

DONNELLY HELPS DIEBOLD DISPENSE WITH LESS CASH

--- 10% PRICE REDUCTION

SEAMLESS TOOL TRANSFER ---

--- SHORTER LEAD TIME

SHORT RUN EXPERIENCE ---

--- BETTER QUALITY

ON-SITE ENGINEERING ---

--- NEW TECHNOLOGY

SPEED-TO-MARKET---





Diebold Confronts Difficult Market Conditions

The Automated Teller Machine industry was suffering on multiple fronts. The U.S. bank industry was in consolidation mode and the fast-growing Asian market was mired in a financial crisis.

Diebold, a global leader in ATMs and other self-service and security products, realized tough market conditions required new thinking. So the company sent out a letter asking suppliers for innovative and creative ways to improve and streamline its business.



Donnelly Answers the Call to Action

When Donnelly Custom Manufacturing received the letter, they didn't just disregard it. Instead, they saw it as a unique opportunity to address weaknesses in Diebold's supply chain and deliver enduring value. Donnelly leadership recommended Diebold consolidate its plastics supplier base, which would reduce costs by improving the economies of scale. "We were confident we could not only lower prices, but improve quality and customer service as well," said Ron Kirscht, Donnelly's President.

But the prospect of transferring tools was not initially appealing, according to Richard Bear, Diebold's Strategic Procurement Manager. "Typically, when you move tools, it can be a painful process. You can experience costly disruptions to your operations by having your lines down for extended periods of time."

“Donnelly is one of our top strategic suppliers. They have not only helped us control costs, but have provided benefits to our customers in the process.”

— Richard Bear
Strategic Procurement Manager
Diebold, Incorporated

The consolidation plan involved moving 225 injection-molding tools, which were divided among several suppliers. Diebold estimated the plan would save 5% by taking out direct costs, as well as softer, transactional and relational costs. When Donnelly promised a 10% cost reduction, shorter turnaround times and a documented quality containment policy, Diebold determined that the reward outweighed the risk and gave Donnelly the go-ahead.

DIEBOLD'S TOOL TRANSFER EXPERIENCE

- Zero line-down situations
- Immediate cost-savings
- Order lead time under five days
- Effective quality containment process

A Trouble-free Tool Transfer Experience

"It was one of the smoothest tool transfers I've ever experienced," said Bear. "Even though we had to re-sequence tooling priorities due to unplanned demand fluctuation, Donnelly met all our timelines with zero line-down occurrences or supply chain interruptions."

Keeping the supply chain at full capacity during the tool transfer was made more challenging by unforecasted demand from some of Diebold's production facilities. Donnelly's short run expertise allowed them to quickly respond to these fluctuations in global demand.

"I would describe Donnelly as a set-up house that does production," said Bear. "They are extremely competent on tool set-ups. If we need 100 pieces, they can run them, no questions asked. Some injection molders cringe if they have to switch tools once per month. Donnelly will switch tools on the same press several times a day."

The Bottom Line: 10% Cost Savings, Faster Service

After the tool transfer was complete, Donnelly delivered on its promise of a 10% price reduction. Despite now managing over 600 Diebold tools, Donnelly reduced order turnaround time to less than five days. "They have also implemented an effective quality containment process, reducing defect levels," said Bear.



Donnelly: A Strategic Supplier You Can Count On

Donnelly's goal is to be the best plastics partner an OEM could ask for. One way they do this is by purchasing new technology that fulfills their customers' unique needs. In 2002, Donnelly acquired a gas-assist injection molding system, which is necessary to produce Diebold's ATM fascias. "Starting with two tools, Donnelly quickly demonstrated competency in gas-assist," said Bear. "We were so impressed, we continue to move gas-assist tools to them."

Donnelly helps customers increase speed-to-market on new and re-designed products by providing an on-site engineering team. Donnelly's engineers were a driving force in reconciling a cosmetic specification issue on Diebold's new AccuVote™ Optical Scan system, according to Patrick Turner, Materials Manager for Diebold's Lexington, North Carolina facility. "Several states were counting on us to deliver voting systems in time for the 2002 elections," said Turner. "Donnelly's engineers identified the cause of the blemish and allowed us to meet our customer deadlines."

Donnelly's high performance levels and value-added services have not gone unnoticed. As part of Diebold's 2002 supplier certification program, Donnelly received a platinum performance rating for cost reduction, as well as gold ratings for on-time delivery, customer satisfaction and new product introductions.



SHORT RUN EXPERTISE AND MORE

Speed-to-Market Improvements

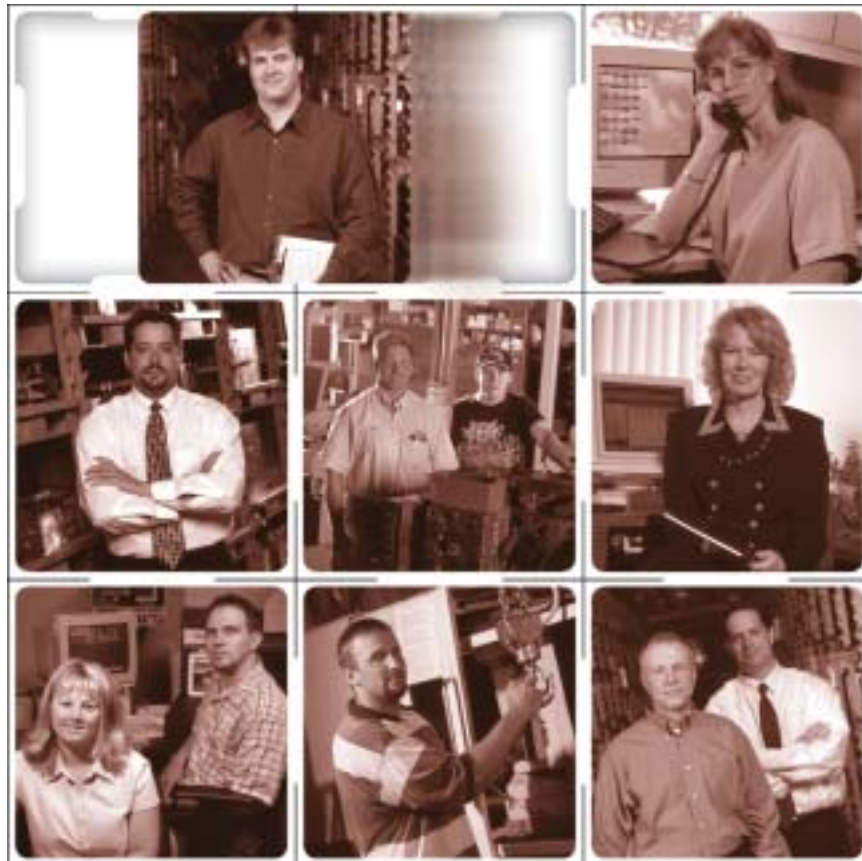
Willingness to invest/add services

Skilled at managing demand fluctuations

On-site engineering assistance



Solving the Short Run Puzzle



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How Short Run Is Done™

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