

Hydraulic Valve

Manifold News



Damman 31

ISSUE

SPRING 2008

CELEBRATING 31 YEARS OF CONTINUOUS INNOVATION

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Streamlined quote process leads to efficiency and garners praise from customers.

Gone are the days when Business A called Business B on a landline telephone and asked for a quote application to be sent and returned via regular mail. Today, nothing less than the speed of the Internet is acceptable. However, with email volume often cited at 40-62 BILLION messages per day (and with volume expected to increase 18 percent per year), who has time to spend pouring over pages of complex formulas and fine print?

Time management is a must for successful business people. Otherwise, the workday becomes overloaded, and many to-do lists turn into unfinished business. On top of that, we're told that when life gets too complex, one of the first things we do is read less.

That's not good news when you have a message you want to share with your customers. "We're always looking for better ways to communicate – a new tool to get our point across," said Gordon Weiler, Sales Manager.

The new tool in this case wasn't new at all. It was a "re-tooling" of Daman's quote form. "As one of our continuous improvement initiatives, we looked at our old quote form and asked ourselves how we could improve it. We wanted to include better information, and more information, yet keep it simple, because we understand the concept of too much data and too little time," said Weiler.

Daman's former quote form did not mirror its current philosophy. "We've gone from a traditional business model to LEAN, JIT and now to our Trigger program. Our old quote form didn't reflect that. So we went from 17 to 7 quantity breaks. That is a significant change and it means that our customers are getting close to the 1,000-piece price for any quantity. That's a deep discount," according to Mike McIntyre, Distributor Services Custom Group.

Trigger System message gains more attention.

Before the new quote form became available, Weiler was becoming frustrated trying to get the Trigger System message to the "right" people. "I was really excited about what this could mean for our customers, and we were looking for additional ways to get our message to them. With the new form, we're able to provide some bulleted copy that gives a quick overview. The new form has a clean look, it's easy to read, and the customer simply signs the form and faxes it back. The Trigger results – 100 quotes per week – are phenomenal," said Weiler.

McIntyre says that adding the Trigger price to the form eliminates another step. "Before, we had to spend more time producing a separate Trigger document. Now that's eliminated." He says his team refines its processes and "every time we do it, our quotes get more targeted. We **trust** our numbers. We don't have to double check."

Worksheet efficiency is inherent with the new program. "Within three seconds of input, we have a price. We're able to key in the degree of difficulty using a product code from the most simple to the most complex. We determine the material type and plug it into an Excel spreadsheet. [See sidebar] Then the Bill of Material lists the components needed. Next we make sure that we have the correct tooling and material. The process is part of Daman's proprietary system for determining the best price for our products," said McIntyre.

Customers appreciate value-added efficiencies.

Whether they're long-time customers or new to the Daman family, customers have voiced their approval of the new quote form. Here are some of their comments:

- *The old quote was good, but this one is perfect. It suits the way we do business.*
- *Compared to other manifold manufacturers or valve manufacturers, we think the quote process is excellent. It's concise. It's complete.*
- *Daman's 24-hour quote turnaround is fantastic. We work with one company that takes several **weeks** to get us a quote.*

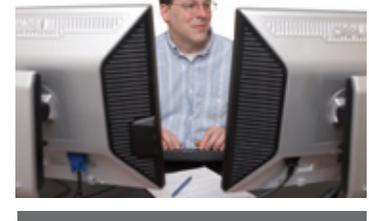
Weiler and others appreciate those remarks. "Just over a year ago, we were processing 175

quotes a month. With the improved form and a stronger message, we have approximately 300 new custom manifolds RFQs per month. And the percentage of new parts setup has quadrupled. It's a win-win situation."

Getting from Point A to Point B in the IT world doesn't always happen quickly. Mark Pettifor, System Administrator, wrote the Excel portion of the new quote form, but says that the process actually began 10-11 years ago. He has been tweaking it over the years.

"It's always been based on math and a formula that reflected the difficulty of the part. I just needed to incorporate historical data onto the spreadsheet and plug in cost, the difficulty of manufacturing and generate the machine hours.

"Looking at the historical data got us close to our goal, but finding the right correlations led to a quote form that 'really works,' he said.



Consistent training = consistent quality = satisfied customers.

Employee training plays a major role in Daman's culture of continuous improvement. After a recent admission that a program that had begun with high expectations had ended with less-than-acceptable results, it was time to make some changes. In the first of a two-part look at the training makeover, we focus on the end result: customer satisfaction.



Before August 2007, there were no sure answers to questions about how many employees were being trained and how many new skills were being learned. A few? More than a few? Enough?

While training has always been a priority, it wasn't until we instituted a computer tracking system that we were fully able to appreciate the magnitude of the hours spent and the skills being perfected.

