

## MARKETING

Dowty 'O' Rings International, Malta

# From manufacturer to partner

by Albert Caruana

Dowty 'O' Rings International was established in Malta by Sir George Dowty as Malta Rubber Ltd in 1961. Buoyant international markets and cheap labour costs ensure the growth of the Malta plant which by 1975 employed over 1200 persons. Up to this time the company focused on manufacturing the orders that came from the parent company. The basic philosophy essentially was: "We make them, what you do with them is your business." The oil crisis hit this industry particularly hard. Demand slumped and the company had to reduce its workforce by some 500. In this traumatic change was born the catalyst for today's success.

## Strategy

As an autonomous company within an international group, the local company adopted a new strategy. From that point onwards they decided to focus their attention on a particular segment of the 'O' ring market. Their analysis indicated that safety critical seals represented a segment within the 'O' ring market that offered considerable potential. On its own this segment accounts for around one third of the total Stg 600 million 'O' ring market. Safety critical seals are principally directed at the automotive and high vacuum pump sectors. Today Dowty's sales amount to some Stg 35 million split 85 per cent in the automotive sector and 15 per cent in high vacuum pumps. Targeting these sectors has meant that the company needed to produce not just any 'O' ring but an 'O' ring that meets very stringent quality and performance criteria. They therefore set about developing the premium 'O' ring applications required by

*This article is based on an interview held with Mr Anthony C. Poole, Managing Director, of Dowty 'O' Rings International, Malta, and of John Crane Polymer Europe of which the Malta plant forms part. Mr Poole, who has been with the company over 20 years, has been a major force behind the successful strategy adopted by the local company.*

this market. These include 'O' rings for use in the fuel injection, climate control and brake systems of cars. Competition in this sector of the 'O' ring market comes from some 10 international companies. Dowty has a market share of some 18 per cent and ranks with the top three world suppliers. The company exports the major part of its production to the European market with a further 30 per cent to America and some 5 per cent elsewhere.

## Changes

The adoption of this strategy has necessitated the adoption of new functional strategies. In terms of operations this has included retooling, retraining, a greater emphasis on efficiency, and the introduction of very stringent quality control. The company now produces some one billion 'O' rings a year in some 3000 different sizes. The new strategy has also necessitated a heavy investment in upgrading the skills of its employees. This has been particularly evident in terms of the expertise required to develop the materials for the seals so as to meet the required specifications. This is all done by locals who have been trained at The London Rubber School and at universities with a specialisation in this area. The whole area of human resources is given much attention. The company

believes this to be its most important asset and actively encourages and invests in training at all levels. The strategy has required a more proactive approach. To move away from its previous reliance on simply completing orders given the company has built its own sales capability. The success of the strategy adopted is reflected in the number of employees with the company that currently stand at over 800 - of whom some 40 per cent have more than 20 years experience.

## Industrial marketing

Marketing in the industrial sector is rather different from marketing with fast moving consumer goods. Moreover, the way firms buy in the industrial sector, particularly in the automotive industry, has changed considerably. Gone are the days when requirements were issued out to tender. Today, buyers are quality managers or engineers. For a product to be accepted it must pass stringent application tests. In these circumstances, marketing is about building relationships and trust between the various contact points of the two organisations. Obtaining orders from companies represent a long term commitment to a relationship. It has taken Dowty some six years to get business with Bosch - a major supplier of injection



Laboratory

fuel systems to Ford, Siemens and others. The quality of the products being supplied is critical. Applications testing is now often carried out at Dowty in Malta. Over the years these tests have become increasingly demanding. Indeed the major hurdle is to meet these stringent tests and obtain certification as a quality supplier by these large companies. The company has received quality awards from many of its customers, including the prestigious Ford Q1 Preferred Supplier, Bosch Premier awards and ISO 9001. Indeed Ford have commented that: "Dowty meets the requirements of GM quality standards with an above average system and performance."

## Jit

Many of Dowty's customers work on the Just In Time system. The company must have the capability to deliver the right quantities as required without the need for these buyers to keep stocks. Dowty 'O' Rings International, Malta, is today one of the five companies that form part of the John Crane Polymer Engineering Division. To be able to meet the requirements of the JIT system the company finds it necessary to keep six to eight week stock in the country of the purchaser. Distribution is then generally performed through the network of the parent organisation. However other distributors have been used where John Crane does not have the necessary capability.

