

KENWOOD
Listen to the Future

Innovation Excellence

An abstract, warm-toned image featuring a hand holding a glowing, textured sphere. The background consists of flowing, organic shapes in shades of orange and red, creating a sense of movement and depth. The overall aesthetic is modern and innovative.

KENWOOD

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Organisational Profile

Reaching out to discover, inspire
and enhance the enjoyment of life





Business Environment

Originally established as Trio-Kenwood Singapore in 1979, Kenwood Electronics Technologies (S) Pte. Ltd. (KETS) was renamed in 1996 to reflect its new business focus.

KETS is one of the leading telecommunications equipment manufacturers in the world which has an integrated setup that includes Research & Development (R&D), Procurement, Production, Engineering, Quality Assurance and Logistics functions, all of which are highly synergised to form an overall strategy that sustains our manufacturing leadership.

KETS manufactures 90% of Kenwood's total telecommunications products that include Handy and Mobile Two Way Radios, GPS, Data Terminals, Repeaters, high-end Home Based Amateur Radios and many more.

Our worldwide end-users include the Public Safety Sector, Business and Retail Industries.

Organisational Relationships

KETS is a wholly owned subsidiary of Kenwood Corporation Japan. Our parent company has an aim to become a "World Excellent Company" with its core competencies in sound and wireless radio communications.

On 1 October 2008, Kenwood Corporation and Victor Company of Japan, Limited ("JVC") established a joint holding company named, "JVC Kenwood Holdings, Inc".

Competencies

With our world class competencies in design and manufacturing technologies as well as innovation, we create products that give our customers the best values in terms of form and function. Besides having key competencies in the telecommunications segment, KETS is also well-versed in the technologies and manufacturing systems of the Home Audio and Car Stereo segments, providing crucial manufacturing backup for Kenwood Corporation whenever called upon.

In all, our expertise in the areas of research and design, manufacturing, engineering, quality assurance and logistics has given us a competitive advantage over the others.

Organisation Culture

The Kenwood brand symbolises our aspiration and our commitment to consumers, society and investors. Our corporate principles encapsulate what we must do to honour this commitment and communicate the values we believe in.

organisational profile



Organisation's Purpose	Our Vision Reaching out to discover, inspire and enhance the enjoyment of life. Our Mission Be a World-Class Manufacturer, driven by Innovation.
Our Guiding Principle	To cultivate original thinking and execute with pride, passion and precision.
Our Core Values	<ul style="list-style-type: none">• A Step Ahead• The Right Fit• Fresh Experience• Quality and Performance• Confidence and Trust

"Listen to the Future" is a further distillation of this philosophy and expresses our aspiration to expand the world of sound in ways that only Kenwood can – listening to our customers and to the pulse of the coming age.

"Cultivate original thinking and execute with pride, passion and precision" is our guiding principle and it has been deeply rooted into our culture. The heritage, strength and future aspiration of the Kenwood brand are reflected in the values we share. We ensure that every aspect of our business activity, from product development through customer relations, is consistent with our core values to realise our vision.

KETS permeates a culture which is consistent with its value by embracing the philosophy of **Change, Challenge & Create**. We strongly believe the success of an organisation is very much linked to the mindset of every employee. Before we can reach our ultimate goal, we take the approach of explaining to,

discussing with and engaging each employee for the acceptance of our Philosophy.

Change: A dynamically changing market does not permit us to continue our business in a traditional way. Hence, making innovation a part of our working life is vital for our survival. We induce everyone in the organisation to redefine the edge of what is possible now, and we have done it by periodically introducing events, in addition to company-wide promotional materials for awareness.

Challenge: Conventional wisdom is often seen as an obstacle to introducing new ways of getting things done. We constantly challenge conventional wisdom with new ideas.

Create: Through change and challenge, we create innovative ways of getting things done.

Leadership

Confidence and Trust



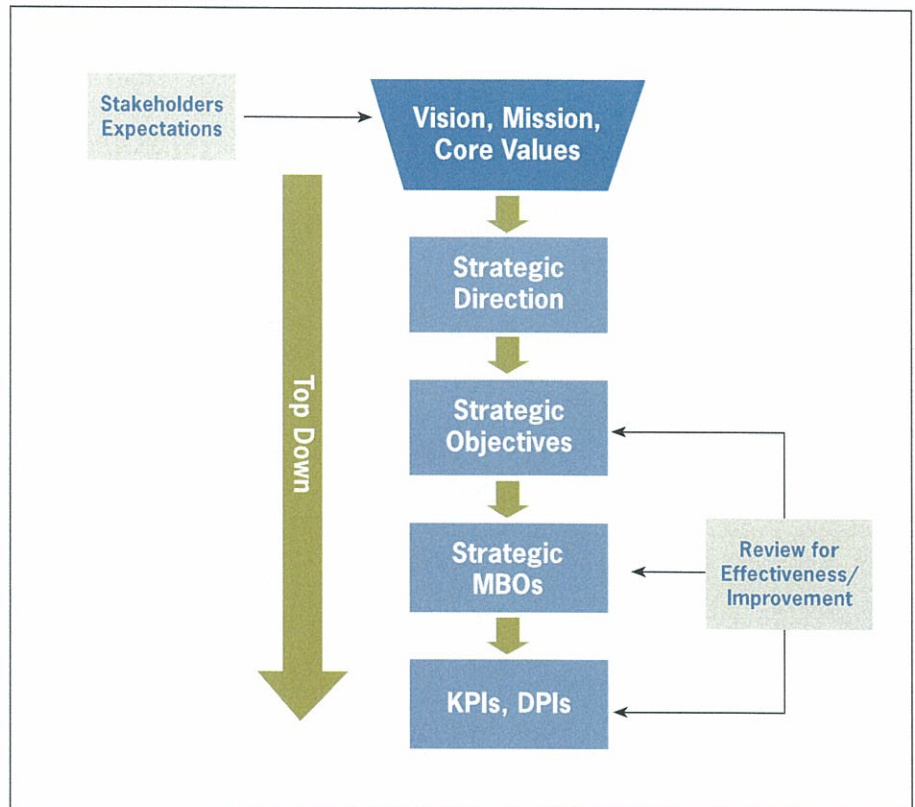
leadership

Senior Executive Leadership

Our Corporate Vision has guided us through critical times, as well as enabled us to set a visionary direction for us to move forward – becoming the leader in each field of activities we have embarked on.

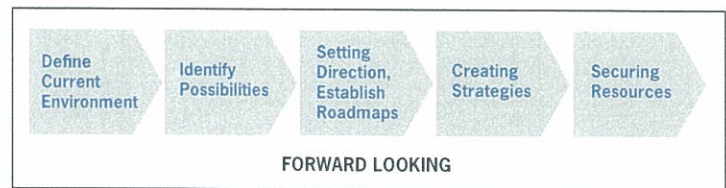
We have developed our mission to become a “World-Class Manufacturer, driven by Innovation” – offering products and services that only Kenwood can deliver; products that create new forms of experience surpassing any previous satisfaction offered.

Execution of Company's Vision, Mission, Core Values and Strategies



To achieve our mission, KETS has in place a simple Strategic Planning Process model that has helped us 1) define current environment, 2) identify possibilities, 3) set direction, 4) establish roadmaps, and 5) create strategies against a backdrop of leading with a growth attitude.

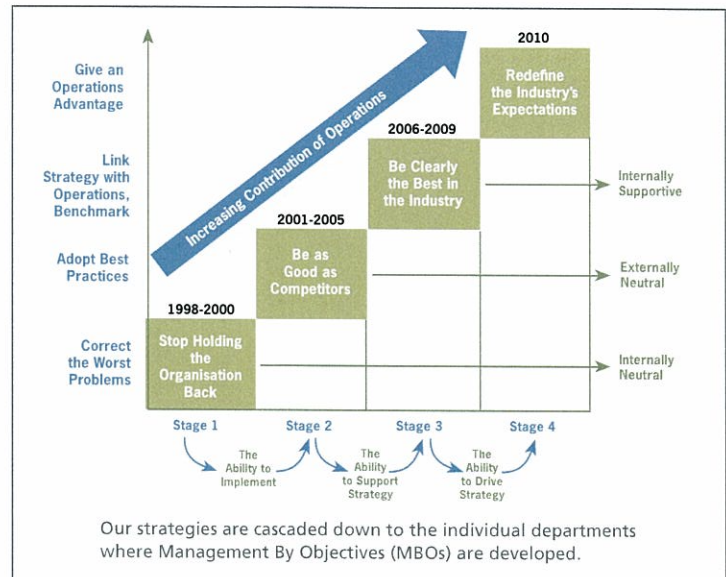
Leading with A Growth Attitude



Our Core Values

Value	Mindset
A Step Ahead	To drive dynamic evolution through progress thinking and a willingness to embrace.
The Right Fit	To create products and services that have an intuitive appeal because they fit customer needs and lifestyles.
Fresh Experience	To foster the spirit of discovery at work and refreshing surprise in daily life.
Quality and Performance	To insist on uncompromising quality and performance in our products, our people and our business practices.
Confidence and Trust	To build confidence in the brand and lasting goodwill through relationships based on trust.