Our next newsletter will focus on employee reaction to the new system, but here are the stats for the first five months of tracking:

- Active trainers: 30
- Active training plans: 30
- Employees using the system: 82
- Skills being trained: 434
- Recorded training sessions: 36,553

Those figures are impressive, but what do they mean outside the walls of our facility?

"We didn't really change the training," said Neil Henderson, who oversees continuous improvement and training. "What we did was make it more organized and make both trainers and trainees more accountable. Learning new skills doesn't happen overnight. In fact, it takes about two years before we're satisfied that our personnel are fully trained."

Customers benefit from employee consistency.

With the new system in place, all employees are evaluated.* Goals are established and are tied to performance reviews. "Our customers don't see what goes on behind the scenes, but they do reap the benefits. Consistent training reduces employee turnover, which equals consistent products. We know our customers, know what they expect, and know that they appreciate the quality we provide. Our training programs assure their continued satisfaction," said Henderson.

*Visit <http://www.daman.com> and go to Newsletters/Issue 29 for details.



A cautionary tale: cheap, fast or correct.

Usually, the next line is, “Choose one.” Unfortunately, a customer’s customer chose the first two – TWICE – and now Daman is working on the “correct” part of the equation.



It's not unusual for Daman's design team to receive customer drawings that need to be tweaked. But by the time this job came to them, there was nothing to do except start over.

Here's how it started. Daman was initially asked to quote a manifold job, and provided a realistic ship date. The customer wanted it done “yesterday,” so he went outside of the US to get the needed manifold. When it was delivered late, it didn't work. When that information was communicated to us, we offered to repair it.

Instead, the original vendor built another manifold. Result: This one didn't work either. And when Daman was finally asked to “fix it,” it was beyond being fixed. “It wouldn't have worked even if we had tried to fix it. It was just beyond repair,” said Julie Alexander, Design Leader of Engineering. “The circuit bill of materials didn't match the circuit. It was the wrong design and wrong specs – just too many discrepancies. We recently received corrected drawings and are working to finish the job.”

Giving lip service to delivery and quality never works.

There are many lessons to be learned from this “twice-burned” scenario. First of all, delivery dates have to be based on realistic timeframes. The Daman distributor caught up in this fiasco said, “We work with some businesses that say they can deliver, but we know they won't do it on time. When we work with Daman, we never have to worry.”

Alexander adds, “While customers often send us designs that need to be reworked, it's disheartening to know that this job, with so many problems, could have been done correctly the first time. It would have been so much better for everyone involved. We enjoy a challenge, but we appreciate our customers who come to us first, knowing that they will get the quality products we're known for – delivered when promised.”

A final lesson to be learned is this: Customer service doesn't just happen because someone says it should happen. It's a commitment to do what you say you will do – the first time.



Customer comments provide validation and incentive.

Customer satisfaction has always been the deciding measure by which we grade ourselves at Daman. The goal is an A+ report card, but as company president Larry Davis writes at the end of his "Outlook" column, "As always, there is more to do." In this marketing article, we let our customers hand out the grades.

Several customers were interviewed and shared with us their opinions about our customer service efforts. Here are comments from two of them.

I'VE BEEN A CUSTOMER FOR ABOUT 28 YEARS. IT'S A FINE company with fine people – and a culture I appreciate. They do what they say they will do. Whenever I need information or answers to questions, they take care of me, especially Gordon Weiler and Mike McIntyre. Sometimes if I call a company late in the day, close to closing, I can hear the person who answers the phone huffing because he or she doesn't want to deal with me. It's not that way at Daman. I used to be in charge of customer service at my company and I always told my employees about Daman's philosophy, and quote what Larry [Davis] told me a long time ago. He said, "We're a machine shop. Anybody can do it. Customer service is the only way we can set ourselves apart."

OUR BUSINESS USED A DIFFERENT MANIFOLD COMPANY FOR 25 YEARS.

They were always available – workaholics. Then they went out of business. Right after that, I received a call from Larry Davis, who was in [our state] at a trade show. Since then, I've worked with them. They offer the same service we were used to with our old company. Gordon Weiler has assisted us in getting hundreds of drawings converted. They just get everything right. It's been a smooth transition and I'm 100 percent happy.

These comments are typical enough that we feel validation for our custom design accuracy rating of 99.34 percent over the last nine months.* As Matt Giloth, WinWork Manager, recently told his team, "You have a direct impact on the amount of new work we are seeing from good customers who just found us, as well as those faithful customers we continue to serve. Their endorsement is also an incentive to continue our efforts."

*See "Did You Know?" on page 7.





Strategic planning provides confidence.

By Larry M. Davis

The economic news is unsettling – if not turbulent. Economists have been predicting a recession for a couple of years. The industrial sector has enjoyed a nice run since the post-2001 recession and, sooner or later, the economists will be right; the economy will slow.

