

**ELECTRONIC
SYSTEMS INC.**

LEGENDARY SERVICE
INTEGRITY, RESPONSIVENESS, & FLEXIBILITY

WWW.ELECTRONICSI.COM • SPRING 2019

“ESI...has the equipment and knowledge to manufacture our products in an efficient manner that meets our quality standards.”

—SENIOR SOURCING ENGINEER
INDUSTRIAL CONTROLS COMPANY

COME ON IN. WE’RE READY!

By Gary Larson, President, glarson@electronicsi.com



Electronic Systems, Inc. (ESI) had another great year in 2018! Good news, especially considering that our entire industry was under pressure last year. Trying to respond to strong market demand while

attempting to navigate the supply chain challenges was more than a little stressful.

And yet, ESI did more than respond and navigate. We reinvested, making good on a promise made earlier in 2018. In fact, we reinvested more money back into the company through capital investments last year than in any other time in our 38-year history.

That reinvestment came in the form of new equipment, including three new Fuji surface-mount placement machines, an ERSA VERSAPRINT screen printer and, as you’ll read inside, an additional ERSA VERSAFLOW select solder and a PVA Delta conformal coating system. It means ESI is building capacity. We’ve even knocked down some walls and added floor space.

In our response to the supply chain issue and resulting long lead times, we’ve increased inventory levels where we deemed necessary, and leaned on the excellent supplier relationships we’ve built so that we could better respond to customer orders.

In other words, we have once again positioned our company for growth. That’s what our customers—and the industry—want to hear. So, if you are looking for a financially sound company that has the latest technology with added capabilities—and even more important, that will deal with you with integrity, come to ESI. We’re ready. ♦

If you would like to learn more about what ESI can do, contact Business Development Manager Shawnee Pick at spick@electronicsi.com.

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5S PROJECT:

MAKING A CULTURAL CHANGE

Last fall, on the ride home from a lean training seminar, SMT Production Managers Dennie Pravecek and Jamie Vonderheide excitedly discussed how they could put what they learned about better organizing and managing their workspaces into action. “We couldn’t start quick enough,” says Dennie.

And start they did. “Both Dennie and Jamie have been working with their teams to execute the beginning stages of 5S (Sort, Set in Order, Shine,

Standardize and Sustain),” says ESI Manufacturing Manager Brian Carstensen.

The first and essential step was creating buy-in from team members—empowering them to drive the program. “They did a great job of engaging their entire team,” says Brian. Dennie adds, “We let the team decide what needs to be done. We have guided them, but we are implementing their ideas.”

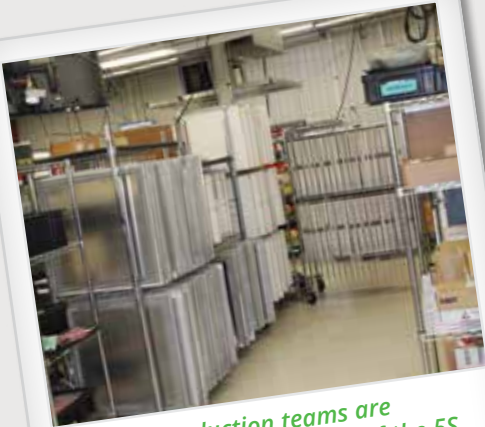
Those ideas include organizing and identifying what items belong in their work area—and eliminating items that were unnecessary—essentially decluttering specific areas of the SMT area. “It has already given us an opportunity to more effectively use our space,” says Brian.

Once an area has been organized, the two SMT teams, one on day shift and the other on night shift, are photographing that area. They then roll out a 5S checklist of steps to take to define a standard work and audit process to help them sustain the changes.



SMT Production Manager Dennie Pravecek (left) reviews a 5S Audit Checklist with Manufacturing Manager Brian Carstensen

“The emphasis is on making a cultural change instead of a one-time event,” insists Brian. “It’s going to take a lot of time and effort but it’s exciting to see how these teams are putting effort into the process. They believe it’s important and we’re visually seeing differences on the floor already.” Those differences, in the long run, he adds, should be measured by increased equipment utilization and available space. ◆



Production teams are seeing the visual results of the 5S process: decluttered and more organized work areas.

PERFECT ATTENDANCE



ESI is happy to acknowledge 34 (not all are pictured) of our associates who had perfect attendance in 2018. Twenty-three associates on Shift A (Day) (top photo) and 11 associates on Shift B (Night) were recognized for their commitment to our company and our customers. Congratulations! For names of our associates who were honored, go to www.electronicssi.com, click on the News/Events link and look for *ESI Recognizes Perfect Attendance for 2018*. ◆



REVERSING THE ROLES

SHAWNEE PICK: ESI'S NEW BUSINESS DEVELOPMENT MANAGER

Q. You have worked for a banking enterprise, fitness equipment company and a manufacturing firm that builds parts for industries including aerospace, medical and defense. Tell us about your journey.