KETS Roadmap for Business Excellence



Embracing our Core Values, we have set out to establish three major roadmaps for – Business Excellence, Research & Development Hub and Supply Chain Hub – and set the direction to attain leadership in the areas of Manufacturing Excellence,

Research & Development and Supply Chain Management.

These three major roadmaps guide us through the stages of Strategy Formulation, Strategy Implementation and Strategy Evaluation.

Strategies / MBO Matrix

Strategies / MBO Matrix				Departments															
INNOVATION	SNo	Company STRATEGIES	GOALS	FIN	QA	PLN	LOG	ENG	PRO	QC	R&D	PRO	QMG	IT	HRM				
O	1	Strategies	Goals		X1						X1					X1			
O	2							X1			X2	X1							
O	3			X	X	X	X	X	X	X	X	X	X	X	X	X	X		
O	4				X2														
O	5										X3								
O	6				X1	X3				X1			X2	X1	X1				
O	7				X2		X1			X2									
O	8						X1	X1			X1			X2	X2				
O	9						X2	X1			X2			X3					
O	10								X2		X3	X4							
O	11											X5			X3				
O	12									X3									
O	13												X3						
O	14						X3	X2					X4						
O	15												X5		X4				
O	16					X	X	X	X	X	X	X	X	X	X	X	X		
O	17																X2		
People Product Process Technology Cost System	KPIs			Action Plans															
6 Innovation Pillars																			
R&D Hub	SCM Hub	Mfg Ldr																	
MISSION				Department MBOs (Action Plans)															

Our strategies are cascaded down to the individual departments where Management By Objectives (MBOs) are developed.

leadership

KETS' Senior Management communicates, demonstrates and reinforces the organisational Purpose, Vision, Policy and Core Values through a wide range of channels.



Employee Communication Hour

Internal Communication

We employ Key Performance Indicator (KPI) as one of our many communication tools. Key Performance Indicators are clearly displayed for employees' understanding of the company's performance, and it also enables us to analyse our results and establish the hypothetical trends for our next course of action.

Besides KPI, Management by Objective (MBO) has been utilised to communicate our objectives, targets and results.

A monthly Operations Meeting is conducted for the purpose of explaining individual departments' objectives and results. This meeting also provides an immediate interaction between the Senior Management and our employees.

Employee Communication Hour has been introduced to communicate details of our company's Vision, Mission, Philosophy, Core Values, strategic direction, long-term goals, short-term goals, KPIs and MBOs to all employees. Such information is also posted onto our intranet and notice board for ease of access.

External Communication

We employ annual reports, events, internet website, eBulletin,



Business Partners' Day



Visitors from U.S. Department of State

written correspondence and email as our communication channels to communicate with external stakeholders.

Evaluation of performance

KETS' Senior Executive Leadership regularly evaluates the results of our key objectives and targets to determine the effectiveness of the strategies deployed, before determining the course of action to be taken.

Furthermore, KETS' Senior Executive Leadership employs Gap Analysis, on a continuous basis, to identify all differences between the current culture and desired culture.

Strategies and policies are eventually formulated and implemented to bridge all identified gaps.



Environmental Philosophy

True to the Kenwood Group's corporate vision of "Reaching out to discover, inspire and enhance the enjoyment of life," we strive to expand our presence around the world while fulfilling our responsibility to the community by working towards continuous maintenance and improvement of our precious global environment and contributing to sustainable social development.

Responsibility to Community and the Environment

For the Community

Aiming to be a responsible corporate citizen, KETS took the first step when a "KETS Community Service Day" was organised in May 2008. To further deepen our relationship with the local communities, various activities will be organised, so as to contribute to the society.

For the Environment

KETS adopts the Corporate Environmental Policy and recognises that it has an important role in protecting the environment. We are also fully committed to its continuous drive to make improvements in the areas of environment conservation.

We initiate management programmes to fulfill our obligations to the environment by setting clear objectives and targets, as well as comply with legislative requirements, such as RoHS.

In addition to meeting the local environmental needs, we actively support our corporate headquarters' initiatives to preserve and protect the environment.

Many daily environmental awareness activities, such as waste classification prior to disposal, are implemented to inculcate the right mindset in all employees. These activities proactively engage all in the preservation of our environment for future generations.

"Green" Procurement.

Kenwood launches "Green" Procurement, in which Kenwood preferably purchases material, components, and products that comply with environmental laws of relevant countries from vendors that implement environmentally conscious activities.

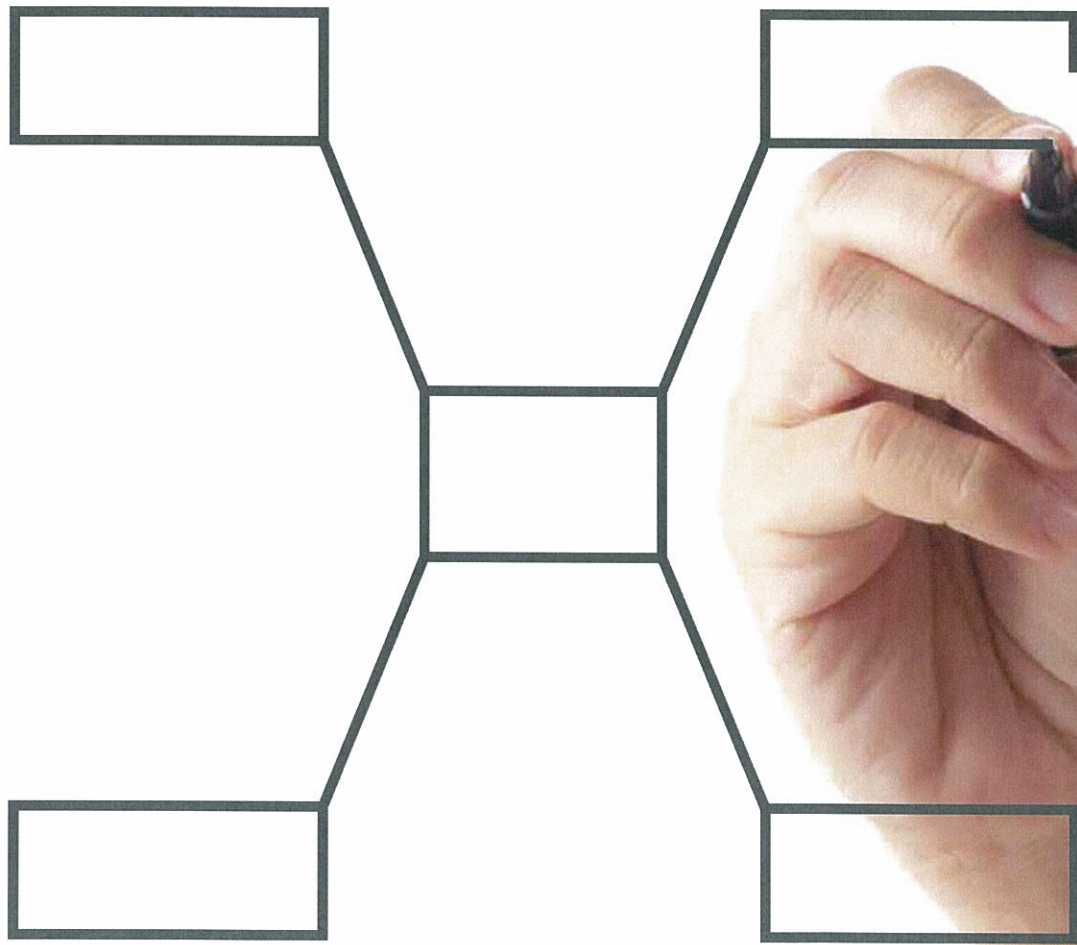
"Green" Design

From fiscal 2003, Kenwood started reducing the standby current consumption of wireless devices. 2007 saw the development of the NEXEDGE (NX-200/300) digital business radio optimised for use by hotels and factories in the business and industrial markets. These radios use 24% less energy when in standby than the standard 2002 models. Reduced CO2 emissions have contributed to our efforts to stop global warming. Kenwood will continue to help protect the environment.

