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**ELECTRONIC
SYSTEMS INC.**

LEGENDARY SERVICE

OUR PEOPLE AND TRUST

By Gary Larson, President, glarson@electronicssi.com

We met recently with a long-time customer. Something they said hit home. Their words: "You guys have a great team that stays in place." That statement gained traction when a news story surfaced about another manufacturer who complained about a very high employee turnover rate. The issue seems to be one of loyalty, commitment, and a certain level of trust between a company and the people who work there day in and day out.

At Electronic Systems, Inc. (ESI) we, too, have people who leave our company, whether for a personal reason or the opportunity to pursue another job or career choice. More often than not, though, associates stay at ESI—some for a very long time. Look inside and you'll see a profile on one of them. Tony Johnson, one of our test engineers, has been with us for 21-plus years. He feels a personal responsibility to the customers he serves, and they recognize that. One has said that Tony knows their product better than they do. That's quite a compliment.

Why do people like Tony stay at ESI? I think they understand that we value our people. Inside you'll read about our commitment to creating a safe workplace and involving our associates in coming up with creative solutions as part of our lean initiatives. They feel invested in this company—and we're invested in them. It's all part of being committed to each other and the companies we serve.

We're in the business of building products—products that won't bear our name, but our customers'. In other words, trust is at the heart of what we do. Our people know that. They know we trust them to do their job right and to take care of our customers. In turn, our associates need to trust that they are part of a successful and ethical business. Finally, I have to trust the people who work here; my livelihood and reputation depend on it.

I'm thankful for every one of our associates, for the commitment they make to the success of this company and to our customers. There's a trust thing going on here, and I'm pleased to be part of it. ♦



MEET HOLLY OLSEN...



Holly Olsen is ESI's new Business Development Coordinator. With 15 years of electronics manufacturing experience, Holly will assist in the business development and marketing efforts.



SAFE PLACE TO WORK

According to Greg Adams, there is nothing better you can do for your employees than provide a safe place to work. ESI's manufacturing manager and director of its safety program says the company has been making continual strides in its safety program. "We are striving to achieve OSHA SHARP (Safety and Health Achievement Recognition Program) certification, and we are very close," says Greg. "If we do, we will be only the second South Dakota business to hold a valid certification at this time."

The company's safety journey has included a partnership with South Dakota State University's (SDSU) engineering Extension program and its safety and health consultation service, which gives direction and conducts a safety and health

inspection of the ESI facility every two years.

Other steps include monthly audits conducted by employees covering housekeeping, electrical, chemical, mechanical, and fire prevention. "We have a team assigned to each specific area," explains Greg. The employee auditors utilize electronic tablets to send their individual reports immediately to the company's safety committee, who makes sure each item is dealt with before the next safety committee meeting.

A representative from the company's work comp and risk assessment firm sits in on each safety committee meeting, providing industry trends and recommending training opportunities. "We also encourage our people to turn in

safety ideas through our suggestion program and have recently implemented a near-miss report—asking people to notify us when there's been a 'near-miss' incident so the safety committee can make needed adjustments."

There is an economic incentive for ESI to focus on safety, admits Greg. "We haven't had an OSHA reportable incident for quite some time, and our MOD rate continues to drop." But he's most concerned with what impact the safety program has on the employees. "We want them to go home in the same shape they came in," says Greg. "Our safety program makes sense economically, but most importantly, it's giving our employees a safe place to work." ♦

TINKERER IN RESIDENCE

Tony Johnson has been tinkering in electronics since he was a kid. It's not a surprise, then, that he has built his career at a company that manufactures electronic assemblies. Tony admits, however, that when he first walked into Electronic Systems as a production associate in 1992, he was simply looking for a job to help pay the bills.

It didn't take long before this technical wizard moved up to an electronic technician position. While he honed those skills at his day job, he completed two associate degrees—one in applied electronics and the other in computer science, plus he earned a computer servicing vocational diploma. In 2007, Tony was named associate test engineer.

"Tony is one of our internal success stories," says director of manufacturing Fred Ledwell. "When the test engineering opportunity presented itself, he was an obvious choice. He knows the product and knows how to deal with the customer in the best way. We like stories where our associates can grow,



work hard, and be successful."

Today Tony is right where he wants to be. "Our biggest responsibility is to keep the test systems running and to analyze test data," says Tony, explaining that testers range from simple, small units to elaborate interconnected systems—some provided by

customers and others designed and built by the test engineering team.

"One of my favorite things is building the tester—the tinker part," says Tony. He's built strong customer relationships, as well, bringing his knowledge of the customers' products and testing process to the ESI/customer partnership.

He doesn't leave the tinkering at Electronic Systems when he heads home each day. As a ham radio enthusiast and two-way radio repairman, he stays active in electronics outside of work. "My wife has a sewing room, and I have a laboratory at home," says Tony. "We've commandeered two bedrooms in the house."

