

Legendary Integrity,
Responsiveness
& Flexibility.



ELECTRONIC SYSTEMS, INC.

An ISO 9001:2000 and ISO 13485:2003 Firm

LEGACY WILL CONTINUE

By Gary Larson, President, glarson@electroniccsi.com

Too often, would-be entrepreneurs begin what they hope will turn into a thriving business, only to watch it fail before it ever really gets off the ground. Every once in awhile, however, someone comes along who takes a dream and makes it reality.

Leo Reynolds is that someone. Twenty-nine years ago he started Electronic Systems, Inc., brought in good and talented people to help him, established and nurtured strong relationships with suppliers and customers, and created what's become a mid-size EMS success story. Today, he's ready to step back from the company he founded.

Leo has decided to retire (see article inside). We're going to miss him. Since stepping down as president in 2005, he's been vice chairman of the board, concentrating on business development. He was no longer involved in day-to-day operations, but his deep knowledge of the business and industry continued to play an important role in this company.

Fortunately, his mark on Electronic Systems is indelible. He created an environment that fostered independent and creative thinking as well as respect among our associates. It's a company philosophy that's open to new ideas for the betterment of the company, its customers, and the people who work here. It was evident when I first came to Electronic Systems 10 years ago from a large EMS firm, and we've continued building a team with that same philosophy.

That's why Electronic Systems continues to evolve as a company. A perfect example has been our commitment over the past few years to 5S and Lean. Through our initiatives we have been able to involve our associates—whether in management or on the production floor—in becoming solution providers. We've gained great momentum in encouraging our people to take ownership of the products we produce.



Winning quality award

Recently Electronic Systems received proof positive that its philosophy, combined with practical application, is appreciated by our customers. During APEX 2009 in Las Vegas we were presented the Customer Service Excellence Award for Quality in the mid-size company category. Sponsored by *Circuits Assembly* magazine, awards are given to companies receiving the highest customer service ratings as judged by their own customers. We've received these awards before, but especially satisfying this year was getting top ratings in the Quality category and exceeding our 15-year average in each of the five categories: Technology, Dependability, Manufacturing Quality, Responsiveness, and Value for Price.

Continued on Page 2

INSIDE:

Legacy Will Continue.....	1-2
Retiring After All These Years ..	2-3
Safety Performance.....	2
Testing Add-On	2-3
Materials Update	4



RETIRING AFTER ALL THESE YEARS



Leo Reynolds

Leo Reynolds wants to make one thing perfectly clear. He may be retiring as vice chairman of the board of Electronic Systems, Inc., but he's not riding his Harley Davidson off into the sunset never to be seen again.

After 37 years in the electronics industry, he says it's time to begin a new chapter, committing more time to his family and community. While he is stepping aside from his role at Electronic Systems, he says he expects to stay busy speaking and consulting in the industry he loves.

That industry was in its infancy when Leo, after leaving his family's Iowa farm for a four-year-stint in the Air Force and then to the University of Iowa, got his electrical engineering degree in 1972. He signed on at 3M just as the company was beginning to manufacture some of its own electronic assemblies and products.

"They had purchased a solder machine, and since I was an electrical engineer, they put me in that area," recalls Leo. It was an introduction to the practical side of engineering, leading to a role as 3M's liaison to contract assemblers. "I got enthused about the industry," he says. "I learned that our competitors are some of the best and brightest in the industry, and in order to survive, you can't make many mistakes."

It was the challenge he was looking for, and he knew then that he wanted to start his own business. He also realized he needed more business experience. He took a job with Litton to help get a new microwave plant up and

LEGACY WILL CONTINUE

Continued from Page 1

We see this award as a direct reflection of our commitment to continue to provide our customers with the highest quality product with the least amount of waste, always responding to our customers' needs. We've always nurtured a culture of quality at Electronic Systems, and we'll continue to do so. Leo's leadership allowed and encouraged us to do that, and that legacy remains a fixture of the company today. We wish him the best and look forward to his ongoing contributions in other ways to our industry. ♦



TESTING EQUIPMENT ADDS FLEXIBILITY

Electronic Systems recently brought its second Teradyne Z1880 in-circuit tester on line. Placing two of the same pieces of equipment on duty testing board components supports the company's Lean philosophy.

AWARDING SAFETY

Electronic Systems takes seriously its commitment to the safety of its associates and reduction of loss production time due to accidents. That's why we were pleased to receive the Governor's Workplace Safety Award, sponsored by the South Dakota Safety Council.

The meritorious award, says Manufacturing Manager Greg Adams, is in recognition of outstanding accident and prevention performance in the workplace. It is based on better-than-average accident incident rates and answers to screening questions.

"Workplace safety is important here," says Adams, who attributes the company's success to a culture of safety reinforced through an active Safety Committee and Safety Auditor Team that conducts monthly audits. ♦

running in Sioux Falls, gaining the background he needed to start out on his own.

Electronic Systems is born

In 1980, Electronic Systems, Inc. was born in a 7,000-square-foot office space in Sioux Falls. Leo began building not only a company, but a team of talented people—even before there was a customer. “I knew we had to do everything right from the beginning,” says Leo. “So we started with a very capable staff. We wanted to be prepared.”

Prepared they were. Over the years, Electronic Systems has grown in sales, moved into a larger building, and then expanded to cover more than 50,000 square feet. It now employs approximately 160 people. And, says Leo, it’s the people, not the building, of which he’s most proud. “We have a very focused and effective team that impresses our customers and potential customers alike with their urgency to get things done right and on time.”

Getting better and better

While the company has always worked to improve its capabilities, he’s especially encouraged with the strides made in the last five years due to its focus on Lean initiatives. “It just seems to get better and better,” he says.

