

Uncovering Business Success

CSI Electronics Diversifies, Grows

By Matt L. Ottinger

The tale of Shep and Patricia Beyland, owners of CSI Electronics in Kokomo, is one of survival and success. Originally from New Jersey, the two found themselves in Indiana because of other positions before acquiring CSI in 1999.

An electronic manufacturing services (EMS) provider, the company supplies printed circuit board and custom cable assembly services to businesses around the country and globally. The company recently celebrated its 20th anniversary.

Considering unemployment in Kokomo topped 20% in the heart of the Great Recession, CSI's endurance has been a testament to its ability to adapt.

The circuit

At one point in time, local automotive supplier Delphi constituted 85% of CSI's business. Through a steady focus on diversification, it branched out to a client base of 200 active customers – the largest bringing in just 18% of the company's business.

Shep notes that customer was just a start-up business in 2001. He adds that 60% of the work is automation assembly and only about three or four customers buy on an annual basis.

"A majority are a one-shot deal," he explains. "We do a job and then we're looking for the next customer."

He adds that quality, rather than quantity, applies to CSI's efforts.

"A lot of EMS providers are working on a volume basis," Shep observes, stating EMS is a \$200 billion business worldwide. "We don't; we work on a quicker turnover."

"We consciously made that decision," Patricia remarks, contending their model gives CSI an advantage. "There are a lot of large EMS providers that don't want to do short runs."

Patricia adds that the company takes great pride in providing engineering assistance and excellent quality control.

"Sometimes, if they're going on price alone, it may not be a good fit for us," she states.

Early ISO certification (in 2000) helped make the company more attractive to potential customers, the Beylands contend. Quality remains a top priority, with every outgoing product undergoing rigorous inspection procedures.

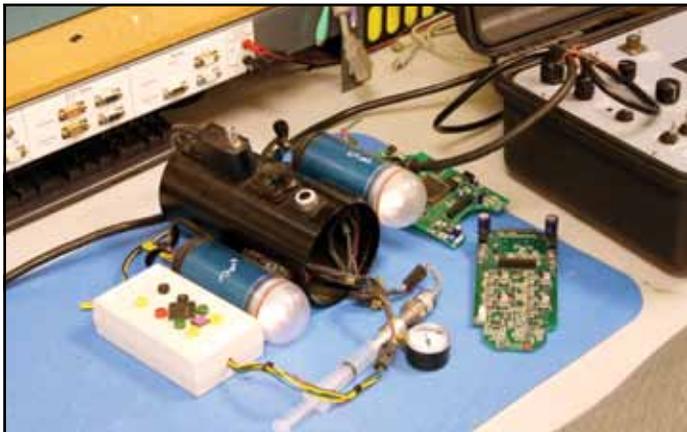
The company has also expanded its reach with a variety of new equipment in recent years.

"When we started, this was all hand assembly," Shep reflects.

He points out that X-ray and AOI inspection machines, as well as QSX pick and place machines and reflow ovens have given CSI an edge. The Beylands also moved buildings five years ago, doubling the square footage of the facility to 12,000.

Because of its capabilities, the United States military now utilizes CSI to produce the "brains" of the Joint-Air-to-Surface Standoff Missile (JASSM), submarine circuit boards and naval

Shep and Patricia Beyland, owners of CSI Electronics, have parlayed an affinity for diversification into a thriving business model. Part of that includes a circuit board being placed in a programmed tester to verify functionality.





Ryan Townsend (top), production engineer, programs and sets up an automated selective soldering machine for assembly. Assembly technician James Hohmann (middle) hand places unique components on a circuit board and using an X-ray imaging system, process engineer Rodney Clark (bottom) verifies solder components.

radar systems. Among many other projects, the company develops back lighting displays for mid-size jets, radiation equipment, metering devices and automotive LED lighting prototypes.

Diversity is key

The Beylands credit their expanding customer base to sales representative Chris Sullivan, a 15-year CSI veteran, and his fondness for cold calls and reaching out to potential partners.

“In this business, it’s fun finding new customers because you never know what you’ll learn about next,” Sullivan remarks. “For example, we’re working on an automotive safety product now that will not allow a car to start if a cell phone is in use.”

He also explains CSI is developing a product that will

control stoplights for emergency vehicles, manipulating the light changes to avoid crashes while en route.

Another circuit CSI is producing is used in the homeland security sector to help those working around radiation get up-to-the-moment tracking of how much radiation they are exposed to, allowing them to evacuate toxic situations if needed.

While its work is detailed and intensive, only three of the company’s 26 employees are degreed engineers (all from Purdue University). Patricia explains the company hires local people based on problem-solving abilities and work ethic, and they go through a three-month training process.

Build, survive and thrive

Like many businesses, CSI took a significant hit in 2009. But unlike some, it survived – and has rebounded to near full strength.

“It was definitely a survival year in 2009,” Shep offers. “We saw a 40% drop in business from 2008 to 2009. But in 2010, we recaptured almost all of it.”

“We’re trying to get back into 15-20% growth mode (annually),” Patricia explains, pointing out the business recently added a sales agency of 11 people, which contributed 5-6% in new business last year.

She beams with satisfaction when explaining that through the tribulations, the company was able to avoid laying anyone off. “Once you hire people, their family is part of your family.”

CSI takes that notion to heart. The company covers 100% of staff medical and dental bills once an employee has been on staff for five years. Up until that five-year threshold, it still covers 80% of costs. Additionally, the company’s 401(k) program enjoys participation from 99% of staff. Furthermore, the Beylands note that about half of the company’s staff has been with CSI for at least 10 years.

When asked how state and federal legislators can help small businesses like hers, Patricia indicates health care mandates are a prime example of how government negatively interferes.

“Shep and I have everything, including our home, in this business,” she states. “Small business owners aren’t fat cats; we’re trying to help people put food on the table for their families.”

She says it’s critical that legislators understand how mandates and excessive costs can cripple a business.

Going Hollywood

While CSI circuit boards are used in a bevy of ways, the company’s work has also appeared on the hit television series that shares its name.

“CSI used the remote controlled submarine camera that we make circuit boards for to search for a murder victim in the Bahamas,” Shep relays. “And *CSI: Miami* used a mass spectrometry testing device, using a control board we assemble for a local company, to verify fingerprints.”

Whether CSI is on the small screen, or building components for it, it is making a difference in Indiana and beyond.

INFORMATION LINK

Resources: Patricia and Shep Beyland, CSI Electronics, at www.csielectronics.com