



LISTENING, LEARNING AND CHANGING



Results from 2015 Swagelok Global Customer Survey

Swagelok



Message from Art Anton, President & CEO

I would like to thank the more than 10,000 Swagelok customers who took time out of their busy schedules to participate in Swagelok's 2015 Global Customer Survey. Leaders and associates throughout our global enterprise have been reviewing your responses carefully, and are taking actions to address them. In the time since we fielded this survey last year, we finished our implementation of SAP, which helped us dramatically improve our delivery performance and delivery times. And more improvements are on the way.

At Swagelok, we aspire to excellence in everything that we do, and one of our corporate values is continuous improvement. We are a group of people that wants to do the right thing, and we're focused on what's best for the customer. From your survey responses, we heard that we need to be quicker, more flexible and responsive. We also need to communicate more with you.

Here are two initiatives that we have been working on to improve our speed. These were in the works before we received the 2015 survey results, and your collective voice affirmed their importance.

- In 2015, we held 30 Point Kaizen events on our shop floor, and in 2016, we aim to hold 50. These are a special kind of Kaizen event that we learned at Toyota in Japan. It requires that we are out on the shop floor, embedded in work cells, and experimenting with alternatives to improve speed.
- In May 2015 we completed our SAP® implementation. This giant step forward in business systems will enable us to grow and adapt with our customers' needs and expectations.

We will continue to improve, particularly in the areas of response times and information sharing. In turn, please keep telling us how we are doing. We appreciate your honest assessments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Art' followed by a stylized flourish.

Art Anton,
President & CEO, Swagelok Company

LISTENING TO YOU

We believe that listening to our customers is one of the most important things we can do in our business. We attempt to capture the Voice of the Customer in many ways – through our sales teams, through customer visits to our manufacturing centers, and through focus groups. But the Global Customer Survey is unique and especially valuable because it comes to us directly from the customer unfiltered by any social context. Responses are anonymous unless customers choose to attach their names.

Among the many positive experiences that customers shared in the 2014 survey, we learned about frustrations relating to deliveries and product availability. Because we are always striving to better understand our customers, we added more questions in the 2015 survey around product delivery, response to inquiries, and lead times for standard or special products. We also added an additional open-ended question focused on “needs, concerns or problems.” Between two open-ended questions, we received about 7,000 written responses (see pages 10-11). From these, we have reaped many valuable insights into your experiences with Swagelok.

Our Impassioned Response

Our response to the 2014 survey was an enterprise-wide mobilization involving everyone from executives down to the shop floor. Our goal was to address issues related to product delivery and availability. One year later, here is where we are:

- When a customer places an order for a regularly stocked item, that item is in stock more than 90 percent of the time. We'd like to do better still, but the challenge is significant. We are anticipating shifting demand for different products in different parts of the world.
- Of the thousands of orders we receive for make-to-order products (products that are not regularly stocked), our goal was to meet the delivery date 99 percent of the time. Since February 2016, we are doing better than 98% and still improving.

Now, we are additionally focused on improving response times for make-to-order products, including quotes and acknowledgements, and lead times to manufacture these products.

What the Future Promises

In May 2015, we completed our SAP implementation for our corporate manufacturing, supply chain, engineering, and finance areas. In the second half of 2015, this new system enabled us to quickly address issues related to delivery times. Now, we are moving on to two related projects: supply chain optimization and a SAP implementation for our sales and service centers. These and other ongoing improvements will yield more automation and faster response and lead times for our customers.

Doing It Right the First Time

According to our outside partners, we managed our SAP implementation in exactly the right way, ensuring our foundation will not require a re-do later. In a SAP study, Swagelok was “above average” or among the top 25% in all four operational measures – an across-the-board performance level that very few companies achieve.

“Many of the PricewaterhouseCoopers (PwC) advisers acknowledge [Swagelok’s implementation] as one of the best executed SAP programs of their career.”

