

# Kester Interview - Roger Savage



Last August ITW announced the acquisition of the solder paste manufacturer Kester Inc. The former Northrup Grumann division has come a long way since its MBO by American Capital only two years ago. *Global SMT & Packaging* Editor-in-Chief Trevor Galbraith spoke to Roger Savage about the implications of working with ITW.

**Q1: ITW paid a considerable amount more for Kester than American Capital; what factors contributed to this increase?**

**A1:** Kester has created value for our shareholders for many years. There is a long history of Kester meeting our customer needs today and their future requirements. A company's value is always based off how it addresses the needs of customers today and into the future. Under ITW's cognizance, Kester will have even greater focus around customer needs. This has been our way of operating in the past and will be even stronger in the future.

**Q2: Do you anticipate any restructuring under the new regime?**

**A2:** In any business, change is inevitable. With the ever changing global electronic market and the changing needs and product requirements of our global customers, Kester has always been engaging change. We anticipate making changes going forward based upon the ITW's 80/20 principles. We look forward to the future changes and believe the Kester will be much stronger as a result. ITW has a very methodical way of influencing the behavior of the businesses they acquire. The 80/20 principles are based on very sound practices that have worked for ITW over several decades.

**Q3: What synergies exist between the ITW product range and Kester?**

**A3:** ITW has core competency in in-line manufacturing processes. Kester believes that leveraging the manufacturing know-how of ITW can strengthen its position as a global leader. The product range is vast,

considering the various business units, but the 80/20 principle is always applied.

**Q4: Are there any geographical synergies where either company's sales and service teams are stronger?**

**A4:** ITW has over 700 different business units with locations in many different parts of the world. Each business unit has a specific measurable objective that focuses that business unit. ITW has regular meetings among business unit managers of like businesses. A great amount of knowledge is shared through these meetings as well as lessons learned. Kester is learning very quickly how other ITW business have adapted their business using 80/20 techniques. We are in the process of understanding synergies with like businesses units and integrating 80/20 into our daily operations.

**Q5: Can you explain the ITW 80/20 philosophy?**

**A5:** The 80/20 principle that drives ITW business units is centered on customers and products. Our customer base will determine which products Kester needs to focus our energy upon. In short, 80 percent of the results come from 20 percent of the energy applied. As an organization, Kester is focused on applying our energy to those customers and products that matter most. 80/20 impacts every aspect of the business.

**Q6: How will this acquisition affect your product development?**

**A6:** The acquisition has focused our product development process. We have decreased the overall number of projects that we are



**Roger Savage**

working on and increased the amount of effort applied to those projects that are most important. The corporate objectives drive the entire organization into this behavior. Product development using 80/20 principles will bring about the marketing of products and services that matter most to the industries Kester caters to.

**Q7: ITW has a strong innovation-led culture with over 17,000 patents worldwide. Do you intend to expand the patent applications from Kester?**

**A7:** Kester will continue to use trade secret strategy for many of our products. However, we will increase the focus on applying for patents and filing invention disclosures. The legal team at ITW is one of the best in the world at handling

intellectual property. We feel very fortunate to have strong resources to drive our intellectual property. Kester's intellectual property will continue to grow as we cater more and more to the needs of our customers and the application of the 80/20 rules.

**Q8: With 700 independent business units and 50,000 employees, do you think Kester will be lost in this monolithic organisation?**

**A8:** No. ITW has systems in place to make sure that all business units are accounted for. A senior management team at ITW guides business units along the way. ITW has a rich history of successful acquisitions and quickly aligns and directs business units in accordance with known best practices. It is how ITW has been so successful for so long. ITW spends considerable time training its people in the principles it believes will increase customer satisfaction. Everyone at Kester and ITW are working synergistically to satisfy the requirements of our customers.

**Roger - thank you very much.**

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