LOGAN, UTAH -- When Blake Kirby first invested in **Inovar,** some 10 years ago, he “didn’t even know what contract manufacturing was.” Now president and COO of the EMS firm, Kirby recalls when he first saw the company, it was housed in a garage. The space was so small, the first SMT line the company purchased cleared the walls by a scant 4".

It’s a hard story to swallow today. The Logan, UT-based EMS company (inovar-inc.com) has grown enough to necessitate a recently completed 40,000 sq. ft. expansion, bringing the plant size to a robust 65,000 sq. ft.

Surrounded by snow-capped mountains, Logan is set in the idyllic Cache Valley, about 85 miles north of Salt Lake City and 25 miles south of the Idaho border. The location is a draw for its scenery, high standard of living (twice in recent years it was named the safest metropolitan area in the US), and the presence of Utah State University.

Also drawing visitors to the area is Inovar, which specializes in industrial, military and medical electronics. Among those who come: Companies like **L3 Communications** and **Edge Products** (its top two customers), **Varian Medical, General Dynamics, Juniper** and **QSI** .

What they see inside the bigger plant is four SMT lines, including three production lines. (A fifth line is on order.) The names are familiar: printers from **DEK** (Horizon and ELA) and **MPM** (Ultra print 1500); **Juki** KE and FX-1 SMT placement and **Universal** 6360B for PTH, **Heller** reflow ovens, **YesTech** F1 and YTV-2000 AOI, Juki selective solder. Test (**SPEA** flying probe, **Teradyne** 1880 ICT, **Photon Dynamics** 2-D x-ray) is set up at the end of the production lines, instead of in its own room or space, which improves communication, says vice president of operations Jim Bjorklund. 3-D post-print inspection is being added. Inovar uses aqueous cleaning (

Austin American Technology
and
Aqueous Technologies
).

The company currently has about 11,000 SKUs in production. Typical production runs are 40 to 15,000 pieces a week. By that measure, the handful of rework stations present suggests a company that builds things right the first time. Protoypes, meanwhile, are limited to existing customers. “That may change, but right now it’s a differentiator for our long-term customers,” says vice president of sales and marketing Jed Jones.

Inventory is managed just off the production floor, and features a **Remstar** vertical carousel – a floor-to-ceiling component stocking portal. Inovar also uses some basic Lean practices, including a Kanban system for supply and vendor-managed inventory. About two-thirds of its components are purchased through distribution.

The average number of changeovers is 2.5 per shift, Bjorklund says, with roughly a 45-min. average changeover time. Annualized inventory turns are a little under 8, which is probably consistent with their peer group but according to Jones is lower than the company’s goals.

The company, which founded in 1998, has grown from $10 million in annual sales in 2001 to about $35 million today. (It also commands another $10 million in revenues from an internally designed and built GPS-like device, branded under the name **WaySmart.**)

As part of an investment group, Kirby acquired the company in 2001. He now owns the majority share as his investment partners recently cashed out. In 2003 he brought in Jones, a 20-year veteran of the distribution side, to manage sales and operations.

Jones brought an aggressive growth strategy, which called for Inovar to reach $100 million in five years. He since has retooled those expectations, but the company has achieved solid year-over-year growth, with its biggest markets industrial (39%), military/aerospace (23%), medical (17%), and after-market auto (14%). The target customer outsources $2 million to $10 million worth of EMS work a year.

For the past 10 months, L3 Communications Systems-West has been an Inovar customer. “When making the outsourcing decision,” says Bill Percival, director of supply chain management, “we ask, Is the CEM the right fit? And is there a reason the CEM wants the business that goes beyond making the sale?

“My experience with Inovar has been stellar. They were looking to learn from us. That meant to me they were committed.”

Despite its seeming remoteness, Inovar today employs 350 workers, 270 in its EMS operations, including 28 engineers. Nearby Utah State, with its 23,000 students and heavy emphasis on sciences, offers access to plenty of engineering talent. Layoffs at **Micron, MSL** and **Future Electronics**
through the years have provided Inovar with ample talented prospects as well.

Last year, Inovar merged with **IWI** to form **inThinc** (inthinc.com), broadening its product line to include a handful of OEM-branded black box devices for vehicle crash prevention and fleet accountability.

When it comes time to outsource electronics manufacturing, Logan, UT, probably isn't the first place one looks. But if the annual volumes are under $10 million, give or take, a certain small but steadily growing EMS firm should be on the radar.