



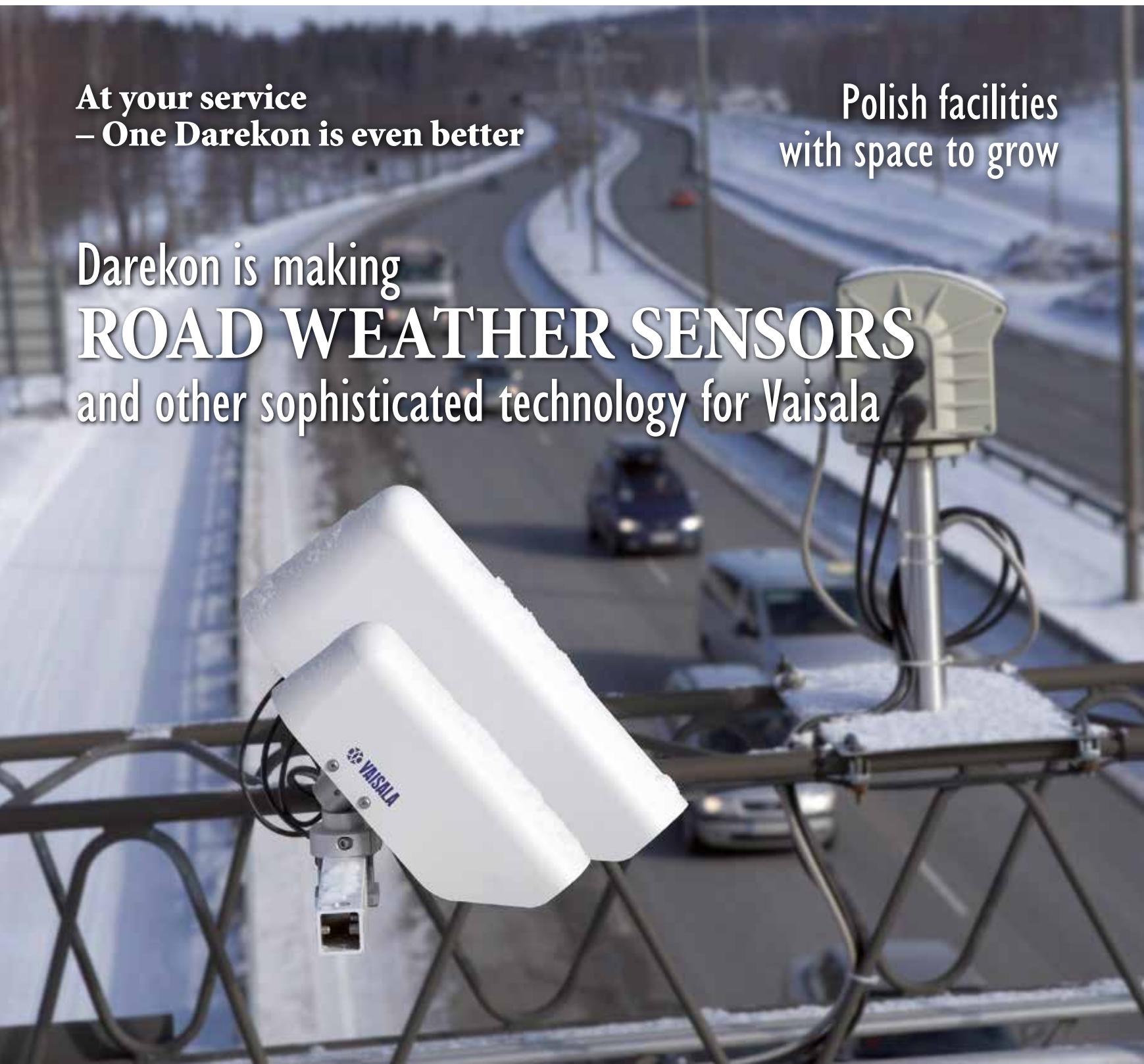
CUSTOMER MAGAZINE of DAREKON GROUP Ltd

Autumn | 2014

**At your service  
– One Darekon is even better**

**Polish facilities  
with space to grow**

Darekon is making  
**ROAD WEATHER SENSORS**  
and other sophisticated technology for Vaisala



# Autumn | 2014

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 DAREKON.net

CUSTOMER MAGAZINE of DAREKON GROUP Ltd

Publisher: Darekon Group Ltd

Editor-in-chief: Kai Orpo

Production: Lampila Publishing Ltd

Editor: Jouko Lampila

Layout: Sanna Eronen

Printer: Eura Print Oy

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# Darekon sharpens its operating models



Darekon managed to grow profitably last year in the face of business challenges, reaching a turnover of €36m and an operating profit of just over €2m. Further growth is expected this year alongside stable profitability.

Are we happy with this? Yes, but it is not enough. We want to continue to develop so we can respond to the changing needs of our clients. At the beginning of the year we started the One Darekon initiative. It is possibly the single biggest change in our organisation and operating model in the history of the company.

IT systems, logistics infrastructure and operating models have been unified at all our manufacturing facilities. Customer responsibilities have been allocated to specific staff. An HR manager has been

employed and communication at all levels of the organisation has intensified.

However, our industry struggles with some big challenges. While many of our competitors are making losses, increasing business is a testing endeavour. Rising expenses and lower demand caused by the recession don't make the situation easier. The market is what it is and we must respond. The only way to succeed then, is to continuously develop our operations at all levels.

This year increasing efficiency means it is time for some exceptionally big investments. The single biggest is more than €1m for new sheet metal handling systems at our Klaukkala facility. They take up only one third of the space compared to our old systems, allowing us to grow capacity. At the same time the investment is an ecological deed as our electricity consumption will decrease by more than 100,000kWh per year.

These big changes have been surprisingly painless. For this I want to especially thank our employees who have understood how essential they are to our development. At the same time I offer my sincerest thanks to our clients who have supported us and understood what we have taken on.

