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ACQUISITIONS

NEW MEXICO CORRECTIONS INDUSTRIES
COMPREHENSIVE MASTER BUSINESS PLAN

Prepared and submitted by:

DIETLER AND ASSOCIATES

Sacramento, California

November 8, 1990

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"The Corrections Industries Program plays a very significant role in our effort to prepare inmates for their eventual reintegration into society. We make a significant contribution to their employability upon release by teaching them the work ethic and introducing them to the responsibilities associated with employment.

A part of our Department's Mission Statement calls for us to remain alert for opportunities and programs which will accomplish the aims of rehabilitation and resocialization of offenders. We feel that a strong Industries program accomplishes these aims.

O.L. McCotter
Secretary of Corrections

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U.S. Department of Justice
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NEW MEXICO CORRECTIONS INDUSTRIES

COMPREHENSIVE MASTER BUSINESS PLAN

EXECUTIVE SUMMARY

Early in 1990, the Executive administration and the Legislature of New Mexico defined specific goals and expectations for Corrections Industries. That is, for Corrections Industries to operate more as private industry does and to employ additional inmates in Corrections Industries programs. That these programs will enable inmates to develop job skills and work ethic to prepare them for return to a society in which work plays an important role.

In much of this year the Director of New Mexico in conjunction with the Governor, the DOC Secretary and the Corrections Commission resolved that it was appropriate and timely to develop a Comprehensive 5 year Master Business Plan for the Corrections Industries Division.

Dietler & Associates, consultants in the field were contracted with to provide New Mexico with a Comprehensive Corrections Industries Master Business Plan. The contract was formulated to evaluate and address current operating programs, staffing, production, marketing and sales procedures and to make recommendations regarding the existing New Mexico programs as well as for new potential programs that New Mexico Corrections Industries could develop.

A request was made to the National Institute of Corrections for a grant to develop the Comprehensive Business Plan for Corrections Industries.

In the grant request the Problem Statement, Purpose Statement, Goal Statement and Objectives were outlined.

For a number of years, New Mexico has worked toward the goal of filling an important role in the New Mexico Department of Corrections and to the New Mexico State Government by the provision of three vital and important functions:

1. To provide inmate produced products and services to governmental agencies.
2. To train inmates in work ethics, work habits and employability skills that provide an opportunity for employment upon their release back in the community.
3. To provide industry programs and services that reduce inmate idleness in prison and thus assist the correctional facilities in maintaining security.

The dominant force behind the need for the New Mexico Corrections Industries expansion is the ever increasing inmate population coupled with the corresponding Department of Corrections' rising percentage of the New Mexico State Budget. Each State, City and County in the Nation and the Federal Government are facing crucial shortfalls in their budgets. For the State of New Mexico, the Corrections Industries Division has the ability to fill a very important role in reducing these spiraling costs. The products and services provided by Corrections Industries can reduce the actual cost of state inmate incarceration by way of:

1. Offering quality products and services at competitive prices to help reduce the cost of government.
2. Achieve training inmates in work ethics, work habits and employability skills that are transferable and will offer the inmate an opportunity to gainful employment in private industry.
3. Produce quality products and services for governmental agencies at a competitive price and with a reasonable delivery time.

Business organizations are generally divided into four basic areas or divisions, i.e., Management, Financial, Production and Marketing/Sales. Using this format the Master Business Plan is divided into these same four divisions followed by statements about the strengths, weaknesses and specific recommendations made for each area.

MANAGEMENT

CORRECTIONS COMMISSION

The New Mexico Legislature eliminated the earlier Corrections Industry Commission and legislatively gave their responsibilities to the Corrections Commission. The Commission while well motivated has not been able to fulfill its ultimate and important role in the manner defined by the Legislature. This was not through lack of interest or willingness on the Commissions part but rather, due to a lack of comprehension and understanding of the full scope of responsibilities given them by the Legislature. In the actuality, legislative statute requires the Commission to meet only four times per year which does not appear appropriate for the scope of responsibilities and authority given the Commission to function as a commission for the Corrections Industries Division as well as the entire DOC Agency. It will be extremely important during these next five years that the Commission play an even stronger and more active role with the Corrections Industries Division to accomplish the implementation of this Master Business Plan.

RECOMMENDATIONS:

That a specific two day retreat be held where Commission members, the Department of Corrections Secretary and the Management Team of the Corrections Industries Division meet with a facilitator to develop and clearly define their roles, goals and objectives. In addition, to determine how their actions, policies and recommendations can be implemented and lastly, to clarify the methods of operation, and establish the rules of the Commission.

MANAGEMENT TEAM

The management team of Corrections Industries Division consists of:

James Leopold, Director
Robert Lamphere, Production Manager
William Bowers, Finance Manager
William Rael, Sales Manager

The management of New Mexico Corrections Industries has gone through many changes over the past years since the 1980 riots at PNM. A business person has been hired with the expertise and background necessary to insure the continuity of New Mexico Corrections Industries's program. He has developed a management team that can accomplish the goals of New Mexico Corrections Industries and its Commission.

PRIMARY RECOMMENDATION:

That the Corrections Commission, the Administration, the Legislature and the Department of Corrections join in the effort to change the New Mexico Corrections Industries Director's position from an appointed position to one that is permanent.

FINANCIAL

The past history of the New Mexico Corrections Industries has shown a penchant for change. Throughout its history, finances have always been a subject of discussion and concern. The new management team has an excellent Financial Manager who is in the process of establishing the first business accounting system for the division. To accomplish this major undertaking he will require the appropriate tools.

RECOMMENDATIONS:

That the Commission authorize the Information Systems Council to move forward on the request to purchase the needed system(s) to bring New Mexico Corrections Industries into today's world of accounting technology.

THAT NEW MEXICO CORRECTIONS INDUSTRIES' STAFF SALARIES BE PAID BY THE STATE OF NEW MEXICO THROUGH THE DEPARTMENT OF CORRECTIONS APPROPRIATED BUDGET WITH THE SUBSIDIZED SALARIES BEING PHASED OUT OVER A FIVE YEAR PERIOD. (Refer to schedule in Financial Section).

PRODUCTION

The process used to produce New Mexico Corrections Industries products or services begins with the need to employ more inmates in a facility but New Mexico Corrections Industries MUST BE A MARKET DRIVEN NOT AN INMATE EMPLOYMENT DRIVEN ORGANIZATION.

Reducing inmate idleness is one of the major goals of New Mexico Corrections Industries but an over assignment of inmates will produce security problems and severely effect production and profits in a negative way. One method to reduce capitol outlay for new industries is prefabricated materials, components and sub-assemblies required for production. This concept is a recent and successful development in the field.

PRIMARY RECOMMENDATION:

That the Commission pursue legislation to remove the requirement for 60 percent of inmate labor to be involved in the New Mexico Corrections Industries products.

MARKETING / SALES

Because Marketing and Sales are the backbone of every business organization, we spent a large portion of our time in research for the Marketing and Sales division.

Comparative analysis shows that New Mexico Corrections Industries can compete in the markets chosen for the present industries and new programs recommended in this study by Dietler & Associates. Prices charged by New Mexico Corrections Industries should be no higher than private industry and in many cases should be lower or in line with competitor's prices (particularly if the comparison is based on like products). New Mexico Corrections Industries **SHOULD NEVER GET INTO THE LOW PRICED BOTTOM LINE OF PRODUCTS. IT MUST BE MADE CLEAR THAT New Mexico Corrections Industries PRODUCES PRODUCTS FOR GOVERNMENTAL MARKETS AND THE LIFE EXPECTANCY OF THOSE PRODUCTS IS FAR MORE IMPORTANT THAN PRICE IN THIS SPECIALIZED MARKET.**

PRIMARY RECOMMENDATION:

That the four sales positions be converted to permanent state employees that are qualified professional sales people who are advocates of Corrections Industries goal of producing for governmental agencies quality products and services that can be delivered in a timely and responsible manner.

Dietler & Associates is pleased that the New Mexico Corrections Industries is on the verge of the successful venture that the Administration and Legislature have been looking for in the past years. We believe that the completed Comprehensive Master Business Plan developed for the Corrections Industries Division will assist in that success and develop to its maximum potential within the next five years. The implementation of the Master Business Plan will result in the New Mexico Corrections Industries being able to achieve its goals and objectives of "operating like a business in the private sector" and to operate at a self-sustaining level. Corrections Industries Division will also be able to provide a substantial savings to the State of New Mexico by reducing tensions within the Department of Corrections in operating industry programs that train inmates in work skills and work ethics while reducing inmate idleness.

NEW MEXICO CORRECTIONS INDUSTRY

INTRODUCTION

In 1980, following a major uprising at the penitentiary of New Mexico in Santa Fe, the State of New Mexico invested large sums of money in the Department of Corrections (DOC). The New Mexico Corrections Industries (NMCI) as a division of the DOC was a recipient of some of those monies. During the past ten years, a number of changes have taken place in the management level of NMCI, resulting in many changes of direction, goals and objectives taken via various management and leadership styles being implemented with each change that occurred.

The current Director of NMCI, in conjunction with the Governor, DOC Secretary, and the Corrections Commission felt it was appropriate and timely to develop a Comprehensive Business Plan that would address the future and insure the success of NMCI as well as provide NMCI with a continuity of focus for the future.

Thus, on March 15, 1990 the NMCI applied for a grant from the National Institute of Corrections to hire a recognized consulting firm with experience in the correctional industries field. Dietler & Associates (D&A) were contracted with to provide NMCI with a Comprehensive Corrections Industries Business Plan, AKA Master Business Plan (MBP). The contract was formulated to evaluate and address present programs, staffing, production, marketing procedures and to make recommendations for existing NMCI programs as well as for new potential programs.

D&A would visit the NMCI facilities, interview staff, customers, management level personnel, develop, prepare and mail a customer survey (determining market potential, customer base, customer satisfaction and potential of new products or services) prior to developing the MBP.

The Narrative Statement of the 3/15/90 grant application stated:

"Since the riot of 1980, the State of New Mexico has invested considerable funds in the New Mexico Department of Corrections in an effort to provide a constitutional and efficient prison system and to establish a well organized Corrections Industries program.

Recently the Executive administration and the Legislature of New Mexico defined specific goals and expectations for Corrections Industries to operate more as private industry does and to employ additional inmates in Corrections Industries programs. These programs enable inmates to develop job skills and work ethic to prepare them for return to a society in which work plays an important role."

It further stated:

"Last month the New Mexico State Legislature included a request in the state budget for the Legislative Finance Audit staff to perform an audit of Corrections Industries and report back to the Budget Committee by November 1, 1990. The audit staff is to ascertain the resources needed for Corrections Industries to operate on a long-term, self-sustaining basis.

New Mexico's Corrections Industries recognizes these specific goals and expectations are extremely worthwhile. However, we are cognizant that for New Mexico's Corrections Industries to operate similar to private industry, it is essential that we have a well defined Business Plan with specific goals and time frames. For New Mexico to correctly define the goals, objectives,

and time frames envisioned for Corrections Industries to in fact, operate more like a business, a factual and comprehensive business approach must be taken."

In the grant request the following Problem Statement, Purpose Statement, Goal Statement and Objectives were outlined:

PROBLEM STATEMENT

- o Large past legislative funding expended by Corrections Industries with little or no controls and limited results to show for expenditures.
- o Lack of long term goals and objectives.
- o Lack of long term business plan.
- o High turnover of key management personnel.
- o Lack of master plan to expand present enterprises and develop new enterprises to provide employment for the ever increasing inmate population.
- o Lack of proper coordination of finance, production and marketing operations.
- o Lack of plan to develop marketing and pricing strategies.
- o Lack of proper budget and sales forecasting.
- o Lack of proper financial controls.
- o Lack of programs to meet the National Institute of Justice Federal Enhancement Program.

PURPOSE STATEMENT

- o To develop a Comprehensive Master Business Plan (MBP) to assist Corrections Industries in operating more like a private sector business and at self sustaining economic levels.

GOAL STATEMENT

- o To design and implement a five-year Master Business Plan for Corrections Industries.

OBJECTIVES

- o To develop long term business goals and objectives.
- o To establish and implement a comprehensive five-year plan.
- o To provide continuity of direction should management changes be made.

- o To discover and establish new enterprises and expand existing enterprises to provide training and employment for an increasing inmate population.
- o To improve the coordination of the three major branches of Corrections Industries management which are finance, production and marketing operations.
- o To develop marketing, sales plans, and pricing strategies.
- o To develop budget and sales forecasting policies.
- o To establish proper and essential financial controls necessary for use as a basis for management decisions.

D&A met with:

The Secretary and Deputy Secretary of DOC, a member of the Legislative Finance Committee (LFC) and the LFC's Senior Analyst, NMCI's management, central office staff, facilities staff, Wardens and Deputy Wardens, 18 State, City and County agencies comprising 35 NMCI customers and 10 non-profit agencies to evaluate the current overall operation of NMCI and its past and present relationships with customers and the DOC. The following report is based on the results from those meetings and more than 70 telephone interviews, over 300 surveys as well as the professional judgement of the staff of D&A.

For a number of years, NMCI has worked toward the goal of filling an important role in the New Mexico Department of Corrections and to the New Mexico State Government by the provision of three vital and important functions:

- o To provide inmate produced products and services to governmental agencies, to train inmates in work ethics, habits and employability skills that provide an opportunity for employment upon their release back in the community.
- o To provide industry programs and services that reduce inmate idleness in prison, and thus
- o Assist the correctional facilities in maintaining security.

During the early years of the eighties following the riot at PNM, various efforts were made by the different directors of NMCI to continue these three functions. However, even with the establishment of Chapter 127, House Bill 40, approved April 6, 1981, effective July 1, 1982, it was difficult to overcome the impact of the riot, the ensuing changes of management personnel, management styles, directives and administration changes. The current Director of NMCI was hired in mid October of 1988 and has recently implemented a number of necessary changes in the operating methods of NMCI, to focus NMCI's goal again upon these three functions and to meet the present and future needs of the State of New Mexico.

The dominant force behind the need for NMCI's expansion is the ever increasing inmate population coupled with the corresponding DOC's increasing percentage of the New Mexico State Budget. Each State, its Cities and Counties, as well as the Federal Government are facing crucial shortfalls in their budgets. For the State of New Mexico, the NMCI must fill a very important and key role in assisting in the reduction of these spiraling costs.

The products and services provided by NMCI can reduce the actual cost of state inmate incarceration by way of:

1. Offering quality products/services at competitive prices to help reduce the cost of government.
2. Achieve training inmates in work ethics, work habits, and employability skills that are transferable and will offer the inmate an opportunity to gainful employment in private industry and provide an alternative to the life of crime pursued in the past.
3. Produce quality products and services for governmental agencies at a competitive price and with a reasonable delivery time.

While this sounds simple to accomplish, to satisfy this market need within prison confinement is actually a major undertaking and a challenge to managing and directing the NMCI considering the custody criteria, manufacturing requirements, the continuing inmate turnover, and ever present need for inmate training, current budget restraints, etc.

Manufacturing to correctly meet customers current and future needs requires frequent and ongoing market research to insure the right product and services are produced and provided by NMCI for its customers. The closing or changing of outdated factories and equipment while keeping the capital investment to a minimum for changes or new operations, is another challenge for any Director. A dichotomy of beliefs and goals exist in the "outside world", i.e., "That prisons are meant to isolate dangerous criminals from society while assisting them in returning to that same society with a change of attitude and employment skills that will allow them to earn an honest living."

The hard reality is that with the overcrowding that is occurring in every Federal, State, County and City Jail, and Prison, security must be the number one concern.

Therefore, operating programs like Industries (which can be of great assistance to security) becomes more difficult and costly to achieve as the operating complexity of NMCI increases due to management also having to address custody concerns.

Profit and income must be considered one of the primary elements of a successful Corrections Industries program. If NMCI loses the perspective and importance of "THE BOTTOM LINE", it will also lose the driving force of training inmates in the required marketable and employable work habits necessary to meet the needs and requirements of private industry. It is equally important to remember that THE NMCI PROGRAM IS ESSENTIAL TO THE DEPARTMENT OF CORRECTIONS IN MAINTAINING SECURITY. Therefore, at times the importance of a profit making program, may in fact, come in conflict with the training of inmates or with concerns of security.

While the Purpose Statement says "To develop a Comprehensive Master Business Plan (MBP) to assist NMCI in operating more like a private sector business and at a self sustaining level", it is essential to be cognizant that as NMCI strives to emulate private industry, it must also be a "program" operating within the prisons and employing inmates.

Technology (using modern equipment to reduce manpower) becomes a two-edged sword that can come into direct conflict with the purpose of employing as many inmates as possible. Establishing with certainty that the training is relevant to private industry standards and having programs that are labor intensive presents an extremely difficult challenge for each Industry Director nationwide. In addition,

the cost of purchasing modern equipment in today's era of tight government budgets continues to be a massive problem to NMCI management who must also address the critics of Corrections Industries with statements about Corrections Industries not providing up-to-date equipment for inmate training that is required and used in the private sector, i.e., "The real world."

To meet the Goal Statement and Objectives outlined in the grant proposal, some specific things need to be done. We believe the following recommendations will enhance NMCI's program and achieve the desired goals.

RECOMMENDATIONS:

THAT BUSINESS GOALS BE ESTABLISHED TO COVER THE FOLLOWING:

PROFITS

Profits are a key part of the future of NMCI. However, we recognize that the prime goal is not always profit, but rather to maintain security by reducing inmate idleness, accomplishing training of inmates in work ethics and work skills while producing quality products for NMCI's customers. It is imperative that by July 1, 1996, NMCI become self sustaining. To achieve this mandate, profits must be established by a well defined and implemented plan.

Bills of Materials (BOM) must be established for each and every product. (Refer to Financial section)

PRODUCTS

Products, product lines, and services that NMCI can provide to the State of New Mexico and its political subdivisions need to be updated in order to meet the customer's needs. In the development of a long term plan for new operations, customer requirements, costs of operations, space requirements, and inmate training are of utmost importance. Additionally, any security implications must be considered.

CUSTOMERS

Customers are the very essence of the success of any organization and must be the emphasis of NMCI's program in the future. This has been an area of emphasis of the current management team and should remain an ongoing area of concern for all of NMCI's future years.

QUALITY

Quality and quality control is another specific area of prime concern to NMCI. A quality product delivered in a timely fashion results in customer satisfaction and the development of a strong and viable business relationship. Obtaining customer satisfaction will result in and promote a larger Corrections Industries program that will hire and train more inmates in a profitable program given the time and funds necessary. Quality is not involved in production only, but also in the total program, i.e., Quality encompasses the area of training, morale and motivation of inmates and staff, staff relationships with the institutions, advertising, media, customer relations, and is all inclusive of every aspect of the NMCI program.