Environmental Design	Green Procurement	Pollution prevention
Operation Reforms	Delivery efficiency	Manufacturing efficiency
Compliance with laws	Education and enlightenment	Contribution to society

We heed the government's calls for effort to be made to conserve precious resources such as water and energy, with our active participation in the reduction of resource consumption, manufacture of environmentally friendly products, and relentless promotion of "reduce, reuse and recycle" programmes.

Planning



A Step Ahead



Strategy Development & Deployment

The thrusts of KETS' strategic management are the process of developing and deploying organisational strategies, as well as the contents of effective organisational strategies.

There are multiple and simultaneous roles played by key participants in our strategic planning process.

- **Strategic Direction** – Shareholder and the Board of Directors
- **Architects of Organisational Purpose** – Managing Director and General Manager
- **Developing Strategies** – General Manager and Division Heads
- **Deploying Strategies** – Division and Department Heads

Basically, our strategies consist of three major components. They are:

- 1 **Concept of business** – defines business
- 2 **Concept of competition** – defines competitive posture
- 3 **Company's self concept** – defines Mission

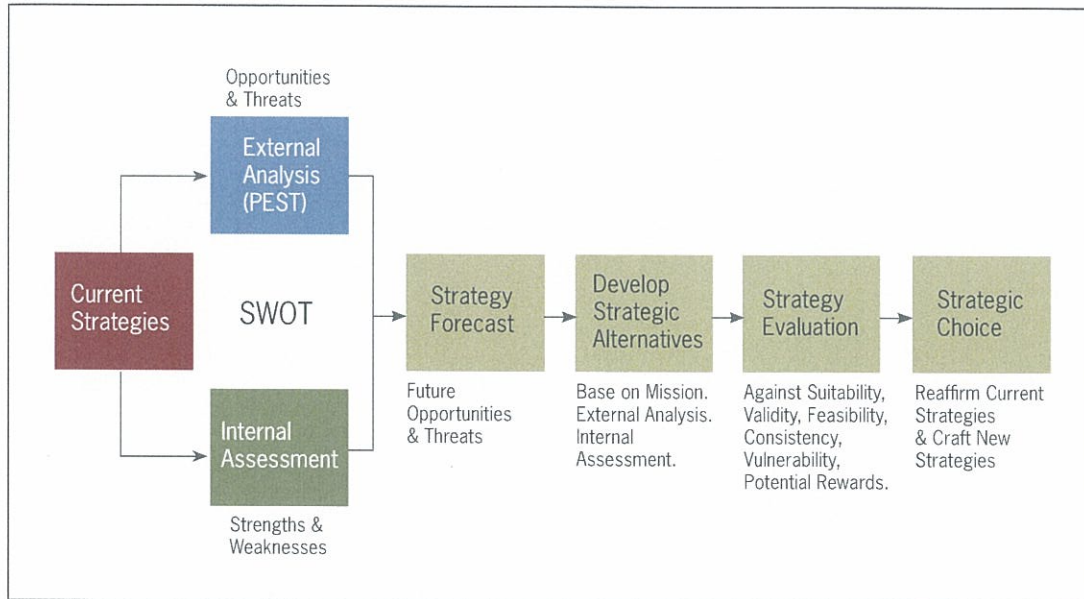
Strategy Development

The process of developing strategies comprises seven steps and it is carried out by the Managing Director, General Manager and Division Heads. The seven steps are:

- 1 Analyse Corporate Strategies and Strategic Direction. Review and Evaluate current strategies, strategic direction and inputs from stakeholders.
- 2 Determine current opportunities and threats through environmental analysis (Political, Economic, Social and Technology).
- 3 Identify Strengths and Weaknesses through Internal Assessment (resources, capabilities and internal constraints), benchmark against competitors, as well as determine competitive advantages and key vulnerabilities.
- 4 Determine future opportunities and threats through Strategic Forecast (predict future environmental conditions).
- 5 Identify viable strategic alternatives using pertinent information obtained from our Mission Statement, Step (1), Step (2) and Step (4) as mentioned above.

planning

Strategic Planning Process



6 Evaluate existing strategies and strategic alternatives against suitability, validity, consistency, feasibility, vulnerability and potential rewards.

7 Establish Strategic Choice through reaffirming current strategies or crafting new strategies.

Strategy Deployment

The process of deploying strategies involves three steps and it is carried out by the Division and Department Heads:

1 Functional fits

Adoption and execution of functional strategies that reinforce corporate and company's overall strategies. These functional strategies are cascaded down and translated into short-term plans, which are incorporated into the yearly Divisions' business strategies and Departments' MBOs (Management by Objectives), before details are communicated to all employees through MBO matrix chart and Intranet/Bulletin Board.

2 Administrative fits

Ensuring strategies permeate the company's day-to-day life via KPIs, PIs, MBOs and Operations Meetings.

3 Closing Implementation Gap

Creating plan so as to close the gap between the ideal and the actual, and manage change via Daily/Weekly/Monthly Departmental Meetings, Monthly Operations Meetings and Management Review Meetings.

KETS' Senior Executive Leadership has identified and adopted the following as long-term key strategic objectives and goals.

- 1** To be the R&D Hub for Kenwood's Communication Division.
- 2** To be the Supply Chain Hub for the Kenwood Group
- 3** To be the leader of manufacturing excellence and role model for the Kenwood Group.

The strategic planning process for both the Long-Term and Short-Term Plans is similar, except for the frequency at which they are evaluated for effectiveness and reviewed for improvement actions.

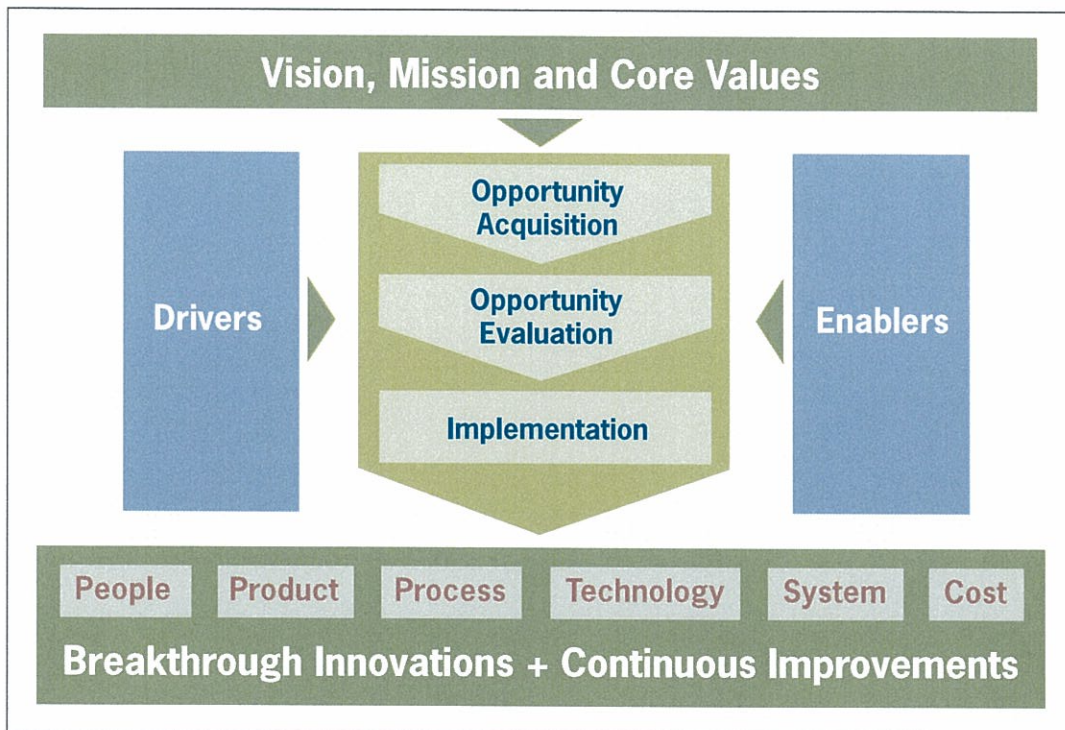
We remain vigilant to changes in the business environment; constantly review our plans for business and competitive relevancy, and update our strategies when necessary. We periodically evaluate and review our performance against plans for both short-term and long-term goals, and make all required amendments to achieve our stated objectives when appropriate.