While the ham radio hobby and repair work provide another outlet to express his love of electronics, he says his career at Electronic Systems has become much more than a job. "The work is fun, and I like the people," explains Tony. "I stayed here and ended up with this cool position." Better yet, ESI ended up with a pretty cool tinkerer. ♦

SNAPSHOT OF LEAN INITIATIVES

Electronic Systems recently hosted the South Dakota Lean Group, of which we're a member, to conduct a lean audit of our production floor. Sixteen of the Lean Group's members from a variety of businesses and industries spread out on the production floor with a checklist of questions in hand. Their quest: To discover how well lean culture is integrated into our workforce and how it's being applied. According to director of manufacturing Fred Ledwell, ESI scored very high in three areas, including associate awareness of lean. The audit, says Fred, brought real value and positive feedback from Lean Group members.

Process improvements

With the need to improve production time for a specific high-volume circuit board build, two Kaizen events resulted in impressive results. Led by the production associates directly involved in the build, the team discussed the event, determining its scope and desired goal. After time studies helped establish the needed improvements, the team went to work tweaking the process. "We changed both the layout and the sequence of events to improve flow," explains manufacturing manager

Greg Adams. They even designed and had the shop build a smaller cart to hold needed resources, discouraging the collection of unnecessary items. The result: "We made significant progress in meeting our process improvement goal," says Greg.

Sealing in quality

MSL (Moisture Sensitivity Level) products have very defined storage criteria. Earlier this year, a cross-functional team comprised of engineering, purchasing, receiving/inventory, team leaders, and production came together to develop a more robust MSL storage system. The new system includes storing all MSL products in one central location closer to where products are used, implementing new training procedures, and conducting an ongoing audit schedule to enhance employee knowledge and handling consistency. The changes will help ensure the integrity of MSL parts for customers. "The highlight in this project was working with individuals from all different areas of the business to drive an effective solution while gaining buy-in from each unique area—we all have a sense of ownership to this project," says materials manager Rebecca DeGroot. ♦



SD Lean Group members gauged ESI lean culture with audit checklist.



Reducing the size and changing the design of this cart was just one step in improving our process on a high-volume build.



Floor Manager Shelly Grotjohn seals an MSL product into a bag as part of the new storage system.

SUPPLIER APPRECIATION EVENT—AUGUST 27

ESI is gearing up for our 11th annual Supplier Appreciation Day on Thursday, Aug. 27. Get ready for tours of the facility, updates on company initiatives, and recognition of Preferred Suppliers as part of our Preferred Supplier Program. ♦

Q1 PREFERRED SUPPLIERS

Electronic Systems is pleased to announce Quarter 1 Preferred Suppliers based on performance results of the first quarter.

DISTRIBUTORS: TTI, Inc., Arrow Electronics, and Avnet Electronics

BUILD TO PRINT CATEGORY: Engel Diversified Industries, Active Sales, American Solutions for Business, Assembly Engineering, BOH Electronics, Vital Plastics, Watertown Box Corp., Westland Manufacturing

Congratulations! ♦



ELECTRONIC SYSTEMS INC.

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REDUCING THE PAPER

By Rebecca DeGroot, Materials Manager, rdegroot@electronicssi.com

Maintaining and processing documentation in the electronic manufacturing business is a critical piece of ensuring quality in our product. When it comes to traceability of a component in the products we build for our customers, certificates of conformance and other documents can be critical. Multiply that documentation by the multitude of parts that can go into any one build, and the amount of paperwork soon becomes daunting.

In an effort to adopt an electronic system that would assist us in better managing that documentation, Electronic Systems implemented SmartSearch®, a paperless documentation system.

What we like about SmartSearch is its searchable features and the fact that it integrates all of the company's departments. Not only does it provide for easier communication about specific purchase orders and invoices, but it manages the history of conversations



Staff accountant Michelle Goodman (left) and materials manager Rebecca DeGroot are both seeing great results from Electronic Systems' new documentation management system.

taken with each particular purchase order. With SmartSearch, all of that information is stored in electronic file systems and housed and backed up on an outside server.

In addition to having instant traceability when needed, the robust electronic filing system is also making a difference in the company's efforts to be environmentally conscious and enhance our lean practices by improving our office 5S processes.

With this system we have less waste and more efficient means of searching documents. The system has allowed the accounting department alone to eliminate five filing cabinets full of packing slips and other paper documentation.

We have also improved response time to customers who call or email asking about financial transactions. "I simply type in an invoice number, and the system brings up every document connected to that invoice," says staff accountant Michelle Goodman. "I have real-time information." Accounts payable, she says, is now approximately 80% paperless. Suppliers are also seeing a benefit since we are able to turn invoices around faster.

We're excited about the benefits we've already experienced from SmartSearch and anxious to see even more positive results as we further integrate the system into our processes. ♦