In addition, Corrections Industries programs nationwide have found that inmate workers who are "quality minded" are very easy to place in the job market. "Quality Minded" inmates acquire a pride of workmanship, cooperation, self-esteem, positive attitude, and confidence.

PEOPLE

To meet the mandate of the proposal regarding the importance of establishing continuity of direction, it is essential that management directions and policies be established by the Commission and with their strong support insure that continuity for NMCI's success. As in any successful business, people are the fundamental ingredient. The present management has developed an excellent team and, although some changes are recommended, Mr. Leopold is to be commended for moving in a very positive manner to overcome some personnel problems. The Director has developed a Management Team that understands its goal and is dedicated to achieving that goal. Training programs have been initiated by this new administration, i.e., A special training program was funded by the National Institute of Corrections that brought together the majority of NMCI staff for line supervisor training. Additional training is recommended for all staff in Quality Control, Communications and Basics of Supervision and Management.

GROWTH

The growth of NMCI should be significant in the next five years due to two factors:

- 1. The growth of the New Mexico prison population and*
- 2. The growth of population in the State of New Mexico.*

MANAGEMENT

The management of NMCI has gone through many changes over the past several years since the 1980 riots at PNM. A business person has been hired with the business background and expertise necessary to insure the continuity of NMCI's program. He has developed a management team that can accomplish the goals of NMCI and its Commission.

Business organizations are generally divided into four basic areas or divisions, i.e., Management, Financial, Production and Marketing/ Sales. This MBP will follow that format and be divided into those same four basic divisions followed by statements of strengths, weaknesses, and specific recommendations for each area.

MANAGEMENT

CORRECTIONS COMMISSION

The New Mexico Legislature eliminated the earlier Corrections Industry Commission and legislatively gave its responsibilities to the Corrections Commission. These responsibilities are spelled out in Article 8.

STRENGTHS:

The New Mexico Legislature has established a Commission to oversee the NMCI and given the Commission authorization:

- o To establish programs to reduce idleness, establish, expand, diminish, or discontinue an enterprise, to establish policy for NMCI, and to approve prices.
To consult with other state agencies, to provide liaison with private industry, organized labor, the legislature and the general public.
- o To obtain and provide technical assistance, to recommend to the DOC the adoption of rules and regulations necessary to carry out the provisions of the Corrections Industries Act as well as other duties. These duties establish a key role for the Commission to play and will require the full participation from each member of the Commission.

WEAKNESSES:

In the past years the Commission has not been able to devote the time necessary or been asked by the management of NMCI to perform its rightful role. This role in actuality will take a substantial amount of personal time from each member of the Commission if the Commission members are to fulfill their obligations as appointed members.

D&A feels that the Commission is well motivated, but has not in the past been able to play the ultimate and important role that the Legislature had in mind. In the future, the Commission must play a stronger role in the NMCI. Some of the recommendations in this MBP will require direct action being taken by the Commission. The overall plan will dictate a continuing overview being accomplished by the Commission. D&A feels that the NMCI needs very strong support from the Commission and the Administration if it is to attain the goals established by the Governor, the Legislature, the Commission and the Secretary of Corrections.

As the Commission Members are part-time appointees and have other obligations, the reason they have not been more active may simply be that their authority and the vehicle to fulfill their role of Corrections Commissioners has not been clearly defined. In actuality, the legislative statute requires the Commission to meet four times per year which does not appear appropriate for the scope of responsibilities and authority give the Commission to function as a Commission for the NMCI as well as the entire DOC.

RECOMMENDATIONS:

That a specific two-day retreat be held where Commission members, the DOC Secretary, and the management team of NMCI can meet, develop and clearly define their roles, goals, and objectives. In addition, participants would define how their actions, policies and recommendations can be implemented and to clarify the methods of operation, and the rules of the Commission.

A similar retreat was held with the Washington State Industries Commission, the Industries Director, and DOC Secretary. A facilitator is recommended that can guide the retreat by insuring the time is well spent and assisting the participants to establish and understand their role, goals, and objectives and to interface those goals with the goals and objectives of the Commission, NMCI, and the DOC by the end of the retreat.

It is also recommended that rules be established by the Commission that if a member misses more than three consecutive meetings he/she be relieved of Commission responsibilities and a new member appointed.

It would be beneficial if each Commission meeting can take place at an Institution with the Warden and Industries Manager in attendance. It is further suggested that the Commission, after completing the retreat, may wish to meet more often than on a quarterly basis until some of the recommendations of this MBP are accomplished. The Commission may also determine the need to establish committees headed by Commissioners in areas of their own expertise.

Such a mandate is vital at this time if NMCI is to follow this Business Plan and develop the program envisioned by the Legislature, the Commission, the Secretary of DOC, and the Director of NMCI. During the months of our study, research, interviews and survey being conducted, a single area of concern was expressed, i.e., "That there has been little or no leadership over the past years creating the image that NMCI lacks direction, has been unreliable for delivery dates and suffers poor quality of products and services." From our meetings, personal written and telephone interviews held with previous and current customers and staff of various agencies throughout New Mexico, it became evident this image is changing sufficiently so that customers of eight to ten years ago are again willing to work with and order products and services from NMCI.

It also became evident that the problem expressed about lack of leadership did not apply to either the present Commission, DOC Secretary, or current Industries Director, but to the continuing change of Directors via change of Administration. This continuous change of leadership has resulted in substantial frustration being felt by former customers, various staff in agencies trying to work with NMCI, and NMCI staff itself. Indeed, NMCI's customers over the years have felt similar frustration to the degree it has affected the marketing and sales of NMCI's products and services. In interviews with other agency staff, NMCI staff, customers, and from survey communications, D&A found a consensus of opinion stated "That for the first time in a long period of time, positive changes are taking place at NMCI." And that, "We hope that with the change of Governor that the change of leadership in Corrections and particularly in Corrections Industries will not occur."

Those interviewed also stated that the furniture quality has improved and relationships with other agencies have changed for the better. The relationships with the institutions has also shown improvement and the "Program" is finally being understood and appreciated.

RECOMMENDATIONS:

That the Corrections Commission, the Administration, the Legislature, and the Department of Corrections join in an effort to change the NMCI Director's position from an appointed position to one that is permanent. Further, that the Commission accept the responsibility of the initial interviewing process with suggestions of names being submitted to the DOC Secretary (as required in the enabling legislation). The hiring and supervision of the NMCI Director should remain under the Secretary of Corrections. If legislative restraints do not permit a permanent position being enacted for the director's position prior to the change of Administration, we recommend that the new Governor appoint Mr. Leopold to this position in order to provide the required continuity that has recently been established in the NMCI.

MANAGEMENT TEAM

The management team consists of four principal staff who hold the following positions:

James Leopold, Director
Robert Lamphere, Production Manager
William Bowers, Finance Manager
William Rael, Sales Manager

The organizational structure of Corrections Industries Division (describing the operational control under Adult Corrections Division) is in the Addendum.

STRENGTHS:

The strength of the NMCI management team stems from the combined individual expertise in both the management and technical areas.

The Director was hired 10/17/88, Mr. Lamphere on 12/13/89, Mr. Bowers on 4/5/90, and Mr. Rael has been with NMCI for several years.

The formation of the management team was completed in April of this year with Mr. Bowers joining the group as Finance Manager. This position had been open for some period of time. A number of changes have been implemented since Mr. Leopold was appointed Director. With the addition of Mr. Lamphere in December 1989, more changes have transpired. The completion of the team occurred in April with Mr. Bowers initiating a number of changes in the financial area. The culmination of these changes have had some outstanding results within a short time span. The leadership and alignment characteristics of NMCI's management team has resulted in a broad and flexible goal setting effort necessary to meet the changing demands of a rapidly moving marketplace requiring NMCI's products and services. This is evident when the team responds to situations requiring new and innovative capabilities. NMCI management has the skills and background environments with experience working with governmental agencies, coupled with management and operational experience in private industry programs which provides them with the required credentials and expertise to implement this proposed MBP.

WEAKNESSES:

As discussed in the Commission section, the Director's position is an exempt position. Should the recommendation to make the Director's position permanent (or the Director not be appointed) NMCI again faces the possibility of another change of directors and another change in leadership which will be detrimental to the entire NMCI program. The changes that need to be made to ensure NMCI's success will require support from the Administration, DOC, and the Legislature. In these times of tight budgets and due to the lack of performance in the past by NMCI, it may be difficult to obtain the necessary backing, both financial and support, of programs by the Legislature, the new Administration, the DOC, Wardens, Custody staff and the NMCI staff itself. This will take strong tenacious leadership and keen knowledge of direction.

It should be noted that in the past year and a half, more positive accomplishments have taken place in NMCI than in the previous five to eight years. D&A are convinced that in the next five years as this

MBP is adopted and implemented, New Mexico will have one of the finest Corrections Industry programs operating in the nation. At present, NMCI leads a number of other Corrections Industry programs in areas such as the percent of inmates employed and they have the only Corrections Industries program functioning within a privately operated prison. With the backing of the Administration, the Legislature, and the Department of Corrections, NMCI can achieve the objectives and goals outlined in this plan.

RESPONSIBILITIES:

Director:

- o To implement Corrections Industries mission established by the Commission, Secretary of Corrections, and the Deputy Secretary of Corrections.
- o To recommend to the Commission, Secretary of Corrections, and the Deputy Secretary of Corrections policies and procedures for the NMCI.
- o Develop and establish an annual operational plan and budget.
- o Perform administrative planning and research duties in the development and execution of the Corrections Industries program.
- o Manage daily operations of eight enterprises plus central office operations.
- o To negotiate major contracts.

Financial Manager:

- o Management of working capital including receivables, inventory and cash as well as accounts payable.
- o Financial forecasting, including capital budget, cash budget, proforma financial statements, external financing requirements, financial condition requirements and developing such items as bills of materials (BOMs), break even points and cash flow needs.

Production Manager:

- o Oversee product development including quality control, physical distribution, product and packaging design, new product development improvement, and improvements on existing products.
- o Research and development.
- o Service, manufacturing, raw materials management and allocation.

Sales Manager:

- o Develop and manage market planning, advertising, sales promotion, merchandising and facilitating staff services.**
- o Identify new markets, perform corporate scope and market research.**
- o Manage field sales representatives, territories and quotas.**
- o Manage sales office activities including customer/product support/service.**
- o Identify foreign markets. (This is a potential market when present markets become saturated.)**

PEOPLE/TALENT THAT NMCI WILL REQUIRE

People and talent are the reason for success of any organization and NMCI is no exception. As the NMCI program develops, additional staff and talent will be required.

RECOMMENDATIONS:

We are not recommending additional staffing for NMCI at this time. However, an exception may be made for the consideration to change from contract sales staff to permanent state employees. (See Selling Tactics 1-4 and Recommendations.)

D&A recognizes that additional staff will be required to properly support marketing, sales, and various support functions. However, we feel that these should develop only as sales and profits warrant them unless management can justify them based on projected sales and profits resulting from those sales. It is impossible to "make money" without investing money properly, therefore we do not want to restrict hiring additional staff but we do recommend that prior to hiring any additional staff they must be justified by additional sales or potential savings. It is recognized that by adding new staff one of two things must happen:

- 1) Either additional sales will result, or
- 2) Additional inmate training will take place.

We recognize that NMCI's primary purpose is that of training inmates while reducing idleness in the prison, therefore, some programs may, in fact, lose money but provide excellent training for the inmate upon release. We fully support this type of training programs and understand that they are necessary. However, this should not be used as an excuse to allow poor management or poor pricing/costing that will result in a program losing money. We believe that at the end of this five-year plan, NMCI should be self-supporting, i.e., Be able to "pay their own way." (See Financial Section.)

PUBLIC RELATIONS

We found that NMCI is not unique in comparison to other State's Corrections Industries programs. Many citizens, Governmental Agencies, the Legislature or media do not know much about the NMCI program.

RECOMMENDATIONS:

That a public relations program be established in conjunction with the DOC to meet the following objectives:

- o To make visible the position of NMCI being at the leading edge in providing New Mexico State government and its political subdivisions and non-profit organizations with high quality products and services.*
- o To increase the awareness and name recognition of NMCI among managers, buyers, and customers in governmental markets.*
- o To increase the New Mexico citizens' awareness of the positive aspects of NMCI's programs and the various benefits derived by the citizens of New Mexico.*
- o To develop a network of community organizations and agencies that provide resources and support services to and for inmates. A community support program will provide positive public relations while establishing needed resources, support, and a bridge from the institution into the community to help dissipate the poor image resulting from the riot in 1980 and the aftermath for DOC and NMCI.*
- o To develop Trade Advisory Committees (TAC) for each institution. Involving the private sector and Labor in NMCI's programs will provide interest, understanding, support and expertise that will benefit everyone. TACs can provide an avenue and access to the entire community and NMCI will reap benefits and assistance in meeting its goals and objectives of reducing inmate idleness in prison, preparing inmates with skills for employment, and obtaining that employment upon their release. An additional benefit to NMCI is that when TACs "buy into the program," they can provide valuable assistance, acceptance, and guidance toward achieving the expansion of existing NMCI programs and opening new programs that may not be accomplished otherwise.*
- o To communicate on a regular basis with three target areas:*
 - The news and broadcasting media in conjunction with the Department of Corrections (DOC).*
 - Key management and purchasing personnel in the existing customer governmental agencies.*
 - Governmental organizations and associations that are potential NMCI customers.*

STRENGTHS

NMCI is one of the very few programs that the DOC can obtain or look to for positive reactions from the public and the news media, i.e., The majority of citizens of New Mexico feel prisoners should work while incarcerated and "Life should not be like a country club." Also, as NMCI becomes self-supporting, it will be able to emphasize the gains with a true cost saving program. Even now, it can be shown as a program that trains inmates at a substantial savings to the taxpayer by producing products and services for governmental markets. It can and should be shown as an opportunity for the inmate that never has learned any job skill previously to "earn an honest living." Everyone likes to see inmates work.

WEAKNESSES:

NMCI does manufacture products and performs services that some private industry could perform, thus NMCI does take some business away from private citizens. There is always a possibility of a "backlash" from some of the business people. However, most of those products manufactured by NMCI are not readily manufactured in New Mexico. If they are, this is the opportune time to involve those private sector people in the Trade Advisory Committee for that institution and use their expertise to assist the NMCI programs.

RECOMMENDATIONS:

That NMCI develop:

1. *A sustained public relations effort, with ongoing contact being maintained between the key editors and top-level media personnel in conjunction with the Information Office of the Department of Corrections.*
2. *A regular and consistent product/service update program for NMCI's major customers and targeted potential customers to keep them apprised of any enhancements made on NMCI's present products and services as well as any new products and services that are developed.*
3. *An internal newsletter which can cover key sales, descriptions of successes and significant marketing and manufacturing events, technical support data, and product development stories. Internally, the newsletter would be targeted at all NMCI personnel and sales representatives (providing information and communications) and externally, the piece would be targeted at key customers and prospects. It can also act as a sales tool and brochure.*
4. *Produce a complete background information package (BIP) on NMCI and its programs for use as a primary public relations tool. The BIP can be used for all the media and editorial contacts.*

All too often, Corrections Industries managers think that the DOC Information Staff know all about the Corrections Industries operations. Generally, that is far from the truth.

This type of document can also be a tremendous assist to the media, DOC, Commission, Legislature, and the TACs. The BIP can be used effectively as an informational item to be included in press kits, sales packets, and various NMCI conferences via coverage on the following subjects:

- a. Inmate training programs.*
 - b. Products and services produced by NMCI.*
 - c. Dollar savings to the State and its political sub-divisions.*
 - d. Describe NMCI's relationships with private industry and labor through its Trade Advisory Committees recommended in this MBP. It should also address the minor effect NMCI has on private industry and emphasize the training accomplished in work ethic and job skills for inmates and also for private industry.*
 - e. NMCI's management philosophy, goals and objectives.*
- 5. A series of press releases should be made about the entire NMCI product line and services. Prepare press releases to introduce each new product or service, participate in a major event such as: Awards and recognition of inmate's excellent performance, etc. (Some understanding of current political conditions could always be used in news or media release, but should only be done in conjunction with the DOC).*
 - 6. Over the next 24 months, NMCI should invite the most influential reporters and editors from the local newspapers and television stations for a visit to one of the NMCI's programs. During the visit, each of the reporters/editors and broadcasters would receive a complete industry tour, product and service briefing, and an opportunity to interview the Warden, the Industry Director, the Commissioners (if possible), the Sales Manager, and the Production Manager.*

Positive public relations for NMCI are crucially important in this time of short budgets and reduced sales. It is also very important that the Public, Private Industry, and Labor as well as the DOC's staff understands and recognizes the vital role NMCI plays in helping to maintain the security of the New Mexico Correctional System.

FINANCIAL

The past history of NMCI has shown a penchant for change as discussed in prior sections of this MBP. Throughout that period of history, finances have always been a subject of discussion and concern.

WEAKNESSES:

Until the current director was appointed, the NMCI had a lack of what is termed as "a reasonable accounting system," i.e., A system that could establish costs of production or raw materials, costs of sales, or even costs of central office. As a matter of fact, the "system" did not provide a general ledger. Under these types of circumstances, there was no way that NMCI's management or Commission could ever hope to operate NMCI in any way similar to a business.

There has been in the past a poor tracking system of NMCI transactions. Purchase orders, sales figures, manufacturing figures, etc., were difficult (if not impossible) to ascertain without a major undertaking (and even then on some occasions were just not available). Trying to operate a business without an effective accounting system places management at the helm of the operation with a blindfold on.

STRENGTHS:

The present Financial Manager (who is new as of April 1990) has the knowledge and ability to develop an accounting system that will enable the Commission and the NMCI Director to make the changes necessary (based on factual information) to be able to reach the goal of a self-sustaining organization. A proposal is presently before the Information Systems Council for a system to accomplish the much needed program(s) capable of addressing all of these financial gaps.

RECOMMENDATIONS:

- o *That the Commission authorize the Information Systems Council to move forward in the purchase of the needed system(s) to bring NMCI into today's world of accounting.*
- o *That a system be developed to provide on a monthly basis, a profit and loss statement to the NMCI Director and to the Commission at each of their meetings. The report for the Commission should be within a 30-day current period.*

o *That a BOM cost system be developed for every product and service of NMCI. Each BOM should include the following:*

- *Cost of raw material,*
- *Inmate labor,*
- *Overhead of factory,*
- *Supervision,*
- *Central office overhead (ratio per product or product line),*
- *Sales and marketing expenses, and*
- *A suggested profit margin as established by the Commission.*

Each factory must have a break even point established where the management of NMCI as well as the factory manager is knowledgeable when that particular shop is losing or making money. Each warden should receive a copy of the profit and loss statements on the operation at that facility on a monthly basis in order that she/he understand how their operation is doing. If the warden "buys into" the program, its chance of success will increase tremendously.

