ISO Registration Connects S&K with Customers

By Deborah Nash

There’s a sense of celebration this summer at S&K Electronics with the news that its ISO 9001:2000 Registration is official. And well there should be. The achievement occurred in just a few short months and with the added pressure of the Registrar himself being audited during the review.

What’s more, successful registration has helped the company land at least one $500,000 contract and will be a competitive advantage into the future. It has also shown that S&K is responsive to the needs of its customers.

The tribally-owned company operates from a 40,000 sq. ft. facility tucked behind a stand of Ponderosa pines near the community of Pablo, Montana, off U.S. 93. It houses an impressive array of new generation manufacturing and testing equipment, maintained and operated by highly skilled personnel, in high tech manufacturing. With over $9 million in annual sales during a time when its industry sector has been going through tough times, S&K is also a valuable source of local employment for 128 people. It has been in operation since 1984.

S&K describes itself as a Technology Development Manufacturing Services (TDMS) provider, which means, according to Larry Hall, President and General Manager, assisting customers from design through support of product realization. It is a business focused on service to its customers rather than a typical EMS into production of consumer goods in very high volume.

“We focus on the customer; that’s our niche.”

As a leading contract manufacturer of cable assemblies, wiring harnesses, electronic and electro-mechanical products for both industry and government-funded primes like Lockheed and Northrop, S&K Electronics operates in an industry where registration to the ISO standard is a universally recognized way to ensure that a company’s products and processes meet strict quality guidelines. More and more, critical suppliers are required to improve operational efficiency and eliminate defects and waste to remain competitive.

In an effort to do this, smaller manufacturers like S&K often perform to the standard but are dissuaded from pursuing full ISO/QS 9000 registration because of the time it takes and resources (financial and personnel) it requires.

Believing customer service is paramount, S&K committed to and met a very tight time frame for achieving ISO registration back in January when Sperry Marine asked it to supply parts for a line primarily used in commercial shipping in Europe. It would require ISO registration in time for a June contract delivery date.

Because of the short timeline, the company sought assistance from the Montana Manufacturing Extension Center to accomplish it.

Typically, ISO registration preparations (continued on page 6)
Intellectual property theft costs United States businesses billions of dollars every year. Even former President Clinton isn’t immune, his new book recently translated into Chinese and sold in China without permission from the publisher. Unfair and illegal trade practices are employed against us every day. Regulatory burden is evermore onerous. Health insurance costs continue spiraling out of sight. Runaway litigation threatens to crush business. Sometimes the situation feels hopeless.

**What can you do?** Besides being aware of issues that affect your business, you can communicate your concerns and solutions to our federal and state leadership. More directly though, you can work to offset the impact of these trends. You can work to improve efficiency, productivity, and quality across your organization. You can innovate. You can seek and implement new technologies.

**Is it really important to do anything?** Joseph Juran, founder of the Juran Institute (www.juran.com), an organization committed to research and tools for managing quality, thinks it is. In a recent address in Stamford, Connecticut, he warned that if we continue our slow, methodical (evolutionary vs. revolutionary) approach to quality improvement, we will face dire consequences. He believes that, like post WWII Japan, we must engage in a “quality revolution”. Speed is of the essence!

Juran, who celebrates his 100th birthday in December and has been married to the same woman for 77 years, is well known for his role in the post WWII Japanese quality revolution. He conceptualized the Pareto Principle (the 80-20 rule), considered one of the most useful concepts of modern-day management. He is very concerned that “we have ‘exported’ millions of jobs...and lost entire industries.” He charges that our media and financial analysts have largely ignored the existence of the Japanese Quality Revolution and its effects on our economy; and, if the trends were to continue, there would be a serious risk that the U.S. would lose its status as a superpower. Breakthrough performance improvements must be the goal. “We know what the quality leaders did to become quality leaders,” he reminded his audience.

**Ready to take action?** Syndicated columnist and author Chuck Martin, citing NFI Research on a nationwide survey (www.netfutureinstitute.com), says that “senior executives and managers … get the most practical tips, guidance and tactics to do their job better at conferences and seminars” — considered Number One for inspiration and motivation to do their jobs better. The best practical tips, in order of importance, as reported: networking and interpersonal relationships, personal experience, books, online research, peers, newsletters and periodicals, industry experts, mentors, industry trade magazines.

