

Insight

JUNE 2009

DISTRIBUTOR PARTNERSHIPS



Rick Nalley, President

One of the things about our business that I really enjoy is meeting people. I have had the opportunity recently to receive visitors to Louisville and to travel extensively to explore what it takes to build a successful manufacturer/distributor relationship. These conversations have proven enlightening, and though my thinking is still maturing it is indeed beginning to take shape. I would like to thank our distributor family for giving their valuable time to help educate me as to their thinking.

A lot has been written over the years, and much lip service has been paid to the concept of a *Distributor/Manufacturer Partnership* or Partnership for short. But what does that term really mean, and how does it translate in today's market? From my many meetings and the resultant new found perspective, the role of the manufacturer is generally agreed, but the role of the distributor lacks a consistent understanding. Based on all that I have heard the true *Partnership* would include the following respective responsibilities.

The Manufacturer's Responsibilities

- To produce a defect free product
- To deliver on time
- To price competitively
- To develop new saleable products based upon market research & needs
- To supply the necessary sales and marketing support personnel, literature, etc.
- To provide the required after-market support
- To train
- To promote a mutually beneficial relationship through excellence in communications
- To customise a growth plan for each distributor



Meeting with European Distributors in the UK

The Distributor's Responsibilities

- To provide the required infrastructure to meet or exceed the mutual goals
- To train both internally as well as externally
- To plan success toward the mutually agreed goals
- To pay their bills on time
- To be a conduit for feedback
- To promote a mutually beneficial relationship through excellence in communications
- To "delight" their market through excellence in customer service

The end result of such a *Partnership* is win/win/win – a successful manufacturer, a successful distributor, and a delighted customer. Though this may seem obvious, these responsibilities are all too often not visible in the manufacturer/distributor relationship. IRD is wholly committed to the development of such *Partnerships*. As we have moved to understand the four corners of our business since taking the Company private in July of 2003, it has been made apparent that IRD has not always operated under this platform in recent history.



Discussing weighty matters with a distributor in the Middle East!

We are in the process of putting the pieces in place that will realise the accomplishment of our goals and responsibilities. Such specific items as creating the new positions of Director of Product Development and Director of International Sales are both aligned to enable us to accomplish our goals. We are making rapid progress and expect that by the end of our current fiscal year, September 30th, 2009, we will be well on our way to **delighting** our customers!

IRD at EASA 2009 Convention in St Louis



2008 Convention in Dallas, Texas

IRD will be exhibiting at this year's Electrical Apparatus Service Association Convention in St Louis, Missouri which is being held 14-16 June 09. IRD has a long association with EASA and has many customers among the EASA membership.

IRD will be displaying and demonstrating both its IRD Balancing product range and the Lexseco Core Loss Tester range. The new Model 258 Vibration Analysis and Balancing kits will be on show. (see separate article for details).

This year there will be focus on the many upgrade and update products and kits that are available. Upgrade options are available to increase the capacity and application not only of IRD machines but those of other manufacturers as well. Update options are available for both IRD instrumentation and for older generation Lexseco core loss testers. Update and upgrade options can provide a very cost effective method of extending both the service life and the range of equipment applications, thereby helping to maximise return on investment.

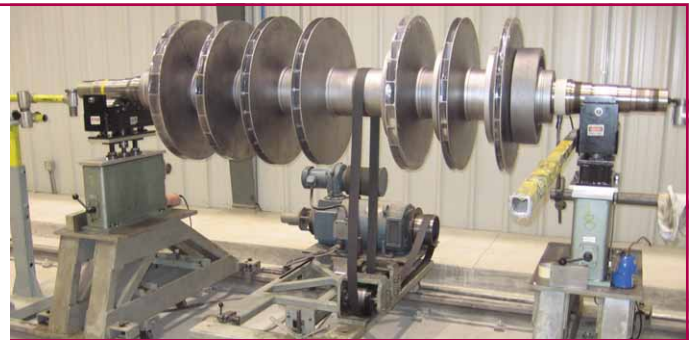
WORLDWIDE APPLICATION AND SERVICE SUPPORT

As part of our commitment to providing application and service support, IRD has been investing in developing its regional infrastructure. As part of this ongoing development, we have recently recruited additional Application Engineers in the US, UK and Mexico. This has helped strengthen our resources for COVERPLAN and other support and training requirements being provided for customers worldwide.