In today's Corrections Industries programs, there is considerable discussion of whether Corrections Industries should be classified as a "program" or as a "profit making business." Both answers are factually true for if the "bottom line" is forgotten and not considered then the real advantages of industries training will be lost, i.e., Training in a production environment is where the needed training actually occurs and takes place.

When private industry is asked about what specific types of skills they want Corrections to train inmates in, they respond "teach them work ethic." When the private sector is asked to define work ethic, they simply respond "teach them to work at a pace equivalent to that in private industry, show up every day for the established hours of work of the job and don't put the monkey wrench in your back pocket." Industries is one of the few places that can teach these skills, but only if the bottom line remains a visible and prime important factor of the training.

Another crucial point is NMCI is not really different than any other business or enterprise, i.e., It is necessary to invest money in order to make money. We realize that the State of New Mexico's citizens over the past 9-10 years have invested substantial sums of money in NMCI with limited results. Additional funds must be invested in order to assure NMCI's success. Further, there must be a date that such investments be reduced to a minimum and that a realistic timetable be established to follow that schedule. It is also important to recognize that to start a new enterprise, capital investment is required and considered to be a fact of life.

Based on our experience with other State, Federal, and County Corrections Industry programs, interviews conducted and the customer survey taken in New Mexico, we believe that the New Mexico governmental agencies would support NMCI by purchasing both NMCI's products and services providing that quality products and services can be delivered on time and at competitive prices.

Based on a 50% market share of New Mexico State Agencies (mandated market) and 20% of City and County Agencies (permissive market), purchasing Corrections Industries products and services that by July 1, 1996 NMCI will be in a positive cash position, i.e., That being a self-sustaining position. It will be necessary for the State to invest some capital in order to implement new programs. However, like any business, it is necessary to invest capital to begin a new business and to cover overhead costs until

the business meets the sales and production levels necessary to cover expenses and earn a return on the investment.

BUDGET:

Break even points on every existing program have been established by NMCI's financial department. (See Table 1, following page.)

There is a major need for increased sales in the Furniture, Print Shop, Agriculture and Horse Programs. As stated in the Sales Section of this report, if there ar'nt more horses available, the programs should be consolidated. With the new catalog and sales, staff the furniture sales should increase to meet the MBP. The Farm Plan is excellent and should overcome it's deficits. If the MBP is followed on the Micrographics Program, we are sure the market can produce the desired results.

TABLE 1 -- BREAK EVEN ANALYSIS

9-25-90

NEW MEXICO CORRECTIONS INDUSTRIES BREAK EVEN ANALYSIS														
	PNM TAG	PNM KDE	WNM MICROG	CNMCF PRINT	LLCC AGRIC	PNM FURN	CNMCF FURN	SNMCF FURN	LLCC WELD	COMP FURN	PNM HORSE	SNMCF HORSE	LLCC HORSE	COMP HORSE
SALES	\$164,319	\$125,818	\$225,120	\$124,529	\$183,336	\$33,606	\$473,773	\$632,593	\$50,913	\$1,190,865	\$194,039	\$247,177	\$213,488	\$654,704
COST OF GDS SOLD	888	60,554	27,014	75,368	50,285	163,523	151,622	183,781	95,859		110,540	102,577	1,239	
MAINT & REPAIR	10,657	125	13,508	10,448	7,238	6,064	18,871	8,281	24,049			16,622		
SUPL & MATERIAL	1,107	56	4,502	1,335	2,859	10,358	9,783	13,682	1,915		9,634	3,005	4,616	
INMATE PAY	23,592	30,074	11,256	12,073	16,223	52,716	64,589	63,506	8,067		14,897	23,403	33,594	
TOTAL VAR COSTS	\$36,244	\$90,809	\$56,280	\$99,924	\$76,605	\$232,661	\$180,276	\$269,250	\$129,890	\$812,077	\$141,400	\$128,985	\$61,271	\$331,656
CONTRIB MARGIN	128,075	35,009	168,840	25,305	106,731					378,788	52,369	118,192	152,217	323,048
FIXED COSTS	68,700	2,501	84,524	104,664	301,667	197,449	316,887	203,589	61,495		209,067	197,804	175,170	582,041
CONTRIB MARGIN %	77.9%	27.8%	75.0%	20.3%	58.2%	31.8%				31.8%	49.3%			49.3%
BREAK EVEN SALES	\$88,190	\$8,996	\$112,699	\$515,586	\$301,667	\$620,909	\$996,500	\$640,217	\$193,381	\$2,451,007	\$417,986	\$401,225	\$355,314	\$1,180,611
SALES SHORTFALL ⁽¹⁾	\$76,129	\$116,822	\$112,421	(\$391,057)	(\$118,331)	(\$587,303)	(\$522,727)	(\$7,624)	(\$142,468)	(\$1,260,142)	(\$223,947)	(\$154,048)	(\$141,826)	(\$525,907)

(1) = + sales over break even

Information courtesy Mr. Bill Bowers

RECOMMENDATIONS:

1. *That NMCI'S staff salaries be paid by the State of New Mexico through the Department of Corrections appropriated budget with the subsidized salaries being phased out over a five year period. NMCI will absorb the staff's salaries by way of the following basis and schedule:*
 - A. *In the FY Year of 79/80 and 80/81, the entire salary of all NMCI staff be appropriated as a part of the Department of Corrections budget.*
 - B. *In the FY Year of 81/82, 1/4 of NMCI salaries be paid by NMCI.*
 - C. *In the FY Year of 82/83, 1/2 of NMCI salaries be paid by NMCI.*
 - D. *In the FY Year of 83/84, 3/4 of NMCI salaries be paid by NMCI.*
 - E. *Beginning with the FY Year of 84/85, all of NMCI's salaries be paid by NMCI.*
2.
 - A. *That when a new enterprise is opened by the NMCI the initial building(s) and the equipment be paid for as a part of the general appropriated budget.*
 - B. *After an initial capital outlay is made, a budget for replacement costs needs to be implemented as a part of the NMCI budget. If new or specialized equipment is required or deemed necessary to handle specialized markets the NMCI has developed, it will be necessary to include that specialized equipment in the State appropriated budget.*
3. *A depreciation fund must be established in the NMCI budget to cover any replacement costs of existing and/or ageing equipment in presently operating factories and programs as well as for future factories and programs that NMCI opens.*
4. *D&A believes that the Horse Program may suffer due to the number of budget cuts being made by the government. If the program is not funded in a larger amount, we recommend that the program be consolidated to the degree necessary to reach or exceed the break even point. (See Break Even Analysis, Table 1, Financial Section.) These break even points establish where the emphasis on sales must be.*

Additionally, the furniture program must be increased enough to make a profit. Our analysis establishes that a sufficient market does exist. If the catalog is properly done and marketed appropriately, furniture sales should increase by at least 20 per cent within a 24-month period. The new sales staff should provide the balance of sales increase needed to meet the five-year projections of NMCI becoming a self-sustaining program.

PRODUCTION

The process used to produce NMCI products or services begins with the need to employ more inmates in a facility but NMCI MUST BE A MARKET DRIVEN AND NOT AN INMATE EMPLOYMENT DRIVEN ORGANIZATION. Too often on a nationwide basis, Corrections Industries have been made into a huge dumping ground in an unrealistic attempt to reduce inmate idleness. Reducing inmate idleness is one of the major goals of NMCI, but an over assignment of inmates will produce security problems and severely affect production and profits in a negative way. If idleness is a problem in an institution, then additional shifts or hours of production and additional factories should be developed based on sales, not on inmate assignment needs.

Key factors to be addressed in the manufacturing process of a corrections industries are, a)the training of inmates, b)security requirements, c)manufacturing quantity runs as well as d)staffing requirements.

Many people think that inmate labor is "cheap." Nothing could be farther from the truth! Inmate labor, based on an average hourly cost of 45 cents per hour may sound cheap initially, but because the inmate work force is generally a group of individuals that have little or no work history, they must be trained not only in work skills but in work ethics as well. This combination therefore, requires a much higher supervisor-to-staff ratio than in private industry. In addition, security requirements have a major effect on the work hours of the inmate day, i.e., Security checks, tool check in and outs, inmate counts, shakedowns, and such simple things as gate clearances, etc. PNM's inmate working hours in NMCI average 5.5 hours per day. If you reduce those hours further by sick calls, pill lines, family visits, etc., you lose not only valuable production time you also raise the cost of production considerably, and you do not teach serious work ethics.

One method to reduce capital outlay for new industries is prefabricated materials, components and sub-assemblies required for production. This concept is a recent development in the Corrections Industries field and by utilizing this method, the best of both worlds take place. Private industry manufactures some of the components needed to manufacture an item.

The equipment needed to produce these component parts may not be economically feasible for NMCI to capitalize for a limited government market. The cost of the overall operation can be reduced and, even more important, it will allow NMCI to enter a market and determine if, in fact, it is worth it to NMCI to make the capital investment, i.e., If it proves to be a large enough market then the capital investment can be made. Additionally, it leaves the private sector with a segment of the market. This is important if it is a local New Mexico manufacturer. NMCI can then manufacture the balance of the product or product line to meet their particular market needs.

This method of production has proven very successful in other states and can assist NMCI in both sales and a reduction of needed capital for expensive equipment. (See recommendations for new programs on this type operation).

A change in legislation will be necessary to remove the percentage requirement of inmate labor. This should receive a positive endorsement and support by private industry as well as labor because it gives to the private sector a segment of the government market.

RECOMMENDATIONS:

That the Commission pursue legislation that would remove the requirement for 60% of inmate labor to be involved in NMCI products.

Inventory requirements for some product lines such as the fast moving furniture lines will be a necessity. Increased service and resulting sales will mandate a 30-day delivery time frame and in at least one line of furniture, a 14-day delivery time frame would increase the sales volume markedly. This inventory can and will increase the cash investment and possibly require additional warehouse space but is a necessity if NMCI is to meet the needs of its customers.

Hazardous materials and fire requirements are another major change in the manufacturing world and NMCI staff must keep up with the latest information. For instance, California is about to change its fire regulations and that will have a major effect on the California Prison Industry Authority. Other states are already looking at the new California regulations with the idea of adopting the same regulations in their state.

Prison mattress fires are serious and difficult problems to deal with in a prison uprising and each state should be aware that there are new foam materials that do not burn. (See recommendations for new programs)

One of the best methods of becoming current with new products, codes, etc., is through the National Correctional Industries Association (CIA) and its affiliate, the Western Correctional Industries Association (WCIA). State budgets are frequently short of funds and out of state travel often becomes a financial problem. However, staying current with trends, new products, regulations and other essential knowledge is a cost-effective way to manage.

Another problem of the manufacturing of products within a prison is inmate motivation. Many inmates have never held a job for any period of time prior to their commitment and will sometimes go to work for NMCI out of boredom. Motivating inmates can be puzzling to NMCI staff as the staff thinks money is the only motivating force for inmates. D&A has had an opportunity to do a study on motivating inmates and was rewarded with some very interesting observations, i.e., Money ranked second to early release.

Financial incentives do work but on many occasions special privileges and perks such as a reward of "Kentucky Fried Chicken" for a special job completed on time, meant the industries job that was behind its production schedule was delivered on time to a very satisfied customer. Special clothing (designating the inmate worked in Corrections Industries) meant special acknowledgment in "the Yard" to other inmates. The feeling of learning and accomplishing an important function was rated as high by those inmates who took time to consider the question.

Some states have pursued the deduction of portions of wages for family support, restitution, and cost of incarceration. Point of information: Unless the wage is of sufficient dollar amount that it pays, many states have found that it is more expensive to develop the accounting system to keep track of the monies. Where "prevailing wages" are paid and the law requires deductions, it is important that the inmate fully understand where the money is going and why it is being deducted.

RECOMMENDATIONS:

- o That NMCI management take full advantage of the information, personal relationships and networking available through the two Correctional Industries organizations of CIA and WCIA.*
- o That funds be deducted from inmate wages only if there is sufficient monies to leave the inmate with some funds to spend. Caution: Care must be expended in this type of endeavor not to overcharge an inmate for such items as room and board.*
- o That an incentive program be developed for inmates in NMCI programs based on a realistic production schedule. Under no circumstances should the bonus be based on a lower than outside production norms.*

Manufacturing takes place in four DOC institutions. They range from the older facility (PENITENTIARY OF NEW MEXICO) to the latest and most modern operation (CORRECTIONS CORPORATION OF AMERICA (CCA)) at Grants. Some operations need additional equipment and others need to replace older outdated equipment. Work hours vary depending on custody requirements and the facility administration. Additional production is available at each facility and additional inmates could be employed if sales were available and custody requirements could be addressed.

The institutions and their factories are listed below with the amount of space utilized, inmates assigned, supervisory ratio, sales in the highest month in FY 78 and based on that highest month, a maximum production possible is stated. That figure is simply based on the highest month multiplied by 12 months. It does not take into consideration additional work hours, additional inmates, double shifts or longer shifts. The optimum work hours available are also shown based on current security requirements. (These figures are based on a study accomplished by the Production Manager Mr. Bob Lamphere). We feel that changes are needed to increase production but only after the sales volume is increased to warrant that production increase.

PENITENTIARY OF NEW MEXICO

FURNITURE SHOP:	15,525	Sq. Ft.
Panel Shop:	2,295	Sq. Ft.
Warehouse:	2,295	Sq. Ft.
Inmates Assigned:	43	
Supervisory Ratio:	1:43	
Highest Month Sales FY 78:	\$64,312	
Maximum Production Possible:	\$600,000	Per Year.
Optimum Inmate Work		
Hours Available:	5.5	Hours Per Day.

KEY DATA ENTRY

Computer Room:	2116	Sq. Ft.
Layout Room:	420	Sq. Ft.
Inmates Assigned: 24		
Supervisory Ratio: 1:24		
Highest Month Sales FY 78:	\$22,000	
Maximum Production Possible:	\$264,000	
Optimum Inmate Work		
Hours Available:	5.5	Hours Per Day.

CENTRAL NEW MEXICO CORRECTIONAL FACILITY (CNMCF)

FURNITURE:

Shop #1	15,000	Sq. Ft.
Shop #2	10,000	Sq. Ft.
Warehouse #3	10,000	Sq. Ft.
Warehouse #4	15,000	Sq. Ft.
Inmates Assigned:	52	in two furniture shops.
Supervisory Ratio:	1:26	
Highest Month Sales FY 78:	\$77,432	
Maximum Production Possible :	\$ 1,020,000	
Optimum Inmate Work		
Hours Available:	6.5	Hours Per Day.

PRINTING:

Printing:	5000	Sq. Ft.
Inmates Assigned:	19	
Supervisory Ratio:	1:19	
Highest Month Sales FY 78: \$	16,536	
Maximum Production Possible:	\$200,000	
Optimum Inmate Work		
Hours Available:	6.5	Hours Per Day.

From meetings and survey research, it appears that this program can be expanded to meet increasing state agencies printing needs. We would like to acknowledge the Deputy Director of the State Printing Bureau, Mr. Gilbert Silva for his assistance, time and suggestions regarding the current and potential printing status in the State. There are specific sectors of printing areas that NMCI can provide support to and supplement for the State Printing Bureau. Mr. Silva suggested areas that the Bureau would be able to provide support to NMCI's Printing Program, i.e., Training and possibly some printing equipment that would benefit the program. An area of discussion during the meetings held with Mr. Silva related in part to concerns about standards of quality for products, delivery dates being met, past performance problems (due to inmate problems, i.e., sabotage, lack of training, etc.) In addition, there may be an opportunity for some printing equipment donated from the Bureau for NMCI's Printing Program when the Bureau moves into a new building and is able to obtain specific new pieces of equipment. This new equipment will allow State Printing to move into a higher technology capacity and this would allow NMCI's Printing Program to then expand and supplement the Bureau. The end result would be positive for both State Printing and NMCI's Printing Program.

RECOMMENDATIONS:

That a meeting be held with the Director Ronn Jones, Director Jim Leopold and Deputy Director Gilbert Silva, to ascertain the process and procedures required to accomplish a coordinated plan that will accommodate each agency. This would be an opportune time and appropriate occasion to develop a Trade Advisory Committee (TAC) for CNMCF with a private sector business person included on the TAC from the printing industry. This person could become the PR representative for CNMCF and the State Printing Bureau and also provide reinforcement for retaining a higher percentage of the State's printing orders from going to out of state.

LOS LUNAS CORRECTIONAL CENTER (LLCC)

MAINTENANCE/METAL SHOP FARM:

Maintenance Shop	2200	Sq. Ft.
Welding Shop	2046	Sq. Ft.
Inmates Assigned:	10	
Supervisory Ratio:	1:10	
Highest Month Sales FY 78:	\$3,750	
Maximum Production Possible:	\$120,000	
Optimum Inmate Work		
Hours Available:	7	Hours

Recently a Long Term Management Plan was developed for NMCI by the Farm Manager. D&A has reviewed the program and believes it to be a well thought out plan to reach an economically self-sustaining enterprise. Mr Shortle has developed an aggressive management plan for the Farm that complements the goals and Mission Statement of Corrections Industries. D&A concurs with and supports this plan.

SOUTHERN NEW MEXICO CORRECTIONAL FACILITY (SNMCF)

FURNITURE ENTERPRISE

Warehouse #1	10,290	Sq. Ft.
Furniture Shop #2	15,000	Sq. Ft.
Adm/Dining/Mattress Complex #3	5,000	Sq. Ft.
Upholstery Shop #4	15,000	Sq. Ft.
Inmates Assigned:	70	includes furniture, upholstery and modular shop.
Supervisory Ratio:	1:23	
Highest Month Sales FY 78:	\$64,470	
Maximum Production Possible:	\$800,000	
Optimum Inmate Work Hours Available:	6	Hours

CORRECTIONS CORPORATION OF AMERICA (CCA)

MICROGRAPHICS DIVISION

Micrographics Lab	2842	Sq. Ft.
Inmates Assigned:	22	
Supervisory Ratio:	1:11	(Asst. Supervisor is a Temporary hire).
Highest Month Sales FY 78:	\$3,430	
Maximum Production Possible:	\$225,120	
Optimum Inmate Work		
Hours Available:	6.5	Hours

Two studies have been done on the Micrographics Program by D&A and in each study the same results appeared, i.e., There is a market for the micrographics services but several things need to be done to maximize the production necessary to reach its break-even point. Marketing must make a major effort to reach the potential customer(s). The office of Records and Archives (R&C) must be more involved in the program. The Micrographics Program requires being sold by NMCI's sales force on a daily basis as any NMCI product and service is sold. Changes in both NMCI's sales force and R&C staff have

resulted in gaps in communications, as well as confusion about the processing and procedure methods required by R&C. Communications need to be renewed, process and procedure methods reviewed by NMCI and R&C together clarifying the method required. NMCI's new sales force will need training on the micrographics program to the degree they understand the service sufficiently to sell it and are current and up to date with the required procedures and process to make and complete the sale of service.

