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Serving the Electric Wire and Cable Processor

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MARCH
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Voice of
the industry

INDUSTRIAL INFO-TAINMENT

Segue Manufacturing Services

By Fred Noer

Probably no better name could have been chosen for Segue Manufacturing Services.

The contract manufacturer embodies the definition of segue by having the ability to move without pause from one goal, order, project or process to another. The company has a broad spectrum of abundant resources to facilitate each movement.

The word Services in the name could be regarded as equally important, since the focus at Segue is on the services it

offers its customers. By partnering with Segue, they, too, are able to move fluidly toward meeting whatever goals they may have.

Segue is headquartered in Lowell, Mass., a city of approximately 109,000 residents 30 miles northwest of Boston. The firm does high-mix, low-volume manufacturing of harnesses, cables, control panels, power-distribution boxes and electromechanical assemblies. Potting, overmolding and CNC machining also are done.

The company has a second facility in Xiamen, China, a city of approximately 3.6 million people on the southeastern coast of China. Segue Asia, as the plant is

15th Annual Electrical Wire Processing Technology Expo

Save the date for the 15th Annual Electrical Wire Processing Technology Expo, to be held on Wednesday, May 13 and Thursday, May 14, 2015 at the Wisconsin Center in Milwaukee, Wisconsin. This Expo is tailored specifically for those in the electrical wire and cable manufacturing industries, processing industries and especially wire harness services.

Expo attendees will see the latest electrical wire processing equipment in operation, as well as various components and services that are used in the manufacture of wiring harnesses. Attendees will have the opportunity to meet one-on-one with industry experts, and can also attend valuable technical seminars focusing on emerging trends and the future of the industry.

The seminar schedule is as follows:

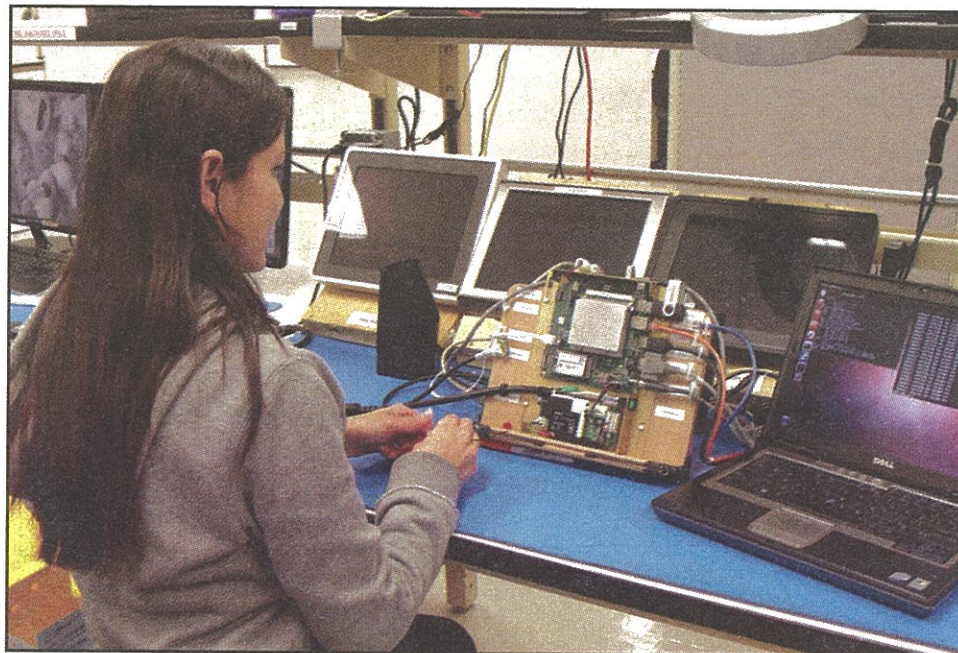
Wednesday, May 13, 2015

8:30am - IPC/WHMA-A-620-B, A Critical Step to Becoming a World Class Supplier

Presented by: Donnie Hill, President and COO of Precision Manufacturing Co & Rick Bromm, President of Altex Inc

WHMA presents how this globally accepted workmanship standard is a key to becoming a world class wire harness manufacturing company. The presentation will include insights on why it's important, how to get trained and how to validate your company to the standard. It will also provide information on why your current and future customers should and will require it.