— Chris Beiswenger, PwC principal and analyst



STRENGTHS &

- STRENGTHS
- Likely to recommend
 - Customer experience
 - Brand equity
 - Product quality
 - Reliability
 - Reputation

- OPPORTUNITIES
- More regular contact
 - Broader selection of products
 - Price versus demonstrated value
 - Delivery
 - Lead times
 - Response to inquiries

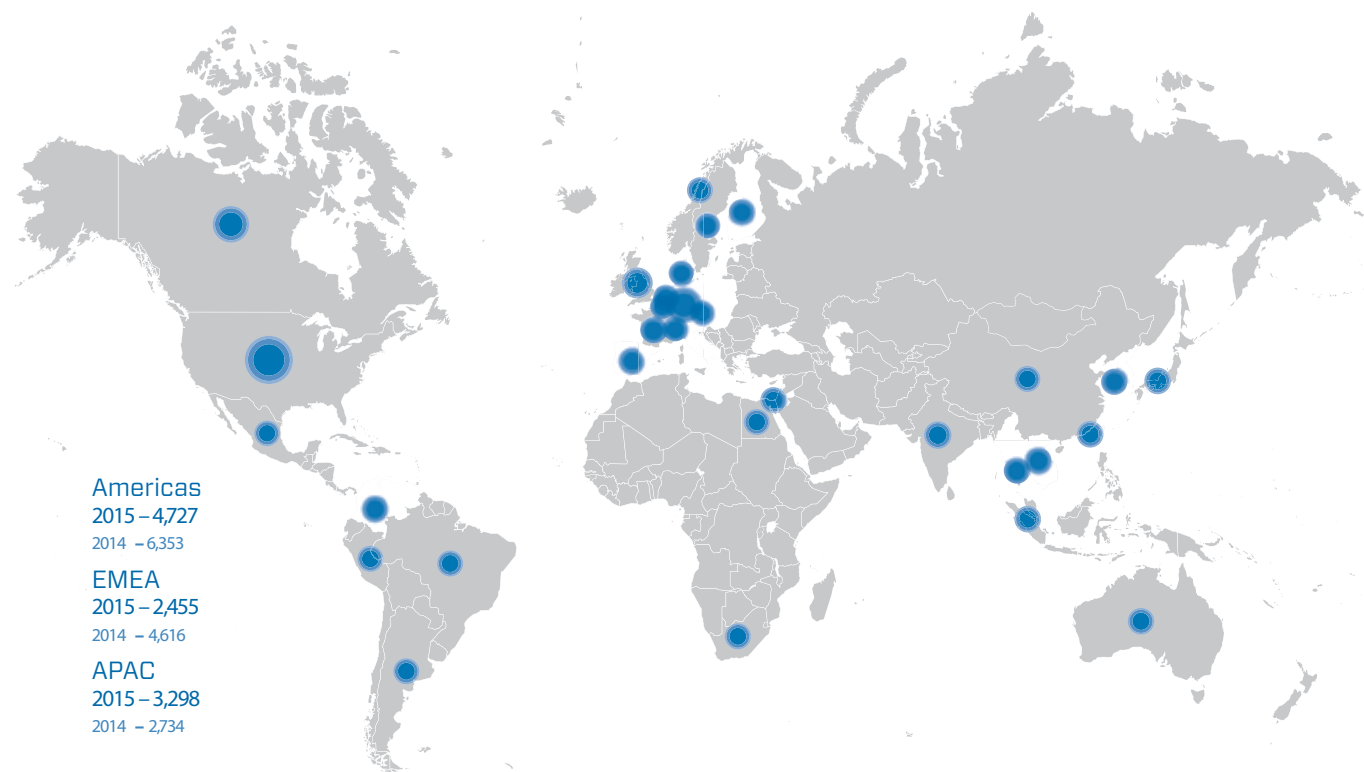
Swagelok's Global Customer Survey, fielded in the summer and fall of 2015, produced several important findings, in most cases confirming results from 2014. Taken as a whole, Swagelok's brand scores are very strong, competitive with industry benchmarks and, in some cases, at or near world-class levels. Quality of the product, reliability and brand reputation are very solid with most customers. However, there are other areas where Swagelok needs to improve:

- We need to work harder to be recognized as an **advisor**, with services that go beyond those of a components supplier.
- We need to do a better job of **demonstrating our overall value** and impact on our customers' business performance.
- We need to create more **regular contact** with our customers and share more information.
- We need to do better on **lead times** for make-to-order products and **response times** to inquiries. As noted on pages 2-3, we made dramatic progress in the last year on deliveries for regularly stocked products.