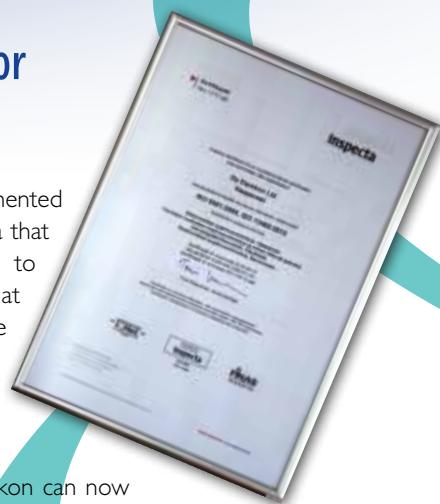
Now this year is important for us as we push One Darekon to even better levels of excellence for our clients, our own employees and other stakeholders.

Kai Orpo

## Medical certification for further services

Darekon has been granted supplemented I3485:2012 certification by Inspecta that also includes services connected to manufacturing technical products at Darekon's facility in Klaukkala. The audit took place last spring and certification was granted on April 14, 2014. The original certificate was granted on January 14, 2000.

In practice this means that Darekon can now offer its medical equipment clients other services besides manufacturing. Darekon's range of services in Klaukkala includes planning services, planning of testing and productisation together with repair and maintenance.



## Darekon is now a Known Consignor

The Finnish Transport Safety Agency TraFi has granted Darekon the Known Consignor security approval.

The approval was granted after a TraFi certified trainer came to the Klaukkala facility and gave instruction to around 20 Darekon employees. An auditor then visited the facility to ensure all the specified details were in order.

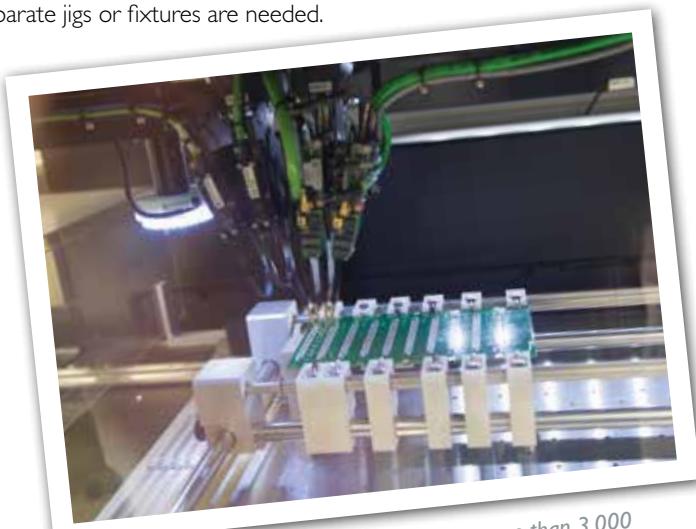
The Known Consignor approval means that, above all, shipments going in air cargo need not always be X-rayed. This makes the shipments faster and more economical. It also means stricter passage control at the site. The doors are locked and outsiders can under no circumstances enter the area without supervision. The trained people have been listed and certified and only they can handle products going to air cargo at the dispatch department.



## A Flying Probe tester to Haapavesi

Darekon has invested in a SPEA Flying Probe tester at its Haapavesi facility. The machine is an In Circuit tester that inspects the functionality of printed circuit boards with four moving needles. The tester can do both functional testing and boundary scan testing.

Darekon's tester can examine for aspects such as: electrical properties of PCBs, shorts and opens, failed components, components mounted the wrong way and functioning of logic components. The tester, acquired at the beginning of last summer, is especially suitable for testing short production runs. The start-up expenses are low since no separate jigs or fixtures are needed.



The Spea tester can take more than 3,000 measurements of a motherboard in about three minutes.



Jere Alila is pictured starting the test program for a motherboard prototype.



## Time to change the sheets

Darekon has invested in new sheet metal handling systems at its Klaukkala facility that in many ways improves the productivity of the site.

A flexible manufacturing system (FMS) consists in this case of two Amada sheet metal handling systems and an automated warehouse and load/unload system made by the firm LKI Käldman.

### Certainty, space and productivity

The company LKI Käldman is located on the west coast of Finland in the small village of Pännäinen. It is situated next to the railroad that goes to northern Finland and is one of the leading companies in Europe working in sheet metal handling automation. Long experience together with automation and software know-how have made it possible for LKI to manufacture complete FMS systems using Amada sheet metal handling systems and other machine tools.

The old sheet metal handling systems at Darekon were almost 20 years

old so it was time to renew them. The service and operating costs of the old machines were relatively high and increased use started to wear down the tools so that maintenance and sharpening costs also increased.

"Operational certainty and lower maintenance costs as well as increased productivity are the most important benefits," appraises Patrick Björklund, sales engineer at LKI Käldman. "Darekon also got a lot more palette places and more space. The reliable availability of spare parts is also an additional benefit."

### Serious about sheet metal production

"Two years ago Darekon invested in a press brake machine, one year ago in a laser cutting machine and now more than a million euros in this new FMS system," says Pekka Antikainen, Klaukka-

la's plant director. "I am sure this tells our clients that we are serious in sheet metal business and will continue developing it. Sheet metal manufacturing is an important field for the whole of Darekon group. It supports electronics contract manufacturing and gives us the possibility to further develop our service in manufacturing completed final products for our clients."

According to Pekka the new machines are faster and quieter. The old machines were hydraulic operated and the new ones are servo driven so they punch 'softer'. Power consumption is also considerably lower and they no longer need hydraulic oil. The productivity of the machines is higher, they work long periods unmanned and programming is faster and easier. Even material is saved as cutting direction is more flexible.



A brighter future with weather and environmental observation

# Vaisala

## – The pioneer of Finnish high technology

*Vaisala has become one of the most important clients for Darekon in just a short time. At many levels, co-operation between the firms has proved to be straightforward and both parties are happy with the relationship.*

**V**aisala's new headquarters, completed in 2011, has a futuristic look. The first thing a visitor notices is a large section of solar panels mounted on the rooftops and south wall of the building. At the entrance lobby a big screen displays power consumption, levels of production at the premises and detailed weather information. This is a firm that is clearly environmentally aware.