Process and Innovation



process and innovation

Innovation Framework



Innovation is a key driver and critical component in KETS' pursuit of its mission to be a world class manufacturer. Operational excellence alone can no longer ensure long-term business sustainability in today's highly competitive global market place. At KETS, Operational Excellence and Innovation go hand in hand. KETS embraces innovation as central in all aspects of the business.

Spearheaded by our Vision, Mission and Core Values, our relentless pursuit of innovation excellence is driven by our Stakeholders' expectations, Regulatory requirements, Product and Technology trends, and the highly competitive landscape.

Support systems are in place to act as enablers to ensure the success of the innovation framework. Such enablers include Top Management Leadership, Support and Participation through top-down and bottom-up approaches, Communication and Education, Resource availability, Customer-focused solutions, and an Environment that recognises and rewards risk-taking, newness creation and invention. This innovation support infrastructure is broadly categorised into the following:

- 1 Human Capital
- 2 Information Capital
- 3 Organisational Capital

Opportunity Acquisition stage is where KETS actively acquires creative ideas from both external and internal resources. These ideas are evaluated through the Opportunity Evaluation stage and selected for eventual Implementation.

Our innovation drive is supported by six pillars, culminating in breakthrough innovations and continuous improvements, which include the following:

- 1 People Innovation
- 2 Product Innovation
- 3 Process Innovation
- 4 Technology Innovation
- 5 System Innovation
- 6 Cost Innovation



Stage 1: Opportunity Acquisition

KETS acquires creative ideas from both external and internal sources.

External Sources

Parent company cum customer, end-users, business partners, professional consultants, institutions, seminars, technology launches and benchmarking exercises.

Internal Sources

Brainstorming, internal surveys, reviews, meetings, projects and study groups.

Stage 2: Opportunity Evaluation

Creative ideas are evaluated in the following manner:

Discussion

- Examine ideas either individually or through group discussions
- Strategic fit
- Feasibility

Research

- Research into options which are feasible and cost-saving. Points to be considered include cost factors, risk factors, opportunities for improvement and users' needs

Review

- Review available options

Test/Decision

- Produce prototype for pilot test and seek stakeholders' feedback before budgeting
- Refine idea for further improvement

Stage 3: Implementation

Creative ideas selected for implementation are transformed into People Innovation, Product Innovation, Process Innovation, Technology Innovation, System Innovation and Cost Innovation.

Such ideas are implemented by means of the following:

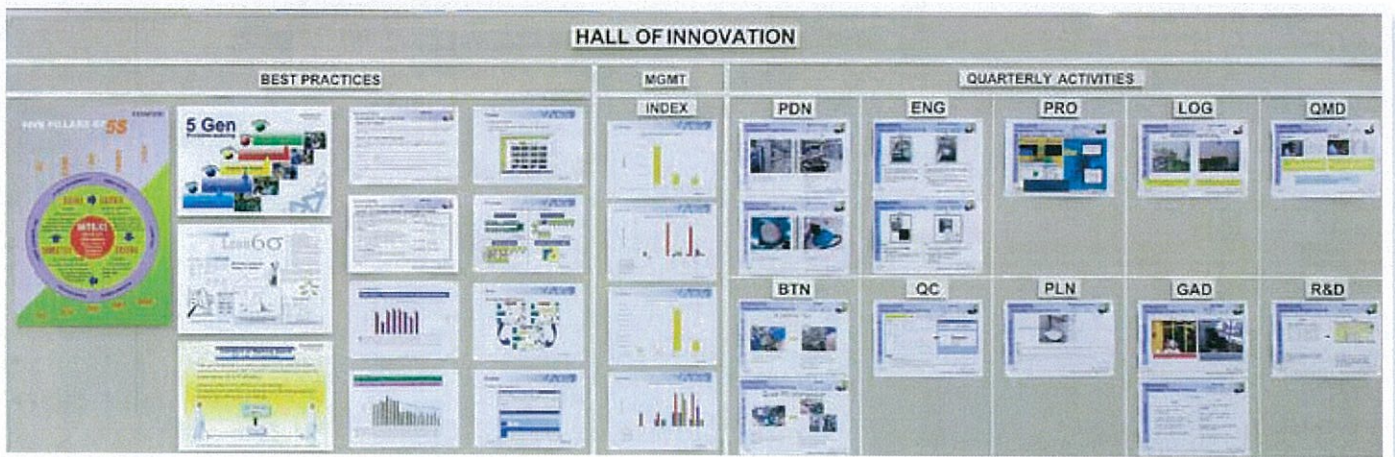
- Formulate implementation plans and manage changes
- Document and update procedures
- Provide training
- Form 6-Sigma project teams
- Develop Business Partner Strategy programmes
- Study new technologies utilised by equipment makers
- Technology exchange

Our design, development and delivery processes involve all stakeholders (customers, employees, business partners, shareholders, community and government agencies) at different stages, which include review, research, verification, validation, to ensure that we are able to satisfy — if not exceed — customer's requirements in terms of performance, cost and deliverables.

Our employees are encouraged to participate in our Quarterly Innovation Activities where each department introduces at least one innovation initiative every quarter which is then showcased and shared. Every department reviews the results of its innovation activities undertaken, and make effort to surpass its current performance in the next quarter.

KETS' management team regularly monitors and evaluates the results of these innovation activities and their contributions, so as to determine if realignment of the course of action is needed.

Excellent results of KETS' innovation activities, driven by our Innovation Framework, have led us to win the MAXA 2007 Innovation Award, as well as the Business Excellence Award 2008's Innovation Excellence Award.



process and innovation

People

Strong Management and Human Resource Systems.

Our organisational hierarchy, comprising three layers, is lean. The lean structure provides for both effective policy deployment and communication.



Human Resource Planning

Human Resource Planning in KETS involves setting of strategic goals and ensuring that the right number of employees with the right competencies are employed for the right jobs at the right time.

Our planning process consists of the following:

- A** To set our strategic goals that align our human resource policies with action plans made in support of KETS' mission, vision, strategic business direction, long-term goals and short-term goals.
- B** To evaluate both Internal & External Demands
 - **External:** Political, Economic, Social, Technological and Competitive.
 - **Internal:** Strategic Business Goals and Staff Turnover Rate.
- C** To establish a Staffing System that covers Short-Term & Long-Term Planning.
 - Short-Term Human Resource Planning recruits candidates from both Internal Sources, such as cross-functional deployment and External Sources to achieve operational excellence.

- Long-Term Human Resource Planning focuses on the identification and grooming of employees with potential to achieve strategic goals.

D To invest in Human Resource Development and Performance, which includes:

- Career Path Planning
- Performance Appraisal
- Training and Development
- Reward Management (Compensation and Benefits)

Employee Involvement & Commitment

We encourage employees' involvement and commitment by inviting them to participate in and contribute through the following:

- Canteen Committee
- Recreation Committee
- 5S Housekeeping Committee
- Community Service
- Innovation Activities
- Service Quality Feedback



The committees comprise representatives who have been nominated by their respective Division/Department Heads; some of whom chair/sit on these committees. They are tasked to create awareness and solicit feedback from the other employees so as to yield the desired results.

KETS provides equal opportunities to all employees to get them involved and to be committed in teamwork, innovation and the achievement of KETS' objectives and goals.

Employees' involvement and commitment are evident since individuals are empowered to display their innovative and creative skills to improve what they have achieved. These employees' innovative and creative contributions have led to Kenwood's winning of MAXA 2007's Innovation Award and Singapore Innovation Award 2008.

Apart from evaluating results we have achieved, the management reviews the employees' participation rate in events organised by both internal and external parties.

We participate in benchmarking exercises through Japanese Manufacturing Group (JMG) and Singapore National Employers Federation (SNEF), as well as meetings with the union to understand how we have fared and to improve our overall employee involvement process. We also adopt the best practices to gauge effectiveness of the process.

