

Legendary Integrity,  
Responsiveness  
& Flexibility.



# ELECTRONIC SYSTEMS, INC.

An ISO 9001:2000 and ISO 13485:2003 Firm

## ECONOMIC VALUE

By Gary Larson, President, [glarson@electronicssi.com](mailto:glarson@electronicssi.com)

We might as well get right to the point. Every company today is looking for the best economic value when it comes to selecting an EMS firm. No one is spending money they don't have to spend—customer loyalty and retention are the most significant factors in a successful business model.

That fact is driving Electronic Systems to go above and beyond to ensure that we are providing the most economic value to our customers as possible. We've continued to drive home the fact that we have been working hard internally, focusing on incorporating LEAN practices into our manufacturing operations. Those LEAN initiatives have definitely added value to our business.

Now, we're taking the next step on our LEAN journey. We're expanding our efforts beyond the walls of our Sioux Falls' facility and into the relationships with our customers and suppliers. You can find out more about the LEAN project getting underway with suppliers this fall in Randy Bathke's column on page 4.

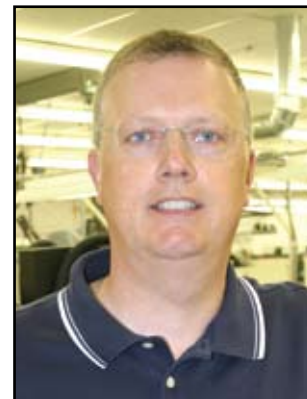
Is all of this emphasis on LEAN really making a difference? We believe it is. We've witnessed significant gains in our efficiencies on the production floor. That creates economic value to our customers. We've also seen associates taking a much more active role in problem solving, both on the production floor and in the support areas. That increased involvement by our people positively

impacts our customer. Case in point: we recently presented our Legend Award to associates who went above and

beyond to complete a project, on a very shortened time schedule, for a customer who knew they were asking close to the impossible. That type of commitment, and the resulting outcome, certainly adds economic value. It also retains customers.

In its 29-year-history, Electronic Systems has always focused on value and responding to our customers' needs. That's nothing new. What is new is that we are willing to push ourselves to become even better, to bend over backwards for our customers—whether they're new or long-time partnerships. These exceptional things are what help us separate ourselves from the competition in providing the best value.

At Electronic Systems, we believe we represent the best economic value for our customers. Not because you may be a long-time customer, but because we work hard at earning that label for new and old customers alike. We do it through our LEAN initiatives, the suppliers we utilize, and the people we hire. It's simply who we are as a company. ♦



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**"We believe we represent the best economic value for our customers."**



# WORKING BEHIND THE SCENES

Behind each successful EMS company are suppliers that can be counted on day-in and day-out to provide electronic components for customer products on time and at competitive prices. That's certainly the case at Electronic Systems.

Digi-Key Corporation is one of those preferred suppliers, and according to Materials Manager Randy Bathke, has enthusiastically signed onto Electronic Systems' new MRP (Material Replenishment) Share Program. Through MRP Share, Electronic Systems sends out a weekly snapshot of its needs so suppliers can stock/bond and pipeline product according to current customer demand.

Digi-Key's Jana Hodgson is Electronic Systems' account representative, and says she is pleased with the new MRP Share Program. "Other EMS companies may have similar MRP programs," says Jana, "but Electronic Systems does a very good job managing theirs. It's definitely an advantage to know up to six months in advance what I need to have in place for their orders. It ensures them of having the parts they need on time and helps them avoid excess inventories."

Jana joined Digi-Key and the electronic component field in 2007, following experience in sales in another industry. She understands the importance of on-time delivery. "Getting a product to a customer on time is a huge deal," says Jana. "You make sure they have it when they need it."

She stays in constant touch with her accounts from Digi-Key's headquarters in Thief River Falls, located in Northwest Minnesota. When not checking orders in the supply chain, she might be cat fishing, following her son's wrestling matches, or checking in on her husband's business, which is custom harvesting organic hay and feed from their Crookston, MN home.

Mondays through Fridays, however, she's concentrating on the business needs of companies like Electronic Systems. "For me it's all about customer service," she says. That fits well with Digi-Key's customer-centered business philosophy. "We work hard to provide Best-in-Class



Jana Hodgson

service regardless of the size of an order," she explains. With that approach, Digi-Key has moved from 16th largest to 5th largest among the more than 300 electronic component distributors in North America, with annual sales exceeding \$983 million.

Digi-Key began business in 1972. It began building a relationship with Electronic Systems 10 years later. Jana says she's happy to be the one assisting the Sioux Falls-based company at this point in time. "The people at Electronic Systems are great to work with," she says. "They are completely dedicated to taking care of their customers."