### Everything began with a radio sonde

The roots of Vaisala date back to the 1930s when the founder and long time managing director of Vaisala, Professor Vilho Väisälä, developed the principles of radio sondes. The sonde made it possible to examine weather conditions in the upper atmosphere and learn to understand its relationship with the weather. This laid the foundation for the current scientific forecasting of weather.

Vaisala is considered a pioneer amongst Finnish high-tech companies for very good reasons. In the early 1950s Vaisala introduced a completely electronic radio sonde and in the middle of 1960s the equipment was completely transistorised. At the same time the company created a worldwide market for its sondes and a very strong position for itself as a leading observer of weather and other environmental conditions in the world.

The firm has regularly generated new innovations and today Vaisala's product range includes a complete range of various automated weather stations, weather radars and other equipment used for examining weather and other phenomena of the atmosphere. These sit alongside the radio sondes that it still produces.

Vaisala has also developed a strong offering of industrial measuring instruments and its new life sciences group has been producing technology used in the medical industry and by biotechnology companies.

In addition to its range of high-tech products, the firm has developed an encompassing set of services including training, consulting and continuous systems maintenance. Vaisala can also support its systems with information structures that give clients an easy and reliable way of controlling their operations according to the collected information.

### Apelec brought Vaisala

In the past Vaisala was a relatively small client for Darekon. At the same time Vaisala had developed as a very large client for Apelec Oy, which Darekon subsequently acquired, almost two years ago.



"It sure will slow down the traffic if you stand by the roadside with this," jokes Teppo Pitkänen.

Apelec's operations and customers – along with Vaisala – were moved to Darekon and the cooperation has developed and strengthened ever since.

"Everything started at the beginning of the 2000s when two people from Vaisala came to our booth at the Elkom exhibition," says Teppo Pitkänen, a long time partner of Apelec and now logistics and supply chain director at Darekon and also responsible for Vaisala business at Darekon. "They were looking for a supplier and we promised to supply."

"Vaisala had a little earlier acquired the Handar company in the USA and wanted to move manufacturing of its products to Finland. These were the first products we started to manufacture for Vaisala. By coincidence the last series of these products will be manufactured just about now. The products were initially designed in the 1980s."

The cooperation with Vaisala developed, according to Teppo, very rapidly.



New calls for bids were received, sensors for road weather stations joined the product range and Vaisala developed to become the biggest and most important client for Apelec.

A few years ago the cooperation developed to such a level that it was not practically possible to expand it any further despite a desire to do so. Apelec started looking for a strong partner to allow further expansion and the rest is history. The resources of Darekon have

made it possible to grow that cooperation; Vaisala is happy with the solution and Darekon has gained more business through an acquisition.

### Less suppliers – more cooperation



Johanna Nurmisto presents the road weather station sensors that Darekon manufactures for Vaisala.

"Our cooperation with Darekon has been very successful," confirms Johanna Nurmisto, sourcing manager for Vaisala. "From our point of view the merger of Apelec to Darekon was fluent and deliveries during the transfer period continued undisturbed. Many of the contact people are the same as before and new acquaintances have been made easily."

"At the moment we have many new calls for bids out and it is possible that our cooperation with Darekon will expand with these products. We have



Vaisala utilises solar energy: in total 100kW solar panels on roofs and walls at its headquarters produce some 20 per cent of the yearly electricity consumption of the building.



quite a few prototypes made at Darekon and we are very happy with their rapid deliveries. Darekon has a good control over components so missing components don't delay prototype deliveries. Our contact person at Darekon's Haapavesi facility, Tiina Luiskala, has taken care of us in an excellent way."

Johanna explains that a major part – some 80 per cent – of Vaisala products are manufactured in Finland. The rest is manufactured in areas nearby and no manufacturing at all has been moved to, for instance, China. On the other hand 97 per cent of all production goes to export so Vaisala's operations are excellent from the Finnish balance of trade point of view.

Like many other companies, Vaisala has a clear need to reduce the number of its suppliers and deepen the cooperation with the remaining ones. From the comments by Johanna one gets the impression that Darekon has a good possibility of being among those companies to do just that.

"We look at the big picture, what are the key strengths and abilities of a supplier, what are they good at," continues Johanna. "That is the basis by which we choose which companies to call for bids. The price alone is not the issue but the entirety of price, quality and reliability of

deliveries. Product quality is of utmost important for us and our quality organisation has grown and will continue to grow further. With Darekon we have really had few quality issues – but Darekon is not quite the cheapest supplier though."

### Tight communication helps

Vaisala is, according to Teppo, a good client and its products are interesting to manufacture. The documentation of Vaisala's products is at a very good level and the routine for any changes are clear. Cooperation is easy-going and informal. Products containing electronics, optics and mechanics are interesting and challenging enough to make their manufacture engaging work.

"With Vaisala we have regular face-to-face meetings where we go through all active issues," says Teppo. "Quite a few people and at many levels of both organisations are in connection with each other; for instance people designing and doing testing, besides people in production. A short twenty minute journey between the companies also allows running errands a simple matter."

Darekon's ability to deliver and the reliability of those deliveries is based on processes that are well ordered and managed. The firm is also sure to main-



Teppo Pitkänen presents the product that was the start of Darekon's cooperation with Vaisala more than 10 years ago.

tain good relations with component suppliers. On the other hand, processes alone do nothing; behind them there have to be devoted people who want to serve the client..



# Vaisala Guardian

## Road Weather Station

Winter road maintenance is expensive so the authorities try to avoid unnecessary treatment but at the same time trying to ensure that safe driving conditions are maintained.

Automated road weather information systems (RWIS) assist decision-making: when to send out the fleet, when to use de-icing agents, when to put on warning signs or change speed limits.

### Non-invasive optical system

RWIS have been used for decades around the world. Traditional systems have used sensors embedded in the road surface together with air temperature and humidity sensors to try to model the road surface conditions.

Authorities responsible for road maintenance agree that a relatively dense network of road weather observation sites allows the best opportunity to control maintenance activities. Traditional systems have however been quite expensive and their data prone to many sources of errors.

