for periods ranging from several weeks to eight months while the transition occurs, Wachowski said. All regular employees laid off will be recalled by approximately March 2003. During the layoff, employees will receive benefits and 70 percent to 80 percent of their base wages.

Some Grand Island employees will assist in production transitions at other company plants or will be trained in Zedelgem, Belgium.

"A lot of people will be changing jobs in the (Grand Island) plant," Lee said.

Sixteen Grand Island employees spent four to eight weeks at the company's combine plant in Belgium. Another group of employees will go to Belgium in September or October for training. Individualized training for local employees is being developed.

CNH was created in November 1999 when Case Corp. and New Holland merged. Two trends in the industry are consolidation and reduction in the number of plants, which are done to reduce overhead and fixed costs. In July 2000, CNH announced that the Grand Island plant would not be closed and that the plant would manufacture only combines. The Grand Island plant opened in 1965.

"Anytime a major merger occurs, there are some locations that are 'farewell.' This plant transition is going into high gear," Lee said.

The changes at the Grand Island plant are unique because different brands of combines will be manufactured at the same plant.

"We'll be making yellow and red combines down the same line," Wachowski said, referring to the colors of New Holland and CaseIH products. "What we're attempting to do isn't done too many other places," Lee said.

CNH President Paolo Monferino visited the Grand Island plant last week and met with about 100 employees for an hour, Lee said.

"He recognizes the challenges this plant has been faced with," Lee said. "It was a very positive meeting and was well-received by the employees."

Several local companies have provided support to CNH. Chief Industries has produced components for CNH.

"We've put some pretty tough demands on them," Lee said.

Central Logistics Services (CLS), located in the former Nash Finch distribution building on Stolley Park Road, has offered warehousing and material handling. Dramco has provided emergency machining.

Lee has worked for CNH for more than 31 years. During that time, the company has had five different names. He was plant manager in Grand Island from 1984 to 1989, when Doyle Hulme was the plant's general manager. Lee returned to the Grand Island plant in 1996 to become plant manager after Hulme retired.

One of New Holland's combine models, the CX, was featured in the July 8 issue of BusinessWeek. The combine sells

for approximately \$200,000. Its design was recognized because of ergonomics for farmers who spend long hours in the cab.

The combine has a global positioning system and monitors to keep it traveling straight. A deck behind the seat has a perch for a dog, food, water and clothing. The combine is 13 feet high, 30 feet long and weighs 34,600 pounds. The CX combine featured in the magazine was manufactured in Zedelgem, Belgium, Lee said.