

RB Royal Innovations

Manufacturing Confidence

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"Value-Added" and What it Means to an Engineer

By: Brian Witt

Recently, I had the opportunity to spend two days in a training course on value-added solutions and how to communicate that value to our customers. For me, it was a refresher course, having taken it about a year and a half ago. There were several memorable things that came out of the course both times I attended it. One unexpected result from the training was that I started to evaluate suppliers from a total value standpoint. In other words, what solutions they should offer above and beyond price and delivery. Also, I have started to evaluate suppliers based on the total value of the product delivered. I have included two examples to further explain total value.

My first example involves a component design I recently sent out for bid. It was a component that RB Royal has not ordered before, so the design criteria, other than customer dimensional requirements and some vague environmental conditions, was not known. I was working with two potential suppliers, both new to RB Royal. "Supplier A" submitted the quote first. Everything looked reasonable. Piece cost and tooling looked good, considering I didn't have a basis for comparison. "Supplier B" submitted a quote as well. However, Supplier B offered design solutions and material alternatives that would work better for the particular application. They knew about the environment because *they asked questions*. If I had just picked the supplier on price and tooling cost alone, I may have ended up buying a product that would not have fit the application.

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The initial material that I specified would have been susceptible to premature aging due to the application environment. This would have led to a number of unintended costs and would have completely outweighed any cost differences between Supplier A and Supplier B. Some of the potential costs would have been scrap, tooling rework, delivery delays to the customer because of redesign and retooling, and field failures leading to warranty costs, among other things.

My second example deals with two suppliers bidding on an outside service. This service had been coming from “Supplier C” who had been doing business with RB Royal for a long time. In this particular application, there was a unique problem that occurred as a result of this outside service. It wasn’t that the quality of the service itself was bad, but rather, an unexpected result of a combination of factors. Supplier C could not offer solutions to correct the problem, even after we worked with them for weeks.

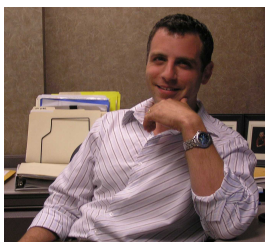
The solutions that Supplier C proposed and tried were best described as “quick and dirty” and therefore, not effective. After weeks of dead ends, I decided to go to “Supplier D” for help. They were new to RB Royal. After describing the problem to the Supplier D, one of their technical people proposed a unique solution. It was based on a more scientific approach and their expertise. Their solution not only eliminated the problem, but also eliminated a great deal of rework. In addition, Supplier D was fast in turning around prototypes for trials. Again, in this example, the value of the benefits – solving a performance problem, eliminating rework, and quickness – was worth as much as the service cost.

Thinking in terms of total cost is not only a good way of thinking for RB Royal’s customers, but is also a good way for RB Royal engineers to think about our suppliers. It helps to improve the bottom line for the entire chain from supplier to end-user.

How Does RB Royal Measure Value?

Through solutions that have real impact on our customers through:

- Revenue Enhancement
- Productivity Improvement
- Cost Reduction
- Cash Flow Improvement



Lead Article Biography:

Brian Witt is the manager of advanced engineering for RB Royal. He received his Bachelor of Science in Mechanical Engineering from Michigan Technological University and has 11 years of product engineering experience in automotive, commercial and industrial markets. Brian can be contacted at bwitt@rbroyal.com.

Critical Success Factors

In a time when there are threats of foreign competition and economic recessions, it is important for U.S. manufacturers to stay competitive and be innovative in what they offer their customers, above and beyond the expected.

RB Royal prides itself on offering more than the quality and service its customers deserve. It continues to manufacture confidence and offer its customers overall total cost savings through value-added solutions.

Here are just some of the things RB Royal has implemented and considers critical in achieving success in the manufacturing industry today:

- Innovation is incorporated in product design and development
- Customers' expectations, needs and wants are known
- The traditional views of product cost are challenged by helping its customers to understand total cost of ownership
- Promises are kept
- Value-added customer service is provided
- Lean philosophies have been implemented, eliminating waste and unnecessary costs
- There is the ability and flexibility to respond quickly to customer needs

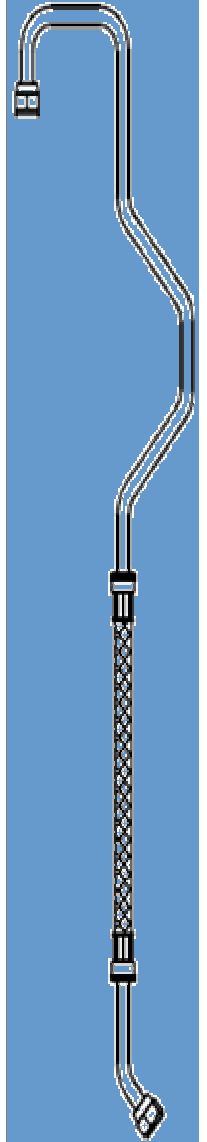
Request This Newsletter Electronically

By: Katie Krings

This issue of *RB Royal Innovations* concludes our first year of publication. I hope you have enjoyed receiving this newsletter as much as all of us at RB Royal have enjoyed putting together the innovative pieces for you to read.

Starting with our Spring 2006 issue of *RB Royal Innovations*, we are offering an emailed Adobe Acrobat .pdf version of this newsletter. If you wish to receive this newsletter electronically from now on, please email me at kkrings@rbroyal.com or visit the *News* section of our web site at www.rbroyal.com.

All of us at RB Royal wish you and your company continued success in 2006.



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We Manufacture Confidence!

At RB Royal, we deliver more than components. We manufacture confidence.

Our customers tell us they have:

- Confidence in our problem solving & innovative solutions
- Confidence in our design & engineering
- Confidence that we keep the promises we make

RB Royal. Experts in hose and tube design and application.