



Six simple strategies suppliers can use for their customers

By **Rodney Floding***

Suppliers specializing in one type of service used to be able to compete with other providers by excelling at that service and delivering top-quality products. That isn't the case anymore.

In today's dynamic economy, OEMs are focusing on supplier consolidation initiatives in an effort to reduce administrative, quality audit and product audit costs that come standard when working with multiple suppliers. The metrics they use to evaluate their partners are more holistic than simply the cost of parts. By evaluating total-cost-of-purchasing criteria and seeking single-source suppliers, OEMs can efficiently design, manufacture and get their products to market faster.

Metal fabricators – such as aluminum extruders, precision machining companies and welding shops, for example – can find more success by offering additional complementary services along with their core capability. Yet making the transition to a vertically integrated single-source supplier is simple in theory but complicated in practice. The following strategies can

help fabricators do, and be more, for their OEM customers.

1. Focus First on Your People

Often overlooked, a successful transition from a single-specialty manufacturer to a single-source supplier is really a labor of effort of the supplier's people. Machines and other equipment can produce, but only the employees' unique abilities, expertise, and desire to push the limits will determine what becomes of your company.

A fundamental strategy for success requires an ongoing commitment to workforce development by placing special emphasis on hiring and training employees to be true leaders with technical expertise and market aptitude. Certified skills programs and workshops, such as training on process control and interpersonal skills, will also contribute to each employee's professional development and growth.

A productive workforce that is as content as it is competent begins with the trust that your company has an unwavering commitment to core

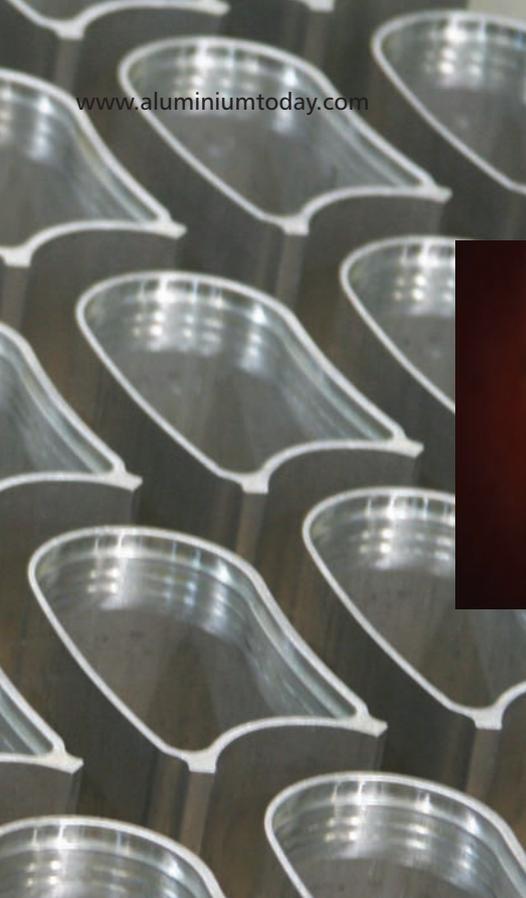
values, such as integrity, mutual respect, commitment to excellence and employee well-being. Employees who have faith in their employer, feel they're an important part of something, believe their opinions are considered and that their hard work is appreciated – especially when evolving from the status quo – will positively impact a business' bottom line.

2. Listen to Your Customers

Change needs to be deliberately focused on what is best for your customers, and that requires a dedicated focus on listening and understanding their needs. Instead of waiting for customer feedback, seek it. Create processes to gather customer perspectives and then respond. Then repeat the process. Continuous improvement for vertically integrated suppliers demands a customer-focused, iterative approach to listening, learning, and doing.

Techniques to gain customer perspectives and insights can include formal customer feedback forms delivered with the first shipment of a new part or

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removing supply logistics costs, however, is not the only purpose of source consolidation. Increasingly, lead-time reduction – especially in an environment of unique, fast-changing requirements – is where business is won or lost up and down the supply chain.

Constantly heightened marketplace competition, created by the improvement-driven organizations that customers can patronize, requires OEMs to respond faster to changes in customer demands and requirements. OEMs, in turn, expect and require their aluminum component suppliers to deliver with constantly improving speed—even in the face of more demanding requirements in quality, cost management and customization.

How can you determine if a value-added supply source reflects your lead-time reduction goals, has a complementary culture around responsiveness, and is structured to rapidly design and manufacture even customized products? One indicator is an operating model that improves on-time delivery by going beyond conventional lean manufacturing and its singular focus on shop-floor waste reduction.