As I read these observations, I realized that we at the Montana Manufacturing Center can help in many of these areas. Our field operation is based on interpersonal relationships and manufacturing expertise; we have an online book-list at www.mtmanufacturingcenter.com/Library where you can borrow from our bookshelf; and we have cultivated a network of additional industrial experts and resources to further support your improvements. This fall we offer our best Compete Smart conference yet. It is focused on networking and building relationships, improvement techniques, and approaches to innovation, plus ways to tap into the power of teamwork.

Join MMEC, Yellowstone Harley-Davidson, and our many generous co-sponsors as we host this opportunity to Run with Your Manufacturing Peers and Allies at Compete Smart on October 7 and 8 in Bozeman. Check our website for more details.

Steve Holland
MMEC Director

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**MMEC Engineer Certifies**

Todd Daniels, MMEC field engineer for Helena, Great Falls, and north central Montana, recently earned certification as an ASQ Certified Quality Auditor. The certificate is a recognition of professional knowledge by peers in the American Society for Quality, a professional society for proficiency in the body of knowledge. The milestone was reached after passing an extensive written examination. Daniels is one of five MMEC field engineers across Montana who work to help companies with quality improvements, adoption of Lean Manufacturing, and other manufacturing issues. His office is located in the Montana Department of Commerce headquarters in Helena.
Applying for Business Loans — Be Prepared!

by Susan Riplett, guest writer

The need for financing can be a critical and ongoing concern for small business owners. Banks like First Interstate Bank can help you by providing funds through commercial credit. This includes short-term, intermediate-term and long-term loans, or a line of credit.

Applying for commercial credit can often be a tedious process. What many people don’t realize is commercial credit applications require more documentation than you might have expected, especially if you have ever applied for consumer credit. For lenders, extending credit to an entrepreneur usually means customizing the loan to suit the credit needs of that business.

Among the best assets you can bring to the lender is a well thought-out business proposal. You need to clearly state the purpose of the loan (will the money be used for temporary working capital, buying equipment, or expanding facilities), the amount of funds needed and for how long, and a repayment schedule. Your proposal should include:

- A business description that outlines the nature of your business, describes the product and its market, and identifies its customers and competition.
- A personal profile that outlines the background and experience of each of the principals in a resume.
- A proposal that states the type of loan requested and its purpose.
- A business plan that outlines your corporate strategy for the next three to five years. This will aid you and the lender in determining whether your business will generate the cash flow needed to repay the loan.
- A repayment plan that tells how you propose to repay the loan or outlines a repayment schedule.
- Supporting documentation that includes copies of pertinent papers that support the information contained in your loan proposal. For example, a lease, certificate of incorporation, partnership agreement, letters of reference, contracts, invoices or vendor quotes.

As you can see, there is a lot of paperwork. But don’t be discouraged. If you are prepared, the process will be much easier and will improve your chances of getting the business loan you need.

(Susan Riplett is Vice-President, Commercial Banking Manager, at First Interstate Bank, www.firstinterstatebank.com, with services across Montana and Wyoming. First Interstate Bank is a continuing co-sponsor of Compete Smart in 2004.)

AgInventors

BILLINGS, MT — Ag Inventors can now sign up for the 3rd Annual Ag Inventors Contest to be held during the Ag Technology Show January 13 – 15, 2005 in Billings, Montana at the Holiday Inn Trade Center. The contest is open to inventors who have an idea, an innovation or an invention that has a farm and or ranch application, and is commercially viable and original.

“Seven inventor finalists will be invited to display their idea or invention at the three day tradeshow free of charge,” said Cynthia Berst, tradeshow producer. “A panel of 5 judges will select the $1,000 Top Inventor Award winner and show attendees can vote for their favorite inventor for the People’s Choice Award.”

