

FORMING IDEAS

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5 THINGS MORE IMPORTANT THAN PRICE: REVEALED!



Price is important but seldom *the* most important factor of the buying decision. If it were, everyone would be driving the least expensive car available. Factors such as capacity, comfort and durability are important which is why there is such a wide range of vehicles on the market in a huge price range. The same holds true in the metal industry which is why we have various metals and material grades available. It is also the reason there are many processes available. Shears, waterjets, plasmas and lasers all cut metal but each provides a unique advantage. Go to Page 2 to find out which five purchasing elements that should be considered before price.

OCTOBER 12



It took 200 years after the pilgrims first celebrated Thanksgiving in 1621 before it became an annual holiday in the United States. It was Sarah Hale, the author of "Mary Had a Little Lamb," who convinced Abraham Lincoln to create the annual celebration in 1863. Canada went along in 1879, but because of a shorter growing season changed the date in 1957 from the end of November to the second Monday in October which this year is October 12th.



In this issue, We calculate...

29/136,484

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A Waste-o-Saurus Story

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History Mystery



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Wäs-tō-sau-rús, n. [Waste, and Gr. sauros. a lizard.]
A cute but troublesome creature that wastes time and material. The Waste-O-saurus is elusive but commonly identified through reduced profit and productivity.

5 THINGS MORE IMPORTANT THAN PRICE: REVEALED!

(Continued from front page)

Performance

Probably the most important factor in your buying decision. The product must be capable of doing the job you intend it to do. At the most basic level, this is not even negotiable. If a part must be waterjet cut, you will not buy it from a company that does not provide that service, even if the price is the lowest.

Time

Products that save time are nearly always worth more than products that do not. Time is money. Consider this when selecting your vendors. Company A may provide an attractively low price relative to Company B but if their product is inferior, your shop will require additional time to work with it. The cost can be more than the difference between the two prices.

Warranty

No product or application can be perfect every time and there is always the possibility that you will need the manufacturer to address a problem you are experiencing. This is when you find out who really stands behind their product and who does not.

Service and Support

Do not overlook the value you get from a quality manufacturer who provides good service and technical support. This is so critical that when purchasing a complex, highly technical piece of equipment, price should be virtually irrelevant. The machine won't run without the support of the manufacturer.

Trust

Most people will only buy from someone they trust. Trust is so important that sometimes people will make a purchasing decision based on trust alone. Trust expedites and simplifies the transaction. Knowing that the vendor will perform well in a timely manner, warrant their work and provide after sales and service is priceless.

WASTE-O-SAURUS SIGHTINGS

136,484 to 29

Why cut a 2X4 if you don't know what length it should be cut to? It's not a problem if the length doesn't matter, but then why cut it?. However, if it has to fit, a measuring tape is as important as the saw. Measuring your business statistics is as important as measuring the 2X4 before cutting it. You can't improve what you don't measure. This holds true whether it be collecting receivables, on time deliveries or providing quality product.

Brenco Industries measures many of their business activities including those mentioned above. Providing quality products and service is important to avoid disruption to our customers' operations. Parts requiring rework or replacement throws a wrench into the customer's scheduling and could possibly cause the end product to fail.

Brenco measures the number of warranty claims involving service, rework

or replacement in an effort to understand where and why mistakes occur. In the last Forming Ideas newsletter, The Waste-o-saurus topic was Brain Farts. This, we've learned, involves inattentiveness for specific reasons and is why most mistakes are made. Another important cause is weak communication between the customer and supplier in the form of drawings that don't follow standard practice or misinterpretation of verbal instructions.

Recently, Brenco staff were analyzing key indicators and came across some interesting data regarding the company's quality output which is measured by the frequency and cost of warranties relative to the number of orders shipped. The analysis identified data that was not available until an ERP system was implemented last year which is the actual number of parts produced.

Data was collected on the company's



30 largest accounts over a 6 month period. The number of individual parts supplied to those accounts in that time period was a staggering 136,484. The number of warranties recorded against those 136,484 parts was a mere 29, a failure rate of .02%. While we believe this to be an exceptional achievement, Brenco will continue to use the "measuring tape and saw" to monitor and improve performance.