This could be accomplished with a Trade Advisory Committee's involvement and strong backing of the Administration. R&C in each study was most helpful but with various changes of directors in both agencies the burden of progress and process was left up to the Program Manager who is located in Grants. The PM has done an excellent job of selling her program and product while supervising the operation. When Mr. Leopold became Director, he recognized the potential of the program and gave it his support. Due to the changes in the NMCI sales staff, the program did not receive the sales effort required to reach its full potential. An additional staff person has been assigned to the program as recommended in the second report and has allowed the PM to help develop additional sales by making sales calls. The best method for reaching the program's maximum potential is shown in the last study done by D&A. (See Addendum for copy of second study).

RESEARCH AND DEVELOPMENT

Much of the time and effort spent by Mr. Lamphere and his staff at NMCI during the past 10 months has been spent on research and product/process development with impressive results. A new desk and furniture line has been developed while another furniture line is being eliminated to meet the needs of current NMCI customers. More time will be needed to continue this necessary part of the production and sales program. Over the years, research has all but been unknown in the NMCI program and a period of catch up is needed and necessary for all of the NMCI product and service lines. The new desk line has been tested for manufacturability and is currently being planned for production and sales. Processes have been validated by the factory to ensure the output of an optimally cost-effective, quality product. Final tests were successful with the sales staff in regard to the potential sales market and sales price required to manufacture this line at a profit. It was determined that this line of furniture will fill a major gap in the furniture line. Specialty equipment is not needed for this line and it can be manufactured at the present facilities. These products are expected to be ready for market within the next two months. When this line and other products are generating sufficient cash flow to support additional product development, a continuing market research program should be implemented to identify additional products/services for the same type of development.

OUTSIDE SUPPORT

D&A recommend that NMCI take advantage of the outside qualified business and industry professionals and experts who can assist NMCI's management team make appropriate decisions and take effective action. These individuals would not be responsible for management decisions but in an advisory capacity, they can assist NMCI's management team and insure the decisions are based on current business practices. This can be done by the formation of the "Trade Advisory Committees (TACs) and the use of SCORE (Senior Corp of Retired Executives who are senior retired business people).

TACs are individuals from similar industries or private business people who are willing to assist NMCI management in developing and maintaining excellent industrial programs. These business and labor executives should be appointed by the Director of Industries (with the assistance of the Governor and Secretary of Corrections). D&A have used this method of introducing business to Corrections Industries in other states with excellent results. Results of these TACs are simply that business and labor have a

better understanding of NMCI and thus the opposition is reduced, the opportunity for placement of inmates upon their release is greatly increased and industries is kept informed on the latest developments within that particular industry/service

Trade Advisory Committees should be developed that will involve business professionals from similar enterprises to assure that the NMCI enterprises are operating comparable to private industry. By bringing in these business people who understand the industry involved they will better understand the role of NMCI and eliminate the concern of "unfair competition." In addition they will be able to see inmates trained in their industry and assist in the possible placement of those inmate workers who now have some skills but more importantly work ethics, i.e., Know they must work for a living.

(See New Programs Section.)

MARKETING AND SALES

Because Marketing and Sales are the backbone of every business organization, we spent a large part of our time in research for the Marketing and Sales division.

D&A met with:

The Secretary and Deputy Secretary of DOC, a member of the Legislative Finance Committee (LFC) and the LFC's Senior Analyst, the Corrections's Commission, NMCI's management, central office staff, facilities staff, Wardens and Deputy Wardens, 18 State, City and County agencies comprising 35 NMCI customers and 10 non-profit agencies to evaluate the current overall operation of NMCI and its past and present relationships with customers and the DOC. Based on the results from those meetings and more than 70 telephone interviews, over 300 surveys as well as the professional judgement of the staff of D&A the following observations are noted.

ANALYSIS OF CUSTOMER SURVEYS

Customer surveys were mailed to 237 organizations. There was one follow-up letter to insure completion of the survey. Seventy-one surveys were returned. One person responded for three organizations yielding an effective response of 69 out of 235 surveys yielding a survey response rate of 29 per cent. This is an excellent response for a mail survey.

For purposes of analysis, survey responses were grouped into general categories of:

1) State Government	- 17 responses
2) Local Government	- 29 responses
3) Universities and Colleges	- 7 responses
4) Public Schools	- 10 responses
5) Hospitals	- 1 response
6) Non-Profit Agencies	- 2 responses
7) Unidentified	- 3 responses

Survey responses by agency type are summarized below.

STATE GOVERNMENT: State agencies are familiar with the NMCI program. Their major concern with purchasing from the NMCI program appears to be delivery times, but this is not a major reason for selecting or deselecting a vendor. There is a perception of a lack of quality in NMCI products and this is important to correct as it is a major factor in vendor selection. Significant purchases (greater than \$10,000 annually) ranked in the order of their mention are:

- 1) Printing
- 2) Office Furniture
- 3) Key Data Entry
- 4) Janitorial Products

LOCAL GOVERNMENT: Local government agencies are concerned with price more than any other factor in selecting a vendor. This group appears unfamiliar with the NMCI program and typically requests more information. Significant purchases ranked in the order of their mention are:

- 1) Janitorial Products
- 2) Printing
- 3) Office Furniture

COLLEGES AND UNIVERSITIES: Based on a very small sample (seven responses) college and university purchases are motivated by price and quality concerns. Timeliness of deliveries was ranked only half as important as price and quality. Based on a much higher than average willingness to participate in further surveys, colleges and universities appear interested in working with the NMCI program. Ranked in order of importance major products purchased are:

- 1) Printing
- 2) Janitorial Products
- 3) Key Data Entry
- 4) Paint

PUBLIC SCHOOLS: Public schools report quality as the most important factor in selecting a product vendor. Timeliness of delivery ranks fourth in importance, well below legal requirements. While respondents appear unwilling to participate in further customer surveys, they are interested in receiving catalogs and other information from NMCI. Major products purchased are:

- 1) Janitorial Products

HOSPITALS: Based on a sample of one hospital, there may be a significant market for a full range of products with the most lucrative being printing, detergents, bedding, and architectural signage. Quality is the most significant factor influencing vendor selection. Price is the second most important factor with delivery time ranking third.

NON-PROFIT ORGANIZATIONS: Of the two non-profit organizations responding, neither reported significant purchases of any product. No generalizations are possible from the information available.

DISCUSSION BY AGENCY TYPE

STATE GOVERNMENT

Five of the 17 State agencies responding (29%) report significant (greater than \$10,000 annually) purchases of printing. All five agencies reported purchasing more than \$25,000 annually.

Four agencies (24%) reported purchasing significant dollar volumes of office furniture. All four agencies reported purchasing more than \$25,000 annually.

Three agencies (18%) reported purchasing significant amounts of key data entry services. Only one of these agencies reported purchasing more than \$50,000 annually. The remaining two agencies purchase between \$10,000 and \$25,000 annually.

Two agencies (12%) reported purchasing significant volumes of janitorial detergents. Both agencies reported purchasing more than \$25,000 annually with one purchasing more than \$50,000 annually.

One State agency, the Highway and Transportation Department reported purchasing large volumes of paint. The department reported purchasing more than \$50,000 per year, but this was not broken down between highway and building paint.

State agencies appear familiar with the NMCI program. No State agency suggested that NMCI could benefit its program by supplying more information although two agencies suggested that the product catalog could be simplified.

State agencies did suggest that NMCI needs to improve its delivery times. A need for increased quality in NMCI products was the second major concern expressed in the survey.

The survey asked respondents to rank a list of vendor selection criteria in their order of relative importance. Price and quality were equally important to State agencies. Timeliness of delivery was mentioned only half as often as a reason to select a vendor although it was ranked slightly more important by State agencies than it was by the rest of the sample population. Legal requirements were the fourth major vendor selection criterion. Brand name and customer experience with the vendor have only minor bearing on the selection of a vendor.

One State agency has suggested that NMCI add a program to supply a moving/site preparation service for agencies relocating their office sites.

LOCAL GOVERNMENT

Of the twenty-nine city and county government agencies responding to the survey, 11 (38%) reported purchasing significant volumes of janitorial products. One of these agencies reported purchasing more than \$50,000 per year and one purchases between \$25,000 and \$50,000 per year.

Seven local government agencies (24%) reported purchasing significant volumes of printing services. Four of these seven respondents reported purchasing more than \$50,000 annually in printing services and one reported purchasing between \$25,000 and \$50,000 annually.

Five respondents (17%) reported purchases of significant volumes of office furniture. Two report purchasing between \$25,000 and \$50,000 annually and none report purchasing more than \$50,000.

Local government agencies rank price well ahead of any other consideration in choosing a vendor. A concern for meeting legal requirements was ranked less important than price or quality, but was the third most important vendor selection criteria. Timeliness of deliveries is far less important to local government agencies than to the majority of other customer groups.

The major concern expressed in the comment section of the survey was for more information in the form of catalogs and brochures.

UNIVERSITIES AND COLLEGES

Four of the seven universities and colleges (57%) reported purchasing significant volumes of printing. All four purchase more than \$25,000 per year with two purchasing more than \$50,000 per year.

Fifty-seven per cent of the sample also reported purchasing significant dollar volumes of janitorial detergents. Of these, one reported purchasing \$25,000 to \$50,000 annually and one reported purchasing more than \$50,000 annually.

Two respondents (29%) reported purchasing significant quantities of key data entry services. Both report purchasing more than \$25,000 annually. One of the two reported purchasing more than \$50,000.

Two universities and colleges reported significant purchases of paint. Only one of these reported purchasing more than \$25,000 annually.

Universities and colleges ranked price and quality equally as the most important factors in selecting a vendor. Timeliness of delivery and experience with the vendor were ranked half as important as price and quality.

Universities and colleges appear receptive to the NMCI program with 86% of the respondents willing to participate further in the survey process. This compares to an overall average of 71% for the survey population.

PUBLIC SCHOOLS

Of the ten public school districts responding to the survey, eight (80%) reported purchasing significant volumes of janitorial products. Two of these reported annual purchases of more than \$25,000. None reported purchases of more than \$50,000.

One school (10%) reported purchasing significant volumes of printing. One reported significant purchases of office furniture and one reported significant purchases of paint. No school district reported purchases of more than \$25,000 of any product other than janitorial detergents.

Quality was reported as the most important factor in choosing a vendor. Price was ranked second to quality. Timeliness of delivery was ranked fourth well behind legal requirements.

Three respondents (30%) asked for more timely information from the NMCI program. This suggests that NMCI could benefit from more interaction with the local schools.

Two school districts suggested products or services for addition to the NMCI line. One suggested key data entry services and one suggested furniture.

Public school interest in further survey participation was the lowest of any group (60% compared to an overall sample average of 71%).

HOSPITALS

Only one hospital responded to the survey. This hospital reported substantial (more than \$25,000 annually) of printing services and detergents (both janitorial and laundry). The hospital reported purchases of lesser, but still significant amounts of office panel furniture, linens and blankets, mattresses, and architectural signage.

In order of importance, vendor selection criteria were rated as:

- 1) Quality
- 2) Price
- 3) Delivery Time
- 4) Brand Name
- 5) Experience
- 6) Legal Requirements

RECYCLING

Thirty-three of the sixty-nine respondents (48%) answered that their organizations presently operate or anticipate operating any type of recycling program. The majority of these organizations recycle paper only. Several public school districts reported recycling cans for activity money. Two local government agencies have contracted private sector businesses to handle their recycling.

While there is high interest in recycling, there is a lack of customers for scrap materials other than paper and aluminum. Three non-State government agencies suggested that NMCI start a program to broker scrap materials. It appears that New Mexico organizations are looking for recycling opportunities and would be willing to work with NMCI to implement a program if one were proposed. (See Market Survey in Addendum.) (See Future Programs.)

MARKETING AND SALES CONSIDERATIONS:

In comparison to other companies, NMCI's products should be produced economically by the efficient use of inmate labor and the businesslike purchase of raw materials.

State Purchasing is both the purchaser and seller for NMCI. Purchasing raw materials for the production shops as well as promoting NMCI products with State agencies is a very important function of State Purchasing. The Director of NMCI has developed an excellent relationship with NMCI and should be congratulated on the progress since the first D&A study.

In addition D&A would like to acknowledge the assistance of Mr. Ronn Jones and his staff in the assistance they gave to D&A in the market research, without their assistance this Business Plan could not have been completed.

STRENGTHS:

- o A very strong "State Use Law" that mandates state use of NMCI.
- o A new and invigorated management team that has an understanding of what a "Market Driven" organization is.
- o Programs that promote efficient use of government resources.
- o A very large untapped market for NMCI products.
- o Production staff that are motivated to assist in the marketing area.

WEAKNESSES:

- o A continuing change in commissioned sales staff.
- o Lack of sales forecasting in order to plan production schedules.
- o Lack of a meaningful sales or marketing plan.

- o No current catalog to sell from. (One is now being developed).
- o No pricing policy that has a comparison to private industry.
- o Small research program for new products.
- o Lack of accounting information on sales by account and product.
- o State use law not being used in the state.

The State of New Mexico's Legislature established a "State Use Law" similar to that in other states. The purpose of such law is to provide that State's Corrections Industries Program the first chance to sell to that State's Customers.

New Mexico's Legislature enacted one of the strongest such laws and at one time in past years the NMCI abused the law by forcefully "telling" state agencies what products they would buy from NMCI. This resulted in bad feeling with a number of Agencies and some of those feeling are still in existence and must be overcome by NMCI's new leadership and by positive selling.

It is understandable therefore that the new Director does not want to force customers to buy from NMCI, however, it is important that NMCI have the opportunity to have the first chance of the sale to the state customer. This can be done to everyone's satisfaction if the following recommendation is followed.

RECOMMENDATION:

That the State Purchasing Office establish the following procedure:

- o *All purchase requisitions submitted to State Purchasing by State agencies that are of products made by NMCI be set aside by each buyer.*
- o *The Sales Manager will meet with State Purchasing on a planned weekly schedule to "go over" those requisitions to determine if NMCI is able supply the products on a timely basis and at a competitive cost.*

If so, State Purchasing will do one of two things:

1. *They would give a copy of the requisition to the sales manager so that the a salesperson can call on the customer and solicit the order for NMCI.*
2. *If appropriate, the State Purchasing Office would issue the purchase order directly to NMCI.*

Comparative analysis shows that NMCI can compete in the markets chosen for present industries as well as those new ones recommended in this study by D&A. Prices charged by NMCI should be no higher than private industry and in many cases should be lower, or in line with competitors particularly if the comparison is based on similar products. NMCI SHOULD NEVER GET INTO THE LOW AND CHEAPLY PRODUCED BOTTOM LINE OF PRODUCTS. IT MUST BE MADE CLEAR THAT NMCI PRODUCES PRODUCTS FOR GOVERNMENTAL MARKETS AND LIFE EXPECTANCY IS MORE IMPORTANT THAN PRICE IN THIS VERY SPECIALIZED MARKET.

Due to the fact that products used in governmental agencies are required to take more abuse and budgets do not allow for replacement at the same rate as private industry, NMCI's products are generally of higher quality in materials and production standards than commercial products in the same price range, i.e., NMCI's desk is of solid wood and not a plastic laminate over a particle core material. Quality standards in the past have left something to be desired, however it was evident in the research done by D&A with the customers that a noticeable change has taken place in the last year especially in the furniture products.

Key markets for NMCI generally fall into the following areas as listed in priority preference by D&A:

- o New Mexico State Agencies
- o New Mexico County Agencies
- o Some non-profit Colleges and Hospitals
- o New Mexico City Agencies
- o Cooperative ventures with private industry similar to the Amity and Key Data Entry programs.

MARKETING STRATEGY

Mr. William T. Brooks, an author and speaker based in Greensboro, North Carolina questions: "What one syllable word will redefine the very essence of professional selling is the coming decade? What is the singular most dominant concept that will direct and control sales success into the 90s? That all powerful word is CHANGE." He further states: "The future will belong to those salespeople who are flexible and nontraditional in their thinking."

The NMCI has gone through more changes in the past two years than in the previous five. That will be a mere whisper as to what must take place over the next five years. Mr. Brooks also commented: "The more focus placed on a customer's needs rather than on the needs of the salesperson or organization, the more successful sales performances will be."

MARKETING RESPONSIBILITIES

The marketing strategy of NMCI must be developed by the Sales Manager for recommendation to the Director. Marketing covers Advertising, Promotion, Marketing Shows, Pricing Strategies, Sales Directions, Supervision, and Market Research.

It is imperative that a Sales Forecast based on past history, sales staff personal knowledge, government budget forecasts, growth patterns, etc., be developed on an annual basis. That sales forecast should be as definitive as possible as to product and product lines. Not all items can be identified as to a particular product but should be able to fit into a product line. Many products are driven by such things as population increases, i.e., Inmate clothing, Universities/Colleges on dorm furnishings and new government offices that will need furniture. Many of these population forecasts are available, in addition, sales staff are often the best resource for current projections and it should be a part of their job specifications.

Most professional SalesPeople by their nature are self-motivated, however, like everyone else, they need to be reminded that time has value and must be considered everyday and on each and every sales call.

As a reminder of just how valuable time actually is in \$\$ values the following table should be considered.

HOW MUCH IS YOUR TIME WORTH?

Increased productive time generates the following dollar amounts:
(Based on just 244 8-hour work days/year - standard business hours.)

If your annual salary is:	Every minute is worth:	15 minutes a day saved for 1 year is worth:	Every hour is worth:	An hour a day saved for 1 year is worth:
\$8,000	\$.0683	\$249.98	\$4.10	\$1,000.40
10,000	.0854	312.56	5.12	1,249.28
12,000	.1025	375.15	6.15	1,500.60
14,000	.1195	437.37	7.17	1,749.48
16,000	.1366	499.96	8.20	2,000.80
20,000	.1708	625.13	10.25	2,501.00
25,000	.2135	781.41	12.81	3,125.64
30,000	.2561	937.33	15.37	3,750.28
35,000	.2988	1,093.61	17.93	4,374.92
40,000	.3415	1,249.89	20.49	4,999.56
45,000	.3842	1,406.17	23.05	5,624.20
50,000	.4269	1,562.50	25.61	6,250.00
60,000	.5123	1,875.02	30.74	7,500.56
75,000	.6404	2,343.75	38.42	9,374.48
100,000	.8538	3,124.91	51.23	12,499.63

RECOMMENDATIONS:

Each salesperson should be required to submit a sales plan at the beginning of each year. The Sales Manager and the salesperson should meet and discuss each aspect of that sales plan which will be used as a basis for the NMCI sales plan.

STRENGTHS of NMCI are many, but some of the most important are:

- o The training of inmates for placement and the resulting savings to all citizens of New Mexico.
- o Quality products due to the training program, i.e., Not production runs made of inferior products.
- o Savings to the Government as a result of higher quality products at competitive prices. The fact that the only real cost is the raw material because the rest is tax dollars spent in a government program.
- o Everyone is interested in prisons today and the salesperson can gain entry to purchasing agents much faster because they represent the Department of Corrections.

