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POWDER COATING
An Associated Finishing Company
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320 Mallard Lane
Mankato, MN 56001



Associated Finishing Inc.

NEWSLETTER

CONTACT US

320 Mallard Lane
Mankato, MN 56001
TF: (866)345-5861
P: (507)345-5861
F: (507)345-5828

ABOUT US

Serving Minneapolis and
Greater Minnesota for
70 years

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Merry Christmas from AFI



As we close the year with the celebration of the birth of God's son it's only natural to reflect on all that's happened in the past year. Here at AFI, we always try to focus on our core values of Flexibility, Attention to detail, Reliability, and Motivation.

Reliability has been a special focus for us in 2022. Supply issues, labor shortages, and incredible inflation have all been factors thrown at us this past year. We've worked hard to overcome these challenges by adding customer support, increasing inventory levels, opening labor options, and improving process efficiencies to make sure we are there for our customers. We want you to be sure you can rely on us for all your coating needs even as we all face these challenges.

In the year ahead we will strive to continue to be a supplier you can count on. All of us at AFI wish you all a Merry Christmas and pray you have a blessed New Year as we go into 2023 with excitement and anticipation!

- Ted, Ryan, Jammey, Matt, Mick, and all the AFI Family

Generations of Family, Opportunities, and Relationships

Technology Meets Productivity—Rock Street Robots in Action

Robots, an invention once thought to be far into the future, are now a part of our everyday lives. From automotive to medical and construction to manufacturing, robots are becoming an essential component to our rapidly growing industries.

At Associated Finishing, we feel the crunch of meeting our customers demand, not only in production capacity but in quality and efficiency. Our leadership team formulated an investment plan to secure the newest technology in coatings and to continue to support the needs of our vital customer base.

We had a vision prior to 2020 in developing our Rock Street facility into our state of the art powder coating facility. In November of 2020, we installed two Lesta robots into our existing powder coating line. This line is equipped with a PEM 6-stage wash system, powder coat priming, and top coating with the technology of programmable robots all in one continuous sequence. The driving force of this investment was directly related to labor shortage and turnover in qualified painters. We decided that Lesta was the robot of choice because of it's trainability and user-friendly operation. These robots record the movement and spray technique of your best painter in a weightless self-learning

mode. The skills of the painter are then saved and repeated on future jobs.

We have a high frequency of constantly changing jobs so the trainability of the Lesta robot was a key factor in our decision making process. Improved painting quality and reduced material usage were also drivers in purchasing these robots. The robot consistency plays a big role in our quality system because we have reduced human error. Where humans may become worn out, strained, and overwhelmed the robot continues to provide our customers with even coverage, and those tight areas are being coated on auto-pilot to ensure they are not missed. This line has also encouraged us to implement automation where we can in other areas of our plant. It brought new light into areas that are needing improvements.

Overall, the implementation of the robots has been successful. Of course like everything, with all the positives come



some challenges. We have made changes to how we rack parts in order coat them effectively, material usage went up through our trial and error period, and not every part is the right candidate for robot coating. We are pushing these robots harder than they ever have been pushed as we currently operate them for about 116 hours per week.

All in all, Associated Finishing strives to be ahead of the curve using technology to help us manage the challenges and grow our businesses together.

Associated Finishing— 2022 Products Finishing Top Shop Award Winner!

Each year, major coating and finishing shops across America participate in a survey program designed to aid finishing shops in measuring their key operating metrics against others in the industry. This program started in 2015 and helps finishers identify optimal shop floor practices and improve business operations and procedures.

Associated Finishing Inc. was awarded a Products Finishing Top Shop of 2022. The Products Finishing Top Shop Benchmarking survey takes a deep dive into how our shop is performing along with a comparison of their data against our peers. Hundreds of shops participate in Top Shops annually, resulting in a wealth of data and statistics that prove to be invaluable information. This information can be used to discover and assess areas for growth and improvement, including finishing technology, performance and practices, business strategy and human resources.

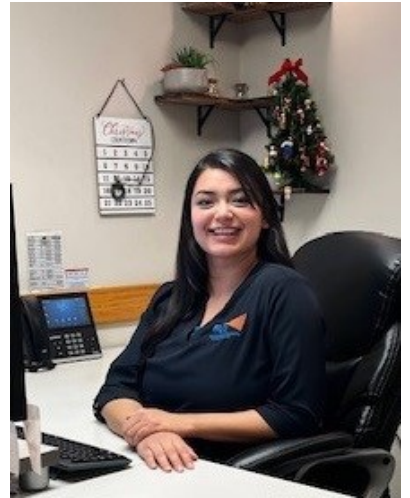
Being a Top Shop member means we are taking the steps to look at ourselves under the microscope. It means we are being compared to other industry leaders, and it means we are capable to deliver the best service possible to you.