She also likes the challenges that come with getting the parts her accounts need when they need them. "It's always rewarding to get the job done that your customer expects," says Jana. "After all, we understand that how well we do in delivering their supplies trickles down to their customers." ♦

## SUPPLIERS ADD VALUE

Electronic Systems understands the importance of partnering with solid, customer service-focused suppliers. That's why, for the fifth straight year, we've hosted our Supplier Appreciation Day. Reserved for our preferred suppliers, the event gives us an opportunity to show our appreciation and acknowledge their importance to our business when it comes to customer demands for quality, competitive pricing, and on-time delivery. We also gave special recognition to four suppliers with Best in Class and Best in All Categories awards. ♦

### 2009 SUPPLIER AWARDS

#### Category

Custom Manufacturer  
Printed Circuit Boards  
Electronics Distributor

#### Best in Class

Assembly Engineering  
EPEC LLC.  
Future Electronics

#### Best in All Categories

(Total overall Value, Quality, and Service)  
Heiland Electronics

# MD&M MINNEAPOLIS

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2. **Onsite:** Cut out this card and bring it to Onsite Registration and enter Promo Code: BB for FREE expo hall admission.

## VISIT ELECTRONIC SYSTEMS AT MD&M MINNEAPOLIS

**FREE Expo Hall Admission Pass—A \$45 Value!**

**Exposition  
October 21-22, 2009**

**Conference  
October 20-22, 2009**

**Minneapolis Convention Center, Minneapolis, MN**

**Electronic Systems will be at Booth #608**

## GATEKEEPER OF THE QUOTE

As a customer, when you receive a quote from Electronic Systems, Steve Schaffer's 29-year history in the EMS business is making its presence known. Steve is our Quote Administrator, responsible for gathering information about the materials needed to build a customer's product, getting it to our suppliers for pricing, and then organizing the information and documentation into a package for the Program Manager.

It sounds easy, but to be effective, it takes someone with an understanding of all the components and parts, an eye for detail, accuracy, and the ability to build relationships with suppliers.

It's a tall order, but Steve fits the bill. His entry into the EMS field started in

1979, when he needed money to pay bills while pursuing a math degree at the School of Mines and Technology in Rapid City, SD. He took a production job at what was then Magnetic Peripherals, Inc., later to become SCI, and finally Sanmina-SCI. Steve spent 19 years on the production floor—meeting his wife Karen—and then moved up to the program management group. In the meantime, he received his BS in Mathematics, and a MS in Business Administration.

In August 2008, after 29+ years, he left the large EMS firm for Electronic Systems. "The biggest thing I've experienced is the lack of bureaucracy," says Steve. "When you need to talk to someone here, you can. If program managers or suppliers ask me questions, I try to respond within the same day, or same hour." That responsiveness makes a difference when it comes to getting customers accurate quotes quickly.

While Steve handled quotes at Sanmina-SCI, he depended on others to deal directly with suppliers. At Electronic Systems, he gets to "reach out and touch" the suppliers himself, he says, dealing with them directly to obtain material costs. "I'm building relationships with suppliers, says Steve, critical he explains, when a short turn-around time is needed. "Sometimes we need information for a quote in three days instead of the more typical 10 days to

two weeks," says Steve. "When we've developed a good relationship, I can count on suppliers to help me when I need to help the customer. That means our customers get better service and more quickly."

He brings that same intensity to his passions outside of the office. Steve has been involved with a creative problem-solving program for youth called Destination ImagiNation®. The journey began when his own son and daughter got involved with its predecessor organization called Odyssey of the Mind in grade school, and he was asked to serve as coach. Even though his own children are now in college, he's continued volunteering, taking on the role as judge, or assessor, for contests at both the state and international level. He says it's been rewarding to watch young people learn to use creative and critical thinking and develop a toolbox of ideas and strategies in order to solve problems.

As Quote Administrator, Steve may be bringing a bit of those problem-solving skills to work, as well. Gathering, organizing, documenting, and disseminating material pricing needed to quote a project accurately and quickly brings with it a myriad of challenges. He's good at meeting those challenges—and that's good for Electronic Systems and our customers. ♦



Steve Schaffer

## UPCOMING SHOWS

MD&M SHOW (FREE PASS INSIDE)

October 21-22: Minneapolis Convention Center



Eighth Annual Conference & Expo 2009

December 9: Minneapolis Convention Center

## SUPPLY-SIDE LEAN INITIATIVE

By **Randy Bathke, Materials Manager**, [rbathke@electronicssi.com](mailto:rbathke@electronicssi.com)



It's exciting to announce that we have all of our largest suppliers up and running on Electronic Systems' MRP (Material Replenishment) Share Program, a new initiative we put into place several months ago. We are definitely seeing improved efficiencies as we partner with our suppliers to better forecast and plan the part demands for customer projects.

Now we have another initiative. In September, we will be working to improve our business operations and internal material processes through a project with The Dakota Manufacturing Extension Partnership, Inc. (Dakota MEP). Dakota MEP is a government-sponsored program focused on helping small-to-medium-sized companies increase competitiveness and productivity.

The project objectives are to eliminate non-value added activity in the material process and to identify and correct inefficiencies. We will identify the most critical areas for improvement through value stream mapping.

The Value Stream Map will include all process steps from the initial customer order to the kitting for production. Each process step will be reviewed to determine cycle and change-over times, quality rates, as well as inventory levels within the material process. A cross functional team assisted by Dakota MEP will validate the process and develop a future state Value Stream Map that strives to eliminate non-value added activities, standardize individual operations, and improve overall productivity.

We will follow up with a three-day Kaizen event in which we will be implementing the improvement projects identified in the Value Stream Map. ♦

