WHITEPAPER

Understanding Original Equipment Manufacturers (OEMs)

I was curious to better understand the value Original Equipment Manufacturers bring to the market and what they look for in a supplier. I talked to some OEMs on this subject and the Tioga sales folks who call on them, and I did some poking around on the internet.

Tioga's customer base of OEMs fabricates parts and components to high-standards that are fit to perform to certain design specifications. Production of high quality starts with the right design, equipment and materials. The finished good(s) and/or equipment are delivered with warranties and commitments of on-going support.

According to Ian Johnson in a blog entitled "The Benefits of Selling to an Original Equipment Manufacturer" [1], first and foremost OEMs expect quality. He writes that OEMs can't "afford any issues with their own production because of sub-par product from their suppliers." In the steel industry, a product is acceptable only if it is delivered on time and with the correct paperwork. Without either one, the OEM may be 'dead in the water' with a disrupted work schedule as employees are being paid to wait around.

A unique problem that OEMs face is the risk of variations in the supply of parts (even a standard part); this can wreak havoc on the production line. Ideally a raw material or component part goes directly into the input stream of production, but that's not always the case.

While pipe, fittings and flanges are bought to specifications, there are many variances or nuances in the finished product including, but not limited to, surface finishes on the outside or inside diameters, dimensions, hardness and chemistries. These variances are commonplace; in Tioga's case, for example, we carry Chrome Alloy SA335/A335 pipe from various manufacturers around the globe. The manufacturing processes differ from mill to mill, testing can vary and even changes in the in-line production process or equipment used from the same vendor can result in dissimilarities.

A simple example of a difference may be paint application, surface coverage and adherence. Let's say that an OEM discovers when painting the outside surface of SA312 pipe supplied from Manufacturer A (material with a bright shiny finish, probably solution annealed or ground finish) that this material requires only one painting pass, but the situation is very different for pipe from Manufacturer B (material with a matte finish- resulting from the pickling operation used for descaling after heat treatment) where it takes three painting passes. Even though both pipes are properly produced to the same specification, this variation can make a big difference in the throughput of the customer's production line.

A good supplier asks and probes with the right questions and/or visits the customer to see the fabrication process to get a true read on the OEM's real needs. From the example above, this sort of attention to detail would result in only supplying pipe with Manufacturer A's finish.

More specifically, a healthy dose of inquiry into the following can greatly help in the planning and execution of the fabrication:

i) Identifying the line item details in regards to material grades, sizes and schedules of pipe and fittings, and
ii) Knowing the job schedules (completion dates) for specifics such as headers, nozzles, large and small bore piping, and
iii) Having open discussions with the customer up front about information regarding mill deliveries of certain sizes and schedules of material.

Being curious is the linchpin to consistently supplying the right material for that specific requirement and that, quite frankly, usually comes with extensive industry experience.

A second point Johnson makes is that OEMs should use vendors that are committed to perform best business practices. OEMs don't have the time or energy to partner with second rate outfits. No one has the time to waste training their vendors; this is where professionalism and years of valuable experience kicks in. Johnson opines that "You must have that dynamic sales and customer service team, the ability to respond to delays, and the inventory, and production capacity, to respond to increase demand at a moment's notice." Fair enough, as we all have been bitten in the rear and lived to regret using an underperforming vendor.

It is vital to work with certified vendors with written and audited quality programs and the requisite performance record. While pipe, fittings and flanges are just a part(s) of a larger piece of equipment, they often are the critical components. Installing a piece of pipe with the incorrect standard or specification can be a sizable issue. Problems do happen and mistakes can occur, so it is also critical how a vendor takes corrective action and responds in a timely manner.

Scott Parrott, Tioga's Key Accounts Manager based out of Chattanooga, TN, adds something else into the mix when he says "having a good working relationship with vendors that you know are highly respected in the industry and have a quality product and Q.A. program that the manufacture will stand behind is critical. It is a relief going into a project with a supplier you know will work with you and correct issues that might occur during the fabrication process in a timely manner."

For over 70 years Tioga has been selling to the OEM market. We take quality assurance very seriously. Tioga is the longest continuous holder of an ASME Quality System Certificate for a distributor to the Nuclear power market, we are ISO certified, and maintain a program for sales to the Military Shipbuilding segment. None of our competitors can match our track record. Maybe such standards don't apply to your project, but it gives us a leg up to handle any of your quality requirements.