Karla Balbuena—Human Resource Manager

In late 2021, AFI could feel the constraints of a limited workforce effecting the business. Historically, HR duties had been split with another role in our organization, but with 125 employees company-wide it was finally time to make a change. Karla Balbuena was hired as AFI's first full time HR manager in December 2021 as we were struggling to find the labor to keep our equipment producing. Karla remembers, "The biggest challenge in my role in the beginning was the staffing shortage. Mankato was in a tight labor market and had a lower unemployment rate than the state average." Karla has had an impact in her first year landing many new employees for needed positions and has helped us tap into a new workforce as she is bilingual in English and Spanish. When asked about her first year on the job she said, "I'm proud of the impact that I've had with turnover and productivity within the company."

Karla graduated from St. James High school in southern Minnesota and attended Minnesota State University - Mankato to earn her Human Resource Management degree. Her experience includes HR support roles at both Smithfield Foods and Windom Area Health. On her time with AFI she says, "I enjoy working at AFI because of the alignment between AFI's values and my own. I enjoy the company culture and flexibility it provides. I've always enjoyed working in the manufacturing industry as you can actually see the results of everyone's hard work." Karla's favorite things to do outside of work include traveling, volunteering at the humane society, couponing and spending time with friends and family.



Extreme Powder Coating Expansion—A Bright 2023

With the new year approaching, our visions are bright and clear for the future. The past year at Extreme Powder Coating has been full of exciting new challenges, and a robust flourishing of new industrial business that is forcing our Leadership team to expand and create capacity.

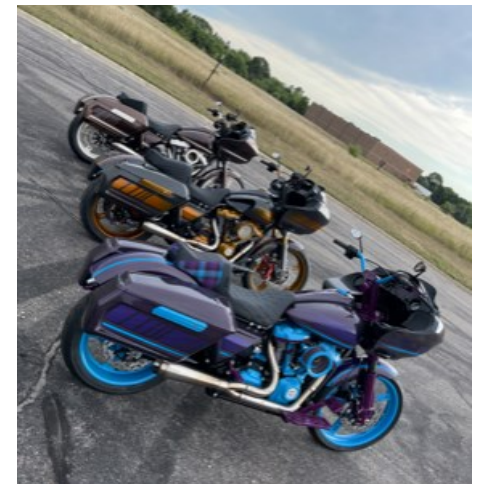
Associated Finishing never wants to lose sight of our strong custom restoration enthusiast clientele. This group of individuals have become like family at Extreme Powder Coating, where every job matters with no regard on how large or small the project.

We are excited to announce that we have implemented an additional booth

and oven to help us grow with our customers. We have not added capacity to the Extreme facility since 2016, when we installed our media blasting facility. With this investment we plan to be better equipped to handle the custom side of our business. This booth is situated in our main powder coating facility. Dimensions of this booth are 8' x 10' x 8'. We have also installed a small oven as well for optional curing. This oven dimensions are 4.5' x 6.5' x 4.5'. Adding this oven provides the option to batch small parts without disrupting production on Extreme's 32' main curing oven. We decided to build the coating booth larger than the small curing oven because we can still utilize the large oven as needed. As the old saying goes—it is nice to keep your options open. We feel very comfortable with the new booth and the potential that it possesses to increase throughput and decrease lead times on our small run and custom coating projects. This expansion will allow us to remain flexible as we continue to take on projects from custom bikes to industrial equipment!

Eye-Opening Bikes

In the summer of 2022, Extreme was approached by builder and motorcycle enthusiast Curtis Hofmann to take on



the customization of his builds. Curtis established Hofmann Designs Incorporated of Monticello Minnesota in 2009. Since then he has been rocking the industry with custom built motorcycles and shaping the industry to handle his "out-of-this-world designs". Top builders like Hofmann Designs need a reputable source for powder coating to see their visions come to life and to help them manage their evolving business. Extreme rose to the challenge. With a six week timeline, design to finish, we were able to send Hofmann Designs to a Sturgis event where they unveiled all three of his amazing creations. All three bikes were sold by the end of the day.