A. I graduated with a degree in business management. After a short stint with Wells Fargo, an opportunity at Push Pedal Pull came along and catapulted me into everything I can do now. I was in fitness equipment sales, buying and transporting the equipment all over the U.S. I had a wonderful boss who taught me all of the ways a manager should handle challenging situations. From there I went to the manufacturing firm, where I was purchasing and quality manager.

Q. Why ESI? Why now?

A. In terms of a career path, this is exactly where I wanted to go. As purchasing manager, I was always the customer where here, the role is reversed. I know the expectations and demands that I had as a buyer, so I expect that providing good customer service at ESI will be an easy transition. I really appreciate and respect how diligent ESI is in making sure we take care of the customer.

Q. As Business Development Manager, what is your focus?

A. I will be developing relationships with potential customers, and making sure that our new customers have all of the information and updates that they need. We want to make it simple for them—providing one point of contact when they have questions. One goal is to be so knowledgeable about their business activity that I have the answers before they have time to ask the questions.

Q. I heard you're a farm girl. How does that play a role in who you are today?

A. I was raised on a farm near Kimball, South Dakota, where we had cattle and horses. We had responsibilities like bottle calves to care for...but also independence where I could take off on my horse and be gone for hours. Growing up on a farm translates into learning to work hard and personal accountability. I also come from a large family—five brothers and one sister.

Q. What do you do for fun?

A. I love to canoe and kayak, it's like going on vacation without actually leaving. I also keep busy with remodeling my house and I really enjoy cooking. For holiday dinners, I opt for prime rib over turkey and it's a family favorite! ♦



EQUIPMENT THAT MATTERS

The ERSA VERSAFLOW 3 select solder machine.

Two pieces of equipment that will help ESI respond to increasing market demand were installed in November 2018. The ERSA VERSAFLOW select solder machine was added and is doing its part to increase capacity.

The VERSAFLOW 3 has two separate modules, allowing it to solder two different parts of a circuit board simultaneously. It's a feature that gives ESI the ability to respond to increasingly complex board designs with smaller and smaller parts, and tighter tolerances.

While the new model provides greater flexibility, Manufacturing Engineer Hans Haase says its compatibility with the earlier models is also a plus. "We can use the same software, easily transferring programs from one to the other," says Hans. He stated that the VERSAFLOW 3 is faster than the other machines, providing greater capacity.

The PVA Delta 6 flexible robotic conformal coating system is the second major equipment addition and brings ESI's coating lines up to four, all featuring PVA Delta machines. "Having this additional coating line gives us more capacity," says Hans, adding that staying with the PVA brand provides similarities in programming, maintenance and operator requirements—efficiencies that count. ♦



Manufacturing Engineer Hans Haase with the new PVA Delta 6 conformal coating machine.



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LEGENDARY SERVICE

*An ISO 9001:2008 and
ISO 13485:2003 Firm*

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YOU CAN FIND US AT...

Upper Midwest Design-2-Part Show
June 5 & 6, 2019
Minneapolis Convention Center
Minneapolis, Minnesota

Upper Midwest Expo & Tech Forum
June 27, 2019
DoubleTree by Hilton Minneapolis - Park Place
Minneapolis, Minnesota

WHAT'S UP WITH TARIFFS?

By Colin Sabby, Materials Manager, csabby@electroniccsi.com



Electronic Systems continues to take actions to minimize the impact U.S. tariffs are having on the price of parts coming out of China. The parts impacted range from bare circuit

boards to the individual components that will be applied to that board.

There are currently three lists of electronic parts that fall under tariffs, and ESI purchases parts on all three. Parts on lists one and two fall under a 25% tariff. Parts on list three are currently under a 10% tariff. However, dependent on the results of further negotiations, that amount could rise as high as 25% in March.

ESI is taking a three-prong strategy. First, our best suppliers are aggressively searching for alternate parts that are not impacted by tariffs but that are both in-stock and competitively priced.

Second, we are working to reduce the tariff cost by encouraging our suppliers to become the “importer of record,” allowing them to bring a part in from China at their base cost—thus lowering the tariff—and then reselling it to us.

The tariff situation also has us reevaluating our supply chain, and looking to additional sources outside of China. Countries like Taiwan, Malaysia and India are emerging—and that’s a good thing. Being dependent on one country can cause issues when that source is disrupted, whether it be due to natural disasters, political upheavals or tariffs.

What is important is that Electronic Systems is taking proactive steps to eliminate or reduce the impact of the tariffs on our customers—all the while maintaining our quality standards and requirements. ◆

PREFERRED SUPPLIERS Q4 2018

(4 consecutive quarters)

- America II Electronics
- Bisco Industries
- Digi Key Corporation
- Future Electronics Corporation
- Heilind Electronics
- Sager Electronics
- TTI, Inc.