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Segue Manufacturing does high-mix, low-volume manufacturing of harnesses, cables, control panels, power-distribution boxes and electromechanical assemblies.

known, specializes in low-cost, high-volume production of similar types of items as Lowell in addition to printed circuit board assemblies and plastic injection-molded pieces. Low-cost components are sourced for customers, too.

Segue serves customers in the following markets: medical, 38 percent; robotics, automation and industrial capital equipment, 20; military and defense, 15; clean energy, 12; homeland security, 11; and miscellaneous such as test and measurement equipment, 4.

Segue has reached its current annual sales of \$50 million based on the vision of company president Bill Roderick, 52, who emphasizes the importance of being progressive. "If you stay stagnant and do not grow, your customers will lose you," he said. "They'll outgrow you. You need to create excitement for them. You also have to stay committed and

have good people behind you, people who believe in you in the good times and bad."

Roderick knows well the ups and downs. He used \$3,000 in savings to start a company called Cable Designs and Manufacturing (CDM), the predecessor to Segue. The start-up occurred in July 1991 in Billerica, eight miles south of Lowell. He and another person worked in a 100-square-foot space producing wiring harnesses and cable assemblies.

Revenue after one year totaled \$12,000, Roderick stated. Although the amount fell short of his annual income previously in his career, "I had put things in my own hands," he said. "There were a lot of long nights and hours on the road trying to develop the company. I built it

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Why Manufacturers are Over Paying for Electromechanical Assemblies

When in-house work is outside an OEM's core competency, too costly or cumbersome, strategic domestic outsourcing can cut cost, improve quality, and even speed delivery

For OEMs making and inventorying electromechanical assemblies, wire harnesses, cable assemblies, or even box-builds in-house, holding too tightly to every aspect of production can be a costly mistake.

The intended benefits of doing all the work in-house must be measured against its costs: higher facility overhead, including additional required inventory, manufacturing space, equipment, trained labor, as well as engineering and purchasing resources.

Too often, such in-house work is not actually the OEM's area of expertise, but instead a low margin activity that can consume precious corporate resources to little effect. When the in-house work performed is outside an OEM's core competency, too costly or cumbersome, strategic domestic outsourcing can cut cost, improve quality, and even speed delivery.

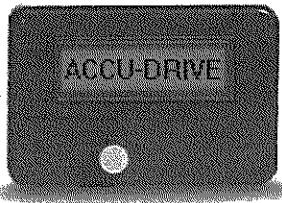
For instance, to focus on its core competency of system design, Evoqua Water Technologies domestically outsourced a junction box electromechanical assembly and wire harness to power its line of industrial water purification modules, according to Rahaoul Bhagat, Engineering and Quality Assurance Manager at its Lowell, Mass. facility. The company is a wastewater treatment products, systems

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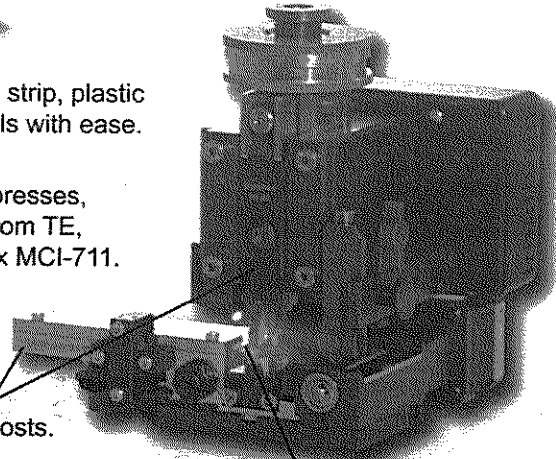