There is no cost to enter and the deadline for entry to the juried contest is December 3, 2004. A complete set of inventor rules and entry forms can be obtained by writing to Cynthia Berst, Bright Cat Productions, P.O. Box 20044, Billings, MT 59104-0044 or by calling (406) 855-5765.

(Editors note: This is the second in a series of guest articles on capital resources)
Plan to attend the October 7 & 8 Compete Smart Manufacturing Conference in Bozeman and let the lessons of the truly global success story of the Harley-Davidson Motor Company re-ignite your entrepreneurial spirit and company energy. Hear three Montana company stories on Tuning Your Business Engine for Growth, and take advantage of many opportunities to explore innovative techniques that can Rev Up your business.

After all, innovation pertains not only to products but also to productivity, processes, financial discipline, marketing, quality, employee interactions, and customer service.

Breakout sessions will focus on Advancing Innovation and Product Development (see Agenda page 5 - Track A), Teaming Up for High Performance (Track C) and Tools and Techniques for Daily Business Management (Track B). Choose sessions from one Track or select from several. Better yet, take advantage of discount registration and bring your key people to share learnings.

You might consider examining automation and information systems that can advance product innovation and systems in a mix of sessions. Have someone explore sessions related to marketing and expanded marketplace; choose models for rethinking how you handle innovation, financial models or human dynamics, or develop your own combination from various tracks. Take a closer look:

**Info Systems & Innovation**

Learn to “Leverage your Information System to Reach your Lean Manufacturing Goals” in a pre-session the morning of Oct. 7 with Doug Sire and Brian Bell from Business Microvar, a service and re-seller for Microsoft systems of Billings, Montana. Get tips on how to select the right technology to support your needs, and how to develop a plan to ensure IT investments positively impact the bottom line. Examples will be given using Microsoft technologies.

“Accelerate Development and Reduce Costs with Virtual Prototyping,” with David Minerath from Quest Integration, a state-of-the-art Engineering CAD/CAM software, technical support, and consulting firm from Post Falls, Idaho. Computer simulation can test new product form, fit and function by analyzing such things as stress, strain, flow, motion, manufacturing simulations and cost estimations. In addition to exhaustive study of the new design concepts, it allows every facet of new product development, from the sales and marketing to vendors and suppliers, into the process earlier and more effectively. Get a brief overview from a technical and management investment side, in Track A-4.

**Marketing & Marketplace**

Those interested in marketing topics can sit in on “Nuts & Bolts of the World As Your Marketplace,” a panel discussion moderated by Arnie Sherman, Executive Director of the Montana World Trade Center (MWTC). Panelists will include representatives from manufacturing companies sharing tips on export strategies and challenges. In addition, the Montana Export Assistance Center will outline how to get started, technical issues, and where to turn for resources. Open the door to the possibility of new markets and strong alliances, Track A-3. Or hear Industrial Marketing Specialist Leesa Nopper of Marketing Works reveal the “Essence of Profitable Sales: What Customers Really Value” and take home a special checklist, Track C-2. Or navigate “Market Research: Between the Lines” with Marketing Specialist Fraser McLeay of the MWTC. This hands-on session explores low cost methods of Market research, resources that are already available at little or no cost, and when it makes sense to invest in working with professionals, Track B-4.

**Rethinking Approaches**

Make innovation permanent in your company with this “Roadmap to Why run with Peers & Allies?"
Yellowstone Harley-Davidson invites you to a special evening out to discover the power, passion and people that define the Yellowstone Harley-Davidson experience. Take this opportunity for special networking time while enjoying delicious fare and an open bar with Montana micro-brews and fine wine. Our very special keynote speaker Ken Schmidt has been invited to join us. Plan to take in the Vendor-Hosted Dessert Reception with prize drawings to wrap up this festive evening. Drawing winners will be announced at that time (must be present to win).

Progressive Dinner with Yellowstone Harley-Davidson

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Vendor-Hosted Dessert Reception. Win a Digital Camera! Plus other Great Prizes.
ISO Registration Connects S&K with... (continued from page 1)

take nine months to a year, according to Kreg Worrest, the lead MMEC engineer for the project. Several things enabled it to happen more quickly. The company didn’t start from scratch. Underwriters Laboratories (UL) certification of safety systems was already in place, and the company made a huge commitment of time and personnel to meet the goal. It also took the time and effort to have several pre-assessments of its systems to be sure nothing was missed in the 26 procedural areas that are monitored for certification.

