

MILWAUKEE ELECTRONICS NEWS



Q4 2014

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About Milwaukee Electronics

Milwaukee Electronics designs and manufactures custom circuit board assemblies for the medical, transportation, military, HVAC and a variety of other industries. The Company operates over 135,000 square feet of manufacturing in Portland, Oregon; Milwaukee, Wisconsin; and Tecate, Mexico. In addition to EMS and product design and engineering services, it offers quick-turn prototyping through its Screaming Circuits business unit.

Portland Facility's Kaizen Event Improves Efficiency and Service

The Portland facility's stockroom team participated in a kaizen event on Nov. 10-14. The team's objectives were to develop a new stockroom layout to reduce foot traffic and increase material throughput. They also wanted to create a more efficient process and set locations for storage of overstock materials. Finally, they wanted to implement a 6S program for non-raw material supplies to better understand what exactly is needed for stockroom processes.

The 5S or Five Pillars system is a Japanese concept related to Lean philosophy that provides a strong foundation for implementing a holistic Lean system. Translated to English, the 5 S pillars are:

- Sorting
- Set in order
- Sweeping or shining
- Standardize
- Sustain.

A 6S system adds the concept of safety to the process. In the case of the stockroom, the team wanted to ensure that the rearrangement included a safety audit as part of the analysis and implementation activities.

The team identified several improvement opportunities. Shelf layout was designed to minimize non-value added traffic flow and

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Letter from Mike

Our 60th year in business has been an exciting. We've celebrated a milestone anniversary, and changed our name and organizational structure to



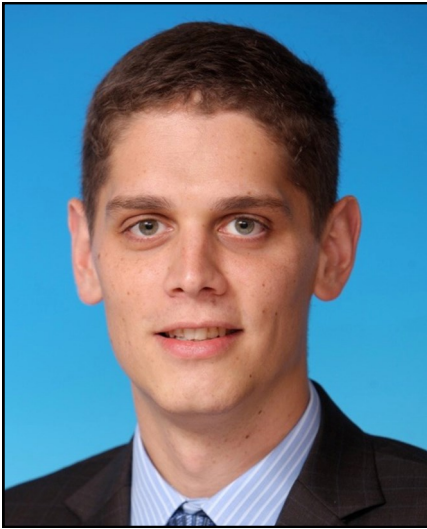
better reflect and support the service delivery model our customers value. Most importantly, the data from our latest customer survey underscores that many of the investments we've made in the last few years in IT systems, focused global expansion

and personnel are improving customer satisfaction and are aligned with longer term customer requirements.

Participation and performance scores improved in our EMS-related surveys. Our Portland facility scored the highest in performance ratings. Our Tecate facility showed performance rating improvements that put it back on par with the performance rankings of our Milwaukee facility. Participation improved in our Screaming Circuits surveys and performance ratings were similar to the prior year. Once again Screaming Circuits received the highest performance rankings

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Jered Stoehr Promoted to VP Sales & Marketing



Jered Stoehr

Jered Stoehr has been promoted to vice president of sales and marketing. Stoehr replaces Rick Cummings, who will be retiring on Jan. 9, 2015, after five years in the role. The two will go through a focused transition this month.

"Rick has been a tremendous asset to our company, and the results of our growth during his five-year tenure speak for themselves. He will be greatly missed. He was our first ever VP of Sales and has set the standard of performance and expectations at a high level

for our company and his successor," said P. Michael Stoehr, Milwaukee Electronics CEO.

In his new role, Stoehr has responsibility for all of Milwaukee Electronics' sales and marketing activities and reports directly to Milwaukee Electronics' CEO. He is directly responsible for sales activity in Northern California, Oregon, Washington and Idaho. The rest of the sales team will continue to manage their respective territories but report to Stoehr. He also continues to be responsible for Milwaukee Electronics' India Tech Center. He is based in Milwaukee Electronics' Portland, Oregon electronics manufacturing services (EMS) facility.

"While it is hard to leave a team you enjoy working with, I do look forward to enjoying the next stage of my life. It's been great to be a part of the significant growth and capabilities expansion that we've experienced," said Cummings.

Stoehr has been with Milwaukee Electronics for 10 years, most recently serving as director of corporate marketing.

"Jered's background in business development, marketing and operations at Milwaukee Electronics made him the right

candidate for this promotion. He also brings strong global perspective to this role. The transition period we've defined ensures we'll be able to do a great handoff between Rick and Jered," said Mike Stoehr, Milwaukee Electronics' CEO.

Stoehr began his career at Milwaukee Electronics in the Screaming Circuits business unit. He was later transferred to Asia, and in that capacity was responsible for establishing the Company's Singapore International Purchasing Office and India Tech Center.

"My career to date at Milwaukee Electronics has given me a good understanding of the many dimensions of our business. I look forward to applying that knowledge in our sales and marketing efforts," said Stoehr.

Stoehr received an MBA degree in Marketing and China Studies from the Hong Kong University of Science and Technology and the National University of Singapore. He received a Bachelor of Science degree in entrepreneurship from Indiana University's Kelley School of Business. In addition to English, he is fluent in Mandarin Chinese.

Expanded Training Part of Tecate Improvements

Milwaukee Electronics' Tecate facility showed the biggest improvement in this year's customer satisfaction survey. What were the drivers and of that improvement and what caused a drop in the ratings the previous year?

"This was the first full year that we were in our new facility and had the Epicor ERP system fully implemented and last year's customer survey results helped us determine some key areas of focus in both harnessing the benefits of the changes made last year and continuing to improve the way we served our customers.

