

Legendary Integrity,
Responsiveness
& Flexibility.



**ELECTRONIC
SYSTEMS, INC.**

An ISO 9001:2008 and ISO 13485:2003 Firm

AN ATTITUDE OF EXCELLENCE

By **Gary Larson, President**, glarson@electroniccsi.com

Needless to say, it was very satisfying to find out this spring that Electronic Systems, Inc. was the recipient of not one, but three of Circuits Assembly's 2011 Customer Service Excellence Awards. We have received single or double awards in the past, but this is the first time we've been recognized by our customers for excelling in three individual areas: Dependability and On-Time Delivery; Value for the Price; and Responsiveness.

The three plaques signifying this accomplishment will be displayed in our offices with pride and an understanding that they are not the property of management alone. These awards symbolize the commitment by our employees to growing a lean culture—a culture that has enhanced our legendary dedication to quality, value, responsiveness, and flexibility. The awards rightly belong to every associate who invests his or her time, talents, and ideas to make this an exceptional place with which to do business.

During our most recent in-plant quarterly meeting, I shared with our associates a quote from an unknown



President Gary Larson displays Electronic System's three customer service awards. He attributes the recognition to associate commitment to growing a lean culture throughout the company.

author: "Excellence is not a skill, it's an attitude." Today, at Electronic Systems, we have a great attitude. Our people—from maintenance to the production floor, engineering to shipping—know they can come with their ideas and suggestions on how to become more efficient and productive and we will listen. They are influencing the outcome of the company at all levels, and our customers have noticed.

Best value for price

We are excited to be recognized as excelling in all three areas of

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OUR CUSTOMERS SAY . . .

"We received the best quote from this supplier and had to sacrifice nothing in terms of quality or customer service."

Project Engineer
Large Commercial OEM



MISSION IN KENTUCKY LEAN

Seeing lean in action is believing, and during a study trip to Kentucky, two representatives from Electronic Systems witnessed impressive implementation of lean culture in five different manufacturing facilities. Director of Manufacturing Fred Ledwell and Director of Business Logistics Lynne Mooney joined representatives from two other South Dakota manufacturing companies as part of a tour put together by Dakota Manufacturing Extension Partnership (DMEP).

The South Dakota group spent time on the manufacturing floor of not only lean-pro Toyota Motor Manufacturing, but also companies as varied as Messier-Bugatti USA, a manufacturer of parts for aircraft braking systems, and Rev-A-Shelf, LLC, producer of residential cabinet storage and organizational products.

"We were able to not only see different manufacturing companies use lean around their business models, but how those lean concepts can be transferable to a company's office and supply side of the business," says Fred. "Each company had its own stories to tell, and they were pretty

impressive." For example, Trim Masters Inc., a leading supplier of automotive interior trim, reduced their breakeven point from over \$7 million to just over \$3 million through their improvement efforts. "You could feel the enthusiasm from the people at these companies as they talked about what they've been able to accomplish through implementation of lean," says Fred.

Electronic Systems' Director of Manufacturing says the trip provided an opportunity to learn from masters of lean like Toyota. He says he brought back a renewed appreciation for the lean 5S system, witnessing the important role organization and a clean work area plays in improving efficiencies.

An added benefit, he says, was the chance to network with the other South Dakota participants on the tour. "Not only did we discuss how we could implement some of the ideas we were seeing in the Kentucky facilities, but we've been able to build on the relationship we forged," says Fred. "It's valuable to build those relationships between the various engineering and management teams." ♦

THE INSPECTION GAME



Brian Aldren, associate manufacturing engineer, shows off the new Mirtec MV3L Automated Optical Inspection (AOI) system. The technology inspects circuit boards for part placement polarity, part number accuracy, and solder quality. According to Brian, the new system has expanded Electronic System's inspection capabilities, reducing the reliance on human visual inspection and substantially reducing the number of false failure rates common with the previous AOI system. Brian says Electronic Systems is currently utilizing the AOI on all medical products with expectations to invest in an additional system and expand its use to all products once it validates the manufacturer's claims.

AN ATTITUDE OF EXCELLENCE

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customer service, but perhaps none more than the Value for Price category. It means that at Electronic Systems we are working hard to provide the best value for our customers. That's why it's appropriate that in this issue of our newsletter you'll find a profile of our Chief Financial Officer Jeff Tornow. As CFO, Jeff's responsibilities include controlling costs and providing the information and advice necessary to help management make

intelligent business decisions. No one does that better than Jeff. He is constantly looking out for the customer, intent on providing the best value.

While Jeff is focused on controlling and reducing costs at Electronic Systems, we continue to invest in those areas that can bring value. Pictured above is an example of an investment in equipment that will bring enhanced quality to our manufacturing process.