- o NMCI as part of the New Mexico DOC enjoys a unique advantage where state agencies can purchase directly from NMCI without going through the bidding process.

WEAKNESSES are few and mostly perceived but must be dealt with such as:

- o Inmates can not produce a quality product.
- o Corrections Industries never deliver on time (A stigma due mostly to NMCI's past performances).
- o Many customers do not know anything good or bad about Corrections Industries or its products and services.
- o Government regulations and security constraints restrict normal business practices.
- o Civil service regulations limit the opportunity to make necessary changes of personnel or hire personnel to open new enterprises in a timely manner.

OPPORTUNITIES are unlimited. Proper direction by the Commission and the Secretary, the continued positive management by the NMCI Director, staff participation and development of incentives for inmates, all will result in growth to meet the needs of the DOC and the State of New Mexico.

CONTINUED DIRECTION IS THE KEY WORD. Cooperation with the DOC staff and other State Departments are very important, but without that continuing definite direction, every positive thing that has happened in the past months will be lost and very difficult to recapture.

UNEXPLOITED OPPORTUNITIES are on the horizon. Such things as the involvement of more private manufacturers and sales to non-profit organizations are but two of the unexploited opportunities.

SALES FORCE

Many consider commission based sales staff as the ideal way of operating a business. Based on our experience with other states and personal experience, D&A has found that is not the case in the corrections industries field for the following reasons:

1. Commissioned sales staff who must have money to motivate them tend to sell for the "moment," i.e., Sell whatever they can that will earn the commission. While it is true that many sales can be made that way, in the corrections industries field, the same governmental agency must be serviced and sold to year after year. Making the sale depends on what is best for the customer and not how much money can be made. It can be argued that a "good sales person" will always sell in this fashion, however the fact that commissions are used as a basis of motivation belies that reasoning.
2. As has happened in NMCI, the sales staff tend to only do those things that will benefit their sales commissions. Meetings are missed, training is not attended, etc.

3. In most other states corrections industries have found that their best sales staff have been the person who has mature character (not necessarily chronological age) and are motivated by things other than just money. These people consider themselves professional sales people and are interested in achieving more than making the fast sale. They are generally interested in developing relationships that are lasting in the sales arena and will "buy" into the real purpose of NMCI. These people will work harder servicing their customers than those who are motivated by money.
4. By changing to a permanent state sales staff, a continuity will take place. One of the most important things that is needed now is some form of stableness and permanency in the NMCI program.

RECOMMENDATIONS:

That the sales positions be converted to permanent state employees. It may be that the sales contracts will prevent this until they expire. However, at this time it appears that two of the sales staff positions are vacant and if their replacements are of the type that should be hired on a permanent civil service basis, NMCI may well wish to cancel the contract and change to the civil service position right away.

That the sales manager develop a sales plan that is based (among other things) on the sales plans developed by each sales person.

That a method be established to design a meaningful sales forecast and that the sales forecast be submitted as part of the annual report.

ADVERTISING & PROMOTION CUSTOMER FOCUS GROUP

The focus group of this Business Plan will be the New Mexico governmental agencies, Non-Profit Organizations and bringing Private Industry into the New Mexico Prisons to:

Develop private industry operations that are able to sell products in the private sector and sell these products and services in other states as well. These private sector organizations will train inmates in methods and conditions comparable to those of factories they operate on the outside.

New Mexico Corrections Industries customers fit into the 80% to 20% ratio of purchasing, i.e., 80% of the business potential is purchased by 20% of potential customers. The sales division should then concentrate on those 20% of customers that can provide the best return for the direct sales effort. The other 80% can be addressed by advertising and promotional methods. (See Sales Plan.)

The second major marketing effort will be to develop the private sector manufacturer or service companies who would operate businesses within the New Mexico prisons. (See Marketing Plan.)

The third major thrust of the Business Plan will be to develop the New Mexico Non-Profit customer base. Although there are NMCI potential customers available to the sales force, there must be a special type of sales plan to develop this market. (See Sales Plan.)

SELLING TACTICS

CURRENT SELLING METHODS:

The Sales Manager is located in central office and is responsible for supervising the sales staff, developing sales, sales forecasts, marketing programs, the sales catalog and its maintenance.

Currently there are two (of the four) sales staff who are on contract with New Mexico Corrections Industries. (Two have just resigned and NMCI is currently recruiting for new sales staff.) These salespersons cover territories assigned them by the Sales Manager.

Activities currently used to sell NMCI products are:

- o Calling on governmental agencies on a personal one-on-one basis,
- o Telephone calls to potential customers,
- o Direct mail advertising by way of new brochures, catalogs, etc.

MARGINS OF SAFETY ALLOWED IN SALES FORECASTS:

There is presently very little available in the way of sales history and due to the governmental budget being in a tight fiscal position, this is the first marketing plan developed for New Mexico and the first large survey done with present, former, and potential customers being contacted. The sales forecast should be based on these factors and is considered to be accurate to a plus or minus 10%. The ability to capitalize on the potential market will depend on the availability of sales staff, production capacity, and funds to do the necessary advertising and/or promotional things appropriate or required to develop and keep that potential market.

SALES:

It is important to demonstrate that the price and profitability of NMCI products and services justifies the costs of sales (presentations, commissions, telephone, travel) and that distribution channels are selected accordingly.

NMCI's marketing strategy incorporates plans to sell its line of products and services through several channels:

o Executive Selling:

NMCI will solicit sales support from the Governor's Office as well as the Legislature, by proving that NMCI's programs are cost effective and a cost savings program to the State. This will be accomplished by training inmates in work ethics and supplying products and services at a competitive cost to governmental and non-profit agencies.

o Direct Sales Force:

NMCI's sales staff will spend the first two years in developing that 20% of governmental agencies that purchase the 80% of the products, by cultivating better relationships, developing new products and services that meet the needs of those customers. Following a direct push on that group as the most potential market pool, NMCI's sales staff will began working toward serving the remaining governmental market including non-profit agencies that show as a potential source of sales.

o Direct Response:

Catalogs, advertising, and promotional materials show the best investment to be in the small governmental agencies as well as the non-profit market. The catalog is now being developed and will be in the mail by the first of 1991. It should be a living document and must be kept continually updated.

o Telemarketing:

One of the most efficient methods of selling the smaller accounts is by telemarketing programs. It is also an excellent method of servicing additional state agencies. A Training Industry and Education (TIE) program should be initiated by the DOC to assist NMCI in their marketing efforts. The TIE program can provide a number of excellent opportunities for job placement of inmates.

o **Joint Marketing Relationships:**

Marketing with bordering states is another very interesting marketing strategy. It is recommended however, that such a program be considered only after the foregoing marketing programs be implemented.

o **OEM's (Original Equipment Manufacturers):**

Purchasing from OEM's is a viable source for additional business, i.e., Purchasing component parts from manufacturers where the market does not warrant the manufacturing in house. By this process, customer's needs are met while allowing the inmates to be the labor intensive source of assembly. (See Legislative recommendations regarding percent of inmate labor required for NMCI Programs.)

o **International Distribution:**

International Distribution at this time is not a reasonable source of marketing for NMCI. That does not mean that it should not continue to be assessed in the future. The Pacific Rim is one of the largest potentials for United States Manufacturers and United States Prisons could be a resource for such exports.

o **Direct Sales:**

The majority of sales will be through direct sales made by NMCI's sales staff. NMCI's anticipates hiring no additional sales representatives (beyond four) at the present time. (See recommendations on sales staff conversion.) It is felt that at this time, better methods are available thorough using direct mail. Within the five years that this Business Plan covers, it will be necessary to add additional sales staff depending on how effective the Telemarketing Program is.

We have chosen to use a direct sales force on the best potential (20%) customers because the product(s) and service(s) require considerable customer education in post sales support directly from NMCI. Price point, pricing structure and profits are such that the cost of sales will warrant that the sale be handled on an individual basis. In addition, as the past history of delivery and quality have had a negative effect on NMCI's sales and delivery reputation, it is felt that our sales staff (as professionals) can best overcome this past negative reputation on a one-on-one basis.

o **Trade Shows:**

NMCI should use trade shows as another method for maintaining a high profile with customers of key targeted markets. If a major product or service announcement is feasible at any one of the shows, special care and consideration should be taken to plan the announcement well in advance. Trade shows provide an excellent opportunity to reach the maximum amount of potential customers with a minimum amount of sales costs.

o Manufacturers' Representatives:

Because some manufacturers' representatives carry several product lines compatible with NMCI's, we feel it would be appropriate to select manufacturers' representatives (carrying complementary and compatible products) to represent NMCI on a contractual basis. NMCI has at the present time four such representatives on contract with NMCI. NMCI feels that these representatives are their direct sales force covered under an earlier section.

By operating within the distribution channels outlined in this plan, D&A believes that NMCI can maintain control of its market. In addition, it can generate growth at a reasonable pace and obtain excellent sales results.

PRICING AND PROFITABILITY

There needs to be a policy for pricing that must insure profitability but realize that NMCI must keep its prices competitive with commercial sources.

The following questions need to be asked when developing the policy:

1. How do we set prices? Is there a policy?
2. Is the pricing competitive?
3. Is there perceived value inherent in higher prices? i.e., It costs more, therefore it must be better.
4. Are prices based on costs? Is it based on a standard mark-up?
5. Why are they higher or lower than competitors?
6. How elastic (the effect of pricing on demand for product) is the market for these products? How does consumer positioning affect elasticity?
7. Break Even Analysis for products will insure that Financial Projections are accurate for overall profitability of NMCI.

The prices for NMCI products or services should be determined first and foremost by competition, costs of producing and raw material costs, overhead, central office costs, marketing and sales costs, inmate labor and shipping.

RECOMMENDED NEW PROGRAMS

RECOMMENDATIONS:

Prior to any additional programs being implemented, each facility should concentrate on its present programs to enable NMCI to achieve its maximum potential in production, sales and resulting profits. There are several ways that the maximum production can be attained as outlined below:

1. *Maximize the working hours of each industry program.*
 2. *Review production schedules to determine if sufficient production runs are being achieved.*
 3. *Determine if some product lines should be discontinued.*
 4. *Examine production methods and manufacturing processes for ways to reduce production costs.*
 5. *Explore the potential of incentives for inmate workers and the increase in production that would result from the incentives.*
- 1a. In many of the facilities, inmates are working what are considered less than normal working hours. (Particularly by private sector standards.) Because security restrictions are a real part of the operations of NMCI we realize that not all inmates can work a normal business day. However, if NMCI is to train inmates in work ethics, then the DOC must also work toward "normalizing" the work environment in NMCI. In addition, such things as sick calls, pill lines, visits, ducats, etc., can in some cases be limited, i.e., One state corrections industries program has gone to a 4 day-10 hour work week. By doing so, the inmate has the fifth day off for visits, dental appointments, or whatever necessitates a call out during work hours. He is trained to account for and plan his/her time for call out activities or appointments. The end result is that preparation and close down times are reduced by a positive 20% and staff approves of the program because it gives them a 4 day work week and cuts their transportation costs by 20%. Production is increased, inmates learn to plan their schedule and become accountable for their time which is important pre-employment training. Security is able to plan their schedule with the knowledge of the inmates location. Everyone becomes a winner.
- 2a. Often, factories are required to maintain lines of products that have a very small sales base, but have been in the catalog for many years or are part of a slow moving line. Any product that has sales of less than a production line run should be discontinued. Customers should be notified in writing and given a six month period to purchase such items prior to discontinuing the product. Be certain to check the warehouse for stock on hand before discontinuing merchandise.
- 3a. Production methods (especially in corrections industries) can become outdated as well as products can. With new materials and methods of production being introduced daily, it is mandatory that management at the factory level be well read and cognizant of new procedures in their particular industry.

4a.

Incentives are a method of motivating staff (inmate and free) to work harder and produce more. Inmates are especially responsive to incentives. Be aware that prison is not like the outside world so do not base incentives on what you think the inmate worker would like. Ask—They will tell you!

OEMS (ORIGINAL EQUIPMENT MANUFACTURERS)

NMCI should form relationships with manufacturers, who make parts for products that the manufacturing equipment is too expensive an investment for NMCI to make, in order to meet a market need. One example of this is the new ergonomic line of chairs. NMCI can purchase the component parts to assemble this chair and by upholstering it, NMCI can meet the needs of its customer. Many state industries programs have found this to be an expedient method of meeting their customers demands, meet the needs of hiring inmates and provide training in skills that are required on the streets. Inmates trained nationwide have acquired skills to upholster and have found excellent opportunities in the private sector. (Some opening their own shops.) The major advantage of buying from OEMs is to provide a means of more rapidly penetrating the market without expensive capital outlay. Also, these relationships provide private industry with a share of the government market, develop a better relationship and reduce the "threat of NMCI in the market place."

RECOMMENDATIONS:

That the following types of products be examined as potential additional products purchasing component parts: ergonomic chairs, some metal chairs and other similar type products. There is also a potential of other such products, i.e., Clothing, binders, soft signs, flags, lounge furniture, etc.

An OEM agreement is in effect currently with the Indiana Chair Co., on office panel systems and is working very well. More promotion of this type product line needs to take place. The concept of component parts is not new to NMCI, it simply needs to be expanded.

SEWING OPERATION

Market research showed a marketable need for garments: inmate and staff uniforms, hospital garments, linens, towels, and bedding. Mattresses: DOC, Fire stations, Youth Authority, Jails, College and University Residential Housing, as well as laundry bags, personal bags, and possibly soft signs and flags.

The potential for the new fire proof foam mattresses is an excellent program to start. Presently, NMCI is operating a mattresses factory that is using boric acid treated cotton. Although considered fire resistant, it will smoulder and burn. The new foam is superior to that style of cotton mattress and will eliminate much of the cost of dumping cotton core mattresses in land fills. This material is also available for innerspring mattresses such as those used in university and college residential housing, fire stations, state hospitals, and non-profit residential programs.

The same sewing operation would make inmate garments such as jump-suits, jail uniforms, undergarments, and socks. Sheets, mattress covers, towels, pillow cases and similar fabric operations are excellent training programs for establishing a trained inmate staff. At a later date, such items as Correctional Officer Uniforms can be started but only after an experienced inmate staff is trained. Additional uniforms for other agencies can follow as skills are developed.

Selecting the proper staff person to run this operation is crucial. That person must be experienced in the full garment manufacturing operation. Cutting table experience is vital if this program is to succeed. One phase of this type of program is the manufacturing of T-shirts and Jockey shorts. In the addendum is an outline of the T-shirt manufacturing process. It is planned for a much larger operation but serves as an excellent reference to determine needed equipment and operation procedures. D&A has found that the manufactures of equipment such as Union Special, US Manufacturing, etc., are excellent resources prior to and after opening such a program. In addition, other states that are presently operating similar programs are excellent resources for NMCI and are willing to share information. One such program is run by the Arizona Correctional Industries in the prison in Douglas, Arizona. D&A visited that facility for research on this project. The manager of the program offered any help she could to assist NMCI in the opening of this operation. It should be noted that Arizona is manufacturing garments only at that facility. We do not recommend starting a full line of products until the market is developed sufficiently to separate the garment factory from the mattresses factory. At that time, such things as soft signs, flags, etc., should be evaluated as to market potential.

If room and inmates are available, a sewing operation has excellent potential. As a first step, we would recommend that the mattress factory investigate the new foam mattresses and possibly convert that factory to producing that type of mattress. If space is available at SNMCF, (they are now producing mattresses there) the addition of a component factory producing ergonomic chairs would be the first choice. The panel systems could also be combined with this operation. Upholstering this type of chair would fit well with the upholstering of the panel systems. The same equipment could be used and production cost could be greatly reduced per item. Sales should increase with the addition of these ergonomic chairs. This line will enhance the sale of both the panel systems and the regular furniture lines.

When sales outstrip production capacity, the mattress factory should be moved to another facility and at that time combined with a sewing operation producing garments and possibly a re-upholstery and/or refurbishing program.

NMCI used to manufacture road control signs in their license plate factory but due to a variety of circumstances, the sign business was discontinued. Some of the equipment is still in existence there, but not in any shape to open another operation. Highway and road control signs in some states are difficult

to sell due to many and varied reasons including some that are political. In many states there are city and counties operating their own shops providing a broad range of signs necessary to meet the needs of their customers. If some of the basic control signs were made and in addition other silk screened signs were manufactured, then a new sign manufacturing operation is possible. It would be an excellent addition to the license plate factory. According to our market research the following decal type signs show potential:

- o Emergency vehicle identification,
- o State, County, City and Special District decals for government vehicles,
- o Standard signs such as No Smoking, Fire Exit, Directional signs, Warning Signs, etc.

In addition, identification signs for boats and cars, parking identification, etc., are potential sign operations. These may take some different equipment, but could be the additional new era business to change the sign operation from a part of the license plate factory to a full fledged sign and decal program. At that time, architectural signs should be added.

License plates have proven to be the mainstay of all corrections industries programs. New Mexico is in the process of issuing a new plate to its citizens at the present time. Many state legislatures have waited for years to issue new plates until they find the old plates are no longer safe, i.e., Plates no longer have reflective qualities, plates can no longer be identified due to wear and damage as well as plates that have not been renewed. There is a method of making certain none of the above transpires and that method can produce revenue for NMCI. New plates should be issued every five years, the average reflective life of the material. In that fashion each citizen would drive a vehicle with a "safe plate." NMCI could plan its production runs because it would plan on new vehicles plus 20% of the registered cars. Now it is having to increase production to meet the legislative mandate of new plates in a given year, only to have to reduce that production schedule when the issue is completed. To gear up for a major production run, train the inmate crew and then to stop that momentum is frustrating to both inmates and staff. If a five-year plate law were developed and passed, everyone would be the winner.

RECOMMENDATIONS:

The Commission pursue legislation that would provide to the citizens of New Mexico a new vehicle plate every five years on a rotating basis, i.e., 20% of the plate renewals be supplied each year.

TOURISM PROGRAM

Possibly the most exciting new program D&A would recommend to NMCI is a program working with the New Mexico Economic Development and Tourism Department. The Deputy Secretary stated that the agency has also developed a five-year economic plan and expressed interest in working with the Corrections Industries Division. Meetings were held with the Director of Tourism and the Director of Economic Development Division regarding a potential tourism program being developed and located within Corrections Industries. The concept would allow a number of trained inmates to receive telephone calls via a tourism 800 telephone number, key in the caller's name and address by computer onto a mailing label. A second group of trained inmates would pull the specific brochures fitting the caller's requested areas of information and a customized packet would be mailed to the caller. The process is referred to as a Fulfillment Site or Tourism Telemarketing. The Director of Tourism related that his department has been deluged with calls and that it is very difficult to achieve the short turnaround times required for tourism mailings.