As a result of that analysis, we broadened our training program and enhanced customer service support," said Pirouz Pourhashemi, the Tecate facility's General Manager.

We've expanded training to include both industry standard training associated with key areas of workmanship such as IPC-A-610 and J-STD-001, plus some internally-developed programs related to supervision and management.

Program management and customer service resources have been expanded to include more localized support. Engineer-

ing and Quality functions have been separated and there is now a full time Quality Manager.

We also have Tecate personnel participating in company-wide improvement efforts including a cost reduction task force and best practice sharing among Milwaukee Electronics' operations. There will be stronger focus on companywide continuous improvement initiatives in 2015.

"Our goal really is perfection. While this

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Robin Kho Named Portland Facility Quality Manager



Robin Kho

Robin Kho joined Milwaukee Electronics' Portland facility as Quality Manager in October. Previously, he was a Manufacturing Systems Engineer at Insitu, Inc.

"Robin has over 15 years of experience in manufacturing which encompasses both electronic and mechanical manufacturing operations. He also has experience working in mission critical, highly regulated aerospace environments. This combined with his experience in Lean manufacturing and other continuous improvement disciplines makes him an excellent choice to manage our Quality

program," said Pam Kimbrough, the Portland facility's Operations Manager.

Robin was earlier associated with Plasti-Fab, Inc., PolyVision, Matsushita Electronic Materials, Inc., Micro Power Electronics and AVX Corporation in a variety of engineering capacities. He also served four years in the U.S. Navy.

He received a Bachelor of Science degree in Mechanical Engineering from the Cebu Institute of Technology and a Master of Business Administration degree in Technology Management from the University of Phoenix.

Kaizen Event

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material transport time. Stocking locations follow a u-shaped flow to facilitate efficient kit pulling. The inspect, count and audit tables were moved to the middle of the area. A color-coded overstock area was created along one wall. The color codes make it easy for employees to quickly locate the section where the overstock material is stored.

The team also measured the service cycle time and set standards. Production personnel requesting parts now have two options. If they have an immediate need, they can flip on a "hot part" light and a stockroom team member will either assist

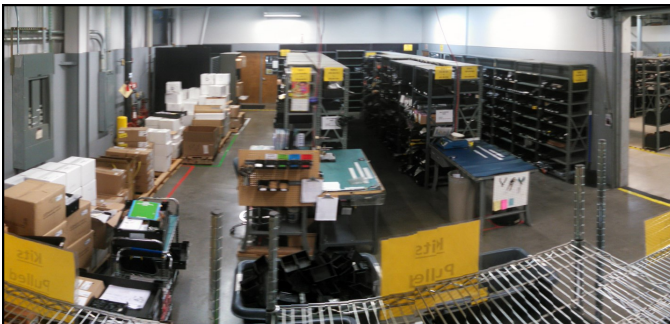
Those requests will be filled in two hours or less.

So far the results have been:

- Overstock locations were reduced from 13 to 1
- Kit locations were reduced from 2 to 1
- An average increase of 175 percent on the 5S audit between pre- and post-event scores
- An average decrease of 80 percent of identified safety issues between pre- and post-event scores.



(L-R) Team members are: Von Sayarath, Sylvia Gruber, Ray Gentle, Dora Sixtos, Ashley Rochholz, Belinda Martin and Judy Gonzalez. Kevin Mowrey is not shown.



A post-kaizen event photo of the stockroom showing the improved flow and organization.

them or get the person responsible for that support. "Hot part" orders will be filled in 15 minutes or less. There is also an inbox for standard part requests.

The team implemented the system in November, but is waiting until the new processes were stable to measure time and distance improvements. Those measurements will be done later in December.

"One of the challenges of working in a high mix, low volume production environment is to maintain adequate flexibility in processes to support the variations in demand. Con-

tinuous improvement efforts have to balance that need for flexibility with optimum levels of organization and process control in the stockroom. The changes the team made reduce the time spent looking for parts and allows floor personnel visiting the stockroom to find what they need without interrupting the kitting process. This increases the stockroom's ability to rapidly and cost effectively support the demand variations inherent in our business. This easy-to-understand system also makes it easier for new employees to perform their functions as efficiently as those who have been here a long time," said Ashley Rochholz, Continuous Improvements Manager.

Letter from Mike

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of our surveyed business segments. Our engineering survey showed a need for improvement in the category of honoring commitments, but other categories were strong. A key message in all survey responses is that our customers are facing the dual challenge of short lead-times and pressure to reduce costs in supporting their markets.

This data tells us several things. First, I want to thank every customer who has taken the time to provide feedback. The normal pattern in customer satisfaction surveys is that if nothing is going wrong,

customers tend to ignore surveys. The fact that participation and performance ratings increased shows that our customers are supportive of our efforts to better understand their requirements. More importantly, you can rest assured that we are focusing both on areas of internal performance where rankings indicated a need for improvement and on the larger challenge of supporting our customers' market challenges of shorter response lead-time and cost reduction. For 60 years, our mission has been to provide a level of engineering

support and manufacturing and service excellence unmatched by our competitors. That goal remains unchanged.

As we enter the holiday season, I'd like to extend my best wishes for a Merry Christmas and a happy, healthy and prosperous 2015. I truly appreciate the support and good wishes our customers, suppliers and team members have provided over the past year and during our previous six decades.

P. Michael Stoehr
CEO & President

Tecate

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year's survey results show that we have improved year-to-year, we still have improvement opportunities. Our customers can rest assured that we will be focusing strongly on that effort in the coming months," added Pourhashemi.



The Tecate facility was designed with a state-of-the-art training center adjacent to the Production area. Employees undergo a mix of industry-standard and internally developed training.

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