

MANUFACTURERS OF THE YEAR

ELECTRONIC SYSTEMS TECHNOLOGY KENNEWICK

SMALL COMPANY Founded in 1982 by Tom Kirchner, Electronic Systems Technology enjoyed 10 years of growth through 2007 and record sales that year. Then the recession hit. The instinctive response to a 30 percent drop in annual revenue and a net loss for the year, which is what Electronic Systems Technology (esteem.com) experienced in 2008, is to slash costs, especially in payroll.

This maker of wireless modems in the public safety, industrial control (mines, utilities, food processing, oil and gas) and federal markets

didn't dodge the cuts, but it tried an alternative to layoffs. Salaried employees trimmed half a day from their weekly working hours; benefits were maintained. Hourly employees took a full day off (recouping half their sacrifice through a state program that pays partial unemployment benefits). These measures reduced payroll expenses by 10 percent.

Electronic Systems Technology also reconfigured international sales travel, chopped office-supply purchases by 44 percent over three years and moved testing of new modems to evening

hours to avoid a bottleneck in production.

Through it all, Electronic Systems Technology developed and launched new products and services for its customers. It returned to the black in 2009 and finished 2010 with a 19 percent gain in revenue and a much healthier profit. In January 2011, employee hours returned to full time, and the company embarked on development of new products that will position it for growth opportunities in applications where telephone modems and cable systems are unavailable or impractical. ●

DATA I/O REDMOND

MIDSIZE COMPANY Rocked by the recession, a shift of many of its potential customers to China and technology changes in its industry, Data I/O (dataio.com) has been battling back. This maker of devices that program semiconductors reported revenue for 2010 that was up 42 percent from 2009, and turned an \$811,000 loss in 2009 into a \$3 million profit in 2010. Data I/O's stock price, up 53 percent from Dec. 21, 2009, to Dec. 21, 2010, indicates that investors liked what they saw.

How did that shift happen?

Strong international sales, accounting for 88 percent of overall revenue, helped a great deal. So did attention to the financial details: Data I/O cut inventory levels by about 40 percent during an 11-quarter period, and it has no long-term debt.

The company is seeking more growth. With the exploding demand for wireless devices and consumer, automotive and industrial electronics, and all the programmable circuits within them, Data I/O figures that need will translate into more demand for its products. The marketing pitch to electronics manufacturers: Data I/O's devices are equipped to handle the large files that are loaded onto handheld gadgets, and its proprietary designs will protect them from malware or theft of intellectual property.

This year, Data I/O plans to roll out a new software product and to boost revenue above and beyond recovery levels. In fact, CEO Fred Hume says the business might even consider acquisitions to achieve its goal. Toward that end, it has hired an investment banking firm to advise on strategic alternatives. ●



Data I/O CEO
Fred Hume.