MMEC specialists Worrest and Mark Shyne led S&K through the entire quality registration process, starting with a gap assessment of its Quality Management System and an informal on-site audit of how well their operation performance tracked with their documentation system. From the gaps, MMEC and the quality team were able to develop prioritized plans to close the gaps. The Center assisted in implementing plans and even helped with suggestions for a registrar when the UL audit organization the company normally works with was unable to meet the short timeline.

While the MMEC project helped S&K achieve ISO 9001 registration in less than four months, retaining certification will require discipline, according to Hall. “And the amount of paper is sometimes what becomes complicated.”

How important is leadership and commitment to the process?

“Managements resolve and participation is paramount,” Hall said. “It is truly the tool to reach greater competitiveness. I back it 100 percent. We just hadn’t committed the resources before. And there is a cost, but it goes back to continuous improvement. ISO gives the tools to identify issues early on and set goals to improve.”

Still, he said, a company doesn’t do it without thought and resources. S&K is a growing company with both sales and number of employees increasing over the past 12 years. The new ISO tool will help in training new employees while retain quality as growth continues.

The biggest challenge of implementation at S&K, not surprisingly, was adopting change.

“It has to be adopted company wide — everybody has to be behind it and do it. We had to show change would be for the better,” Hall said. “Education and training goes into establishing everyone at a level of understanding. We held group meetings on the concepts of why we were doing it and the opportunities.

“Under ISO, management review meetings will be required to set for continuous improvement goals. They are set up in procedures, and an outside audit agency checks to see if you are trying to measure against goals. If you are falling short, how you plan to remedy; and if you fail to do those, you could lose registration.”

A company has to build on its own strengths, including ISO, to be competitive, he maintains. He has sent one of his people to be certified as an internal auditor and to be the internal ISO champion.

“The Center was very thorough and capable in helping us. I consider MMEC a catalyst for companies to come up to speed on their own,” he said.

S&K has done that.

It was recommended for registration at the time of the formal audit the first week in June.

The Orion registrar was also being audited by a Canadian registrative body, during the S&K audit. Did that create a more scrupulous audit? No one can say, of course, but Hall speculates that it really means S&K passed with flying colors as the onus certainly would be on Orion to be as thorough as possible. Several very minor non-conformances did show up, and S&K had responded to those by the next week.

With ISO registration, New contracts have pushed sales up by almost 10 percent in just a few months. Hall attributes the success of the ISO project to the dedication of internal and external team members. “It drove us to a fairly substantial contract but will amount to much more over the life of the investment.”
MMEC HOME
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DEBORAH NASH
Writer/Training Coordinator

STACEY SCOTT
Business Manager

UTAP ENGINEERS

SHANE CANTRELL
Seth Partain
BRIAN PENDERGAST

IMPROVING THE COMPETITIVENESS OF MONTANA MANUFACTURERS

Spend Time With a Patent Attorney

Put some great experience to work during this special Compete Smart breakout “Protecting Your Intellectual Property (IP): A Technical Discussion” with Registered Patent Attorney Toni Tease, Track A-2. All breakout presenters have been selected for their expertise and valuable work with real companies; this one is no exception. Come with your questions and take advantage of this opportunity to learn from Montana’s first full-service intellectual property law firm, located in Billings, Antoinette M. Tease, P.L.L.C. Garner tips on how to protect your valuable assets from the idea stage to the marketplace from an expert in the areas of intellectual property and technology law, practicing since 1995. Toni can address your issues from a CEO viewpoint, an employment context, or from a transitioning state for start-ups moving to viable company. She will help you examine, strategize, and make the most of your Intellectual Property. Ms. Tease is a graduate of University of Connecticut School of Law and has an undergraduate degree in Economics from Harvard University, Cambridge, Mass.