The Guardian system developed by Vaisala is based on optical remote measuring that has been developed to be very accurate and reliable. At the same time the cost of the system is affordable and it can be installed almost anywhere, such as on a lamppost, bridge or gantry over the road.

### Innovative measuring technology

Finland is a good testing ground for winter assessment equipment and the Guardian system was developed in partnership with the Finnish Road Administration. The essential elements of the system are two sensors, one measuring road surface temperature, the other sensing water or ice on the road surface.

Temperature measurement is based on determining the long wave infrared

radiation between the detector of the sensor and the road surface. If this radiation is in balance, then the temperature of the detector and the road surface are equal whereas a non-balance can be calibrated to a known temperature difference. However, this method measures the apparent radiation temperature, which can be offset by many degrees due to the reflection of long wave infrared radiation at the road surface. In the Vaisala system, errors are minimised by properly selecting the range of wavelengths to be used. The accuracy is within 0.3°C in typical icing conditions.

Measuring water and ice is based on active transmission of four infrared laser beams on the road surface and analysis of the backscattered signal. Most of the backscattered light has traversed through a possible surface layer of water or ice. By proper selection of wavelength it is practically possible to observe the absorption of water and ice independently of each other. Since white ice, i.e. snow or hoar frost, reflects light much better than black ice, these two main types of ice can be distinguished as well. The observed absorption signal is readily transformable to water layer, to ice layer or to the snow/frost amount in millimetres of water equivalent.

### Friction measurements

It has been established that the system is able to provide a very good correlation between actually measured and modelled friction values. For example, a slushy surface condition can have a reasonably high friction value although the amount of ice is fairly high. On the con-



trary, a very thin layer of ice can have a dramatic drop in friction especially if the ice is hard and does not contain salt. If there is salt, then ice will build up as a fragile structure with pores filled with a salty solution and again friction may stay comparably high.

The sensors of the Vaisala Guardian system include optics, electronics and mechanics. They have been designed to operate reliably in harsh weather conditions, hot, cold and humid. Darekon manufactures and tests the sensors and deliver them to Vaisala for embedding as a part of their RWIS products. Vaisala Guardian is just one example of the firm's many innovative systems that save costs and make our daily life easier and safer.



# One Darekon

## – An even better Darekon at your service

Darekon has started an initiative to modify its organisation, sharpen operating models and unify practices. For Darekon's clients this means increased efficiency, stronger competitiveness and better service.

The world is not ready. Things can always be done better. Darekon has always wanted to do things better. One Darekon initiative is one of the most remarkable renewals in the history of the company and will develop Darekon's operations – both internal and external – to be ever better and stronger.

### Clear roles for personnel and facilities

In the beginning there was the Haapavesi site, then joined by Puola, later Savonranta, and the latest addition, the Klaukkala manufacturing facility. Each facility has its own history and culture. All the manufacturing sites have always cooperated but now the decision has been made to clarify all Darekon's operating models.

"Previously each client was taken care of by one of the facilities," explains Darekon's CEO Kai Orpo. "Now we have appointed key account managers who are allocated responsibility for all our clients, regardless of which manufacturing facilities serve that client."

"In practise it is not quite as dramatic as it may sound since the people have, mostly, remained the same. Facility directors act as key account managers, likewise sales managers and some other people. The essential difference is the operating model. Internally this means even closer cooperation between our sites. Clients, for their part, can always talk to the same person, their own contact person, regardless of which manufacturing facility is taking care of which part of their production."

"At the same time the role of each facility has been clarified and differentiated according to customers' needs."

### New key people and systems

Besides key account managers, a human resources manager has been employed at the company for the first time. The new HR manager is Riitta Moilanen, whose role in developing the operation of the company is important. This will



help new ideas and best practises arise and Riitta has the support of the whole organisation in her task. There is a separate article about the role of our HR manager in this magazine.

Another important role is the work of our logistics and supply chain director, into which position Teppo Pitkänen has been appointed. Teppo moved to come and work for Darekon when Darekon acquired Apelec almost two years ago. Our logistics and supply chain director is responsible for purchases at all our facilities and for contracts with our material suppliers.

"Our different units have previously worked rather independently and in slightly different ways with their purchases," says Teppo. "Now we collect the best practices from each unit and unify operating practices. There is at least one person from each unit included in the development of operation models. This renewal means better control of component purchase than before, unified payment terms and better delivery reliability."

One of the essential development targets is also the CRM system and systems supporting it. It creates the possibility to follow business development and thus gives tools for developing manufacturing facilities and operating models. The big picture consists of small details that we can now observe better than before. In the future this better knowledge gives us the possibility to develop even greater customer service and cooperation between our facilities than before.

## Management team hard at work

Last spring Darekon organised two strategy day meetings for our twelve-member management team. Their task was to develop our changes in more concrete ways. First they went through and specified our company values, mission and vision. No major changes were needed, just small clarifications. They went through Darekon's strategy line by line and every member of the team really had to focus on the issue. They are all now even better able to put this into practice in the whole organisation.

"Besides technical quality, reliability of deliveries and cost efficiency are our most important issues," says Orpo. "When product coding in our warehouses is unified, we can better control both total balance at each site and the reliability of our suppliers. Also deliveries from one facility to another can now be better controlled. Now we can correct possible problems by developing communication and eliminating overlapping issues. The operations of our manufacturing facilities now support one another better than before."

"Key account managers make sure information moves at the right time. When the company receives an order, our customer service staff communicates the information immediately to every facility involved. That customer service staff is responsible for the order and organises delivery with the cooperation of all four of our manufacturing facilities if need be."

One new practice is to have a bi-weekly video meeting with all our customer responsible staff. For this purpose Darekon has put in place the best modern technology at all of our operating facilities. In this way the group will always have good and up-to-date information on what is happening and when.

## Focusing on client needs

Deliveries to clients according to the agreement are of utmost important in contract manufacturing. Sometimes schedules must be adjusted and this means rescheduling production at facilities. Previously our facilities have operated independently in such cases, now the responsibility lies with our new key account managers. They have a better view of the big picture and a good relationship from which to negotiate with our clients.