Daman was born in the aftermath of the 1974 recession, and survived the recession of the early '80s and '90s. The recession of 2001 caught us flat-footed – a painful and valuable lesson – but we became stronger financially and operationally as a result. From an equipment standpoint, we are solid, with a blend of older and new technology and with improved physical capability up to 3,000 pounds.

Over the last few years we have focused on internal efficiency by refining our training programs and hiring processes, with operating system upgrades, shop environment improvements, a refined quote form, and adoption of e-filing of engineering data. This effort will continue, spearheaded with an engineering improvement that promises 20%-30% improvement in throughput. An invaluable tool for gaining market share and, make no mistake, gaining market share is our goal in a down market.

We have invested in our equipment, tooling, people and systems, and have a marketing plan in place for when the market softens. We do not relish the prospect of a down economy, but neither do we fear it. We are positioned to endure, and will continue to improve, regardless of the economic climate.

As always, there is more to do.

Unfinished business. Those two words are not usually associated with *Tom Weinkauf*, Distributor Services. Unfortunately, that's what he has to contend with until this year's Chicago Marathon. Tom was one of the thousands affected last October 7 – his birthday – when the race was stopped because of extreme heat. He was running as part of a charity run for the American Liver Foundation, a cause close to his heart because of his own liver disease. "I know I would have finished if the race had not been called. And there are other marathons I could enter before this year's Chicago event, but it's important for me to take care of unfinished business first," he said.

Best laid plans. *Krysten Shoulders*, Human Resources Manager, knew that Dave Ramsey's "Financial Peace at Work" seminars would be popular, so she ordered 40 sets of materials to cover the two times the program will be offered this year. "Pleasantly surprised" was her reaction when 84 employees and spouses signed up to participate in the first group! The event had to be moved off-site to accommodate the larger numbers. The program will be offered again in May.

Kudos to our designers. Sometimes it's important to take a deep breath and give our hard-working employees a well-deserved break. Our design team celebrated some recent accomplishments with a pizza lunch.

- They designed 133 projects in January, the second highest in Daman history.
- There were no mistakes or scrap resulting from design in the last 3+ months.
- Of 1,010 designs completed in the last nine months, there was only one small mistake that reached a customer.
- On-time delivery was 97.5 percent. Manufacturing accuracy was 99.89 percent. Custom design accuracy was 99.34 percent.

Spotlight on Lin Tran



When Lin Tran fled the Communist regime in Vietnam in 1991, he spoke no English. Today, he speaks fluent English and uses his new language not only in his occupation, but also to encourage young people.

After several jobs at other companies, Tran was hired at Daman in 2005 and is now a team member in Cell A. He admits that not everything went well at first. He says, however, that the new training program is helpful and there are fewer distractions as he learns.

It is outside of the work environment that the "learner" becomes the teacher. A happy family man whose greatest pleasure comes from being with his children, Tran sometimes speaks at South Bend's McKinley Elementary School where two of his three daughters are students.

He uses an analogy as he talks to students about respecting teachers and respecting themselves. "I tell them that if you plant a tree and take care of it, you get good fruit. The fruit is your future."

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Going paperless. Going green.

Do you remember the great goal of “going paperless” when computers became common fixtures in the workplace? Remember all the trees we vowed to save? How many of us remain faithful to that goal?.



No matter what the motivation, most of us are aware of the benefits of eliminating the use of as much paper as we can. But transferring data into computers is not just good for the environment, it is a benefit within the walls of Daman – and certainly as we interact with our customers.

Gordon Weiler, Sales Manager, remembers the “not-too-distant old days” when most of the information he needed was on a piece of paper – somewhere. “When I worked in the office, I often had to walk throughout the building and find what I needed in a filing cabinet or, worse yet, dig around on someone’s desk. Calling to get information when I was on the road could be just as frustrating. Now I can find all the answers myself,” he said.

Customers appreciate “instant” information, too.

Thanks to Daman’s persistence in getting everything from archival material to up-to-the-minute quote forms available on networked computers, the days of digging through file folders are gone. Much of the credit goes to Sonia Cook, Resource Assistant. “We no longer run out of filing cabinet space. We scan everything from 30-year-old records to drawings and catalogs. When anyone needs to access information, it’s right at their fingertips,” she said. “Yes, we still make some paper files, but we’re committed to ‘going green’ as much as we can.”

With answers to questions readily available at the click of the mouse, it’s rare that callers hear “Hold on a minute. I have to put down the phone and find that file.” Customers are the beneficiaries of the hours Cook and others have put into the project. Anyone who answers the phone can quickly and accurately find the correct information.

Saving time. Saving trees. Saving money. It’s good for everyone involved.



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