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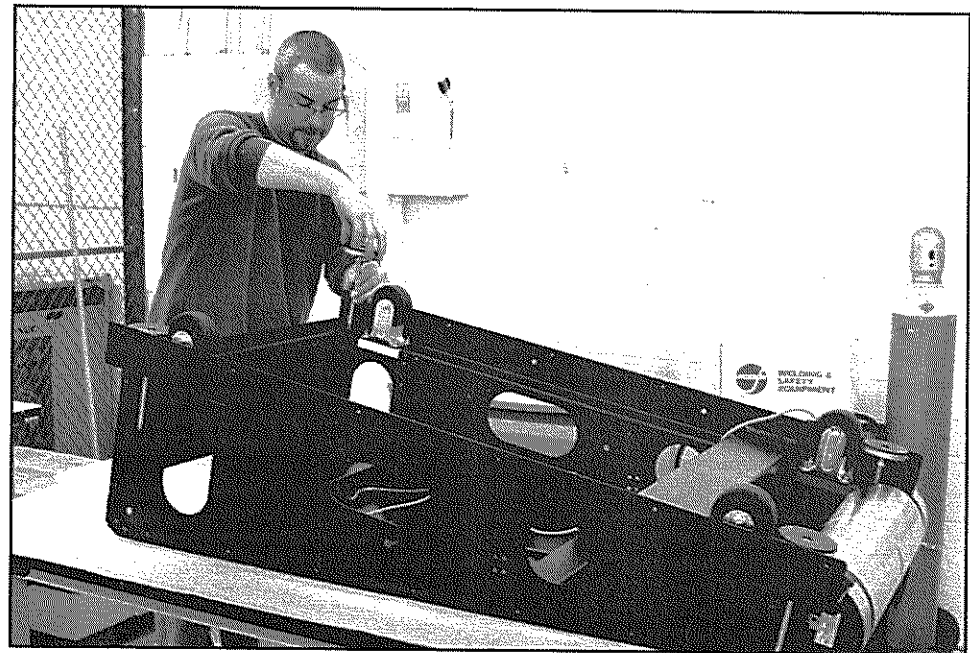
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Segue Manufacturing

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Electromechanical Assembly at Segue.

quality and facility audit done, and it was very successful on our recent trip on January."

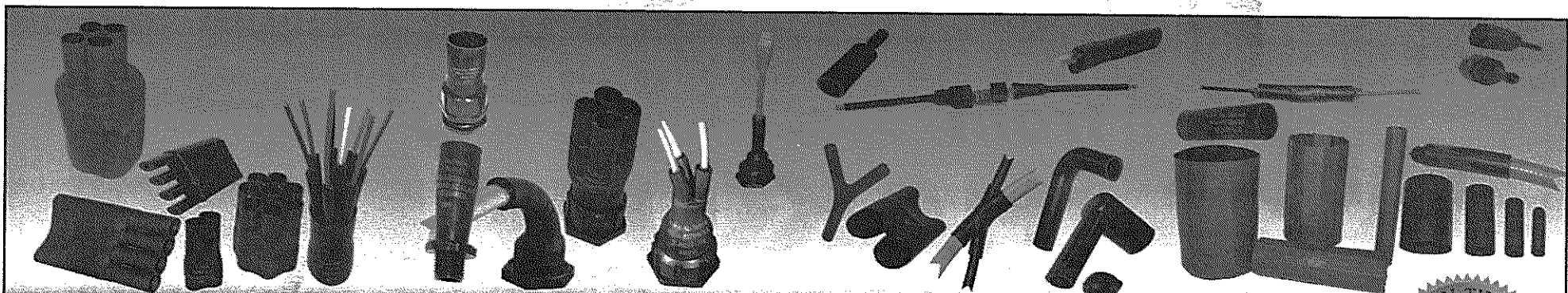
Lowell is approximately 8,000 miles from Xiamen, but the distance is overcome by communication. "My philosophy is that no matter how distant we are in miles we become one as a company," Roderick said. "There are a lot of conversations back and forth, and our people are very flexible."