Innovate across your organization... (continued from page 4)

Market.” With the constant pressure to innovate and change, creative ideas can end up being one-hit wonders. Marti Elder, Inc., will show you a proven methodology for managing and maximizing the new product development (NPD) process in your organization from idea to market and back to idea generation, Track A-1.

Or “Shift Gears” and go beyond standard accounting and cash flow models to explore financial models that provide real-time data for more timely, proactive and accurate decision for day-to-day operations. Become familiar with simple models including hourly break-even analysis, plant P&L, and shop load analysis. Gain an understanding of their application, and benefit from Al Deibert’s real examples of these models in action. Perhaps you want to take the DiSC Personality Profile and explore the fundamental human dynamics that get in the way of long-term organizational innovation excellence with Paul Hutter, from Associated Employers of Montana.

REV UP your Business
October 7 & 8 in Bozeman

Witness the triumphs of a true story of struggle & success in “The Rise, Fall, and Rise of Harley Davidson, the Motor Company” when Yellowstone Harley Davidson and MMEC co-host keynote speaker Ken Schmidt.

Hear MT Company Leaders from SIMMS Fishing Products, NorthWinds Publishing & Printing, and Precision Lift, Inc., tell how they tune their business engines to grow and sustain every day right here in Montana.

Come Network & Share with other Montana manufacturers, special exhibitors, & business allies at Compete Smart. Sign up for great prizes. Enjoy good food, good company and a special evening out at Yellowstone Harley Davidson.

Limited Seating - Register today online at www.mtmanufacturingcenter.com/Events or call MMEC at 406-994-3812.

MFG News

TowHaul Corp., doing business as Smith Equipment, USA, has been named SBA’s 2004 National Small Business Exporter of the Year at ceremonies in May. TowHaul rose above competitors in the state and Region VIII, before taking the nation’s top award. The small Belgrade company designs and manufactures gigantic, custom off-road trailers and other equipment for the world’s mining industry. Today there are over 50 TowHaul units operating in a dozen countries around the world.

Dean Folkvord, President of Wheat Montana Farms and Bakery, received the SBA District Director Award by the U.S. SBA in April.
High quality and rapid product deployment are no longer the sole determinants of competitiveness and market success. Rather they represent the baseline requirements just to get in the game. This fall’s Compete Smart manufacturing conference in Bozeman will offer two pre-session Cluster Symposia on Thursday morning, Oct. 7. These will focus on wood-based manufacturing and aerospace/defense manufacturing, two clusters with competitive energy in Montana. Why? Because market advantage today is specialization, focusing through regional clusters and driven (in large part) by ability to develop and deploy specialized research, talent & technology and lineages that support them.

These symposiums are being offered in conjunction with Compete Smart to further encourage the networking and partnerships that can help you Rev Up your business.

Members of the Montana Aerospace Development Association (MADA) and others interested in aerospace, defense and R&D related to those industries are encouraged to attend the session “Growing Montana’s Aerospace Industry.” Those attending will hear Dave Micheletti, MADA President, on “Promoting the Aerospace Industry in Montana.” An MSU TechLink presentation on “Growing Your Aerospace Business through Partnership with DoD and NASA” will be followed by Adam Steadman, Montana Procurement Technical Assistance Center (PTAC), sharing tips on “Successful Contracting with the Government” and the Montana Manufacturing Center on its role in “Ensuring Success in Aerospace Manufacturing.” It is brought to you by presenting organizations and Montana’s Congressional Delegation, as well as Compete Smart sponsors.

Wood-based manufacturers will get a look at “Super-charged Tools for Modern Manufacturing” with David Minerath from Quest Integration, an overview of improvements in design software and how these changes impact automated information flow in manufacturing. It will include brief demonstrations and real examples of reducing the resources and time necessary to produce products and exploration of PDM, CAD/CAM, visualization and communication tools, and integrating disciplines. Those attending will also discuss issues and opportunities that could be enhanced through further cluster development and get an update on where the Governor’s Office of Economic Opportunity can assist.

Take advantage of these and other BONUS pre-sessions at Compete Smart, coming in October. Detail at www.mtmanufacturingcenter.com/Events.

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