

Innovative strategies help electronics companies grow

Innovative Solutions



In today's tough business environment of rising costs, increased regulation and stiff competition, firms in the electronics sector are under mounting pressure to find new ways to grow. Complicating this is a growing list of regulatory requirements in countries around the world that add to companies' cost burdens and slow speed to market.

In response, Dow Corning has developed a business approach with solutions aimed directly at helping electronics companies expand into new geographies or markets, manage capacity bottlenecks, and innovate.

In addition to providing materials, technologies and services, Dow Corning now offers assistance ranging from access to a distribution network, contracted R&D services, and equipment alliance and process troubleshooting.

This approach has already helped companies around the world. As a result, one company was able to build an airbag sensor manufacturing plant in Mexico; another reduced distribution costs by 50%; and a third secured the funding needed to expand into North America.

In the past, Dow Corning focused on developing and marketing silicon-based materials. Now the company supports customers in multiple ways, offering expertise and building on more than 60 years of technology leadership and business experience.

Speeding capacity expansion

A global electronics company that produces airbag sensors needed to expand capacity to keep up with soaring demand. The decision was made to build a manufacturing operation in Mexico. Company executives recognized they could speed the process and ensure a top-quality new

facility by replicating their own processes and best practices at their existing U.S. plant.

The company produces airbag sensors that measure the weight of front-seat passengers and either adjust the velocity of or deactivate airbags accordingly to protect children. The U.S. government has mandated that a certain percentage of new vehicles sold next year be equipped with “smart” passenger-side airbags. In order to save time and maintain its focus on meeting fast-growing demand for its products, the business sought external support from a company with extensive experience managing manufacturing expansion projects.

Dow Corning was selected to manage key elements of the project, including designing and implementing an unloading station, a bulk storage unit, and a centralized silicone delivery system. Its work extended throughout the life of the project, from the purchase and design of the site to the implementation and integration of the facility. Through broad-based engineering know-how and contractor management, both costs and time were reduced.

Using proven delivery systems reduced the technical, financial and regulatory challenges associated with the expansion project. Dow Corning’s experience stems from the design, construction and operation of its own manufacturing operations and systems, as well as expertise in operational efficiency, HVAC, certification and maintenance.

This approach allowed the electronics manufacturer to focus on its top priority – creating products and technologies for its own customers. “I believe what sets our approach apart is that we live with these types of business challenges every day, unlike consultants who provide advice and then depart,” explained Tom Cook, global industry executive director for Dow Corning’s electronics business. “The results were so good, the company asked us to retrofit the original plant in the U.S. as well.”

The right distribution strategy opens markets quickly

One of the challenges companies face after market entry is to identify and contract effective, well-connected distributors to help them build their businesses. To speed this process, Dow Corning has created a proprietary Distributor Effectiveness Model and “Best Partner” criteria that allow equipment companies to systematically compare distributor options.

For electronics companies that need equipment, the Equipment Alliance aligns proven, effective distributors with companies entering a new geography. The company achieves market expertise and contacts, and the distributor broadens its portfolio of offerings.

“We are working with a fast-growing German electronics company that plans to enter the U.S. market,” explained Cook. “While it sometimes takes 3 to 5 years to find, establish and implement an effective distribution network, we have been able to supply an existing distribution network with instant sales force of professionals familiar with their equipment, technology and local market opportunities. This reduced implementation time to reach full productivity to 12 to 18 months and reduced distribution costs by half.”

The distributor also benefited by receiving a distinctive product with unique capabilities for the U.S. market. In addition to the solution, Dow Corning provides the materials used in the company’s equipment and contributes macro-electronics expertise based on its acquisition of Raychem Power Materials.

Global expertise and expansion support

Expansion solutions can be narrow or broad-based. When a small, innovative electronics company decided to expand into North America but was unable to secure financing for the move, it needed to consider other options. Investment banks would not provide funding because of the company’s size and relatively short time in business. “Our solution involved Dow Corning partnering with the company, which provided the

immediate credibility, global expertise, and resources the financial institutions needed to agree to fund the enterprise,” Cook continued. “We also helped them by arranging a distribution network, providing repackaging services, and giving the company entry to our own North American customers. This has become a model for the entry of other European companies into American markets.”

Partnering with a major global company gives small and medium-sized companies large-company advantages. “Small companies indicate what they need most is expertise, resources and connections of established players in a new geography,” explained Cook. “We have been able to fill in any gaps, expand their reach and capabilities, and accelerate speed to market which is extremely important in a competitive marketplace.”

Innovation can be affordable

Some companies require innovation services but haven't the time or financial resources for research and development. For them, there is a new opportunity to contract R&D services from an established, innovation-focused company like Dow Corning. R&D solutions reduce the company's time and minimize risk. As an option to paying for R&D outright, Dow Corning often works within a revenue-sharing arrangement by which it is paid a percentage of the revenue generated from the innovation. For many companies, this increases opportunities and allows them to create new markets by partnering with Dow Corning, a leader in silicon science.

How to contact us

Dow Corning has sales offices, manufacturing sites, and science and technology laboratories around the globe. To learn how Dow Corning can help your business, contact your nearest Customer Service Specialist – find out how at dowcorning.com/contactus.

Images: Page 1 - AV04313

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