

Legendary Integrity.
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**ELECTRONIC
SYSTEMS INC.**

LEGENDARY SERVICE

IT TAKES A VILLAGE

By Gary Larson, President, glarson@electroniccsi.com

The Supplier Appreciation Day at Electronic Systems, Inc. (ESI) each August has become a tradition (see page 3 and 4). It is a day we invite our many supply chain partners to come to Sioux Falls, tour our facility, listen to updates, and interact with us as we enjoy lunch and networking. It is about building relationships with these very important partners.

As I prepared my presentation for the event, reflecting on our growth and success over the past 35 years, an old adage—*It takes a village to raise a child*—came to mind. I realized that this proverb applies equally well in the business world. It takes a village to build a company, as well.

A successful company depends on many people beyond the top management team. The suppliers we recognized at our annual event have been an essential part of the village that has helped build Electronic Systems. Our customers and the associates on our production floor are a critical part, too.

There are other, less visible members of the ESI village. We recently toured another manufacturer's facility and had the opportunity to sit down and discuss their processes and practices. A week earlier, representatives from their company did the same, visiting our Sioux

Falls plant. Sharing information and ideas that can make each of us better and improve the results for our customers is a win-win for everyone.

That interchange of ideas happens by networking with individual companies as well as through organizations like our Lean User group and industry associations.

In other words, we don't do this alone. We haven't built Electronic Systems in a vacuum. We have positioned this company in a village full of like-minded partners who have all played a significant role in what we've become and how we do business. It's true, when looking at a business and determining the factors leading to its success, you can't ignore the impact of good management, lots of hard work and initiative, a quality product, and service. At the same time, don't ever overlook the people and associations surrounding that company. It's the quality of the village that helps a business reach those 35-year anniversaries and beyond. We can't thank you enough for being part of the ESI village. ♦



OUR SUPPLIERS SAY...

"It's wonderful that (ESI) takes the time and has the consideration to honor their vendors."

***—Sales Manager,
Metal Product Supplier***



A 25-YEAR VETERAN

Julie Bloomhall doesn't quite remember what first brought her to Electronic Systems. Whether someone told her about the job opening or she found it advertised in the paper, she first walked in the doors of the company in October 1990 as a production associate. In those 25 years she has been a team leader, repair specialist, and worked in quality control. But this Sioux Falls, SD, native keeps coming back to the manufacturing floor. "I like the production work," says Julie. "I like the variety every day brings and I love the people I work with." Julie is also both an internal ISO and safety auditor.

A long-time dart thrower, Julie knows the importance of precision. She brings that attribute to her job every day. "I've always felt that if I was buying the product, I would want it to look good," says Julie. "I want a good product going out the door." ♦



RUNNING THE DISTANCE

Holly Olsen is a runner. "I love running," says Holly, who started hitting the pavement six years ago and has a couple half-marathons under her belt. "It clears my mind and gives me energy."

This 15-year-veteran in the electronic contract manufacturing industry is relying on that clarity and energy level in her role as business development coordinator, a new position at Electronic Systems. Tasked with reaching out to prospective customers through direct contact and marketing, Holly has found a natural outlet for her strength in relationship building. It's a skill she honed as a program manager for another Midwest-based EMS provider. "As a program manager I was not only building relationships with the customer but also with my teams," explains Holly.

She also brings a breadth of experience as she talks to potential customers about the services ESI can provide. Holly started working in the inventory side of the business right out of high school, gradually moving through quoting, purchasing, customer service, and finally program management—all for the same company. "I've experienced so many different types of customers, as well as process improvements and developments from so many different angles," says Holly. "I'm a problem solver and I love that aspect of the business—making it better for the customer."

In 2012, she also made the decision to pursue a college degree. "By then I had direction and knew where I wanted to go," says Holly, who expects to graduate in 2017 with a degree in business administration. "It's been an amazing experience," she says enthusiastically. "My business and work experience has made school easier, and what I'm learning in school I'm able to apply immediately."

In addition to juggling her new position at ESI, college classes, and running, Holly and her husband, Keith, attempt to keep up with their three sons, ages 18, 15, and 10. She also leads an early morning workout with like-minded residents in her small town just south of Sioux Falls. Exercising with others who have the same goal, explains Holly, is an excellent way to stay motivated.

That same esprit de corps is evident at Electronic Systems, she insists, making her new job much easier. "I've seen what a great company Electronic Systems is—and the people here and their commitment," says Holly. "They care about quality and service, and that's impressive. I know that when I reach out to potential customers I can do so knowing they'll benefit from what this company can offer." ♦



REVIEW AND PREVIEW

By Lynne Mooney, Director of Business Logistics, Imooney@electronicsi.com

Timing was on our side at the 11th Annual Supplier Appreciation Day held at our Sioux Falls facility on Aug. 27. Seventy-four supplier representatives participated in the event created to thank our supply chain partners for helping us produce quality, competitively-priced products on time to our customers. Light rain fell during the morning tour and presentations, but stopped in time for an outdoor lunch and social time.