The emerging Quick Response Manufacturing (QRM) model is a compelling example. The primary performance measure for a QRM organization is lead-time reduction, with on-time delivery performance as the strategy's natural byproduct. One of QRM's lead principles is to find entirely new ways of completing a job by pursuing lead-time minimization, reducing cost and eliminating non-value-added waste across all operations. In a QRM-driven culture, taking time out of the system requires completely rethinking not only how to organize production, but also how to streamline front-end office processes and systems.

Similarly, where lean manufacturing is best applied to repetitive parts production and high volume, QRM implies rapid development and introduction of new products – even in customized form – along with rapid delivery of existing products. QRM outcomes include creating

the potential for lead-time reductions – across all supplier activities and in any OEM scenario – of 50, 75 or even 90 percent.

4. Understand Your Vision and Have a Plan

There's a difference between a company on a journey and a company that is drifting. Journeys require a direction and – when done with others – a plan. Becoming a vertically integrated, single-source aluminum extruder, for example, does not mean responding with a "Yes" to every customer request and opportunity. Hard decisions must be made and a vision and plan are crucial to guiding those decisions.

While developing a business plan each year is standard operating procedure for business, having a strategic, long-term vision with measurable objectives can enable you to see beyond what is in front of you today. A vision plan should detail the journey your company will take to become the company you envision in five years. Sharing this vision with your customers shows them that in addition to meeting their manufacturing needs today, you are anticipating and planning for their future needs, as well.

A vision that includes doing and being more for OEM customers often requires companies to commit to growth through capital investments and acquisitions. When listening to what your customers are asking for, consider those opportunities to grow in new markets and geographies.

Faced with opportunities every day, suppliers need discipline to identify the right opportunities to pursue instead of haphazardly and counter-productively leaping at each one. A central vision and plan serves as the foundation for that discipline.

5. Share Expertise with Customers

While aluminum fabricators are experts in the most effective and efficient ways to manufacture their OEM customers' designs, vertically integrated suppliers offer application expertise in addition to high-quality aluminum products. Such suppliers will offer expert engineering resources that can improve overall component manufacturability. They will provide education on selecting the right raw material for the product's end use or show OEMs ways to account for secondary processes (e.g. material finishing and precision machining).

Suppliers who provide an optimal product development environment, give OEM product design and engineering customers the freedom to innovate on quality, precision, functionality and performance, while optimizing

to do more

an in-person meeting conducted by a member of the leadership team, such as a CEO or company president. These meetings should include requests for direct feedback from customers, such as, "What's working or not working? What services would you like to see us offer? What pressures is your company experiencing?"

Insights from customers can prompt expansions beyond just metal fabrication or aluminum extruding, for example, and into related fabrication techniques like stretch-forming and bending. These insights can also prompt expansions into complementary services, such as precision machining, plastic and foam molding, finishing, welding and high-level assembly. Whichever technique you use, the commitment to listen to customers must be at the forefront of all interactions.

3. Focus on Lead-time Reduction

The cost-reduction potential inherent in integrated, value-added services and operations is standard OEM motivation to seek single-source solutions compared to single-specialty suppliers. Simply

manufacturability to lower total cost and compress lead-times. Suppliers who combine market- or application-specific expertise with design, engineering and manufacturing expertise, promote holistic and forward-thinking new product development outcomes.

From the perspective of an OEM, when an aluminum fabricator shares this kind of design-assist expertise, it elevates them from a component supplier to a business partner.

6. Market to OEM Customers How You Manage Risk

While OEMs are aggressively seeking supplier consolidations, they are wary of which supplier will actually deliver. Aluminum extruders, for example, need to minimize the perceived risk OEMs may feel when moving their business from one supplier to another supplier with elevated capabilities. As an aluminum component

supplier, you need to market why an OEM moving their business to yours makes sense. The following risk-reducing initiatives are worth sharing:

- Third-party certifications, such as ISO and market-specific certifications, demonstrate quality design and manufacturing processes
- Statistical measurement and process control support data-driven predictions
- A focus on quick response manufacturing, inventory management and cost reduction initiatives to improve product manufacturing and quick-turn production capabilities
- Higher-level understanding of the importance of form, fit and function with mating components
- Communicating one expectation or future direction to a single supplier versus multiple channels
- The elimination of transit damage caused by multiple suppliers handling

products

- Duplicate production services to mitigate risk in disaster recovery situations
- A material supplier who is sought out by:
 - manufacturers to test new materials, such as new aluminum alloys
 - machine builders to test new machines
 - new product developers to build prototypes to prove out designs and manage manufacturing requirements

Doing and being more for OEM customers requires commitment from aluminum fabricators to critically assess how they're responding to customer needs and react accordingly. OEMs should look for forward-thinking fabricators who evolve with changing trends and customer needs. These six strategies can help ease that transition. ■



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