Employee Education, Training & Development

To identify education, training and development needs, functional heads conduct Gap Analyses to compare their staff's capabilities by means of Performance Appraisal and Staff Capability Charts against KETS' strategic direction, goals, new job requirements, advances made in the technology field, etc.

Our Training and Development Plan consists of a systematic approach which identifies all training needs. Post-training review is conscientiously carried out to determine the effectiveness of each training course completed.

KETS has an effective system which provides multi-functional skill training to support daily operations. Such training yields the following benefits:



- Increased productivity.
- Greater flexibility and responsiveness to change.
- Enhanced employability.
- Succession within the organisation.

KETS has been certified as an Approved Training Centre for the conduct of training of the "Certificate of Competency in Electronics Manufacturing" since 1998.

Training policies are tailored to permit us to be in the forefront of the ever-changing corporate world, aiming to equip all employees with the relevant skills and know-how.

Employee Health & Satisfaction

Our company values employees' health, and Health Screening Programmes have been provided for all eligible employees.

Our management supports the government's effort in promoting active participation in sports and physical fitness activities. Through the sports activities — at individual or team level — our Company believes that employees will stay healthy and their group cohesiveness can be strengthened.

Safety Committee disseminates information on occupational hazards and conducts periodical inspections to ensure that the desired safety measures are in place.

Employee Performance & Recognition

Performance Appraisal is a key component of our Human Resource Management system. It is imperative to put in place an objective and fair Performance Appraisal System, so that employees' contributions are fully recognised and adequately rewarded. Employees who demonstrate potential for further development are identified before opportunities are provided to groom them for the future.

The company adopts the practice of meritocracy which offers equal opportunity to all who are capable of delivering desired results. Cross-Functional Development is implemented to provide employees with both breadth and depth in subjects relating to other functions.

process and innovation

Product

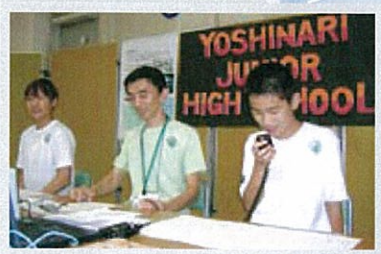
Our products are designed to provide advanced communication solutions that meet the needs of private enterprise and public sectors today and in the future.

Amateur Radios are Loved Even in Space

You can find Kenwood Amateur Radios even on the International Space Station. To be used on the space station, products must pass a number of strict tests. Kenwood radios were selected because of their high reliability, multitude of functions and superior operability. Amateur Radios are recognized as a way to facilitate communication to help maintain the mental stability of astronauts working in such a unique environment and to stimulate education about both radios and space.



Astronaut using the TM-D700E on the International Space Station



Australian students talk with the International Space Station



Digital Communications Support Famed F1 Team

In the world of Formula One where g-forces and vibrations are extreme while racing at speeds in excess of 300km/h, maintaining stable communication is difficult and radio makers who can meet this challenge are few. Kenwood has long been the official supplier for the famous Vodafone McLaren Mercedes team, contributing to this winning team by developing and supplying a digital radio system for their exclusive use under these extreme conditions.



New wireless headset provided to the Vodafone McLaren Mercedes team in 2008

Next Generation Digital Radio System "NEXEDGE"

Kenwood is developing a wireless system utilising the latest digital business radio formats and terminals optimised for the business and industrial markets. The NEXEDGE series digital business radios, introduced in 2007, is an extremely popular next-generation system in this market. The series combines the advantages of transmission scrambling and low-noise communication that only digital wireless can provide with a simple and low-cost method of migrating from existing analog systems.



process and innovation

Process

Manufacturing Excellence

Our manufacturing model leverages advanced process technologies and test equipment, best practices and world-class manufacturing standards to deliver first-class products. Innovative configuration of production line setup and “One-Man-Operation” permit us to produce customised products — whether it is one piece or in the thousands — with high level of efficiency and quality.

Our approach towards quality conformance throughout the value chain is via Total Involvement, where foolproof mechanisms and audits are deployed in its key processes, alongside continuous improvement and quality innovation, in pursuit of quality excellence. Early suppliers' involvement in design stage, robust process assurance and fast response to customer feedback differentiates us from the competition. Our products are also rigorously tested by state-of-the-art laboratory equipment and test systems that support our unique Inspection-less quality system.

Our Manufacturing Excellence practices have yielded excellent productivity, greater flexibility as well as superior product quality and reliability.

5 GEN

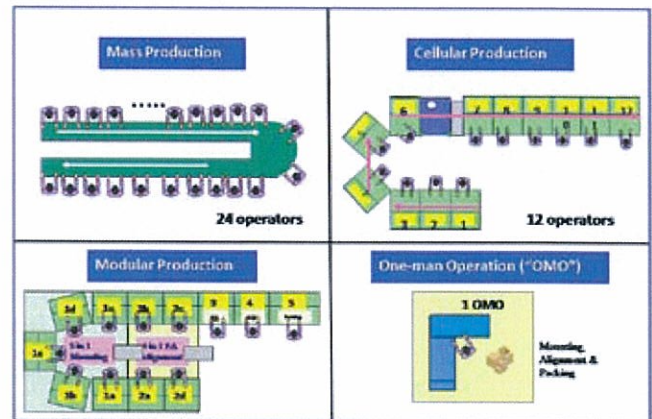
We have initiated the 5 Gen practice and it has since been embedded into KETS' culture. They are:

- **Genba** – Understand & Confirm by verifying subject at job scene.
- **Genbutsu** – Analyse by seeing and touching the subject (actual things).
- **Genjitsu** – Feel the state of things and their impact.
- **Genri** – Act based on established Theoretical and Scientific principles.
- **Gensoku** – Achieve objective by systematically reviewing Rules & Regulations for better performance.



Our practice of 5 Gen has resulted in the attainment of higher efficiency, fast response as well as enhanced reliability of our decision-making process.

Flexible Manufacturing System (FMS)



Comparison & Benchmarking

In our quest to become the world's best manufacturer, KETS adopts the best practices that have been shared by Kenwood Corporation's Innovation Team and other excellent manufacturing companies. Such information, including the industry's benchmarks, is selected and reviewed by the management for strategic fit, suitability and congruency before benchmarks are defined for the purpose of measuring and improving the organisation's performance.

Comparative and benchmarking information is incorporated into the organisation's business strategies, KPIs and MBOs so as to encourage breakthrough improvements, as well as to stretch our goals for greater achievements.

The organisation evaluates and improves its overall process of selecting and using comparative and benchmarking information through our active participation in competition events, such as MAXA 2006, MAXA 2007, visits to other world-class manufacturers' facilities, seminars as well as regular strategic exchanges with our counterparts in Kenwood Headquarters and external parties.

This process has been further enhanced through our engagement with the consultants of McKinsey's Asia Leadership Team and MAXA's panel of learned judges.

Process Management and Improvement

KETS maintains process performance and to ensure that product meets customer and operational requirements by means of the following:

- Regular audits of our processes to ensure that our performance complies with expectations.
- Evaluation of results and study of the trend for continuous improvement.

- Application of 6-Sigma techniques and Statistical Techniques for analysis of data.
- Continuous implementation of Kaizen activities.

In KETS, we constantly review and improve the performance of our key business processes, as well as our products and services. These processes provide us with a structured approach to the creation of an environment conducive to continuous improvement, value creation and enhanced customer satisfaction.

Zero Defects

KETS never compromises on any defect. We have a zero defects programme to develop and optimise our R&D and Manufacturing facilities and processes, so that defects can be eliminated.



Supplier and Partnering Processes

KETS has defined a set of parameters which help us identify and select our suppliers and business partners. Today, we maintain a pool of reliable suppliers whom we no longer address as “suppliers”, but “business partners”.

KETS identifies its business partners through our “Corporate Intelligence”, market information and our networking sources.

Our key performance requirements for our business partners are Quality, Delivery, Cost, and Service. Compliance with our Kenwood Groups’ Green Procurement Guidelines and RoHS requirements is a definite pre-requisite for supplier of parts to us. Quality precedes all because consistency of good quality performance can eventually be translated into excellent overall performance.

Technology

Harnessing the advantage of having a multi-cultural design team, we tap on its diversified and creative perspectives and exploit advanced technologies to generate world-class products. We also collaborate keenly with local universities and third party research institutes to invent innovative products and create patents.

