

viewpoint

EXCELLING AS A TIER TWO SUPPLIER

How do you prosper during a period of relentless cost-cutting, when you can't cut anymore? Empire Electronics Inc. in Troy, Mich., found their own answer with a strategy that blends innovation, aggressive cost control, exceptional quality, and strong service, while becoming more valuable and agile on behalf of their customers.



Steven C. Doman

For Empire this has meant a heightened effort to build in-house design, engineering and subcomponent production to give their customer what they need quicker, easier and better.

Empire Electronics Inc. has more than tripled in size over the past three years into a world-class maker of wiring harnesses, lighting sockets, electrical connectors and other plastic-injection molded components. Steven C. Doman, chairman, CEO and owner, describes his business approach.

Why is it important to have in-house design and component production?

Certainly cost and quality are the price of entry in our market today. We have to keep stretching, not just for us but to enhance our customers' ability to compete.

Empire Electronics is fortunate to emerge more often in the process as an essential supplier. The more components we make, the more value we can engineer and the more cost-competitive we can be. It also helps us with another key element of our strategy: striving to become "spec'd in" by our customers. By that I mean having an OEM specify one of our designs. It's already beginning to happen.

What types of parts are you designing?

At this point we are focused on sockets, connectors and horn switch assemblies. We realized some time ago that it would be more cost-competitive for us to make our own components, many of which we were modifying to improve performance and add value. Now we can deliver a better connector at a better price.

Our full-service design department, consisting of three full-time senior product designers, focuses on performance, innovation, application and cost reductions. Currently our designers are developing modules for horn switch assemblies, exterior lighting components and other vehicle subsystems, consisting of custom-designed plastic injection molded components. Our design team focus is to think out

of the box, especially when it comes to saving our customers time and money. We strive to constantly integrate and improve reliability of our assemblies.

How do customers respond to letting you handle design work yourself in-house?

They support it. At first they are a little skeptical with something new, but we have a good track record, and our customers have been willing to try us. They know our mantra is to deliver what we promise, and we've built a strong reputation in that regard. Now more and more customers are asking us for our help.

Because of our design capabilities, we were just awarded a steering wheel modular assembly from one of



the largest tier one suppliers. This customer was so impressed with our design to take cost out that we were given a purchase order that covered the cost of all the tooling. We also offer finite element analysis related to the products that we produce, ensuring robust product solutions for our customers

complex design issues. Our design team has the experience and knowledge to analyze stress testing measures to ensure the highest quality on every component.

Where do you see Empire Electronic five years from now?

Our primary principle is looking for ways to separate ourselves from the pack. The question I ask myself is, "How can we offer more to our customers, so they in turn can offer better products and solutions to their customer, all the while keeping cost at the fore front of our minds?"

Customers always want to know about labor costs. Many know that our operations are in Honduras, a Central American country that offers a very motivated and skillful workforce, and globally competitive labor costs. But I'm convinced that labor isn't the prime cost factor today. We can be especially effective on the cost side when we're invited in at the design stage.

My goal is to become the best tier two supplier in the world. Who knows? Maybe one day we'll become a tier one supplier. But for now, our focus is differentiating ourselves from our competitors by stretching to be better.

To learn more about Empire Electronics, contact Steve Doman in Troy, Mich., at sdoman@empireelect.com or (248) 585-8130 or visit www.empireelectronics.com.