Corrections Industries can provide a program to meet the required response times to meet the Department of Tourism's needs while providing a labor intensive training program for a substantial number of inmates.

Based on the hours required for telephone response (or if telemarketing is needed), there is a possibility that NMCI could run two or three shifts for coverage or expand the program to another facility. The Department of Tourism recently did a televised "blitz" and received many more than the 5,000 calls expected, thereby losing an estimated 2,000 to 3,000 calls due to the Fulfillment Site not having the capacity to handle the volume of calls requesting information on the State of New Mexico.

RECOMMENDATIONS:

That a follow-up meeting be held with the New Mexico Economic Development and Tourism Department and that further sessions be scheduled to provide the specifics required for NMCI to consider implementing a Tourism Telemarketing-type program.

There are successful telemarketing programs in existence in several states and two or three states are operating successful tourism programs.

POTENTIAL NEW PROGRAMS TO BE CONSIDERED

There is considerable interest in developing some type of interface with NMCI and the Agency of the Industries For The Blind. During a meeting with the Assistant Director of the Commission For the Blind and the Production Manager of the Program, a variety of concepts were discussed about areas and products that the two might coordinate on for production, i.e., The wooden heads called Broom Blocks for (3 sizes) of institutional push brooms and the wooden handles for them. The Agency is currently buying the handles and blocks from out of state and can probably save funds by purchasing from NMCI. The work could fill in for NMCI's slow time and keep some inmates working during those periods. Additionally, there is a series of rubber mats (made from used tires) that are produced only by this agency and sold throughout the State of New Mexico as well as other states. The rubber strips are currently being shipped in from another State some distance away (causing expensive shipping charges) as the machine which the agency used to make the strips from old tires ceased functioning. There is some potential that NMCI could supply those strips made from old car and truck tires for the Industries For The Blind and also be incorporated with the tire recycling efforts that need to be addressed in the State of New Mexico. Such a program could be inmate labor intensive, provide a service for the other agency and assist the State in its Recycling and Land Management Waste Program.

RECOMMENDATIONS:

For the NMCI and Industries For The Blind to meet and explore the feasibility of the two potential programs and coordinate efforts of the two agencies working together.

FUTURE PROGRAM IDEAS FOR NMCI

There are a number of potential programs that can develop out of the recycling, land waste and land fill efforts of today. Currently, there are a variety of contracts available through the State Purchasing Division for either sale of recyclable materials or purchase of goods containing recycled material. Included on this list are "Tires & Tubes, Sale of Scrap #80-00120." Should NMCI accomplish a program with the Industries For The Blind (to supply rubber strips from old tires for mats) there may be an opportunity to develop a NMCI program that would be inmate labor intensive and tie into a recycling program on tires as well. In addition, old tires are a source of petroleum (melted down) and NMCI may be able to provide this resource to a company such as Cyclean, Inc., who produces and installs Recycled Asphalt Pavement from the State of Texas.

A material produced from recycled plastic and lumber chips provides an extremely durable substance that can be made in to items for landscaping projects, playground equipment for parks or benches, marker posts, outdoor seating and tables, bumpers, landscape timbers, deck floor and rails, bollards for traffic control and car stops, etc. Most of these items can provide an inmate program to produce such products for use in City, County and State Parks, Highway and Transportation Department, Game and Fish Department, etc. These products are stronger and much more durable than the ones made out of concrete or wood and "Graffiti Proof." Wooden park benches and tables splinter and need frequent refinishing. Concrete car stops, benches and tables all chip, break and disintegrate with use and time.

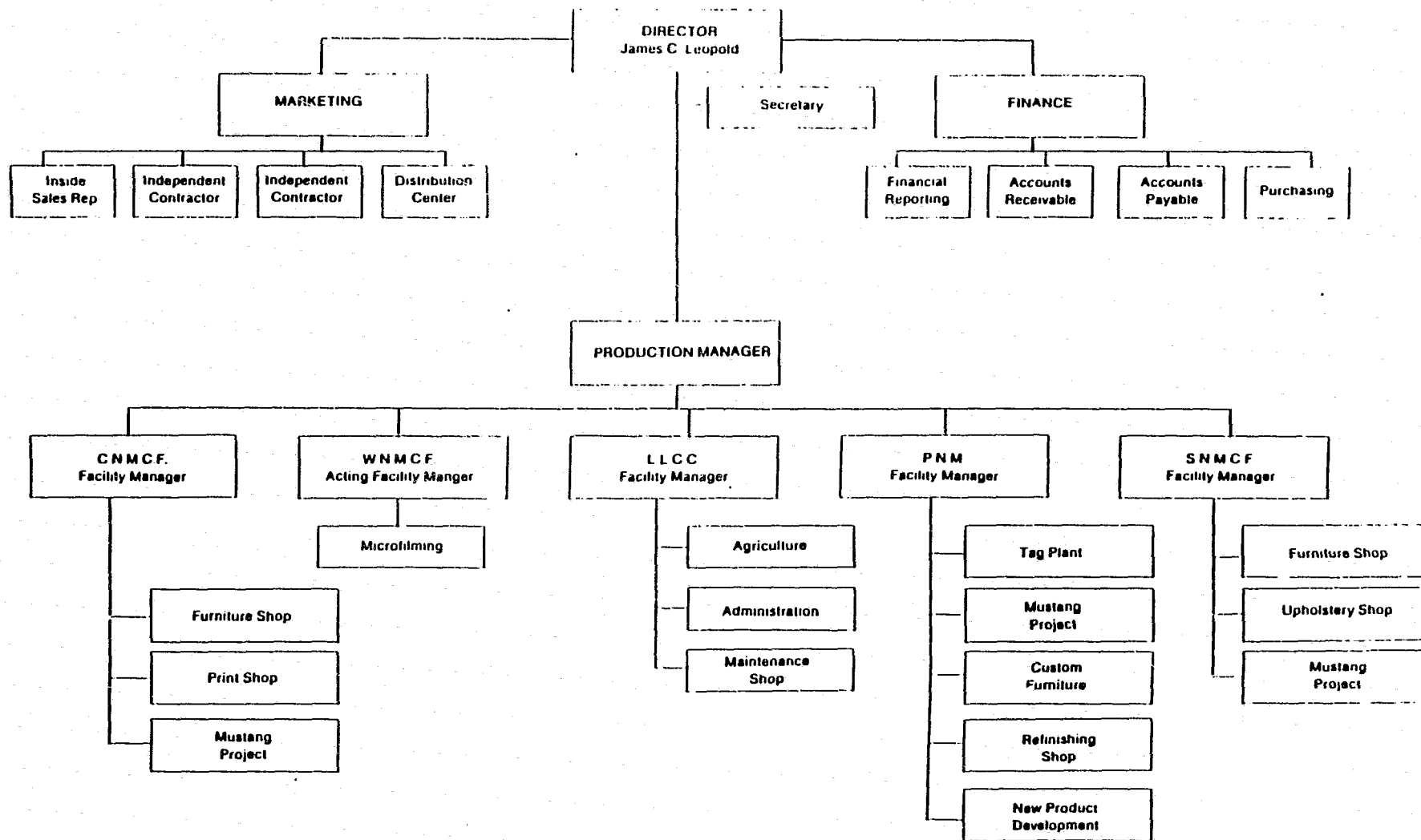
Tecomp Inc. of St Cloud mixes recycled garbage with nitrogen rich fertilizer in a rotating digester shortening the time it takes to make compost by 80%. Possible program to be done in conjunction with The Farm Operation.

HI-Z Computer Supplies, located in Albuquerque provide recycled Laser Cartridges and Re-inked printer tapes resulting in a very substantial savings in cost to the customer while extending the life and use of the cartridges and tapes to a high percentage and helping to greatly reduce the recycling waste fill and land fill problems.

RECOMMENDATIONS:

Due to increasing concerns regarding the environment, each State is passing new legislation and implementing new programs rapidly. It would be very appropriate for the State of New Mexico to have inmates involved in these programs and would serve to assist the State in addressing the recycling efforts, land fill problems, etc. The inmate would be learning new skills to serve them upon returning to the outside world with an ability to work in a newly developing area of service and products that has become "Big Business." NMCI's Management Team should be cognizant of and keep informed on the possibilities of recycling, waste and land fill programs that can provide the State of New Mexico and NMCI with labor intensive inmate programs of the "90s."

CORRECTIONS INDUSTRIES DIVISION
Organizational Structure
Operational Control Under Adult Corrections Division



1991 OPERATING PLAN

Section 1-Corrections Industries Mission

Purpose

The purpose of the Corrections Industries Division is to reduce inmate idleness by employing the maximum number of inmates possible in a work environment which encourages inmates to develop a proper work ethic. We seek to prepare inmates for a return to society by providing inmates with job skills and specific knowledge, provide constructive employment as an alternative to the deteriorating effects of enforced idleness and attempt to operate at a self-sustaining level.

Functions

1. To provide planning, management and control of Corrections industries' operations.
2. To assure compliance with Federal and State Laws governing prison industries, as well as state agency, Corrections Department and Corrections Industries' rules and regulations.
3. To provide the marketing capability for selling Corrections Industries' products and services.
4. To provide training and professional development of both staff and inmates to assure safe, efficient operation of Corrections Industries' facilities.
5. To obtain materials, equipment and financial resources required to effectively operate Corrections Industries' facilities and maintain appropriate accountability for the maintenance and use of those resources.
6. To implement, maintain and continually develop ;and improve a system of management and financial controls to assure efficient operation of Corrections Industries' facilities.

Strategy

1. Work closely with the wardens and staff at each facility to assure that Corrections Industries' activities contribute to the overall performance of each Corrections Department facility.
2. Provide the resources to stimulate growth of existing industries and to add additional enterprises in order to provide for inmate growth and to increase the percentage of inmate participation.

3. Educate and train our Corrections Industries staff in order to provide a high level of professional performance and to increase job satisfaction.
4. Manage our operations to improve quality, maximize customer satisfaction and reduce costs and inefficiencies in order to achieve self-sufficiency.
5. Develop and implement management systems which provide management with the information required to achieve maximum efficiency, profitability and appropriate utilization of available resources.
6. Develop a long-range operating plan in order to provide consistency and continuity to Corrections Industries and its operations.
7. Seek legislation to revise statutes governing Corrections Industries in order to accommodate changes in the business environment.

Goal 1:

Manage operations in order to achieve financial self-sufficiency.

Objectives:

1. Expand farm operations to include beef operation. Achieve break-even at operating profit line for LLCC operations.
2. Manage expanded tag plant operation at PNN. Contribute \$300,000 per year to operating profit.
3. Expand micrographics operation at CCA. Increase sales to at least \$113,000. which is the break-even point.
4. Operate furniture and horse operations at the break-even point.
5. Establish sales quotas required to generate self-sufficient operations at furniture, printing and micrographics facilities.

Strategies:

1. Coordinate marketing objectives with production to assure adequate capacity and timely delivery.
2. Implement land and irrigation improvements in order to increase farm production.
3. Concentrate marketing efforts on furniture, micrographics and printing.

4. Operate wild horse facilities at a self-sufficient level.

Goal 2:

Increase sales and enterprises in order to increase inmate employment.

Objectives:

1. Standardize furniture products and publish new catalog.
2. Develop a sales and marketing plan which includes sales goals and publication of a new catalog.
3. Implement a private sector furniture refurbishing program.
4. Open additional enterprises to meet needs of ever-expanding inmate population.

Strategies:

1. Request legislation to expand permitted products and services.
2. Request capital for expansion.

Goal 3:

Develop well-trained professional staff.

Objectives:

1. Develop comprehensive business plan (long range).
2. Implement information systems plan, providing interactive general ledger, inventory and manufacturing systems.
3. Standardize and improve organization.
4. Implement statewide training program, including cross training.
5. Centralize purchasing function.
6. Provide state-of-the-art equipment for furniture shops.
7. Improve quality control at all facilities.
8. Establish customer service program.

Strategies:

1. Submit systems plan to Information Systems Council.
2. Utilize Federal Grant to develop comprehensive business plan.

3. Utilize Federal Grant for staff development.
4. Emphasize training to develop professional staff.

NEW MEXICO CORRECTIONAL INDUSTRIES MICROGRAPHIC PROGRAM (CIMP).
STUDY BY DIETLER & ASSOCIATES
FUNDED BY THE BUREAU OF JUSTICE ADMINISTRATION
ADMINISTERED BY THE INSTITUTE FOR ECONOMIC AND POLICY STUDIES, INC.

BACKGROUND:

Mr. Jim Leopold, Director of the New Mexico Correctional Industries (CI), contacted the Institute for Economic and Policy Studies, Inc. requesting a technical grant to do a follow up on the micrographic study accomplished by Dietler & Asso. in 1988. The program at that time was located at the Western New Mexico Correctional Facility.

The micrographics program has since been moved to the New Mexico Women's Correctional Facility which is owned and operated by Corrections Corporation of America (CCA). CCA is under contract with the New Mexico Department of Corrections (DOC) to house the department's female inmates. This is the first State Correctional Industries program operated within a privately owned and operated prison (making an interesting contrast and comparison to the number of private industries operating within a state prison).

As this is a follow up to the 1988 grant, a copy of the original (CIMP) report is enclosed for reference. This current 1990 report will relate to the original document, describe those changes that have taken place (plus list any problems that still exist), outline new problems with specific recommendations being made to assist the CIMP program TO "work" more efficiently, thus increasing the program to the maximum level desired by both DOC and CCA.

SITE VISITATION:

The following visitations and meetings were accomplished to:

- a. Become current with the present condition of the micrographics program.
- b. Determine the interest of the management of the new facility.
- c. Discuss the potential market for CIMP.

AT THE NEW MEXICO WOMEN'S CORRECTIONAL FACILITY, GRANTS NEW MEXICO.

1. MICROGRAPHICS PROGRAM (CIMP).

Met with Ms. Jackie Frey, Supervisor of the Micrographics Program. Jackie discussed very openly with me the changes that had taken place since my last visit.

She was very pleased with the new surroundings and the changes from the old facility, i.e., Additional square feet of production space available, a special secure area for storage of the records, having an appropriate vehicle for transportation of the records, better access to the facility for CIMP visitors, a private office for the supervisor as well as having bathroom facilities within the building. In addition, some new equipment was supplied to the program, i.e., A Bell and Howell Intercom Camera and a 1 MRG1 Engineering Camera (refer to original 1988 report, page 7). Note: It was apparent that some of the CIMP program equipment is ageing and certain replacements will be necessary if any future additional sales are to be forthcoming.

RECOMMENDATION: A budget needs to be established in order to plan for any new equipment based on sales and requirements resulting from those sales. Additionally, a contract should be initiated to properly service the existing equipment which will help minimize shut down times due malfunctioning equipment.

Visits accomplished with the inmate workers were productive and enlightening. They were working at more than an acceptable pace even though they had been there for only a short period of time. The program had to be closed down due to Ms. Frey providing me transportation from the airport to the institution (there is no available back up supervisor for the program. The inmates are happy with Ms. Frey and the program). They feel that micrographics is the best assignment in the institution and "the best paying". An increase in the program would be welcomed by other inmates interested in joining the CIMP program.

RECOMMENDATIONS: The inmates appeared to keep an acceptable work pace, however, because of the rules of the prison (the inmate is required to purchase their personal needs as well as desires) an incentive program might be established. The incentive program can take many forms such as weekly movies, additional pay etc. Any such incentive program should only be given AFTER a quota is exceeded. Such quota must be based on "real world" expectations.

ADMINISTRATION

MR. DAN MORIARTY, ASSISTANT WARDEN.

Mr. Moriarty was very gracious in his welcome and offer of assistance. He has genuinely strong feelings for the program and suggested that they will need additional industry programs at this facility for employing more of their inmates. He also believes that those programs should also be state industry programs too.

I think that this is a very positive comment and strong statement of support for CI. His only concern for the CIMP program is about the amount of time that the program is closed down due to Ms. Frey's services being required frequently in other places, i.e., Making sales calls and/or servicing the micrographic accounts. He expressed specific concerns that in order to make the program work effectively, it required another supervisor being available (either in micrographics or in a key data program suggested earlier by the former industries management) to provide the required supervision necessary to keep the program in operation. It is obvious that the relationship between the institution and the program is excellent. I was sorry to miss meeting with Warden Sharon Johnson but she was out of town at a DOC meeting. Many of the staff commented about her strong support of the micrographics program as well as CI.

RECOMMENDATIONS: Mr. Moriarty's concern with the amount of time the program is closed is also a concern of the author. In order to keep the program open and operating, the following recommendations are made: An additional supervisor should be added but only as sales increase enough to warrant the position. In the meantime, Ms. Frey should be called upon as a sales person only in an emergency. The sales staff should be trained and responsible for the micrographic sales and if service contracts are negotiated for maintenance of equipment as earlier recommended, Ms. Frey will not have to be absent or close the operation to go for parts, etc.. In the past she has even been involved in delivering or picking up material(s), now with the new delivery plans being implemented, the need for her to be involved should be minimal.

MR. RALPH CASTNER, DOC MONITOR.

Mr. Castner is the only other DOC employee at the facility besides Ms. Frey. We discussed the Correctional Industries Micrographics Program (CIMP) Mr. Castner is very knowledgeable, as a matter of fact, he has taken a training course presented by Ms. Frey at her invitation. I feel he should be congratulated for taking a keen interest in an additional DOC program. He and Ms. Frey should be commended for developing their excellent working relationship.

MS. PENNY THOMAS, DIRECTOR OF INSTITUTION PROGRAMS.

Ms. Thomas is also very supportive of the CIMP program. She explained that because of the education program and the mandate for attendance there is not an immediate demand for additional industries training slots. The facilities two vocational programs are of six months duration and when the inmate finishes the program the only other education available is a course through the college system in the evening.

It is estimated that when in operation for a year, every six months 20 inmate students will complete the course and be available for other assignments. Of those, about 10 will be long term inmates and should be prime CI employee candidates. It is estimated, that on the average CIMP loses 2 inmates every 6 months. That means that the institution will need additional training slots and/or programs for 8 inmates every six months. It is vital that CI be able to provide the additional slots or programs to meet this need.

MR. JAMES LEOPOLD, DIRECTOR CORRECTIONAL INDUSTRIES.

In the last two years, Mr. Leopold has made many necessary changes in CI especially in the personnel area. The previous sales representatives are no longer there. A new sales staff of four have recently signed contracts and are on board. A new production manager is now working with the different factories and has been specifically helpful to the micrographics program according to Ms. Frey. Two of the sales staff have previous micrographics experience and additionally, Ms. Frey has held a training program for all four of the new sales staff so that they understand and feel comfortable selling the New Mexico Micrographics Program. A discussion was held with Mr. Leopold regarding a number of the suggestions being made in this study and the reasons for the specific recommendations.

MR. JOHN URANGA CHIEF,
RECORDS CENTER AND ARCHIVES.

