

Matlock Electric Co., Inc.

Presents:

Equipment Management Alliances:

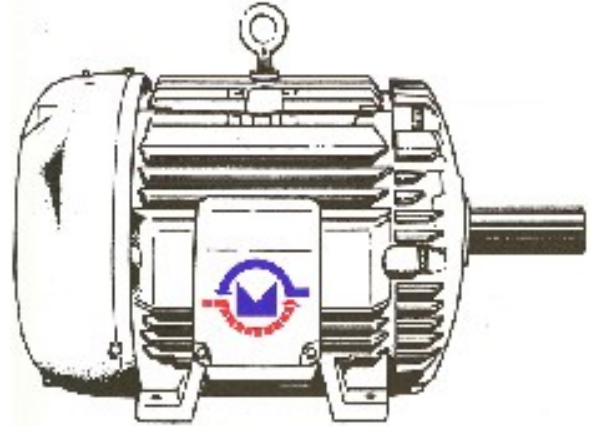
Equipment Management Alliances

Matlock's Equipment Management Alliance concept is really quite simple: We take control of the customer's equipment and manage it for them. In many cases, customers, especially in large plants, really don't know what they have in terms of equipment—which means they need our help.

There are two initial steps implementing our Equipment Management system:

Equipment Survey - We start by conducting a survey of the customer's equipment, which might include:

* Nameplate information: (For Example)



Repair and warehousing are two main functions of Matlock's Equipment Management Alliance System.

Repair and Warehousing

Repair Services - We assist customers in reducing their vendor base by helping them write objective specifications on electrical apparatus repair and new products.

We also provide assistance in establishing pricing guidelines by helping customers make certain they are comparing "apples to apples". Obviously, we offer Matlock as a complete source of repair services.

Warehousing - At this point we determine the best way to manage the customer's equipment. This might involve moving all of their excess equipment off-site or consolidating it into one location at their facility. Generally, removing the equipment is the best way to control it.



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|-------|------|------|--------|
| HP | 400 | | |
| RPM | 1780 | | |
| FR | 449T | | |
| VOLTS | 460 | | |
| AMPS | 440 | | |
| PH | 3 | HZ | 60 |
| CODE | G | | |
| SF | 1.15 | AMB | 40C° |
| EFF | 95.8 | | |
| ENC | TEFC | TYPE | 18180M |

| | | | |
|--------|--------|------|------------|
| INS | CL | DES | B |
| DE | BRG | | |
| ODE | BRG | | |
| RATING | CONT | | |
| DATE | CODE | | |
| NO. | BALDOR | SPEC | #18G21W344 |
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CINCINNATI, OHIO
1-800-334-9548

- Assembly equipment
(such as tachometers, brakes, etc)
- Driven machine information
- Location of equipment

For future identification this information is attached to the equipment.

Inventory / History Analysis — After identifying the equipment, we start an inventory analysis by comparing the numbers of motors in service to the numbers of spares.

After such analysis, we often show customers how liquidation of excess inventories can generate savings through attrition of unnecessary equipment) or additional revenues (through excess inventory sales).

Phone: 513-731-9600 ■ 1-800-334-9548 ■ Fax: 513-731-9646

service@matlockelectric.com
www.matockelectric.com

How The Customer Benefits

We present Matlock's Equipment Management Alliance system based on the numerous savings and benefits the customer will receive.

- We help customers reduce their carrying costs on inventory.
 - Because we know what they have in service compared to stock, we can better utilize their inventories.
 - By eliminating redundancy, we've proven that most companies can reduce their inventories by 20 to 50 percent.
 - Most customers keep spare parts on the shelf for their equipment, but they don't do a good job of managing them. We help them virtually eliminate these costs.
 - By warehousing their inventory, we allow customers to utilize their space better and expand production.
 - We show customers how they can help reduce or better utilize their personnel.
 - By tracking historical data for customers, we've been able to get to the root cause and eliminate many problems they thought were "normal". For instance, one of our customers had been replacing bearings on six 350 horsepower motors every six months. By tracking the history, we found that the motors had been misapplied from the beginning. We modified the motors for different bearings and shaft material, eliminating the problem and saving the customer in excess of \$300,000 over the past three years.
 - Standardizing equipment also saves customers money by identifying what is unique about OEM motors; we can frequently replace them with standard motors.
- We show customers that through better management, we can reduce the amount of repair dollars they spend in a year by as much as 70 percent.
 - We also outline for customers how we can help them reduce their vendor base to reduce costs.
 - In some cases, we employ a person to work at customers' location on a full time basis. Our employee "lives and breathes" the customer's business, but he works directly for us.

By showing our customers and potential customers all of the benefits of Equipment Management, we build a better relationship.

The Challenges

While the rewards are tremendous, establishing an Equipment Management Alliance is definitely challenging.

Equipment Management Alliances generally require a major cultural change for both the service center and the customer. This change must be driven from the top of both organizations in order for the partnership to work.

Wrap—Up

To effectively implement Equipment Management Alliances a proactive attitude and a willingness to take and share risks is required. This helps us establish mutual respect and cultivate a close interdependent relationship—both of which are critical ingredients to both our future successes.



PHONE: (513) 731-9600 • (800) 334-9548

FAX: (513) 731-9646

2780 Highland Avenue • Cincinnati, Ohio 45212