The Waste-o-saurus is intended to provide value to our readers by presenting issues relating to efficiency and quality in an effort to encourage and promote improvement. We value your comments and ideas.

Email us at: thebest@brenco.com



Something Stinks

Members of our industry are receiving notifications from their debtors advising of changes to their payment policies. That's right, the debtor instructing the creditor of new payment terms regardless of previous signed agreements.

One letter begins: ***"In an effort to streamline our accounts payable, we are changing our payment terms. The change will ensure that you, a valued business partner, will be paid in a timely basis."***

Any correspondence that begins like this, tells you immediately that you are neither valued or can expect to be paid in a manner that might possibly be considered timely. The letter continues: ***"We have taken a two-tiered approach to streamlining our payment terms. The following options are the only payment terms available unless otherwise negotiated in a long term contract."***

How can a two tiered approach that replaces a one tiered system possibly streamline anything? These are, in their own words, the *only* credit terms available to their *valued* business partners: Net 60 days or 45 days with a 2% discount. In fact, this company will have 3 tiers because government and utility providers will not negotiate payment schedules.

What is happening to our business environment where debtors impose credit terms and conditions on their creditors? The letter goes on to say, ***"If we do not receive a response from you by August 31, 2015 your payment terms will be moved to Net 60."*** (Negative billing options are always the charmer.) Historically, 30 day credit terms were provided as a convenience to allow the customer to consolidate payments, *not* to finance their operations. The worst example seen recently pushed payment terms out to 75 days. Slowing the speed of money harms businesses, especially small ones, and negatively impacts the economy.

Federal Election October 19th



The term "spin doctor" first appeared in the New York Times during Ronald Reagan's campaign for reelection in 1984. Spin is the twist given a baseball by a pitcher throwing a curveball to deceive the batter, while a doctor is someone who fixes a problem. Therefore, a "spin doctor" is someone who, faced with a political problem, solves it by putting a twist on the information to bend the story to his or her own advantage.

It's Flu Season



If you are "fit as a fiddle", you are in great shape. When the early North American settlers gathered for a barn dance, it was often an all-night session of dancing and romancing for the hard working and socially starved farmers. The local band of amateurs was led by the fiddler who needed great endurance and stamina to play until the cows came home. This gave us the expression "fit as a fiddler," which evolved into "fit as a fiddle." Stay that way and avoid the flu.

History Mystery



The Hayes-Anderson Motor Company was established in 1920. The name was abbreviated to Hayes Manufacturing in 1928 when the company built a large plant at 295 West 2nd in Vancouver. (The building, shown in the photo, is still standing.) Hayes built buses, moving vans, tractors and trailers. Eventually, they boasted a staff of over 600 and operated until 1975 when they were closed by their new owners, Kenworth Paccar. In 1947, 3 employees left Hayes and started another successful truck builder, Pacific Truck and Trailer which operated in North Vancouver until 1991.

Vancouver was once a hub of heavy truck and trailer manufacturing which included Hayes, Pacific Truck and Trailer, Freightliner, Kenworth and Willock.



Where Did The Name Come From?

The MGB is the best known classic British sports car and was introduced in 1962 as an update of the original MGA, which first appeared in 1955. There were approximately 375,000 MGB's built before the company went out of business in 1981. The MG stands for Morris Garages, a retail outlet that was established in 1911 and that began selling MG badged Morris Specials in the 1920's.

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FABTECH
Chicago
Nov 9 - 12, 2015

We were trying to think of a single word that would best describe the current state of our economy. We came up with, *meh*. Some might go so far as to say, "Effing meh." But look on the bright side: Thanksgiving and a federal election are on their way. Oh, and we added some useless but entertaining trivia to this edition of Forming Ideas to take your mind off things. So, enjoy your turkey dinner and be sure to vote on the turkey you'd like to send to Ottawa.

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