As we hang our 2011 Circuits Assembly Customer Service Excellence Award plaques up on our wall, we are acknowledging both the vital role each and every one of our employees plays in our success and the value of our supplier partnerships. We also thank our customers for ranking us so highly. We are humbled and motivated by your votes of confidence. Thank you. ♦

PASSIONATE PENNY PINCHER



Jeff Tornow doesn't take offense at being called a penny pincher. In fact, Electronic Systems' Chief Financial Officer looks you straight in the eye and says with enthusiasm, "Absolutely. It is really important to us as a company—and to me personally—that our customers view Electronic Systems as an extension of their companies. We will produce their products in the most cost effective way possible, and when we give them a price they can be confident that it's a fair price. We don't work in an ivory tower here and we don't add fluff to our pricing."

Jeff comes by the "penny pincher" moniker naturally. He spent time as a CPA with a large accounting firm in St. Paul, MN before moving into health care finance and eventually the manufacturing industry. He came onboard as CFO at Electronic Systems in 2003. But his passion for numbers and money management began much earlier—as an eight-year-old when he entered into business with his older brother doing paper routes, mowing lawns, and shoveling snow in Harmony, MN. "My job was to keep track of the money," says Jeff. He can prove that claim. He says his dad found a note that Jeff wrote to his brother telling him what to charge certain clients and which customer still owed them money. "I've always liked the details," he says with a smile.

In addition to his role as CFO, Jeff is also the company's Information Technology and Human Resources director. The combined responsibilities put him in touch with two critical areas for any EMS firm—technology and keeping a talented and stable workforce in place.

"It's a challenge to stay ahead of the technology, and in this business we're not talking about low-cost items. It's all very expensive," says Jeff. While he admits to keeping a close eye on costs, he says the company will continue to make smart investments in obtaining the certifications, equipment, and technology necessary to stay ahead of the curve when it comes to plant efficiency and production quality.

If Jeff's passion for his job is easy to detect, he's even more intense when he discusses his family. Photographs of his wife Deb and their five children ranging in age from 4 to 28 decorate the shelves in his small office. The three youngest were adopted—a 23 year-old daughter and 9 year-old son became part of the Tornow family as infants from Korea, while the 4 year-old was adopted last August from China. "There are millions of children in this world without a home and no one to care for them," explains Jeff. "We don't do it to be saviors of the world. We do it because there's a need and we have a passion for that—and you love them all the same."

That sense of commitment and concern follows Tornow to work each day as he invests his endless energy in helping create a financially sound business that emphasizes customer service and integrity. "We really do value our customers' business," says Jeff. "And the other thing that is really important is that what we tell you at Electronic Systems, we mean. We promise to follow through." If you know Jeff at all, you'll understand that's a promise you can count on. ♦

YOU CAN FIND US...

SMTA Show

June 9, 2011

Sheraton Hotel, Bloomington, MN

MD&M, Minneapolis

November 2-3, 2011

Minneapolis Convention Center

NAVIGATING JAPAN'S DISASTER

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



When the earthquake and tsunami devastated the northeastern coastal area of Japan on March 11, all eyes and hearts were turned to the human tragedy unfolding. As an Electronics Manufacturing Services (EMS) firm, we also moved into high gear to try and determine how the natural disaster would impact the supply of electronic parts for our

customers' scheduled assemblies—and what we could do to minimize that impact.

Understandably, initial information coming out of Japan was scarce. As we gathered what little information we could from our suppliers, Electronic Systems ran an open order report. We came up with a list of thousands of part numbers that we knew were manufactured in Japan, but not necessarily in impacted plants. As we received more information—including plants that were impacted and a list of the series of part numbers manufactured in those plants—we were able to narrow our list—although we still did not know for sure that there would be delays in shipment of those parts.

We then made a decision. We would keep the originally scheduled date for delivery of potentially impacted parts even if customers were indicating through our weekly reschedule report a delay in their need for an assembly. We decided we would rather deal with having an excess of inventory for a short time than jeopardize not getting parts later due to the manufacturing and shipping problems in Japan.

Recently, with better information available, we sent out our open order to our entire supply base, asking

them to confirm that all of our orders and dock dates were good and valid. Out of the list of 200 parts that were potentially impacted, only one Toshiba part needed for one customer's assembly will not be on our dock when originally scheduled. We are currently working with that customer to find an alternative part.

It's at times like this that Electronic Systems, as well as our customers, are benefitting from our MRP Share Program in which we send to our top suppliers our customers' production forecasts. That means that the parts we need to build our customers' assemblies are in the pipeline ahead of schedule. While the disaster in Japan could not have been predicted, plans put in place through the MRP Share program and a quick response to determine any possible issues with impacted parts are helping us successfully navigate what has been a very difficult problem for many other EMS providers. ♦

