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Total customer focus



Jure Sola, CEO of Sanmina-SCI, talks about the need for the personal touch

Total customer focus



JURE SOLA IS THE CO-FOUNDER OF SANMINA-SCI, AND HAS BEEN WITH THE COMPANY SINCE ITS INCEPTION - HE IS THE ONLY CEO IN THE CONTRACT MANUFACTURING BUSINESS WHO CAN MAKE THAT CLAIM. HE SPOKE TO LIBBIE HAMMOND

Sanmina-SCI Corporation, the world's premier electronics contract manufacturer (EMS), serves the fastest growing segments of the global EMS market. The company provides end-to-end manufacturing solutions to large OEMs primarily in the automotive, communications, computing, defence and aerospace, industrial and semiconductor systems, medical systems, and multimedia markets.

Jure Sola co-founded Sanmina-SCI in 1980 and initially held the position of vice president of sales, responsible for the development and growth of the company's sales organisation. He became vice president and general manager in October 1987, responsible

for all manufacturing operations, as well as sales and marketing. He was elected president in October 1989, and has served as chairman of the board and chief executive officer since April 1991. He relinquished the title of president when Randy Furr was appointed to this role in March 1996.

I asked Jure what made him decide to start his own company. "Basically I needed a job, that's as simply as I can say it!" he began.

"I was working for a company that was sold, and Sanmina-SCI's co-founder and myself decided to start our own manufacturing company making printed circuit boards and assembled backplanes. We started with a very small amount of money

and we needed to make money from the first day."

Sanmina-SCI was almost an instant success, showing a profit in its first quarter. "Our whole focus has been on the customer, from the start," explained Jure. "I always believe that if you have a customer you can build everything else."

With experience in operations and customer service, Jure hadn't started his own company before, which he believes actually helped in the foundation of Sanmina-SCI. "Too much experience might make you run away!" he said. "There are a lot of things you start thinking about, so being naive works in some ways, and it helps to have an open mind. But you also need



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good people - this is a peoples' business, so money alone won't get you there.”

For the first ten years the company grew organically, focusing on a few key customers in the telecoms industry. From 1980 to 1989 the company went from zero turnover to approximately \$60 million. “Most importantly we were profitable,” said Jure. “In 1989 my partner decided to sell out and we did an MBO with Morgan Stanley and I became president and CEO, with a remit to put the plan together on how we are going to grow this company to the next level, which for us was \$100 million turnover.”

Over the next five years the company's business increased by over \$20 million, and in 1993 Sanmina-SCI

went public. “At that time, following changes in customer demand, we decided to be more than just a printed circuit board and backplane company, into becoming a total systems company. The strategy was to build everything from printed circuit boards to assembly or final assembly and test and logistics.”

Following the flotation, Sanmina-SCI made some strategic acquisitions, and between 1993 and 1997, it reached a run rate of \$1 billion, becoming one of the most profitable companies on Wall Street in electronic manufacturing.

By the year 2001, Sanmina-SCI was valued at \$16 billion plus, had acquired some larger companies and was in the middle of acquiring SCI. “The good thing about the company is that we

delivered these results from a customer service, technology, and also financial results point of view,” said Jure.

Then while the company was riding high, there was a technology meltdown, and the world market dramatically changed. “We had to focus on the global competition as our customers were looking for lower cost manufacturing such as Eastern Europe and Asia,” explained Jure. “This meant the company had to change its global footprint, and unfortunately resulted in the first Sanmina-SCI lay-offs in 22 years. We had to grow our Asian capacity and shut down factories across America and Europe to survive.”

The years since 2001 have seen Sanmina-SCI restructuring its



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operations. “I think we are in pretty good shape today, we are still tuning things up,” said Jure. “I look at this as a second start up. The first stage was going from zero to \$10+bn run rate, and now we have to ask how we take that to the next level.”

Following the merger with SCI and telecom demand disappearing, Sanmina-SCI diversified its customer base and is today much more focused on multiple markets. “This means we are now in a much better position to service our customers globally than ever before. That is what we did over the past two and a half years, to position the company for the next growth.”