We have successfully built a culture that encourages employees to continually eliminate waste in their work processes. We advocate “Simple is Better”, and apply work simplification in redesigning workflow as part of our Lean methodology for improved output and quality with reduced resources. We adopted a modified version of Lean concept with 6-Sigma, namely Lean 6-Sigma, for our enterprise-wide innovation.

Intellectual Property – In a company-wide drive to encourage our staff to resiliently surpass the edge of what is possible now, KETS actively fosters a creative environment where ideas and intellectual efforts are developed and capitalised on. We promote IP awareness and provide a strong infrastructure for our staff to facilitate the development of IP within KETS.

System

Supply Chain Management

KETS’ Supply Chain Management strategies, leveraging our critical business intelligence database, support key business directions and decision-making process. In addition to sourcing parts globally, coupled with collaborative supplier development activities, we optimise early suppliers’ involvement to attain shorter development lead-time. Our close proximity to supply sources enables us to deliver raw materials directly to production bases.

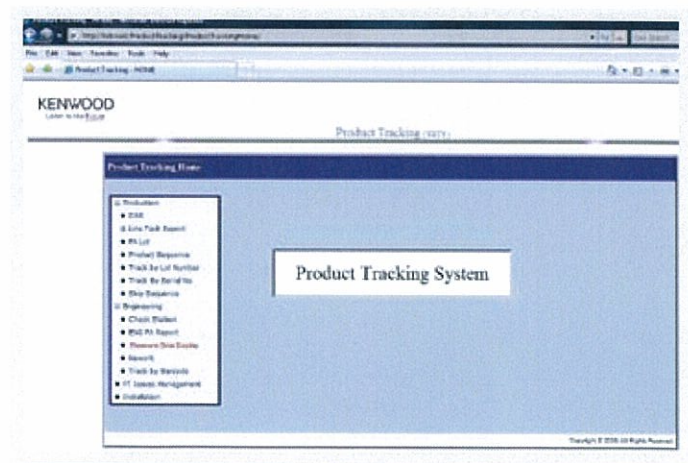
Our crucial strength lies in our innate ability to optimise our Time-To-Market strategy. With our strong operation control from conceptual design through total product management, our business processes are lean and seamlessly integrated on a real-time basis, enabling rapid response, fast turnaround and low inventory.

It also allows us to distribute products to the market with fewer touches, less cost and time — providing reliable yet precise delivery.

Information Systems

We have advanced information systems to connect internal processes and people with the outside world.

Product Tracking System: Information like processes, problems encountered, etc. relating to each individual unit is embedded into its unique barcodes. Such valuable information is maintained and made retrievable via the company’s intranet. Response time to our customer’s needs is reduced since we can readily trace and understand detailed information pertaining to the unit in question. Availability of such information enables us to provide an instantaneous solution to the problem reported. Product Tracking System, coupled with our foolproof alignment system, enhances our ability to detect products with genuine defects before these products reach the Outgoing QC stage. This reinforces our commitment to deliver defect-free products to our customer. This system helps us understand the trend of our quality-related performance, so that proactive actions can be promptly taken.



process and innovation

Real-time Monitoring System: We have an innovative real-time monitoring system that links our overseas satellite plant and our operation seamlessly. Real-time monitoring system delivers live information on the status of all production lines. Besides providing us with a strong visual management, it boosts our response time. It also facilitates instantaneous and collaborative decision-making. Reduced number of trips to our overseas satellite plant has resulted in saving of much time and cost.

Current Production	KETS LINE	MANUFACTURING PLANT	KENWOOD
07:00 07:10 BR1	C29159 TK-3202L K	708	Line Stop
07:00 15:03 BR2	C29173 TK-2202 K	850	Line Stop
02:00 07:10 BR3	C29155 UBZ-LJB E	1095	Line Stop
04:10 07:10 BR4	C29076 TK-3180 K	1400	Line Stop
00:10 07:10 BR5	C29163 TK-980 M	705	Line Stop
12:30 12:47 BR5A	C29183 TK-862G K	100	On Time
01:00 07:10 BR6	C29148 TK-8180 K	800	Line Stop
03:00 07:10 BR7	C29164 TK-7102H K	750	Delay -0.9 d
09:03 14:45 C1	C29737 TS-480SAT E	15	Allowed 1.2 d

e-Learning System: KETS has completely revamped our training media and contents. Our highly acclaimed self-developed e-Learning System has been adopted as a vital means to facilitate our successful innovation endeavours. We have invested in the acquisition of hardware and software, as well as content development with the objective to deliver training contents that are current and relevant to everyone, anytime and anywhere. Through our effort to create the best possible training experience and meet our ultimate objective, management of all training contents has since been centralised. Real-time delivery of our training contents is available to all employees. IT technology has been deployed to make learning by means of these training contents more stimulating. This strategy has paid off as our workforce is more responsive to its changing environment which requires different skill sets and better proficiency to be attained in the least possible time. This is the best training system we have ever created within the Kenwood group.



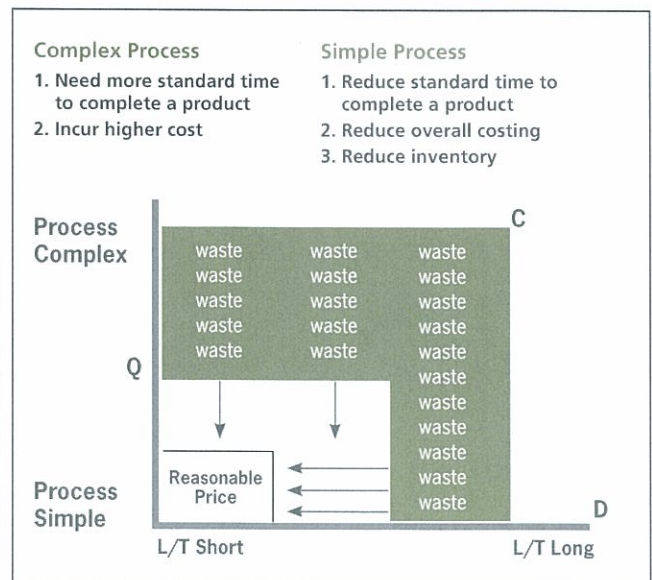
Cost

Value Analysis and Value Engineering: KETS constantly reviews our customer needs. We practise value analysis and value engineering in our design process from the stage of planning, conceptualisation, simulation to production. By using these tools, we are able to identify opportunities to remove unnecessary costs while assuring quality, reliability, performance and other critical factors, so as to exceed the customers' expectations. At the end, we are able to derive higher value for our designed products and ultimately increase sales and profit.

Supplier Collaboration in Design & Development: KETS R&D collaborates with suppliers to design and customise new innovative parts as one of our key cost-cutting strategies. R&D also collaborates with technical institutions to develop core technology that enables new low-cost product design and create new platforms for future design. Such joint initiatives allow us to tap into latest technologies and strengthen our competitive edge, thus providing low-cost but value-added products for our end customers.

Suppliers/Business Partners Initiative: For KETS' suppliers/ business partners, we help them understand our unique requirements, and how quality can be further improved since they are experts in their respective fields.