Mr. Jim Leopold and the author visited the Records Center (RC) as a follow up to the original grant. In the previous research accomplished at the RC in 1988, Ms. Mary Gartino and Mr. Mike Miller, were very helpful, and offered some suggestions and shared some concerns they had. During this current visit, we were able to inform Mr. Uranga of the changes that had been accomplished as a result of RC's earlier recommendations, i.e., Larger space for the program at the new facility, appropriating a secure area for record storage, additional equipment, easier access for visitors, established a secure delivery system for records, training of the sales representatives, etc..

Mr. Uranga was very pleased with the changes that had taken place. The potential of additional business was examined, discussed and some new recommendations were made *. Mr. Uranga explained the required process of State Agencies handling records for storage. We were informed that the RC had Management Analysts who were assigned to different State Agencies.

When the agency has a record storage problem, they call the analyst assigned to them who then assists them in addressing the best way to store the records which include microfilming. Mr. Uranga shared his past concerns regarding the CI Micrographics program (CIMP) and stated that with the corrections having been made at CIMP, the program now has their (RC and his) continuing support.

* RECOMMENDATIONS:

The following recommendations were made by Mr. Uranga. They are endorsed by the author and have been included as a part of this report.

Train the sales staff so they are not only knowledgeable but "comfortable" in the micrographics field. He offered the expertise of the RC to assist in that training by holding a special training program for CI sales representatives. It will be advantageous to schedule such training at the earliest possible date.

Mr. Uranga also wanted the analysts to have a clear and concise understanding of what CIMP can offer and provide to the State of New Mexico agencies. During the discussion it was determined that a meeting at the Grants Facility in the CIMP would be an excellent method of sharing that information. Mr. Uranga was very gracious in his offer of providing RC's expertise and assistance. I suggest that a meeting be scheduled during the month of March, 1990 to let him know that CI is serious about the program and very pleased to accept his offer of assistance in training the CI sales representatives.

Mr. Leopold brought up the microfilming of inmate records that was recommended in the last report. Mr. Uranga commented on the concerns of the RC regarding inmates handling the inmate records. After a short period of discussion, Mr. Uranga agreed that the concern was over "current records" and not those older than 20 years. Mr. Leopold made an excellent suggestion which was simply that the DOC had a backlog of records that needed to be microfilmed. Why not trade those records with the RC for the type of records that can be filmed by inmates? By this method, the DOC records would not be handled by inmates but in fact, the CI micrographics program could be kept busy by doing the records that are "safe" for the inmates to handle. Mr. Uranga thought this was an excellent suggestion and said that he would follow up on the idea with his department. It would be beneficial for CI to contact Mr. Urganda within two weeks to insure that this

meritable concept expressed by Mr. Leopold is not lost. It is further recommended that a follow up be made regarding archival inmate records also be microfilmed at the CI program since Mr. Uranga agreed that those records are "safe" for inmates to handle. Should this type of program be started, it could certainly insure the safe retention of those records and provide a beginning opportunity for inmates dealing with records that previously were considered questionable for inmates to handle.

MS. KATHY MALCZEWSKI, MANAGEMENT ANALYST.

Ms. Malczewski is the analyst for DOC and undoubtedly is one of the most important "keys" to the success of CI's micrographics program. Whenever CIMP is recommended for a job, Ms. Malczewski is the liaison between CIMP and the state agency. She will normally call Ms. Frey, discuss the potential job, suggest Ms. Frey contact the customer and then request that she be kept informed of the progress of the job.

It is recommended that a sales representative or the sales manager be the contact person for Ms Malczewski. This would not eliminate the contact between Ms. Malczewski and Ms. Frey, but would eliminate some of the time taken for sales calls by Ms. Frey thus placing the emphasis of sales efforts where it belongs, in the sales department.

MR. RONN JONES, DIRECTOR
STATE PURCHASING DIVISION

During the 1988 study the director was not able to meet with me. This time Mr. Leopold and I were able to meet with Mr. Jones and I found him to be very interested in CI's operations and success. It is clearly evident that Mr. Leopold has established an excellent working relationship with Mr. Jones. Point of interest: During a meeting earlier this week with a wholesale micrographic equipment distributor, I found that three state agencies were investigating the purchase of a new camera that can process 3800 images an hour. I was interested in two things, 1. If CIMP could do that work and not require the purchase of the equipment and staff and/or let CIMP purchase the equipment and the state save the civil service labor costs. 2. If the agency did purchase the equipment, what would happen to their present equipment? Why not give that equipment to CIMP? When I related this meeting and information to Mr. Jones, he stated that he would follow up with Ms. Evelyn Herrera the person in charge of purchasing this type of equipment.

It is recommended that a follow up call be made to Mr. Jones or Ms. Herrera to determine the potential and advantage of one of the above money saving solutions being implemented.

MR. WILLIAM RAEI, SALES MANAGER.
NEW MEXICO CORRECTIONAL INDUSTRIES.

Met with Mr. Rael and discussed the new sales staff and the potential of micrographic sales. Mr. Rael talked about their interest in the program and the methods CI has determined are the best to increase micrographic sales. They have established a minimum quota for the sales representatives and in addition, given them a larger commission on the CIMP sales. We discussed the need for advertising and the various methods and concepts of how to accomplish that. I related to Mr. Rael that in an earlier meeting with Mr. Uranga, he had explained that microfilming must be budgeted a year ahead of time, i.e., The funds requested must be placed (generally in September) in next years budget along with a request for those monies needed for a specific amount of work.

We also discussed that Mr. Uranga had also made the recommendation that CI mail a letter to all state agencies in September, describing the services of CIMP, the advantages to the agency of using microfilming and emphasizing the services of CIMP to and for the agencies. There are two specific ways for state agencies obtaining funds to do microfilming of records. The preferred way is to budget for the services while the other way is "year end dumping" of available funds.

RECOMMENDATIONS:

CI Sales in conjunction with the RC should develop an informational flyer to be used as a direct mailer describing the advantages of working with CIMP and the use of microfilming. These direct informational mailers should address the two ideas but with each emphasizing the advantages of CIMP. The first one should be mailed in early May, describing the program in a subtle way that informs the potential customer that microfilming is an efficient and excellent method of using any surplus funds. The second mailer should be aimed at planning for the future by submitting the request in time for next years budget in early September.

A previous recommendation made in the 1988 report was to develop and implement a sales plan for Micrographics. However due to a number of personnel changes occurring in CI, a sales plan was not accomplished. It is crucial for CI that such a plan be developed and implemented as soon as possible. The sales plan should include the above recommendations, i.e., Initiate sales training, develop a closer relationship with the RC staff, initiate scheduled visitations and meetings for the RC analysts to the CIMP, for sales representatives to be

included at the visits and meetings which will assist in establishing a closer working relationship between departments which is essential, implement a direct mail and advertising program and establish a training program for the CI central office staff. (It is difficult to push the sales staff to sell more microfilming if in fact they don't fully understand the total program).

Mr. Jack Quintana, Accounting
Correctional Industries

There was some time spent in going over the costs of the micrographic program and a discussion on how a determination can be made on the profit/loss of that program. Although Mr. Quintana was most helpful and willing to assist in CI's accounting system, he and I found it impossible to determine the costs of operating the micrographic program. As we were not able to determine what the actual costs of the program are, it is not possible to determine what the break-even point is. CI management hired an accounting consultant and they are now looking at developing a new accounting system, one that is aimed at cost accounting. When that new system is in operation, it will be possible to determine a cost of operations and thus a break-even point on which to determine when an additional supervisor should be hired.

It is crucial that the CIMP be expanded to include two supervisors. A lead supervisor's salary including perks is \$44,109. The assistant position salary should be about \$23,000 including perks according to Mr. Quintana. Inmate pay will increase because of the number of additional inmates being employed. It is hard to determine the amount of business necessary to support such an enterprise without knowing the break-even point, nor is it feasible to determine the amount of sales needed to insure the success of the program until a sales price can be determined that will insure a profit.

RECOMMENDATIONS:

Until an actual break-even point is determined, it is not recommended that the second position be filled. However, it should be a goal of and for CI to hire an assistant supervisor at the earliest possible date for the following reasons:

1. Ms. Frey is now handling most of the sales and all of the servicing which takes a great deal of her time. This will eventually change due to the new sales staff now being on board and responsible for sales, along with the recommendation of this report for a service contract to be negotiated, allowing the maintenance be handled by the service companies staff instead of Ms. Frey.
2. When Ms. Frey is away from the program, it is closed which presents a problem to the institution, the inmates and the production schedules.

3. The two vocational programs are of six months duration and when the inmate finishes the program the only other education available is a course through the college system which is run at night. It is estimated that when in operation for a year, every six months 20 inmate students will complete the course and be available for other assignments. Of those, about 10 will be long term inmates and should be prime CI employee candidates. It is estimated that on the average, CIMP loses 2 inmates every 6 months. That means that the institution will need additional programs for 8 inmates every six months.

It is the opinion of the author from the previous market analysis done in 1988, and the one accomplished on this study that there is sufficient business available to keep the program busy and will require employing 2 supervisors. That opinion is based on an estimate that CIMP will need approximately 25,000 per month in sales to break even with 2 supervisors. That amount of business should employ 30-35 inmates and will need additional equipment. At this time a SALES PLAN is mandatory for the CIMP's operation and a Business Plan should be scheduled for development in the near future.

ROBERT LANPHERE, PRODUCTION MANAGER
CORRECTIONAL INDUSTRIES

Mr. Lanphere (a new manager) is responsible for all of the production facilities. He is very supportive of the CIMP and realizes that the program needs additional sales. He is very much in tune with the problems of CIMP and stated that he is committed to doing what ever is necessary to insure CIMP's success.

MR. HERB MASCHNER, DEPUTY SECRETARY AND DIRECTOR NEW MEXICO ADULT
CORRECTIONS DIVISION,

AND

MR. DON CAVINESS,
PUBLIC INFORMATION OFFICER DOC.

Met with Mr. Maschner, Mr Caviness and Mr. Leopold to discuss the Micrographics program at the New Mexico Women's Facility, Grants. It is evident that the program has the total support of the Secretary's office. The relationship between Mr. Leopold and Mr. Maschner is one of mutual backing and support. Clearly the Secretary's office is totally committed (as is the rest of the State) toward assuring the success of the operation.

With this high level of support, coupled with a renewed sales effort launched by the sales staff and the increased involvement with the RC staff, the CIMP should be operating at a profit within 18 months.

CONCLUSION:

This is the first and only State Correctional Industries Program operating within a Privately Owned Prison. There are many Private Companies functioning within a State Prison but to my knowledge, there are no other state industries operating within a private prison. This being a first makes New Mexico the leader of the nation in this endeavor. The recommendations of this study should be carefully examined and implemented as soon as possible to secure the future of the CIMP.

Mr. Leopold should be commended for his commitment to the Correctional Industries program. He is willing to make whatever changes are required to insure that the program is successful. It will take some time and effort to accomplish all that is mandated to bring the CIMP to the sales and production levels meeting the profit position necessary to be successful. However, if the CIMP makes the necessary changes recommended in this report, it will be the successful program leading the way to the revitalization of New Mexico's Correctional Industries.

SPECIAL ACKNOWLEDGEMENT:

It is apparent that Ms. Jackie Frey has been the single person who has held the program together. The change in management has forced the new team to stay focused on functions other than CIMP. Ms. Frey has been the sales person, supervisor, truck driver, service mechanic etc. It is apparent that without her dedication and commitment, the program would undoubtedly have succumbed by this time.

In addition it should be acknowledged that CI implemented many of the recommendations made in the 1988 study. If those recommendations had not been implemented, it would not have been possible to go back to the RC, ask for and receive their continuing support.

Each and every person that I met with, was more than helpful and demonstrated that they support and want CI to be a success.

DIETLER & ASSOCIATES

CONSULTANTS

CORRECTIONS AND PRISON INDUSTRY

The State of New Mexico is attempting to provide work opportunities consistent with the rising prison population and assist in reducing the increasing costs of your prison system. Within these prisons a work training program operates known as New Mexico Correctional Industries (NMCI). NMCI not only trains inmates in work habits so they can become useful taxpaying citizens upon their return to society but also to help save the New Mexico taxpayers by reducing the cost of operating the prisons.

New Mexico Correctional Industries, through a grant from the National Institute of Corrections has contracted Dietler & Associates to assist them in developing a more efficient program that will benefit you their customers and all the citizens of New Mexico. You can be of great assistance to us in this endeavor by filling out this survey form on the back of this letter and returning it to:

Dietler & Associates
3163 Bertis Drive
Sacramento, California 95821

Is your organization presently operating or anticipating any kind of recycling program ? _____

If so, please describe briefly: _____

With your permission, we may need to be in further contact with you to determine the direction NMCI should go to be of maximum benefit to you.

Yes, you may contact me for further advice, if necessary.

I have answered your survey but I would rather not take part in any study or follow up.

Thank you very much for completing this survey and returning it by September 1, 1990. Your input is valued and important.

Sincerely,

John W. Dietler
President

NEWS SUMMARY

Sequence of operations and equipment required for manufacturing 4800 - 5000 T-shirts in 8 hours.

Readywear

Specification:

T-shirts with binding on sleeves and neck opening, two side seams.

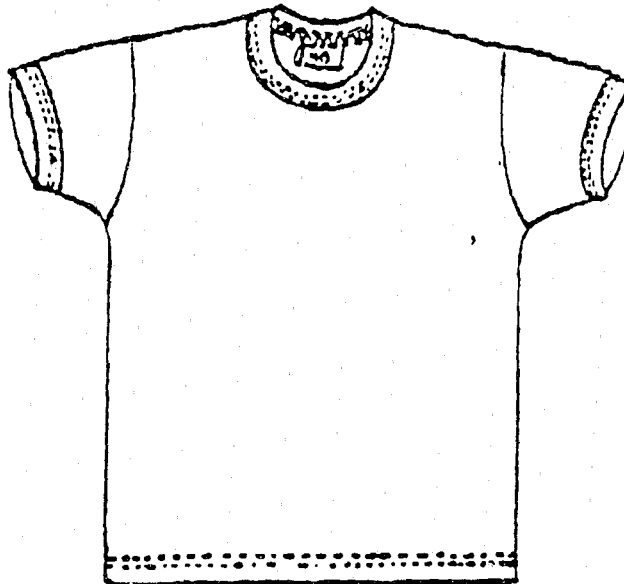
After the right shoulder is closed, the neck opening is bound and the label simultaneously inserted. The same operator is also binding the sleeves, to ensure proper colour matching.

After the left shoulder is closed, both sleeves are attached. Closing the sleeves, side seaming and bottom hemming concludes the sewing operations.

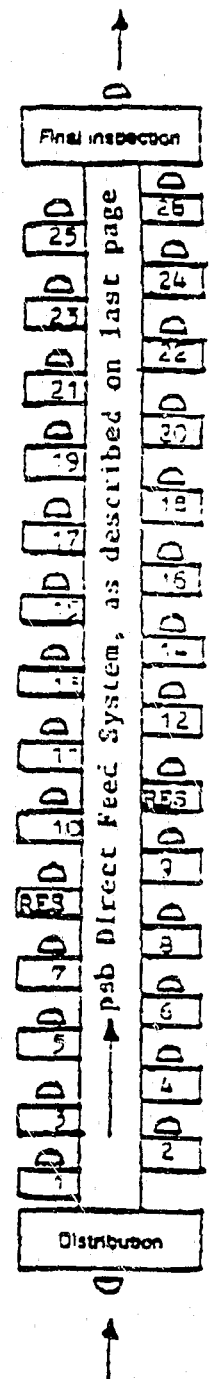
Alternatively, sleeves and neck openings can be bound with a scalloping machine, producing a decorative effect.

Sequence of operations

- 1-2
close right shoulder
- 3-8
bind neck opening and insert label. Bind sleeves.
- 9-10
close left shoulder
- 11-16
attach sleeves
- 17-22
close sleeves and side-seam
- 23-26
hem bottom



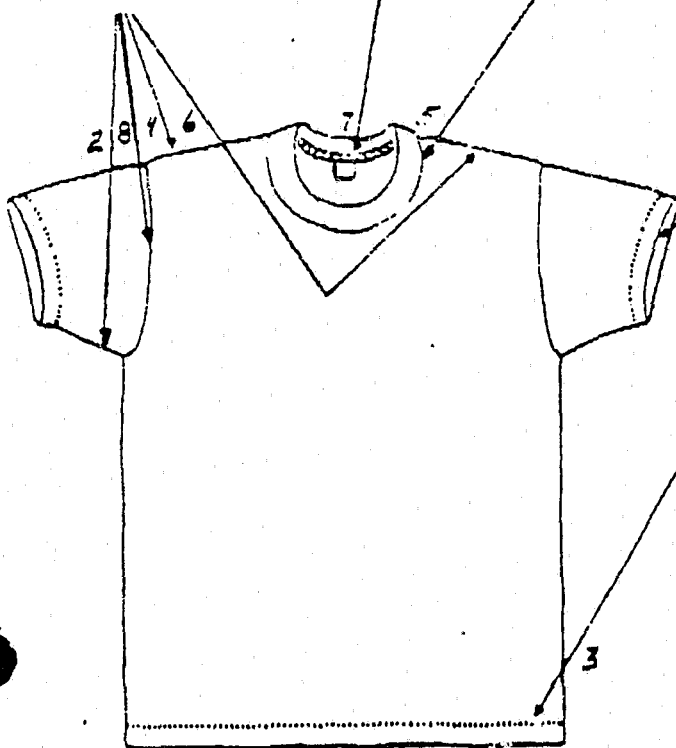
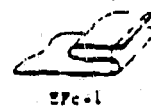
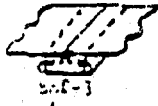
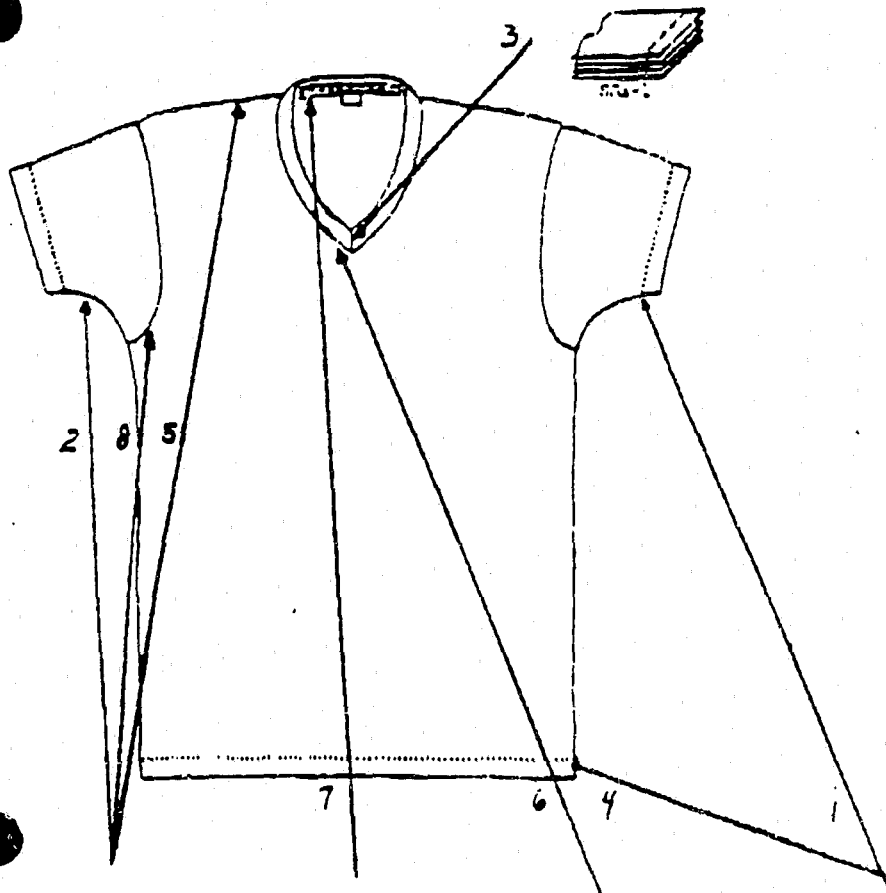
Production layout for T-shirts: 4800 - 5000 pieces per eight-hour day



