

## 2003 Showcase in Excellence Awards Recipient

### Ditron Manufacturing, Inc.



John Dinovo, President/CEO, accepting the 2003 Supplier of the Year Award from Transcore.

#### Company Information:

*Highest Ranking Official:* John Dinovo, President/CEO

*Contact Person:* Les Manser, Quality Manager, 623-581-3118 x203, les.manser@ditron.com

*Type of work:* Ditron is a service-oriented Contract Manufacturer of electronic assemblies specializing in turnkey operations. Providing top-notch customer service is ingrained into the organization as the #1 priority. The customer does not exist on the outside, waiting for information and status; they are allowed inside our Business Management System (BMS) and become part of the process. Ditron provides contract assembly manufacturing services primarily to Original Equipment Manufacturers (OEM) in the electronics community.

*Workforce:* 56

#### Testimonial of Value of Arizona State Quality Awards Program

“Ditron has seen significant benefits from the implementation of our new “quote engine” through improved productivity, quality of information, increased sales and customer loyalty. The external assessment performed by Examiners gave us helpful feedback on process strengths and opportunities for improvement.”

John Dinovo, President/CEO, Ditron Manufacturing, Inc.

#### Highlights of Organizational Process:

The implementation of the computer quote system “engine” integrated with Ditron’s Material Requirements Planning (MRP) system has made it possible for Sales and Purchasing personnel to accomplish material quoting in a significantly shorter cycle time while allowing them to handle an increase in quotes without sacrificing quality or the need to add more people. It has significantly reduced the opportunity for human error and at the same time has given personnel the maximum level of flexibility for material quoting and analysis.

With the material quoting process cycle time significantly reduced, the customer now receives a quicker and accurate Request For Quote (RFQ) response for various assemblies using the best material prices possible. The added capability of quoting multiple assemblies (especially if they share common parts) has also resulted in more reduced pricing that saves the customer money. Customer Bill Of Material (BOM) errors identified by the quote system engine result in the BOM becoming more accurate for current and future quoting. The combination of Ditron’s added capabilities, flexibility and price breaks has delighted our customers and resulted in increased loyalty, increased quote wins and increased sales.

The standardized electronic spreadsheet format supplied by Ditron to suppliers ensures that the cycle time for their quoting is kept to a minimum as well. Since personnel from Key Suppliers provided input on the spreadsheet’s format during development, it makes it easier for them to “pull in” received data into their own database and “pull out” again when the completed material quote is sent back to Ditron.

The quote system engine is capable of handling a limitless amount of BOMs and components. This will easily accommodate the anticipated increase in quote activity with customers and suppliers as Ditron's business steadily grows. The design methodology of the quote system engine is such that it will easily transfer into Ditron's next generation MRP system in the coming year.

The implementation of the quote system engine has contributed to a leaner quote process that has resulted in an increase in quotes won, increase in sales, decreased time to production and thereby increasing the chances to meet on-time deliveries. Overall, it results in quicker response times for the customer – which is the main reason why they desire to use contract manufacturers in the first place.

Quote activity before the implementation of the quote system engine was fairly flat, averaging 17 quotes per month from May 02 through Sep 02. During the transition/implementation period of Oct 02 through Dec 02, the average for quotes went down to 9 per month; however, quoting was limited during this time due to customers who were significantly impacted by industry downturn. The trend in quote activity and average of quotes per month has trended upward since the full implementation of the quote system engine (from Jan 03 to present). The average of quotes per month after implementation has increased 147% from before the implementation. A direct correlation exists between the increase in bookings during this same time. Shipments typically lag bookings by 1-3 months, but an upward trend has been evident since the process implementation was completed.

Response to the customer is a key indicator in contract manufacturing during every phase of operations. The improved process addresses the phase where most of the response time was being used and sometimes wasted – up front ahead of the purchasing and manufacturing processes. Now, instead of slipping delivery dates due to late quotes and lost lead times for materials, actual production more closely mirrors production planning. Although Ditron's on-time delivery ratings have been in the low 90% range for many years, the improved material quote process has contributed to a 6% increase in on-time deliveries during the past year and a half.

Response time typically suffers when changes to customer requirements are introduced. The implementation of the quote system engine provides Ditron with the flexibility necessary to make major changes to material requirements without compromising response time to the customer for quoting or re-quoting. Because Ditron suppliers also use the same formatted spreadsheet for all materials quoting, the cycle time is not adversely affected. Ditron is already poised for the future with the ability to quote unlimited numbers of multiple and complex assemblies using single or multiple Bill of Materials

The quote system engine is a state-of-the-art computer application that has enabled Ditron to completely computerize all material quote activities. The reduction of cycle time from weeks to minutes for material quote activities is a world-class result and has enabled Ditron to achieve breakthrough levels in customer RFQ response time and on-time delivery of the customer's product. The quote system engine is innovative in design and use. It allows Ditron personnel to look at materials data from as many angles or perspectives as necessary to offer the customer the best price for the manufacture of the product. It now provides Ditron personnel with a wealth of analysis data on materials that was never available before in so little time. It is also a prime example of an initiative to help reach one of Ditron's goals to establish a "paperless environment".

The approach and implementation of this process improvement for material quoting is aligned with Ditron's own core values, mirrors the core values of the State's quality award criteria and can benefit other companies striving to provide the best service to their customers.