## The future

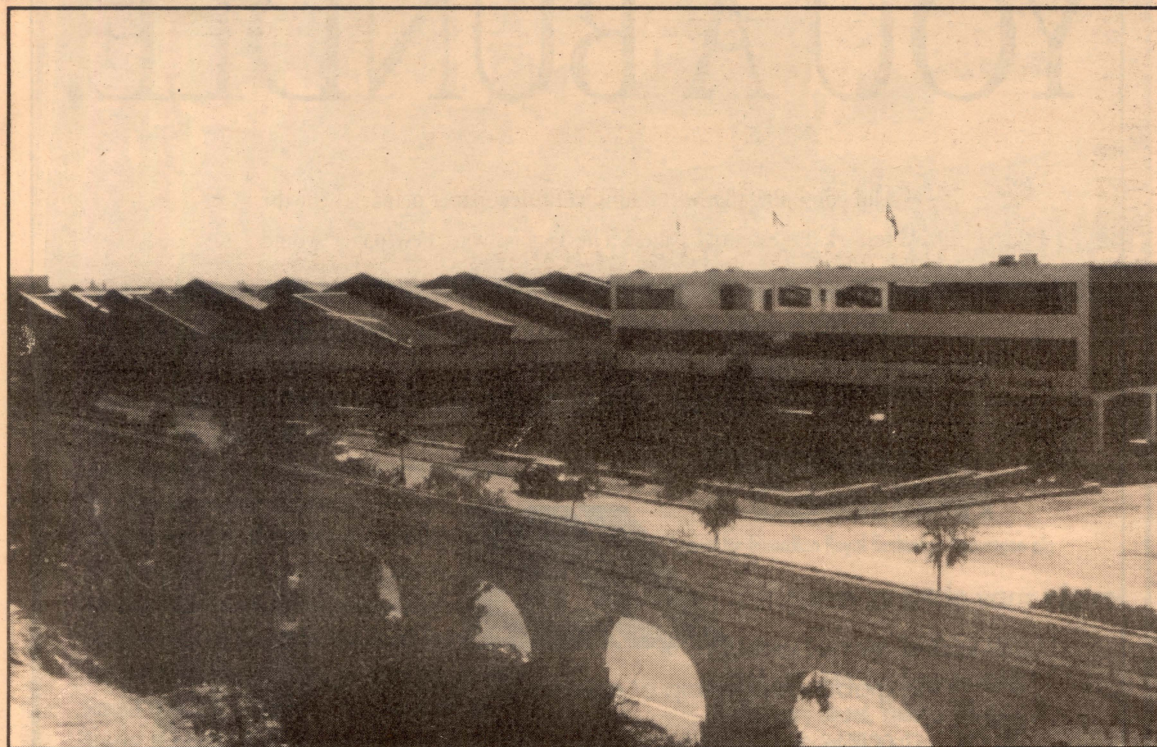
Notwithstanding the recession that hit the automotive industry in recent years the demand for premium 'O' rings has not declined. Thus although the number of automobiles produced has declined, premium 'O' rings have benefited from an increasing number of applications in motor cars. Dowty has initiated a policy of geographical diversification focusing on the Japanese and

American markets. After 18 months of contacts at various levels the company has just been awarded its first orders from Isuzu and Mitsubishi. In America it has joined with automotive companies in their new product development processes. This has resulted in joint work in the development of 'O' ring applications for natural gas automobiles, and in improvements that aim to meet climate control and emission regulations. These are legislative factors that will increasingly come to influence the automobile industry. Marketing in this industry requires being there during the development process as in this way the company is able to build trust that is the basis of long term relationships from which orders follow. The time the company spends during this development stage is an investment in future orders.

## Achievement

Looking back, the management, who have seen the company through all this, can rightly be proud of their achievements. It is indeed an example of excellence of marketing in the industrial field. The recognition they have received with the award of the Achievements of Industry Award for 1994 is well deserved.

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Mriebel plant

This is the first in an occasional series on local firms that exhibit some aspect of excellence in marketing. Companies that wish to be considered for inclusion are kindly requested to write, giving a brief overview.

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