"They work with the 12-hour time difference between the two facilities and make it as seamless as possible," said Roderick, who visits the Xiamen facility every six weeks. "It's really a 24-hour schedule. They bond and make it a team



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atmosphere.”

Coordination of projects, orders, products and operations between the two staffs is according to ISO 9001:2008, ISO 13485, UL, CSA, CE, IPC-WHMA A-620 and IPC J-STD-001 certifications. Segue Asia also has ISO/TS 16949:2009 certification, while Segue U.S. has ITAR registration.

“Our credentials cause us to rise to the top,” Griffith said. “A lot of companies do what we do, but when you add our credentials the list gets shorter and shorter. We’re a strong company based on our product breadth and our credentials and how we help our customers.”

Roderick echoed the importance of such strengths when a customer is intent on reducing its supplier number. “We can be one vendor versus a customer dealing with many of them and having a higher overall cost,” he said. “We’re good at offering a customer ways of integrating it all together and seeing a cost savings. Buying just one part number instead of several makes the purchasing manager or the director of procurement look good and earn the kudos of management.”

As much as Segue is focused on cost, service is most important, Roderick stressed. “We value how we deal with customers on a day-to-day basis,” he said. “You can always be the lowest cost, but if the relationship with the customer is not there, cost does not matter.”

Serving Segue customers is accomplished by 500 staff members - 100 in Lowell and 400 in Xiamen. The breakdowns of production and administrative staffers are 65 and 35 percent in Lowell and 80 and 20 percent in Xiamen. Annual staff turnover is almost nil in Lowell and 5-10 percent in Xiamen.

“We try to be creative to keep people happy,” Roderick said. “I’d say my management style is impromptu. I walk the production floor so I am visible. A big thing for me is problem-solving, and I task my people to creatively solve problems in their own work areas. If they take initiative and are engaged with the development of their own future and that of the company, that gives them more opportunities to grow and get promotions.”

While Lin manages the Xiamen factory, her Lowell counterpart is Chris Brothers, VP of operations and supply chain. He has been with CDM and Segue since 1998 in supervisory and managerial positions, and he

has been a lead electrical technician at Crowe Electrical Services and owner of CJ Brothers Electrical Contracting.

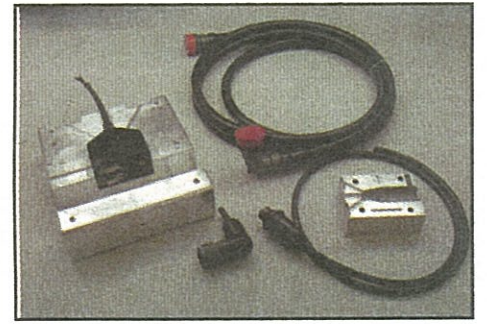
Pete DiDomenico, who joined Segue four years ago, is the chief financial officer. Jeff Shupe directs human resources, accounts payable and accounts receivable. He has been with CDM and Segue since 1998.

According to Griffith, cable assemblies account for 60 percent of production, with the 40-percent balance spread among other products, led by electro-mechanical assemblies. He noted growth areas are cables for the medical industry, of which New England is the

second largest area in the United States, as well as power-distribution boxes and robotics.

Production runs range from one to one million pieces per year. The number of major customers is 25, which account for 80 percent of orders. Customers are located throughout the United States and especially in New England, the Midwest, California and Texas. China customers are in Shanghai, Hong Kong and Shenzhen.

Segue annual revenue, currently at \$50 million, has doubled since the transition from CDM in late 2007. Growth was 10 percent in 2010 and 20 percent



Potting and Overmolding cables.