Still 100 per cent involved in the day

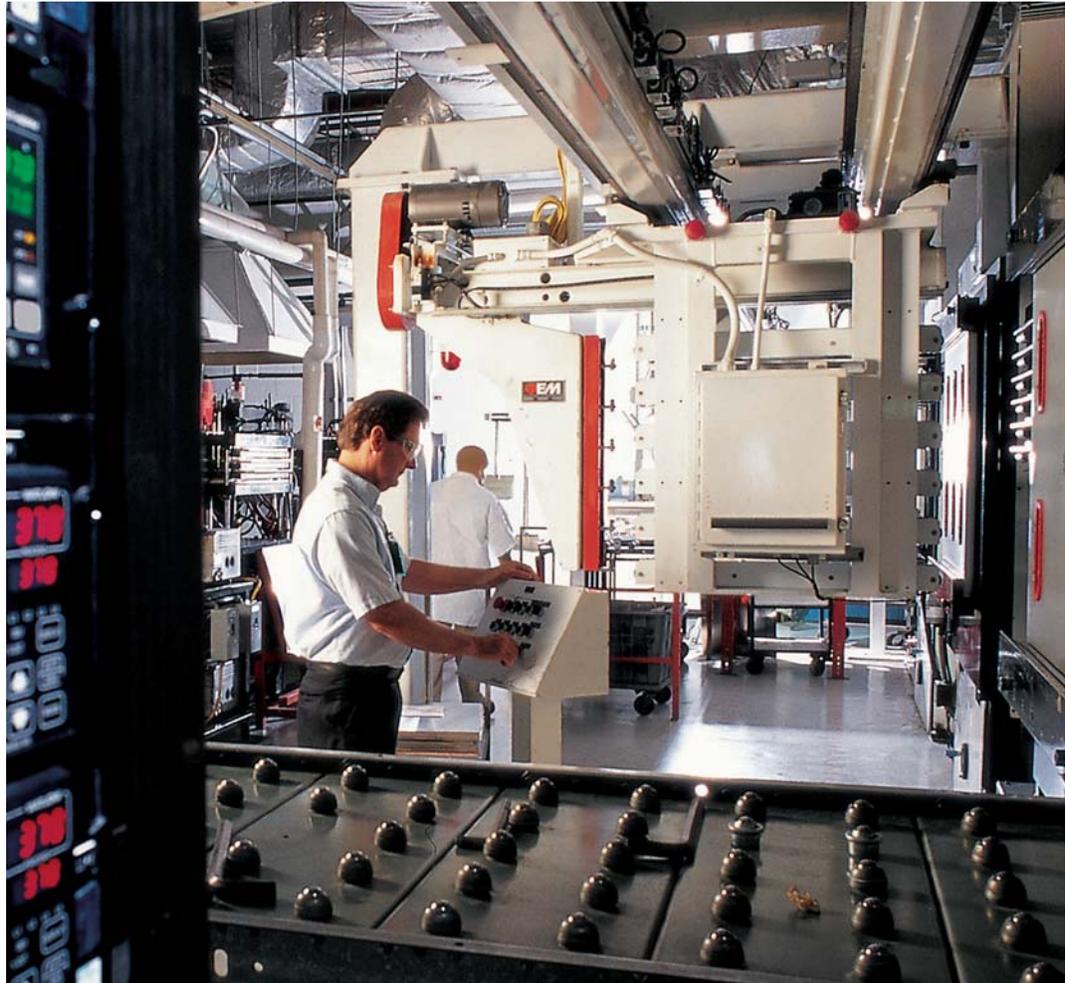
to day running of the business, Jure describes himself as: “the type of guy who can’t just sit in the corner office. I have to be involved in something, I am hands on and my main focus right now is strategy, customer service and business development.”

Even after 30 years in the business, Jure explained he is still expanding his knowledge about business management. “When we started Sanmina my background was business development and customer relationships, and from that you learn. You also learn from your mistakes and you listen to others around you. My style is simple - I encourage our people to make decisions and not to be afraid of making a bad one. As long as you

learn from your mistakes you gain the knowledge and that is how it works for me.”