With every client we have a meeting at least every quarter to discuss the current situation and any development needs. The more information we have creates the possibility of tighter and mutually beneficial cooperation.

The information we now have from our renewed CRM system gives better opportunities to develop efficiency, which is important for growth and profitability. This is an advantage for clients, Darekon and the whole electronics industry in Finland.



# HUMAN is a good word

*Personnel are the biggest resource of most companies.*

*At Darekon this has been understood for years but now new steps are being taken to further develop this talent.*

Within the One Darekon initiative a means for improving the firm were started by developing management team cooperation, surveying the tasks common to all our manufacturing facilities and improving management. Personnel issues have always been taken care of locally at each of our sites. Now personnel management will have unified rules and practices under the One Darekon initiative. This work is one of the main tasks of the company's new human resources (HR) manager.

## What is wellbeing at work?

At the beginning of this year Riitta Moilanen started as the HR manager at Darekon. Riitta's primary training was as a lawyer; she has carried out separate studies in economics, i.e. an MBA, and worked long in management positions in the financial world. Fifteen years ago Riitta felt inspired when she realised that management and personnel are the two keys to operating a business and serving the customer. It is people who make a business successful.

Riitta has a pretty good overall understanding of personnel management, especially from the business point

of view. "One has to be genuinely interested in people and know oneself. Only then can one understand other people," says Riitta. Every company has its own business logic; companies operate at different phases during their lifespan. Some need to change the way they manage, some need to create something new. She finds the strengths of Darekon are its long term development and the wide scope of its abilities.

"Wellbeing at work is not manufactured with 'sauna evenings' and grilling sausage," points out Riitta. "A good and secure work community is the key, management, interaction and work routines. The One Darekon initiative affects everybody working at Darekon and everybody must understand what it means for their daily work. Having satisfied and eager personnel is important for us and we want to clearly bring forth the importance of personnel as the successful basis for the company and its clients."

"Of course the management team is in the key role of specifying the principles of good management. But written principles are not enough, one must act according to them as an example to others."

Defining the firm's operating models has created a new positive spirit and attitude in management. The next step after the management team make their decisions is to get the personnel on side.

As an example of this Riitta mentions the communication between manufacturing facilities at the task level. "People need to work together and we need to not have each facility closed in its own routines," she says. Another example is the discussion about the company's strategic targets. The discussion must travel from the personnel level to the management level, not only from up to down since the workers often know the best way to do things.

## The new year's strategy is not yet visible in the workplace

Development work determined by the Darekon management team in the first half of the year will not be visible in practice for a while. For instance, the values of the company have been updated to meet current business challenges. Darekon's values now more clearly emphasise a client-centred view and the importance of our personnel. Indeed, the management understands the importance of personnel in the firm's success.

Following this work carried out at the beginning of the year, management tasks have been gone through at each facility and department. The next thing to do is to unify our supervisor's work. One example of a management task is to develop IT systems to better serve the One Darekon business and customers. A good IT system also makes work more efficient.

Our manufacturing facility in Poland is integral to Darekon and development work carried out in Finland will be carried out there. Poland and Finland share the same values, even if



Riitta Moilanen is interested in people and wants to develop Darekon as an even better place to work.

many personnel issues are taken care of according to local legislation in Poland. Introducing instructions in English can solve any language issues. One Darekon also applies in Poland – where suitable.

Darekon carried out a work satisfaction survey at the end of the year and there seems to be issues to face at each facility. The response is to take action individually at each site.

Every employee at Darekon has the right to good management and a good work life. Work must be so well managed that our staff's enthusiasm and satisfaction will last for the whole of their career. The task of HR management is to understand how to accommodate people at the different stages of their career and above all to be human. The rules must be so clear that everybody's experience is fair. In the end the target is to ensure that everybody can get to his or her pension in good shape.

"One important issue is cooperation with workplace stewards. Because this system has been built in Finland, it would be a shame not to utilise it," says Riitta. "Keep the meetings, discuss and develop the culture of local agreements. People don't always understand or know how much space the national work agreements in Finland give for local negotiations. Sometimes it takes time to create a good negotiation culture."

According to Riitta, development discussions are an important part of the communication between personnel and management. They are held regularly at Darekon. In the discussion, people have the chance to bring up issues they find important with their managers and also feedback can be given in both directions. Working abilities are often an important issue and so is motivation.

### The time of people is not over

Riitta says she feels that Darekon is considered to be a good place to work. Employees understand the value of the



company, because Darekon – unlike many other companies operating in Finland – is a safe and financially stable employer. In many other companies frequent cooperation negotiations are routine, if not a regular management task.

"We want to develop Darekon as a working place where people know both their own and the company's targets," emphasises Riitta. "Everybody at Darekon is important and we want to provide the opportunities to participate and develop. But it is not enough that the employer pushes – the person must have his or her own will to develop."

"We also train our managers for the future. They are in the key role for staff. The manager can't be blamed for everything. There are certain rules that everybody must obey. The managers have training and supervision responsibility. One can achieve much just with good manners and respect for others. The managers must ensure that everybody knows what to do in situations where they feel, for instance, they are being treated wrongly."

"The time of people is not over, even if operations are improved and streamlined," continues Riitta. "It is easy to multiply a machine but ability is a strategic and unique resource that we must take care of. Spirit and social cohesion can't be copied. It is here and now. Among all of this it is good to remember the human being. Human is a good word."



## Klaukkala staff find out what their colleagues get up to

One Friday last April everybody who worked at Darekon's Klaukkala manufacturing facility had a chance to find out what their colleagues do for a living.

### Let's get to know each other

"We had a meeting and we discussed and figured out activities that would improve well-being at work," explains site director Pekka Antikainen. "There was quite a few new people and even all the longer-serving ones did not know exactly what the others did so we decided to do something about it."

The idea was supported by the firm so the event was organised. The day started with morning coffee together and then people were divided in two groups. The first group made a presentation about their jobs in ten units, production unit by production unit. The other group went round between the ten units. After a lunch offered by the company the shifts were changed and the morning presenters got to familiarise themselves with the different tasks of their co-workers.