It was a memorable end to a great day in which we honored exemplary suppliers (see stories on page 3 and 4), shared updates on 2014-15 goals,

and provided a preview of initiatives for the coming year.

We were pleased to report that our program buy initiative exceeded all expectations. Our goal was to get 60% of our electronic parts on programs with distributors. Instead we ended the year with a 97% rate. Our preferred supplier program was also rolled out successfully. The program rates suppliers based on on-time delivery, quality, and partnership attributes, which include quoting responsiveness, reschedule flexibility, service, technical support, and supplier-initiated cost savings.

In 2016, Electronic Systems is looking at additional Kanban opportunities to further increase schedule flexibility and improve business metrics. We will also be looking to our suppliers for assistance finding creative cost savings to help our customers with increased cost-reduction pressure.

Response to the Supplier Appreciation Day presentation was very positive. We sensed a great commitment from our suppliers to work with us in achieving our goals of creating deeper relationships in order to better serve our customers. ♦

CREATING LEGENDS

The Legend Award is an award of distinction at Electronic Systems. Created in 2003, the Legend Award Program is an internal award that recognizes and rewards outstanding achievements among its associates. With the word "Legend" in the title, the award reinforces ESI's values of Legendary Integrity, Flexibility, and Responsiveness—which results in Legendary Service.

In 2015, Electronic Systems extended the Legend Award to a supplier. Decimet Sales Inc., a custom metal manufacturer based in Rogers, MN, received the first-ever Supplier Legend Award for providing legendary service above and beyond expectations.

"Decimet Sales worked relentlessly with ESI and our customer to resolve documentation issues in order to move the customer's project forward and allow for the build of the product," says Lynne Mooney, ESI's director of business logistics. "They did an outstanding job." ♦



ESI's Lynne Mooney (left) and Gary Larson (right) congratulate Kevin Heutmaker of Decimet Sales on the company's winning of the first-ever Supplier Legend Award.



A team of ESI associates volunteered their time in August to hand out backpacks filled with school supplies to students in need. It was the second event this summer that provided an opportunity for associates to give back to the community.

SERVING FOOD AND BACKPACKS

Electronic Systems associates were out in the community volunteering their time and energy again this summer. In June, an ESI team turned up at The Salvation Army facility in Sioux Falls to help prepare and serve dinner as part of the Night Watch Feeding Program. Each weekend The Salvation Army provides an evening meal to approximately 500 seniors, families, and homeless individuals.

In August, associates helped hand out backpacks filled with required school supplies to approximately 6,000 students in need as part of Project S.O.S. (Supply Our Students). "It was an amazing experience," says Holly Olsen, ESI's business development coordinator. "It was touching to see the smiles on their faces when they got to pick out their own backpack." "These are great team-building experiences and provide an opportunity for our people to get out into the community and make a difference," explains HR generalist Jamie Bortnem. A big thank you to all of our associates who participated in these volunteer events! ♦



ELECTRONIC SYSTEMS INC.

LEGENDARY SERVICE

An ISO 9001:2008 and
ISO 13485:2003 Firm

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AND THE WINNERS ARE...

One of the highlights of the annual Supplier Appreciation Day at Electronic Systems is the Partnership Awards presentation. These awards recognize suppliers who have gone above and beyond in their partnership with ESI. This year, 74 people attended the 11th annual event, which also includes a tour of the facility, updates by ESI president Gary Larson and

director of business logistics Lynne Mooney, as well as lunch and networking. In 2015, for the first time, a supplier was also presented with a Legend Award (see page 3).

Partnership Award winners were recognized for exhibiting the Best in Class in several categories and overall Best in All Categories. This year's winners are:

BEST IN ALL CATEGORIES (TOTAL OVERALL VALUE, QUALITY AND SERVICE)
AVNET, INC.

BEST IN CLASS

ENGEL DIVERSIFIED INDUSTRIES, INC.
ACTIVE SALES ASSOCIATES, INC.
GREAT LAKES ENGINEERING
TTI, INC.

CATEGORY

CUSTOM MANUFACTURER
PRINTED CIRCUIT BOARDS
MRO/CONSUMABLES/EQUIPMENT
ELECTRONIC DISTRIBUTORS



ESI president Gary Larson (right) congratulates Kevin Baker (left) and Cory Schuster (center) of Avnet for the company's recognition as Best in All Categories Partnership Award during the Supplier Appreciation Day on Aug. 27.



Go to
www.electroniccsi.com
and view the
Who is ESI? video.