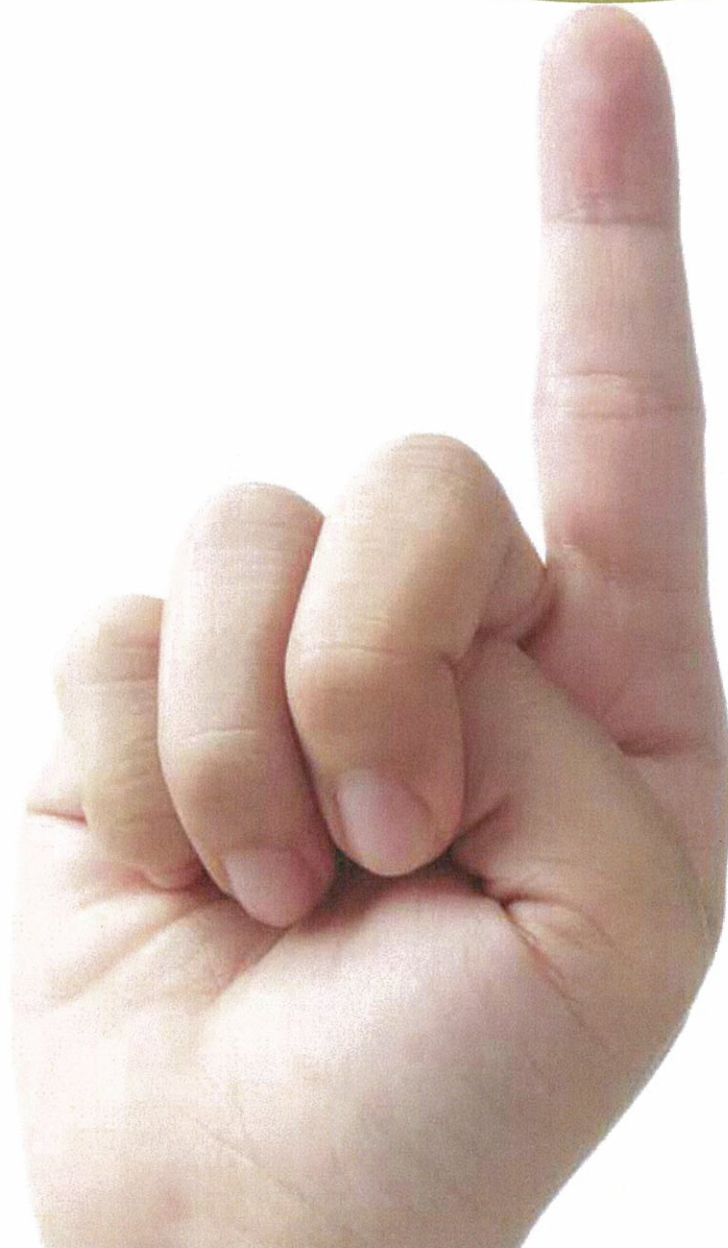
We collaborate closely with our suppliers by means of our "Win-Share" programme where we offer our expertise and know-how to help them achieve higher operational efficiency: for example, elimination of wastes. In return, these suppliers reciprocate our contributions through sharing of the benefits gained.



Our Suppliers/Business Partners Initiative enables us to sustain and grow our business. The "Win-Share" programme, proven to be successful, has since been adopted by the Kenwood group.

Customer

The Right Fit



customer

Kenwood Corporate HQ segments its market in six (6) worldwide regions, namely North America, Central/South America, Europe, Middle East/Africa, Asia/Pacific and Japan.

Customer requirements of these different market segments are consistent.



Product Type	Customer Segment	Customer Requirement
<ul style="list-style-type: none"> Amateur Mobile Radio (AMR) Land Mobile Radio (LMR) Low Power Device (LPD) 	<ul style="list-style-type: none"> Government Bodies/Agencies (Police, Military, Fire Department, etc.) Transportation and Security Services Sports (McLaren Mercedes F1) Radio Enthusiasts (Amateur) Domestic Users Tenders Specialty Shops Mass Retailers 	<ul style="list-style-type: none"> Product Quality Product Safety Security Responsiveness Value for Money Service



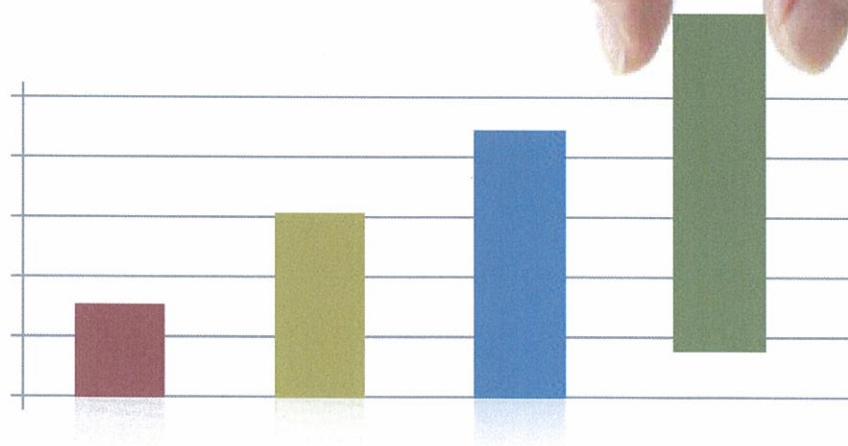
Voice of Customer

Listening to and learning our customer's needs play an integral part for us to analyse and anticipate their needs through periodic market surveys to gather end-users' feedback and requirements. In addition, the following channels are employed to listen to the Voice of Customer:

- Sales Enquiry / Sales Order received from our customer
- Quality Assurance Plan used to convey customer's requirements
- Design Project Review
- Technical Survey (Field Test) carried out together with local sales representatives & dealers
- Customer Satisfaction Survey

Our customer, Kenwood Corporate HQ, constantly shares end-users' valuable feedback with KETS. All information is carefully reviewed by the respective Functional Heads in KETS before it is included into strategic and improvement plans formulated to satisfy customer's requirements.

