

BUSINESS PROBLEM

What happens when an industrial component manufacturer's business disappears in a market shift? The preferred solution is to find new customers. Imagine, then, that in the process of servicing those new customers, the company develops some products of its own and transitions to become a design-assembly-sales operation. Now it must find component suppliers of its own.

SOLUTION

Pierson Industries was a manufacturer of high-end mountain bicycle components when the industry 'tanked' a few years ago. "Our business just dried up," says company owner and president Jay Pierson. In order to stay in business, Pierson had to find new customers. He was successful in turning the company into a general contract manufacturer serving a variety of industries. At this point in the company's history, Pierson discovered the MFG.com online marketplace. "We used it to find extra work to fill in the schedule," he says. When the company had capacity available, Pierson would go to MFG.com, search for RFQs that were a good fit for the equipment and time he was trying to fill, and submit quotes to the buyers. "The online marketplace helped us keep a steady flow of work through the plant," he says.

While fabricating parts as a contract manufacturer, Pierson was bothered by the amount of time it took to secure and align parts in his mills, and the delays in changing fixtures between jobs. He believed that maximizing spindle time would be a key to higher output and efficiency. So he experimented and developed a unique pallet workholding system that could quickly position more work pieces at one time and be easily swapped out for the next batch of pieces or the next job. Improving on the perceived weaknesses of traditional pallet retention devices and

problems with clamps and vises, he developed the Pierson Pallet Retention System and a variety of accessories to accommodate a wide variety of materials and parts.

Pierson now sells the Pallet Retention System universal base with its unique locking system along with a variety of standard pallets – from 6x12 inches to 10x16 inches – and PreEngineered pallets with clamps appropriate for bar stock in standard sizes. Other new products include a vacuum workholding system, a combination hammer / vise wrench and a collet stop device – all designed to improve efficiency in the machine shop.

Along with the transition from contract manufacturer to product company, Pierson moved from southern California to central Texas. "MFG.com played a big role in that transition, too," Pierson says. "When we moved, we also changed our posture significantly. We sold a lot of equipment – whole departments – and became an assembler rather than a fabricator. Now we outsource fabrication through the MFG.com marketplace and find it to be far more efficient and profitable than making the parts ourselves. MFG.com is like having a whole fabrication division but not under our own roof."

Pierson has never had any lathes in his operation, so all turning work had to be outsourced, even before the transition. "Today, we outsource about 90% of production," he says. "We still do a small amount of milling for custom work and we do some prototyping in-house." Pierson posts RFQs on MFG.com and gathers quotes for his parts. "I generally won't pick the lowest cost proposal," he says, "especially if it's from a lower-rated supplier." He has had some surprisingly good experiences with small vendors, however. "There was one small company we awarded a contract to – it may have been their first award on MFG.com – and they absolutely blew me away. Their quality was top-notch, they provided inspection reports, they delivered on time... they were great." Unfortunately, they were too busy to quote on the next job. Pierson has picked out a few 'favorite' suppliers, however; "If they quote on a job, we'll use them."

Pierson relies heavily on the member's profile when evaluating potential suppliers. "If the profile is incomplete, I won't pick that supplier," he says. "I want to see relevant photos, an equipment list, and other information about the supplier." He has found that the quality of the work tends to match up with

the quality of the profile and the customer ratings. "We're willing to pay a little more for quality and higher rated companies deliver better quality."

Pierson finds the MFG.com web site well designed and very usable. "It has gotten even better over the years since we have been using MFG.com. I can literally post an RFQ in under one minute. Sometimes I'll post an RFQ just before leaving for lunch and when I get back I might already have several quotes." He also has good things to say about MFG.com's customer service: "The site works so well that we hardly ever call them," he says, "so they call me and ask if there's any way they can be of help. I just tell them 'no,'" he says with a smile.

Pierson used MFG.com as a supplier, looking for additional work to keep the shop busy when he was a contract manufacturer, and as a buyer now that Pierson Industries is an outsourcing manufacturer of products. Both ways, the marketplace has been an effective tool to further Pierson's business endeavors. He is a big fan, and feels a sense of community with the other manufacturers he encounters there. "We even offer a discount to MFG.com members that are interested in our pallet retention system," he says.

ABOUT PIERSON INDUSTRIES

Texas-based Pierson Industries designs and sells tools and fixtures that improve efficiency and productivity in the machine shop. Featured products include the Pierson pallet retention system, Vacuum Workholding System, Speed Hammer, and 5C Collet Speed Stop.

BENEFITS

- Good source of additional work for a contract manufacturer to 'fill in' available capacity.
- Good source of parts suppliers for outsourced manufacturers.
- User-friendly web site with informative ratings and profiles.