He identified the most important lesson learned as: “Never be too confident or too comfortable. In this business there is always someone out there who is going to try and do a better job than you, so you can never think that everything is OK and that customers will just come.”

According to Jure, being able to compete on a global scale depends on the efficiency of your manufacturing. “You have to be able to deliver the product on time, with the highest quality with the lowest cost,” he said. “In order to do that, most importantly you have to have the best people, train ►



“The strength of a small company is that they are so focused on their customer that they know their customer’s business as well as the customer himself.”

them properly, and give them the right tools. Once you have that, you constantly go through a training and lean manufacturing improvement process.

“You incessantly work on improvements and these improvements are sometimes major and sometimes minor. Many of our improvements come from our people, which is really the best way as they are knowledgeable on the processes,” Jure continued. “We also have the lean manufacturing tools and theories in place, but these are just systems that give you data. Focused individuals that take care of the business every day are essential.”

Cost has become a driving factor for Sanmina-SCI’s customers, which means if the company doesn’t operate globally, it can’t compete. “Our customers want

quality delivery, but in the last couple of years, one of the key issues to most of our customers has been cost, cost and cost,” confirmed Jure. “So we have to be global, and still be able to offer the customers local capability such as engineering, R&D and new product development. Unless you manufacture somewhere like China or Eastern Europe, it is impossible to offer a competitive price and if we were not global then customers wouldn’t do business with us.”

Sanmina-SCI is keen to expand its business in Europe, although it already has a significant presence here. “Europe represents about a \$4bn run rate to the company, and we expect Europe to continue to grow for us,” said Jure.

“I am hoping that a unified Europe will be an easier place to do business,

without the border issues and different currencies. We are in global economy like it or not and there will always be continuous pressure on cost. We have to deliver a cost effective product to our customer as otherwise we don’t have a business model.”

Despite having a history of always focusing on the customer, Sanmina-SCI has been working on a customer-focus strategy – as Jure explained.

“We looked at the strengths and weaknesses of a small company and a big company. The strength of a small company is that they are so focused on their customer that they know their customer’s business as well as the customer himself and that is how we ran Sanmina in the early days. But as you get bigger you lose some of that and in order to take advantage ►



of the global capabilities of Sanmina-SCI, we felt we needed to refocus our efforts.

"This resulted in the formation of groups that focus on individual accounts. This made us a lot more focused on our customer requirements and we understand what it takes to make that customer successful, and we can invest in the right technology and right services for them."

This close customer relationship is mirrored in the way the company interacts with its own suppliers. "I am a firm believer that for us to be successful, and grow with our customers, we have to have a strong relationship with our suppliers.

"I personally make sure that I meet all my customers so that they can pick up the phone and communicate with me or anyone in management if they

need to, and at the same time we have to treat our suppliers correctly. We survey and determine who we believe are the best suppliers out there for our business, and we partner with them, just as we partner with our customers. We want a long term relationship that is going to be a win-win for both sides."

Following the successful restructuring and the new customer-centric strategy, Jure's goal for the next three years is to grow the company. "This will probably be organic growth," he said, "but that is not to say that if the right opportunity came along we wouldn't take it, but it would be fair to say that most of our growth will be organic.

"In addition I think that today we are a better position than we have been over the last couple of years as today most of the restructuring is behind us,

and I believe the market is starting to turn positively and I expect Sanmina-SCI to take advantage of global expansion."

Jure's passion for the company and industry was evident from our conversation, and he mentioned that he doesn't think he will ever be ready for retirement because he has too much energy.

"You have to have fun in your job and I am having lots of fun here," he said. "Every day is a new day, demands from our customers' change every day and we have to adjust, but you have to enjoy it. This is not a job if you are strictly working for a paycheck, you would run away from it. If the fun ever stops, I won't be here. It was a lot of fun building Sanmina-SCI from nothing and we are now a global company." **OMTEU**



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