The US field service and support activity has seen significant expansion over the last year for both IRD Balancing and Lexseco products.

Mexico has a very active oil and petrochemical industry and IRD has worked closely with PEMEX over many years, providing on-site service and calibration as well as application support and training. There are also many engineering and support companies that work in Mexico's oil sector. The shipping industry that supports operations in the Gulf of Mexico is also very important.

IRD Mexico recently commissioned the first balancing machine of a batch ordered by Grupo Modelo for use in its locations



Canada: Balancing a multi-stage compressor rotor.

around Mexico. After commissioning a Model B20 machine, a training school course was completed for operators.

IRD Canada supports numerous customers in country and has a growing number of COVERPLAN customers. Customers appreciate the support provided under COVERPLAN and take advantage of the favourable costs for annual service and calibration to ensure the correct operation and long life of their equipment. Compliance with requirements for traceable calibration is an important matter for quality assurance requirements under ISO 9001.

IRD UK has recruited an additional Applications Engineer to support the expansion of its service and support capability within EMEA. UK and European COVERPLAN customers benefit from the service cover and application support managed from the UK office. In the Middle East region, regular service and training 'tours' are provided to ensure adequate resources are deployed for this important territory.

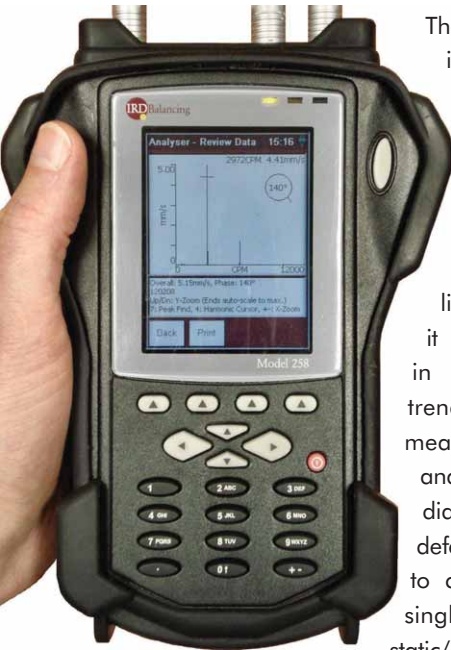


Mexico: Balancing training school.

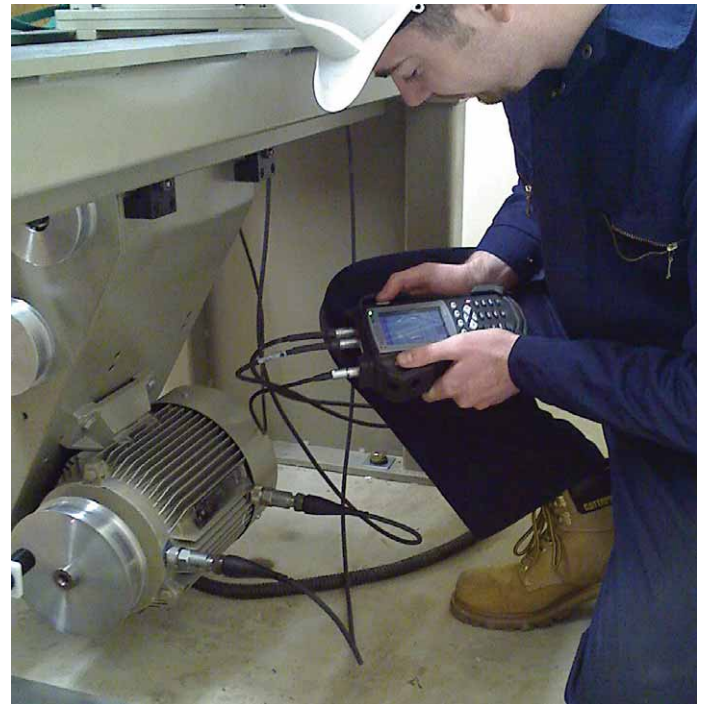


UK: Application training

NEW Model 258V Vibration Analysis Kit and Model 258B Vibration Analysis/ Dynamic Balancing Kit