"I was actually a little surprised how well people had prepared and were proud to present what they are doing," continues Pekka. "They presented tools and products and explained how their work sequence went. Many people were interested in the tasks of the others and asked many detailed questions."

### Increased common understanding

The Finns are not very skilled at getting acquainted. The best outcome of the day was that, in Pekka's opinion, people got to know each other. In the future it should be easier to open a discussion and go to ask things.

Workplace stewards and work safety people were there deciding about the event. At first the work group was a little careful about how to organise it but the practice was successful. A simple survey after the event showed no negative feedback. On the contrary there were many positive comments and further suggestions.

"The event was very suitable to implement the One Darekon initiative in the facility," evaluates Pekka. "A similar event may not be needed every year but maybe we have created some sort of a tradition."



# Young power to lead the Haapavesi plant

Darekon's facility in Haapavesi has a new site director. A young graduate engineer from within the employees of the company was appointed. He got into action immediately and started new initiatives to improve operations.

**A**ntti Järviluoma is from Nivala, a small town near Haapavesi. After high school and military service he spent a few years in the Oulu area to study and work, however he started missing the countryside. A job survey brought up Darekon and he was employed almost six years ago to work in purchasing and as a link between clients and production.

## Kaizen – let's make it better

Previous facility director Eero Meriläinen had been with the company from the very beginning and retired according to agreement. The position was offered to Antti, he accepted the offer and started in the new position last February.

Antti appears to be the right man for the job and actively wants to develop the operations of the company. Antti is familiar with the lean working philosophy and has brought up the concept of "Kaizen" – to do things better – which is Japanese. It means continuous development and targets to cause a permanent change of culture that attempts to make things better every time.

"Things can always be done better and there is always the possibility to improve things," says Antti. "In my new job I immediately started a project to improve the quality of SMD component placing and solder paste applying. This is one of the first steps towards the culture of continuous improvement."

"Development is about indicators. For instance the reliability of a component placing machine and solder paste application can be measured with a ppm figure, indicating the number of fails per million solder points. Watching these figures we know where we are. The statistics are then examined in weekly meetings by the

production team and necessary action for the next week is agreed. This is then checked in the next meeting."

According to Antti there is always something to develop: processes, work methods, phasing of actions. Improvements are started with small steps. In production a person is appointed who is responsible for action. Teamwork is carried out. The whole organisation must be engaged in the issue and throughout the organisation there are people to engage: in production, purchasing, quality assurance and management.

## Good spirit at Haapavesi

At the group level Darekon has a new HR manager but the local, personnel issues at each production plant are still the responsibility of the facility director. Antti says that in spite of his technical background it is easy for him to deal with people. He is a negotiating character and wants to discuss and hear other people's opinions.

"We have a devoted personnel and a very low turnover of staff," appraises Antti of his co-workers. "Our priority to solve problems and clarify issues is high. People are motivated and interested in what they are doing. We have quite a few meetings where we handle big issues. That creates the spirit of teamwork and reduces solitude."

"I want to involve people in developing the operation of the facility. One example is the new control system for SMD production together with our weekly meetings that all team members participate in to find solutions and ways to develop. Involving people is important in our operation, I find it important and fully encourage it."

At the Haapavesi facility the number of employees – and the people – have

remained pretty much the same for a long time. In the city vocational school there is a line for ICT mechanics and every year there are some trainees at the site. The students get to know the firm and every now and then some are also employed.

All in all Antti finds the situation at the Haapavesi facility good. The operation has a solid foundation and it is developing continuously. One part of this continuous improvement is to ensure good customer service develops. Antti finds the essential elements of good service are flexibility, correct information and open communication with the clients.

## Routine and change

The discussion shifts to the current state of the electronics industry in Finland. The big change took place 15 years ago and now there are not that many companies in the field. Antti finds it possible to succeed all the same, just working the right way and according to company values. There is no doubt that Darekon has been successful but there are always challenges in the future.

One Darekon initiative is, in Antti's opinion, a big and important step. It includes unifying production equipment, processes and the whole of the company's culture, using an ERP system and renewing warehouse component coding. These are big developments that can't be completed in a day. Also people who live in different places are somewhat different in their habits and that must be taken on board.

In the 1980s subcontracting was a swear word – customers were afraid that manufacturers would steal their products. In the 1990s contract manufacturing saw a big boom, many new companies appeared and even some millionaires arose. Now the volume of production has dropped and people are thinking about where we can find a new "nokia". But with the right actions it is still possible to succeed.

"I just wish I had already been in this position for five years, to have the routine and experience as a foundation for doing things. But where does routine come from when change is continuous," ponders Antti.





## Quality board helps to streamline production

At the Haapavesi facility in May they introduced a new way of controlling SMD placement and applying solder paste. The reliability of the placing machine is entered on a chart every two hours together with the duration of each job change. Reasons for deviations are entered verbally if needed.

The formulas are always checked in weekly meetings and decisions for actions are made when necessary. This system is one of the new actions being taken according to the Kaizen philosophy that the new director has started using to continuously improve the operation of the company.



*Antti Järviuloma and Pasi Leiviskä are checking the list for the time of a job change.*

## Vaisala production was taken in hand at Haapavesi



*"Of course Haapavesi and Klaaukkala are far apart but sometimes it feels like we are working in a room next door to Teppo," says Tiina, explaining fluent communication over 500km.*

"Production of Vaisala PCBs came in with a bit of a rush in connection with the Apelec merger some time ago," describes sourcing manager Tiina Luiskala. "In one go a large number of products, all related material, know-how and documentation was transferred. And everything had to go so smoothly so that there

were no problems with customer deliveries. I must thank everybody involved – everything went well!"

Tiina is a graduate engineer who has worked with Darekon for five years and is responsible for Vaisala's materials at Haapavesi. She works in close cooperation with Teppo Pitkänen who is in charge of the whole of the Vaisala work at Klaaukkala. Communication with Vaisala's sourcing manager Johanna Nurmiisto is also tight. In spite of the distance they also meet every now and then.