Union Special Corporation

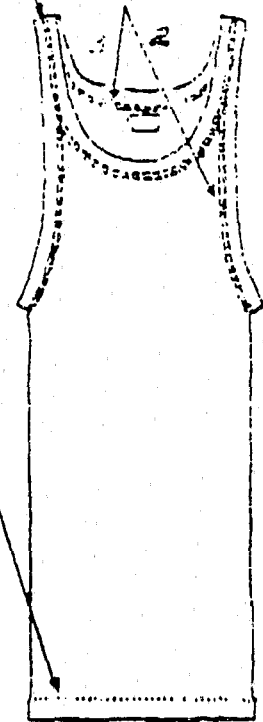
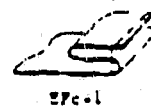
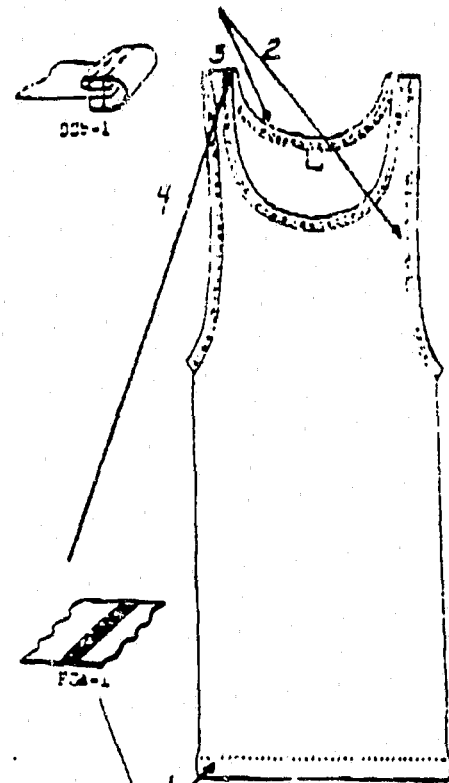
MEN'S KNIT UNDERSHIRTS

V NECK TEE SHIRT



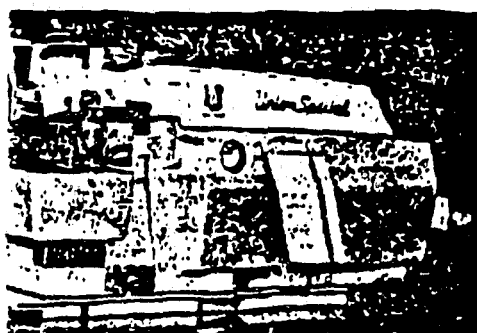
MEN'S TEE SHIRTS

ATHLETIC SHIRT (WEB SHOULDER)



MEN'S TEE SHIRTS
(Pat. of 1967)

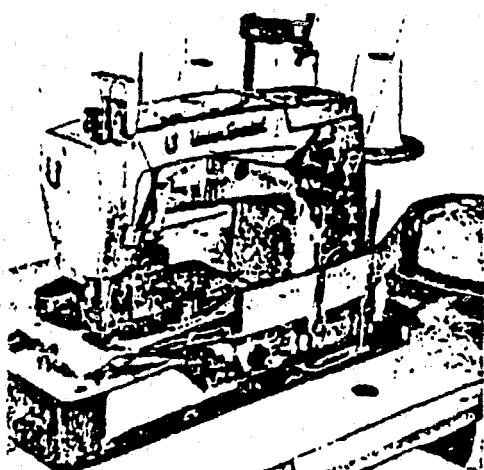
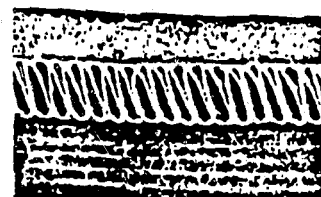
Breakdown of operations



Stations 1-2: close right shoulder
UNION SPECIAL 39500 VRF
 High-speed single-needle differential feed machine for seaming and trimming light-medium to heavy weight flat, warp, and ribbed knit materials made from cotton, wool and synthetics.

Seam widths	Thread cons. per 1 m seam
2.4 mm = $\frac{3}{16}$ "	10.10 m
3.2 mm = $\frac{1}{4}$ "	11.20 m
4.0 mm = $\frac{5}{16}$ "	12.40 m

Stitch type 504
 Seam type SSa-1



Stations 3-8: bind neck opening and insert label. Bind sleeves

UNION SPECIAL 57700 X
 High-speed two-needle coverseam machine with differential feed for attaching split tube borders to neck openings and sleeves.

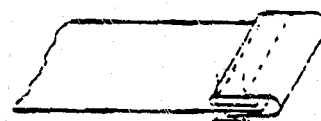
Machine can be equipped with a collarette-cutter, knee-press or finger switch operated.

Width of binding:
 10 - 40 mm finished width.

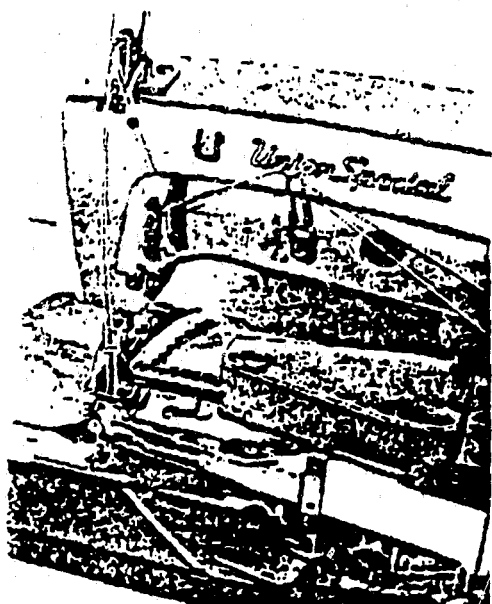
Needle spacing	Thread cons. per 1 m seam
8 ga = 3.2 mm	12.10 m
12 ga = 4.8 mm	13.80 m



Stitch type 406



Seam type BSb-1



Alternative:

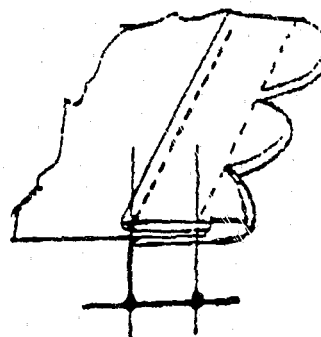
UNION SPECIAL 57700 APZ-3258
 Two-needle coverseam scallop edge machine, with differential feed for attaching split tube borders to neck openings, sleeves and similar operations. Machine can be equipped with a collarette-cutter, knee press or finger switch operated.

Width of binding:
 strip cut 34 mm, finished width 12 mm
 or
 strip cut 28 mm, finished width 10 mm

Needle spacing:
 12 ga = 4.8 mm

Thread cons. per 1 m seam: 13.80 m

Stitch type 406



Seam type BSb-1 (modified)

Stations 9-10: close left shoulder

UNION SPECIAL 39500 PPZ-3251
 High-speed single-needle differential feed machine with a quick stitch change mechanism for main- and differential feed. For seaming and overedging light, medium to heavy weight knitwear.

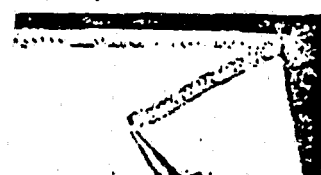
Equipped with chain backtacking attachment A 9457 G for pulling the chain into the seam at the beginning of the seam to avoid an additional tacking operation.

Seam widths: 3.2 mm ($\frac{1}{4}$ ")

Thread cons. per 1 m seam: 11.20 m

Stitch type 504

Seam type SSa-1





Seam type 8Sa-1

For description see station 1-2

2.4 mm = 1/8"
3.2 mm = 1/4"
4.0 mm = 1/2"

11.20 m
12.40 m



Stitch type 504

Stations 17-22: close sleeves and side-seam

UNION SPECIAL 39500 PPZ-3261

With Chain Backstitching Attachment A 9457 G. For description see station 9-10.

Seam widths

Thread cons.
per 1 m seam

2.4 mm = 1/8"

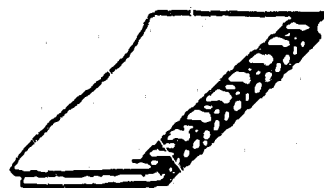
10.10 m

3.2 mm = 1/4"

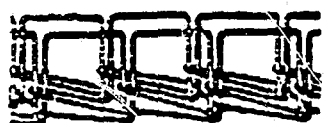
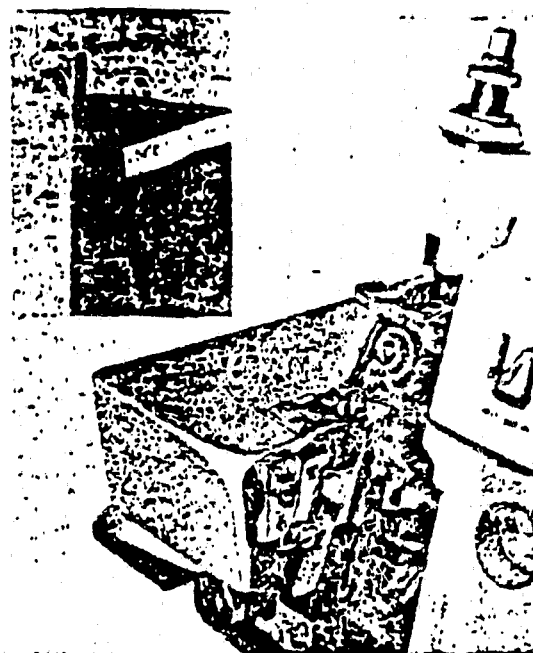
11.20 m

4.0 mm = 1/2"

12.40 m



Seam type 8Sa-1



Stitch type 408
Stitch type 409

Stations 23-26: hem bottom

UNION SPECIAL 57700 KW

Two needle, coverstitch machine with differential feed for hemming knitwear. With adjustable left and right hemming width adjustment. With KLUPPAT top and bottom thread trimmer.

Needle spacing

Thread cons.
per 1 m seam

Needle spacing

Thread cons.
per 1 m seam

10 ga = 4.0 mm

13.30 m

12 ga = 4.8 mm

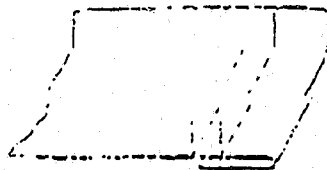
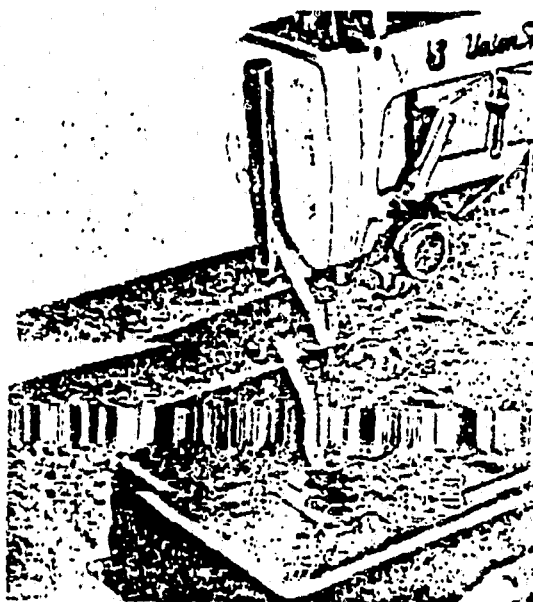
13.30 m

14 ga = 5.6 mm

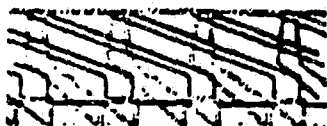
13.30 m

16 ga = 6.4 mm

15.30 m



Seam type EFa-1



Stitch type 503

Alternative:

UNION SPECIAL 39500 SD

High speed single needle differential feed machine. Swing out cloth plate and compact hemmer assembly allows hemming of small tubular work. Guides furnished for

hem width

Thread cons.
per 1 m seam

12.7 mm (1/2")

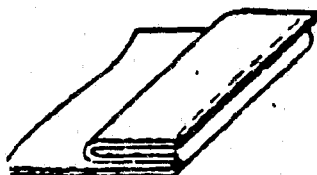
10.60 m

19 mm (3/4")

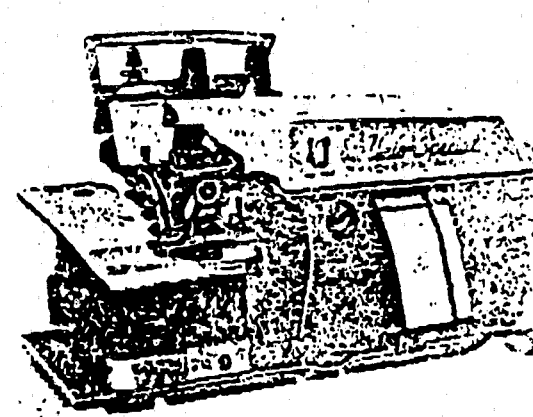
11.70 m

25.4 mm (1")

14.20 m



Seam type EFe-1



SEQUENCE OF OPERATION AND EQUIPMENT REQUIRED
FOR THE MANUFACTURE OF MEN'S KNIT UNDERWEAR

"V" NECK TEE SHIRT

NO. OF OPERATION	DESCRIPTION OF OPERATION	MACHINE STYLE	STITCH & SEAM TYPE	EST. DOZ. PER HOUR	PRESSER FOOT	FEED DOG	THROAT PLATE	ATTACHMENT
1.	Rem sleeves	**39500 RNZ-923	503 EFC-1	40	39520 W	39526 H 39503 H	39524 D	2800 A-12 29400 KC
2.	Close sleeves	39500 QB	504 SSA-1	12-1/2	39520 A	39505 H, 39526 B	39524 B	Latch Tacker
3.	Close collar	63400 R	501 SSA-1	25	61220 J	61203 A	61224 C-063	
4.	Rem bottom	39500 SDZ	503 EFC-1	25	39520 W	39505 F 39526 H	39524 D	29480 KC
5.	Join shoulders	39500 QBE	504 SSA-1	16-1/2	39520 A	39505 B 39526 B	39524 B	29480 KC
6.	Attach collar & insert hanger label	39500 QBE	504 SSA-1	16	39520 A	39505 B 39526 B	39524 B	29480 KC
7.	Tape neck & shoulder seams	37-56400 PZ-16 31200 Q-16	401 STF-3	12-1/2	K-71709 31220 O	31405-16 31205 Q	K-44470 31224 O	K-70831 23156
8.	Sew in sleeves	39500 QBE	504 SSA-1	5-1/2	39520 A	39505 B 39526 B	39524 B	29480 KC

TEE SHIRTS

1.	Rem sleeves	**39500 RNZ-023	503 EFC-1	40	39520 G	39505 H 39526 H	39524 G	2800 A-12 29480 KC
2.	Close sleeves	39500 QBE	504 SSA-1	12-1/2	39520 A	39505 B 39526 B	39524 G	29480 KC
3.	Rem bottom	39500 SDZ	503 EFC-1	25	39520 G	39505 H 39526 H	39524 G	39509 H-1 29480 KC
4.	Join right shoulder	39500 QBE	504 SSA-1	30	39520 A 39527 AD	39505 B 39526 H	39524 B	29480 KC
5.	Attach collar, insert hanger label	39500 SE	504 SSA-1	24	39527 AD	39505 AC 39526 AD	39528 AD	Jawee Neck Attach.
6.	Close left shoulder	39500 QB	504 SSA-1	28	39520 A	39505 A	39524 B	Latch Tacker
7.	Tape neck & shoulder seams	31200 Q-16 39-56400 PZ16	401 STF-3	12-1/2	31220 Q K-71209	31205 Q 31405-16	31224 Q K-44470	23156 K-70831
8.	Sew in sleeves	39500 QBE	504 SSA-1	5-1/2	39520 A	39505 B	39524 B	29480 KC

ATHLETIC SHIRT (WEB SHOULDER)

1.	Rem bottom	39500 SDZ	503 EFC-1	25	39520 G	39505 A	39524 A	2879 A-15
2.	Bind armhole opening	57700 B-8	406 BSH-1	16	52820 H	57705 A 57726	57724 A	2879 A-15
3.	Bind neck opening	57700 B-8	406 BSH-1	18	52820 W	57705 A 57726	57724 A	2879 A-15
4.	Close shoulders	*36200 AA	607 FSA-1	16	36220 A	36205 A 36226 A	36224 A	2899 A-16
5.	Bar tack shoulders	Bar Tacker						
6.	Trim & Inspect	Hand Operation						

ATHLETIC SHIRT (BUILT-UP SHOULDERS)

1.	Rem bottom	39500 SDZ	503 EFC-1	25	39520 G	39505 F	39524 G	29480 KC
2.	Bind armholes	57800 F-8	602 BSA-1	13	52820 H	52805 F 5026 A	52824 F	23406 L 2899 A-13
3.	Bind neck opening	57800 F-8	602 BSA-1	17	52820 H	52805 F 5026 A	52824 F	23406 L 2899 A-13
4.	Close shoulders	*36200 AA	607 FSA-1	16	36220 A	36205 A 36226 A	36224 A	2899 A-16
5.	Tack straps	Tacker		20				
6.	Trim & Fold	Trim Master						

* With Pedestal Installation
2800 A-12

503 EFC-1	50	39520 B	39526 H 39503 H	39524 D
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