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Q&A with Roger Savage, President, Kester

Circuits Assembly: Kester, formerly a business unit of Northrop Grumman Corp., announced first quarter that it had been sold to American Capital Strategies Ltd. for an undisclosed amount. Now that some time has passed, can you tell us the purchase price?

Roger Savage: Yes, the purchase price has been publicly announced by American Capital. Kester was acquired for \$70.5 million.

CA: When the announcement was made at a press conference during IPC APEX, Dave Torp, Kester's vice president of marketing and business development, stated that the acquisition allows Kester to break from the defense arena and return to its roots of supplying to the assembly, component, electrical and industrial marketplace. With all the hub-bub surrounding the defense industry as one of the few strong opportunities left for North American electronics manufacturing, why would Kester like to break from this market?

RS: Breaking away from being owned by a defense company to being owned by a commercially driven company allows Kester to be more agile. Northrop Grumman is committed to becoming the premier defense company in the world. Defense-based companies have a very targeted set of customers, and these customers are mostly made up of agencies within the Department of Defense. Doing business with these agencies requires specific protocol, and the laws and regulations that govern business activities with the federal government are complex. Kester, as part of the Northrop Grumman family, followed policies that were developed for conducting business with the federal government. By breaking away from Northrop Grumman, Kester is allowed to compete in the commercial markets that we serve. We have an easier time moving into low-cost geographies without having the restrictions that go along with federal government supply chain management. We are proud to have been part of the Northrop Grumman family, and we believe that Northrop Grumman will define the future of the defense industry. We will continue to supply defense contractors with soldering and attachment materials for their applications for decades to come.

CA: What are some of the advantages of this acquisition?

RS: The acquisition allows us to be more agile in pursuing business on a global basis. We can quickly set up operations in various parts of the world to better service our customers. The customer reactions have been very positive. Many customers have been with us for decades; they know us as Kester. Looking forward, we believe that customers will continue to buy from us for many reasons: innovation, quality, service and product performance, just to name a few. The business has been up substantially since we have become part of American Capital. We are expecting to have a great 2004 and an even better 2005.



CA: Let's talk lead free. Certainly, for better or for worse, the debates seem to be over, and the move of lead-free manufacturing to North America seems inevitable. As part of its Kester University, Kester has responded by offering several recent seminars in North America on the subject with other well-known suppliers such as BTU, FEINFOCUS, KIC and Metcal. What's been the response to these seminars? What do you hope attendees take from these sessions?

RS: The Kester University Lead-free Seminars have been very well attended, and the response has been overwhelmingly positive from customers. The seminars have led to companies inviting us to provide in-house training on how to implement lead-free soldering. We have established a consulting services group to assist in the implementation of lead-free soldering materials. The take away from the courses provides a methodology to implementation of lead free on the factory floor. There are pitfalls on the road to lead-free implementation, and we are able to help customers avoid some of the common mistakes made when implementing lead free by providing turn-key solutions.

CA: Kester has also released at least one new product to support lead-free initiatives—your R905 lead-free, no-clean solder paste. What makes this product different from other lead-free solder pastes currently on the market?

RS: Our R905 lead-free, no-clean solder paste has been specifically designed to work with higher temperatures required for tin-silver-copper lead-free alloys. It has outstanding activity and the ability to solder components and board surfaces that other products find difficult. We have a wide range of lead-free products for application-specific soldering; however, the R905 is an excellent starting point for most applications.

CA: Finally, what's next for Kester University and your lead-free initiatives?

RS: The Kester University is currently focused on developing consulting services with respect to lead-free implementation. Over the next several months we will be developing lead-free seminars for specific market segments such as automotive and telecommunications. We believe that different market segments will have different performance requirements for material and process considerations.

—Lisa Hamburg Bastin, Editor-in-Chief

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