# Darekon strides forward in Poland

Darekon has got its new manufacturing premises up and running, made some considerable investments in production equipment and is now preparing for strong progress in Poland.

A year ago – September last year – Darekon's plant in Poland was able to move, or rather expand, into new premises. The firm is still producing cable harnesses and carrying out final assembly in the old premises. The new production line installed in the new facilities doubled SMD capacity and working in a large hall on one level is far more efficient.

## It is good to manufacture electronics in Poland

"We have been serious, succeeded in developing our operation in Poland and survived many challenges," adds up Kari Koponen, managing director of Darekon's Polish facility. He has had more than 22 years of a long career in Poland. "During the last three years we have more than doubled our turnover."

In spite of the reasonable level of costs, considers Kari, Poland is no longer a cheap labour centre but a country producing high quality products and services. In Poland you can

find the ICT service centres and administration centres of many international corporations together with many product development companies.

The economy of Poland is stable – there is no recession – but growth is continuous and moderate. For Darekon this means more opportunities in the Central European market – and also in Poland itself. In Poland there is more need for high quality manufacturing and the internal contract manufacturing market in the country is developing rapidly. Growth and stable development gives more credibility in the eyes of even the most demanding customers.

## Education and experience available

Darekon operates in Poland in the Gdansk area that has had an electronics industry for a long time. There is a technical university in the area and experienced personnel are readily available.



Kari praises fully the many good characteristics of his personnel. Staff turnover is very small – some people have been with the company from the very beginning, for more than 20 years, and Kari enumerates a long list of people who have been with Darekon for much longer than 10 years. One reason may be the "Scandinavian" company culture of Darekon, which includes interaction with and respect of individuals.

Darekon invests in high quality production equipment but also in people. There is a training program available for employees and most of them have an international IPC certificate – mainly IPC 610 – that involves soldering and manufacturing electronics. Besides professional workmanship and ability, the personnel are careful and devoted.

### Better than good

"Darekon will continue developing year by year," says Darekon's Polish operations director Slawomir Wawryk about the future. "The last three years have seen strong development both from the point of view of sales and organisation. We have acquired many new production machines and equipment and the new premises are of course an important new step."

"We want to communicate to all our clients and employees that we are looking at a bright future. We know we can develop further even if the last years have been really dynamic. We have good internal resources, a new location and spacious premises to grow in. Our labour costs are reasonable compared to the high quality of our production, there is higher

*Kari Koponen is proud to present the manufacturing premises that give Darekon plenty of space to grow in Poland.*



education in the area and we are a member of the local ICT cluster."

After gaining speed Slawomir describes how Darekon now has excellent opportunities to expand its sales to other Scandinavian countries and Germany. At the moment the majority of clients are in Finland. A manufacturer of medical and military technology has good opportunities to expand into other industries as the most demanding technology is already mastered.

"High quality opens doors with new clients and gives the possibility of healthy profitability," continues Slawomir. "We can position ourselves in the market as a company producing the best quality at reasonable cost. The keys to quality are company organisation, education and the experience of employees. Good service is self evident."

### There are resources for growth

"We are operating in such a sector that we barely take any jobs from Finnish contract manufacturers, rather from our competitors in the developing Eastern European countries and the Far East," points out Kari. "In our production, price is a more important issue than in Finland but our quality is still very high. There are various reasons why it is better to manufacture something in Finland, but Finland hardly has any technological advantage any more. For our part we bring competitiveness and reliability to the whole Darekon Group as we are able to offer several solutions."

Poland is a big market for electronics components, according to Kari. Because of this there is a good supply at competitive prices. International component suppliers have one or two large warehouses in Europe and truck deliveries from them to Poland are fast.

In typical contract manufacturing work, the materials' share of the total price ranges between 50-70 per cent. The volume and success of the purchase has some effect on the price but quality is not an issue to bargain with. If somebody offers manufacturing at half the price there is something fishy somewhere. The price of a product manufactured in Poland can be in the range of 10 per cent lower than the same manufactured in Finland.

"We have a clear target to grow. Darekon now has good material and facility resources and employees are reasonably well available. Finland is still our main market but we are looking for growth in all close market areas. A suitable growth would be doubling our sales within the next three years. Or a cool round 15 millions would be just right," smiles Kari.





Pekka Mikkonen has his office at Darekon's Klaukkala facility.



Petri Kettunen lives in Joensuu and has his office at the new Savonranta premises.

## Buy contract manufacturing from these men

*Many things have been clarified at Darekon – including sales. The first contact people for new clients are now mainly Pekka Mikkonen and Petri Kettunen.*

**R**esponsibility for every Darekon client is primarily appointed to a specific person – a key account manager. These are site directors, the above-mentioned sales people and a few others, in total 7-8 people. Products for client might be manufactured at all or some or one of Darekon's four facilities but one person controls the production for each client centrally.

### Named contacts for new clients

Previously new customers were usually in contact with one of the Darekon facilities, they received quotes from there and negotiations for cooperation began. Now there are four facilities, it was considered necessary to concentrate the service for new clients with specified people. That gives the person the possibility to estimate which combination of manufacturing facilities is best able to fulfil the needs of the customer.

Pekka Mikkonen has been employed in the company for about four years and during that time has had the main responsibility of communicating with

new customers. Last spring a colleague was appointed alongside him, Petri Kettunen. Pekka has his office at Klaukkala and Petri in Savonranta. Of course both men are on the road quite a lot of the time and with customers.

### It is good to sell Darekon's services

"Selling services to new customers is slow and requires perseverance," describes Pekka of his job. "Sometimes it takes years from the first contact, you need countless meetings and many quotations. In most cases you, however, know from the beginning that it is worthwhile to do it. In some cases you make a quotation after the first meeting and the cooperation starts immediately. There is also everything in between."

"Darekon is a competent, profitable and high quality manufacturer. The turnover of the company has quintupled during the last ten years and the company has been profitable from the very beginning, for almost 30 years. Darekon has the essential certifications such as

ISO 9001, ISO 14001 and ISO 13485. Besides that, products are manufactured according to NATO, railway traffic IRIS and explosive atmosphere ATEX certifications."