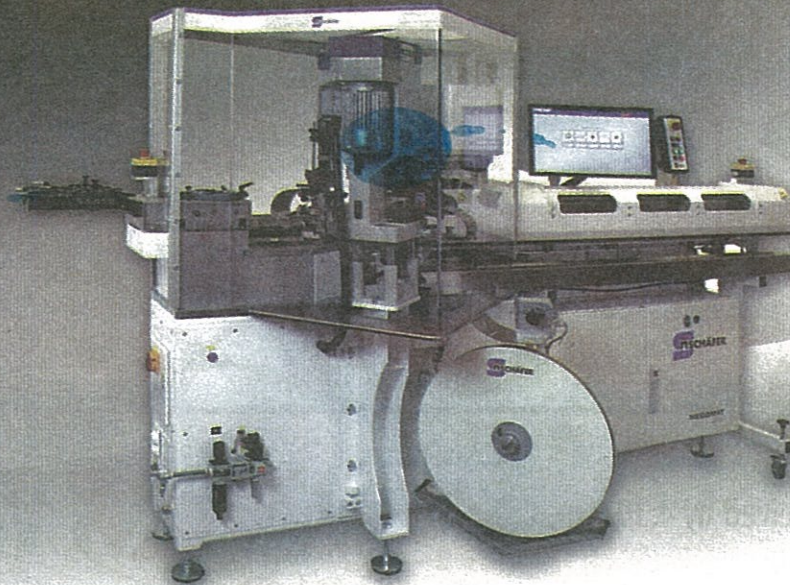
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Unlike many other U.S. harness and cable companies subcontracting manufacturing overseas, Segue owns the Xiamen facility.

in 2011, but the last three years have been flat, Roderick stated, pointing out a major customer went out of business before the plateau. Had that not happened, growth would have been 25 percent.

The Segue business plan calls for growth at 10 percent annually the next four years. "We're going after new business very aggressively," Griffith said. "We need more recurring revenue where we do more business at existing locations. We'd like to get a champion in each location to help us expand our business at other locations at our corporate account."

Griffith directs a sales effort that includes two employees in Lowell, one in Pennsylvania and five manufacturers reps across the United States. Five customer service reps are in Lowell and three in Xiamen. Their work is bolstered

by a Web site, two trade shows this year, e-mail and direct-mail campaigns, a newsletter and press releases.

"I like playing a role in the sales aspect and dealing with customers," Roderick said. "I like the challenge of trying to solve problems for customers. I communicate to the sales team that they should convert problems into sales."

Roderick recognizes numerous challenges that arise in such a complex, demanding industry. "The main one is to continue to be as dynamic as possible," Roderick said. "If you are not like a chameleon and always change, you won't be around to service customers, have your employees taken care of and create opportunities for companies to grow."

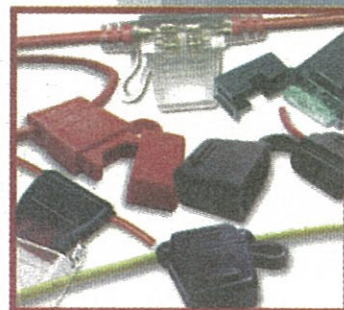
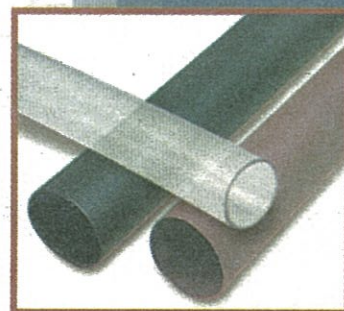
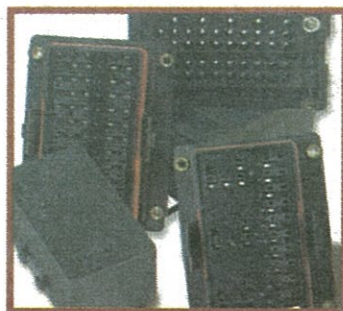
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