He expects that to continue. “I still have the plan that I handwrote when I started the company,” says Leo. He admits that some of the plan’s early assumptions turned out to be wrong, “but the one that was right on target was that this was going to be an industry of the future.” He says he believed then and now that people should do what they’re best at, “and we can build circuit board assemblies more cost effectively than a large OEM. We just can. And that continues to be a real need in the industry.”

He’s confident in the future of the company—especially under the leadership of Gary Larson, president. “Gary is operating on all cylinders,” says Leo. “He understands the technology and the business side and he’s excellent with people. This company is going to do just fine.”

In the meantime, he and his wife, Sandy, plan on taking a few more camping and touring trips on his Harley, and spending more time with their six sons. It’s a well-deserved break after a productive career.

He plans to stay connected to the industry, but will miss the people he’s dealt with on a day-to-day basis for years. “It’s just an exciting industry and there are lots of great people—from our associates and professional staff here to our competitors, suppliers and customers. I want to thank all of them for the trust they’ve placed in Electronic Systems over the years. It’s a trust I believe will be well justified in the future.” ♦

“We’re working very hard on continuous flow and balancing our lines,” says Engineering Manager Steve Braley. “Having an additional line with the same model in-circuit tester simply gives us more flexibility on the manufacturing floor and is expected to provide continued decrease in Work in Progress (WIP) rates.”

The Teradyne Z1880 is just one part of Electronic Systems’ efforts to detect any defects in a product at an early stage, when correction of problems is less expensive. ♦



Engineering Manager Steve Braley (left) and Test Engineer Larry Jark have put the second Teradyne Z1880 in-circuit tester into service.

25 YEARS AND COUNTING!

Kathleen Dirkson and Jackie Hembree share an office, a job title, and the fact that both recently celebrated 25 years with Electronic Systems. Kathleen and Jackie are both planners—handling the day-to-day tactical aspects of a customer’s order. Kathleen’s anniversary date was in November 2008, Jackie’s was this April.

Kathleen joined Electronic Systems in 1983 as an assembler, and then moved to team leader on the production floor. She became a planner approximately 15 years ago. Jackie has worked on the production floor, as a team leader, production team manager, receptionist, and was named planner 11 years ago.

These two women are excellent examples of the quality associates at Electronic Systems, committed to their customers and company. “When you’ve got a good customer to work with,



Kathleen Dirkson



Jackie Hembree

it makes the job enjoyable,” says Kathleen. Jackie says the 25 years have gone by quickly: “It seems like yesterday,” she says. “I really feel like I’ve found my niche. I like the day-to-day satisfaction of meeting customer expectations.”

Congratulations, Kathleen and Jackie! ♦

UPCOMING SHOWS

SMTA UPPER MIDWEST EXPO & TECH FORUM

June 11: Bloomington, MN

MD&M SHOW

October 21-22: Minneapolis, MN

SMTA HOUSTON EXPO & TECH FORUM

May 28: Houston, TX

LEAD TIME STRETCHING

By **Randy Bathke**, *Materials Manager*, rbathke@electroniccsi.com



We introduced the new MRP Share Program, initiated with our largest suppliers, in the previous newsletter. To date, we've been getting positive feedback. Suppliers appreciate the visibility of our requirements, allowing them to forecast demand to the manufacturers and pipeline in product to

meet our schedules. The overall lack of visibility to manufacturers is the major cause for plant cutbacks. Less components available in the marketplace will lead to longer lead times, possible higher prices, and less component availability to allow CMs to react to unplanned customer orders.

In the table at right, courtesy of TTI, Inc., the lead times for some capacitors are stretching. Suppliers across all commodities are voicing concerns of future extended lead times as manufacturers cut production. ◆

The number to the right of each product family is the current average manufacturer lead time (LT) for all parts within that family.

Aluminum	
AXIAL LEADED	13
ORGANIC	11
SMD	12
ELEC. DOUBLE LAYER	10
OSCON	10 ▲
SNAP-IN	11
LARGE-CAN	11
RADIAL LEADED	13

Ceramic	
ARRAYS	9
CHIPS (1210-2225)	9
LOW INDUCTANCE	10
AXIAL LEADED	7
CK05-14	8
RADIAL LEADED	8
CHIPS (0201)	10
CUSTOM	14 ▲
SMD RF CAPACITOR	11
CHIPS (0402)	9
DIP	8
SMPS CERAMICS	15
CHIPS (0603)	9
DISC	15
TRIMMER CAPACITOR	9
CHIPS (0805)	9
HI-Q CERAMICS	12
CHIPS (1206)	9
HIGH CV	11

Film Cap	
AXIAL MYLAR	12 ▲
METALIZED POLY	13 ▲
RADIAL MYLAR	13 ▲
FILM CHIPS	12 ▲
POLY-CARB	16
SUPPRESSION (SNUBBER)	15 ▲

Mica	
DIPPED MICA	8
MICA CHIPS	8

Tantalum	
CHIP-COTS	8
MOLDED CHIP A-CASE	7
MOLDED LOWESR C-CASE	7
CONFORMAL LOW ESR	8
MOLDED CHIP B-CASE	7 ▲
MOLDED LOWESR D-CASE	8
DIPPED	7
MOLDED CHIP C-CASE	7
MOLDED RADIAL	8 ▲
LOW-PROFILE	8
MOLDED CHIP D-CASE	7
ORGANIC POLYMER	8
METAL AXIAL	8
MOLDED CHIP E/X-CASE	7
SUPER-TANTALUM	15
MOLD LOWESR E/X-CASE	8
MOLDED LOWESR A-CASE	7
WETS	11
MOLDED AXIAL	

The arrows indicate an increase or decrease in lead time. Lead times do not include processing and transportation time. All lead times are in weeks.