"Darekon has a solid economy and regular investments and development programs ensure competitiveness for the future," praises Pekka. "We assemble PCBs, produce cable harnesses, manufacture sheet metal parts and do final assembly, design work and productising. In one company there are so many services available. This is almost a haven for a sales man."

### Every day is interesting

The 34 years old graduate engineer Petri Kettunen from Joensuu entered Darekon's service last April. The lively and extrovert man from eastern Finland has been working for ten years, half of that in sales for electronics manufacturing.

Both men have the responsibility of certain named clients and basically the new clients they acquire for the company. Working days include taking care of the issues of key account clients, finding new clients and making quotations as well as organising meetings, trips and many other things.

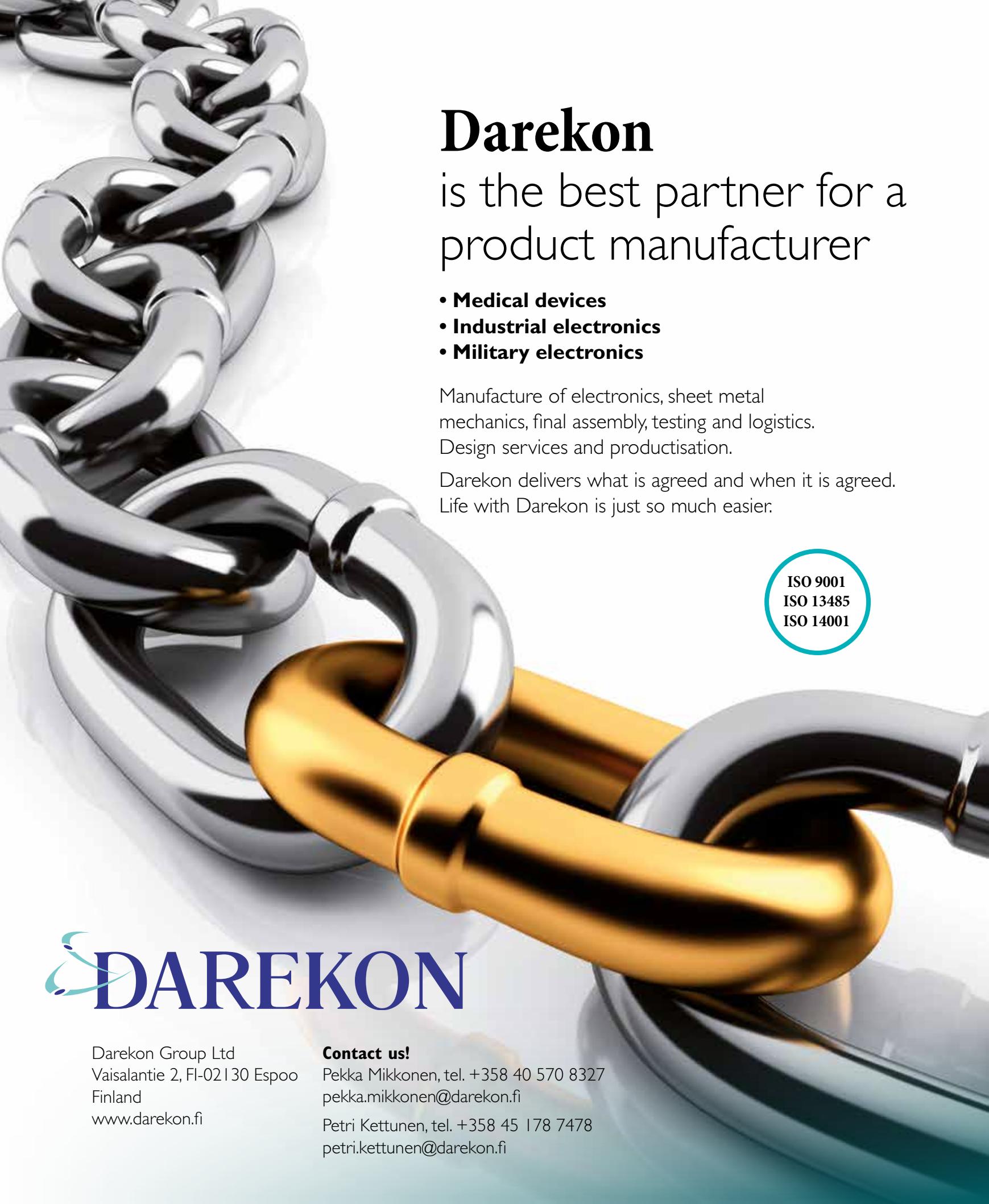
### Why buy from Darekon?

"Selling contract manufacturing is the interaction between people, from human to human," describes Petri of his work. "I want to work with challenging clients and offer them overwhelming services. A demanding client is a good client."

Both men admit they also have numeric targets in their mind. Pekka wants to puncture the level of 40 million profitably, Petri is still a little quieter about exact figures.

But why buy from Darekon? Pekka wants over and over again to exceed the expectations his clients. Petri wants to make the clients happy by being honest and standing up to his agreements. "There are so many that promise, but we keep it." Both men agree that, for the client, life with Darekon is just so much easier.





# Darekon

is the best partner for a product manufacturer

- **Medical devices**
- **Industrial electronics**
- **Military electronics**

Manufacture of electronics, sheet metal mechanics, final assembly, testing and logistics. Design services and productisation.

Darekon delivers what is agreed and when it is agreed. Life with Darekon is just so much easier.

ISO 9001  
ISO 13485  
ISO 14001



Darekon Group Ltd  
Vaisalantie 2, FI-02130 Espoo  
Finland  
[www.darekon.fi](http://www.darekon.fi)

**Contact us!**

Pekka Mikkonen, tel. +358 40 570 8327  
[pekka.mikkonen@darekon.fi](mailto:pekka.mikkonen@darekon.fi)  
Petri Kettunen, tel. +358 45 178 7478  
[petri.kettunen@darekon.fi](mailto:petri.kettunen@darekon.fi)