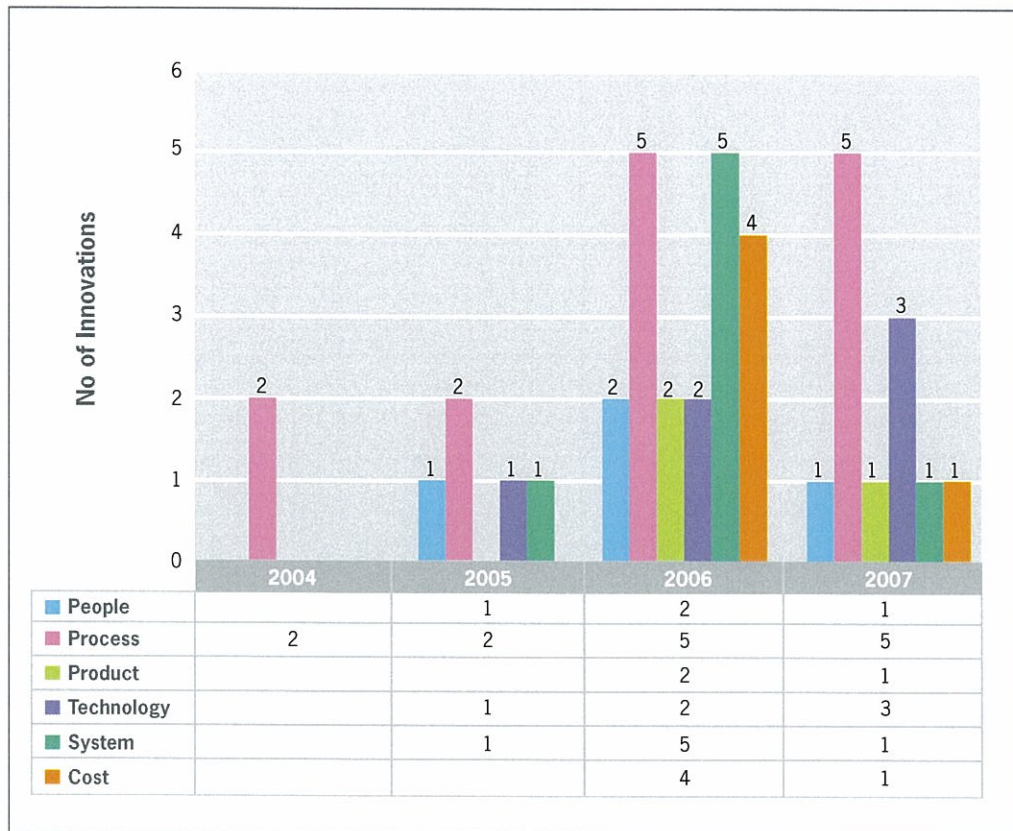
Performance



Quality and Performance

performance

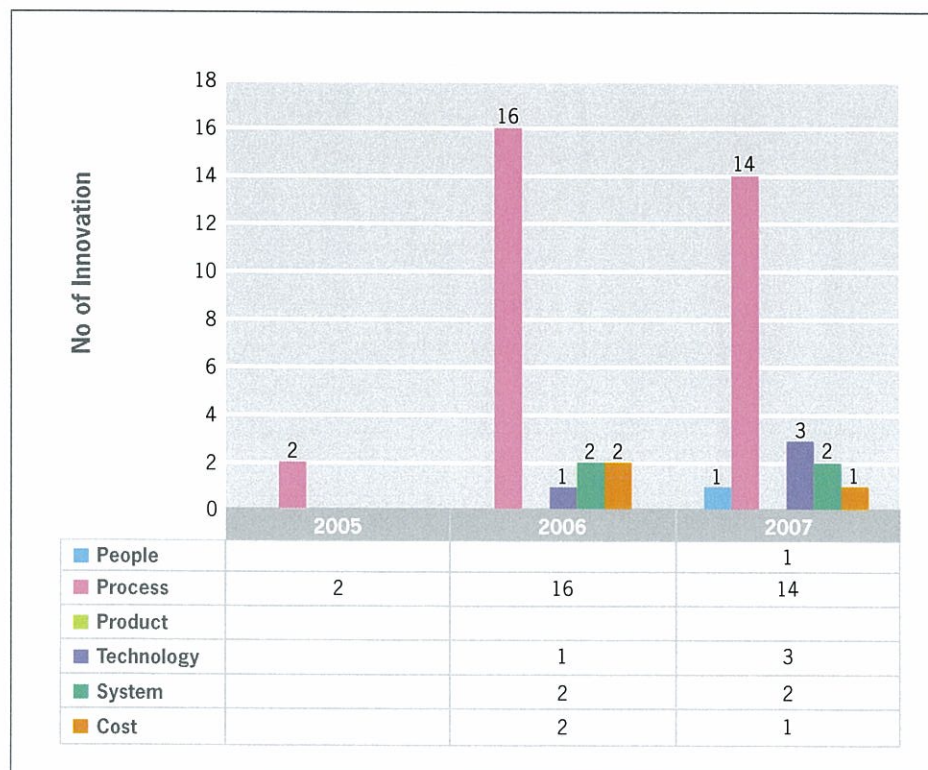
Breakthrough Innovation Distribution



Our results are excellent and the trend is promising.

Winning MAXA Innovation Award 2007, Singapore Innovation Excellence Award 2008, Singapore Quality Class and Innovation Class certification in 2008, has further demonstrated our excellent performance and leadership in innovation.

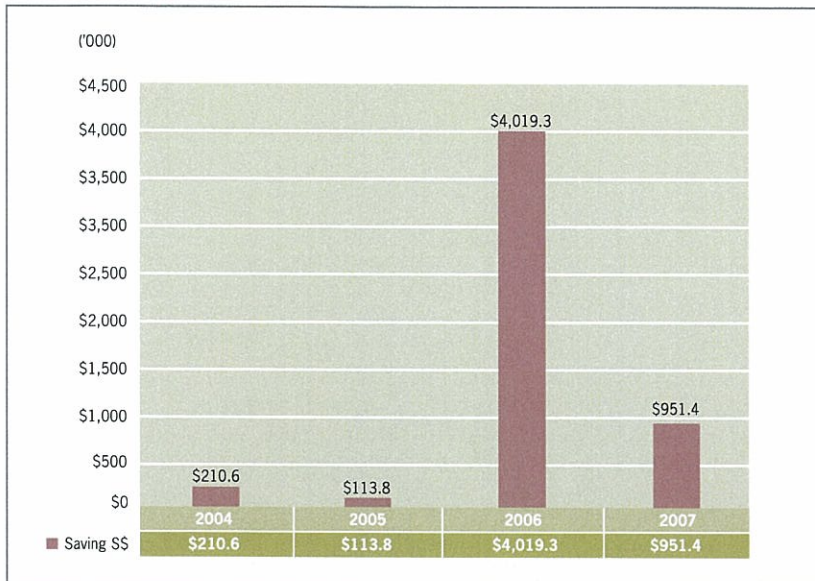
Continuous Improvement Distribution



Number of Break-through Innovation Projects and Continuous Improvement Projects has been increasing significantly over the past three years since Year 2004, in which there were merely two projects pertaining to Process Innovation.

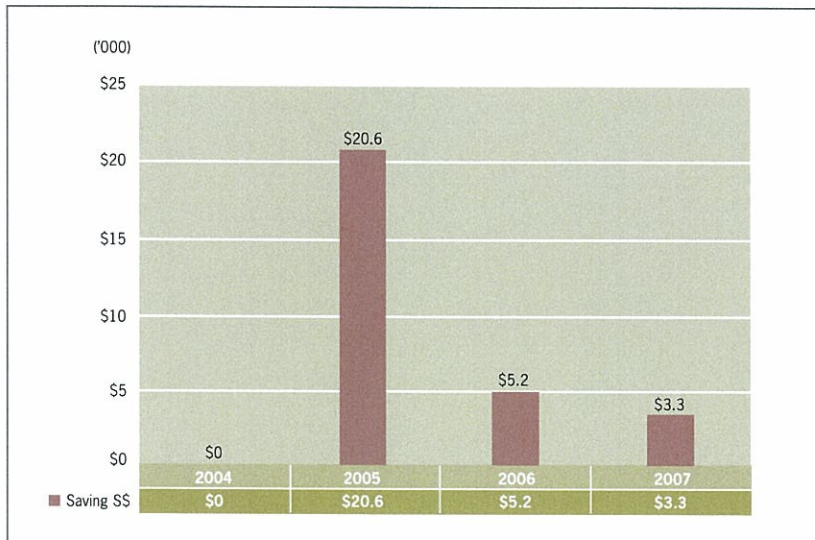
Scope of these projects has also widened to include the other five identified Innovation Pillars, namely — People, Product, Technology, System and Cost.

Innovation Project Saving S\$ (Non-Cumulative)



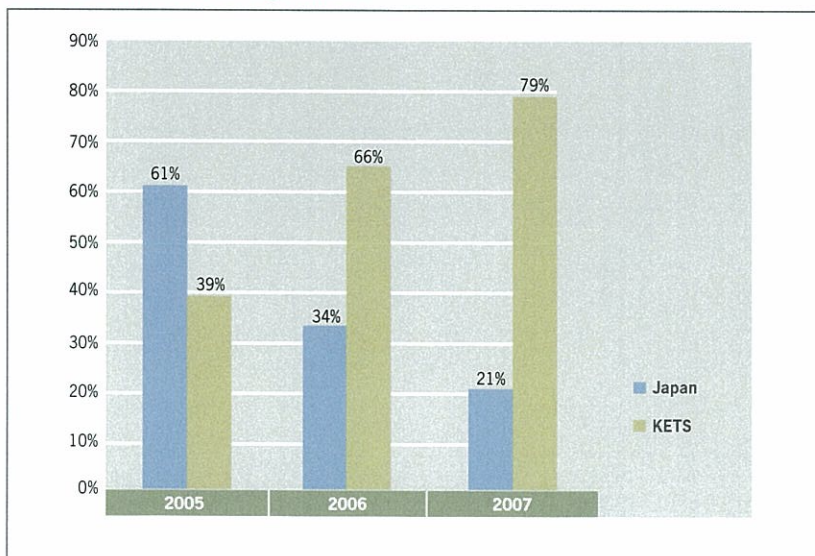
In Year 2006, our Breakthrough Innovation Projects generated total savings exceeding S\$4,000,000. Apart from having attained savings totalling S\$4,343,666 between Years 2004 and 2006, we managed to create further savings amounting to S\$951,449 in Year 2007.

Continuous Improvement Saving S\$ (Non-Cumulative)



Likewise, our Continuous Improvement Projects could still create savings in Years 2006 and 2007, in addition to the S\$20,644 attained in Year 2005.

Revenue from New Design Models



Having much confidence in our ability to deliver good results, we have managed to secure more projects from our Japan Headquarters over the years. This has in turn increased the sales volume of our KETS-designed products, as compared with that of the products designed by our Kenwood Yokohama counterparts.

Distinguished Awards

2008

Business Excellence Awards 2008

- KETS attains Singapore Innovation Excellence Award 2008, Singapore Quality Class certification 2008 and Singapore Innovation Class certification 2008.



2007

Manufacturing Excellence Award ("MAXA") 2007

- KETS wins MAXA 2007's Innovation Award on 12 November 2007.

Kenwood's TRIO-AWARD

- KETS wins the prestigious TRIO-AWARD which is Kenwood Corporation's second highest award for its excellent achievements.



2006

Manufacturing Excellence Award ("MAXA") 2006

- KETS wins MAXA 2006's Finalist Award on 30 October 2006.



Listen to the Future

Kenwood has always connected with people through sound.

Now we want to expand the world of sound

in ways that only Kenwood can,

listening to our customers and to the pulse of the coming age

as we head toward a future of

shared discovery, inspiration and enjoyment.

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