The Model 258 is a powerful instrument package that has been well received by users worldwide. Launched in 2006, it has found wide acceptance for a diverse range of predictive maintenance and balancing applications. As a lightweight portable instrument, it is ideal for detecting changes in machine condition through trending of periodic vibration measurements. The powerful analysis capability can be used to diagnose machine problems and defects. It can also be used on site to correct rotor unbalance using single plane, two plane and static/couple balancing programmes as required.



To further enhance the application of this powerful tool; NEW kit configurations are now available to suit the most popular customer demands, these include:

The 258V Vibration Analysis Kit which is designed to suit the needs of users for predictive maintenance and basic analysis functions. The instrument is supplied with FFT Vibration Analysis module and is complete in a rugged carry case with transducer and accessories.

The 258B Vibration Analysis / Balancing Kit also provides field balancing capability. The instrument is supplied with both FFT Vibration Analysis and Balancing modules and comes complete with laser sensor, transducers, mountings and all necessary accessories.

Optional application modules and accessories are available to further extend the capabilities and applications of the Model 258 instrument.

IRD Installs new CNC Lathe



IRD has continued its programme of investment in advanced manufacturing technology with the recent commissioning of a new Mazak QTN 200-II CNC lathe at the Louisville production facility. This is part of an ongoing initiative and follows the commissioning of a new CNC Mill last year. (See: Insight July 2008)

The new lathe increases capacity of the machine shop and will reduce lead times on certain critical components as well as ensuring the highest of quality standards are maintained



ON- SITE MAINTENANCE OF STRATEGIC ROTATING MACHINES



Middle East: Balancing generator rotor in power station upper floor.

In the current economic climate, much focus is applied to optimising all areas of service efficiency. Significant benefits can be realised

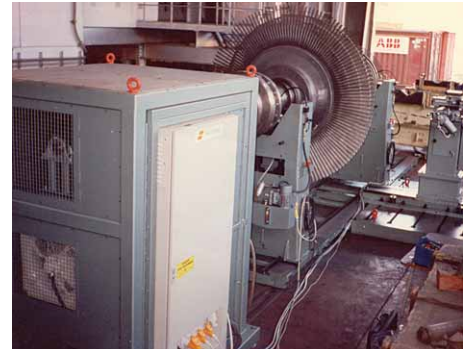
by undertaking as much as possible of the maintenance of strategic rotating machines on site by employing transportable maintenance facilities. Benefits include minimising down time and avoiding the cost, logistic complexity and risks of transporting rotors over long distances.

The use of IRD transportable balancing machine systems makes it possible to undertake precision balancing of both rigid and flexible rotors on site. A machining attachment can also be utilised for a range of machining operations.

IRD works closely with a number of service organisations world-wide to support such service works and is the only manufacturer of

high capacity truly transportable balancing machines.

(Please see 'Tech Papers' section of our website for a detailed paper on this subject)



Southern Africa: Transportable balancing machine with machining attachment.



The 100th Gresley Pacific locomotive was built by the London and North Eastern Railway in 1937, and the railway honoured her designer by giving the locomotive his name. The Sir Nigel Gresley, now bearing the British Railways number 60007, was saved from the scrapyards in 1966 by a small group of

PRECISION BALANCING FOR A PIECE OF BRITISH HERITAGE

determined enthusiasts who set up a preservation society (now The Sir Nigel Gresley Locomotive Preservation Trust Ltd).

The Trust is dedicated to keeping the locomotive running, both on heritage railways and, as much as possible, in her natural environment, the UK main line. She is a part of the nation's history; she is also very beautiful. Recently, a major overhaul was undertaken and systems were upgraded to main line standards including the fitting of an air-braking system, on train monitoring and recording, and a train protection system.

IRD was pleased to support the balancing work which was undertaken by Dowding & Mills, Middlesbrough on an IRD machine to ensure that the wheels were balanced to the exacting standards now required to operate on the UK mainline.



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