OPPORTUNITIES

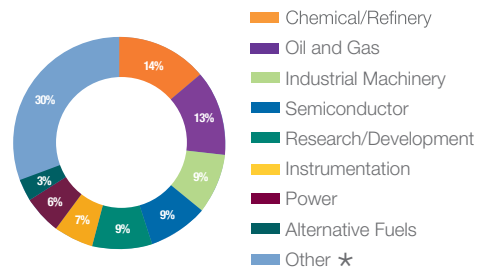
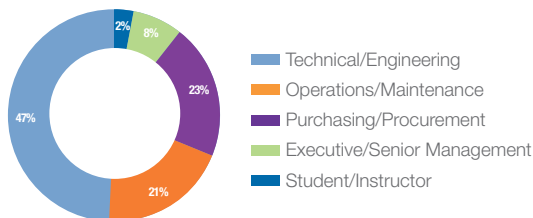
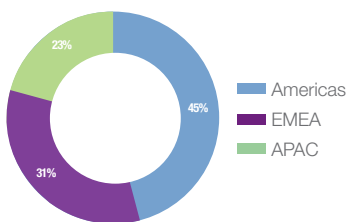
WHO PARTICIPATED



Americas
2015 – 4,727
2014 – 6,353

EMEA
2015 – 2,455
2014 – 4,616

APAC
2015 – 3,298
2014 – 2,734



★ Metals, Biotechnology, Aerospace, Food beverage and dairy, Environmental, Shipbuilding, Pulp and paper, and Unknown.

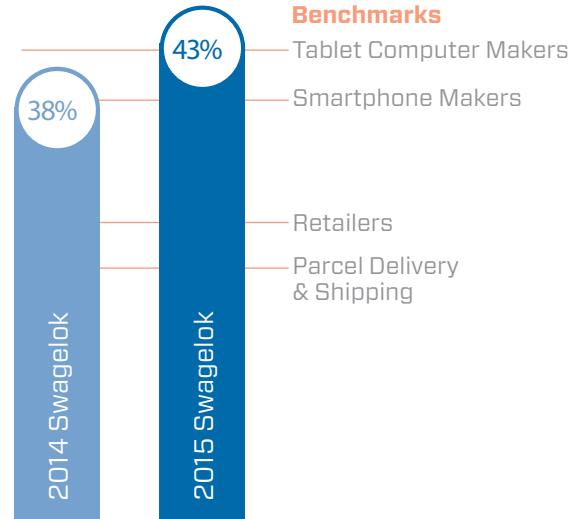
BRAND,

REPUTATION & CUSTOMER

The loyalty of our customers increased significantly in 2015, according to one of our most important brand measures – Net Promoter Score (NPS), which is the likelihood that a customer will recommend Swagelok. In two other brand measures, our score stayed relatively the same.

We keep track of our brand scores because we want to know what kind of experience our customers are having and whether we are improving. **We are always looking for ways to better understand our customers and their needs.**

The three measures below are based on different survey questions. Because the measures are widely employed across industries, we can compare Swagelok's performance to benchmarks.



Net Promoter Score (NPS)

NPS is a customer loyalty metric used by many companies to measure customer satisfaction. The survey question for this metric is: "How likely are you to recommend Swagelok to a friend or colleague?"

NPS is based on the idea that customers can be divided into three categories: promoters, passives, and detractors. Among the 2015 survey sample, 57% are promoters, up from 53% in 2014.

EXPERIENCE



Customer Experience

This Customer Experience measure is based on Forrester's Customer Experience Index. Here are three questions that this measure is based on:

- How effective is Swagelok in meeting your needs?
- How easy is it to do business with Swagelok?
- How enjoyable is it to do business with Swagelok?

Brand Equity

This Brand Equity measure is an average of three brand characteristics that we determined in 2009 drive brand reputation, preference over competitors, next purchase, and likelihood to recommend. Customers were asked to agree or disagree with whether the following descriptors applied to Swagelok:

- Reliable
- Helpful
- Technical thought partner

THE FULL SPECTRUM OF RESPONSES

Ranked from highest to lowest scores, the table to the right lists customer responses to each survey question. The highest-rated areas relate to product quality and brand measures, such as reputation, ease of doing business, and helpfulness. Middle- and lower-rated areas include:

- Response times for inquiries
- Helpful finding solutions
- Lead times for stocked and special products
- Maintaining regular contact
- Up-to-date information on products and services

In addition, “value relative to cost” is a lower-scoring area, which suggests that Swagelok needs to do a better job demonstrating the “impact of products/services on business performance” (see results from this question in the “middle ratings” to the right).

There are regional and industry differences in the responses. Customer ratings in the Americas tend to be about 5 – 10 percentage points higher than in other regions across most questions. For example, in the Americas, 80% of respondents strongly/completely agree that Swagelok has reasonable lead times for standard products as compared to 69% in the total survey. Additionally, from an industry perspective, customers from the Power market segment rate “value relative to cost” 12% higher than all respondents.

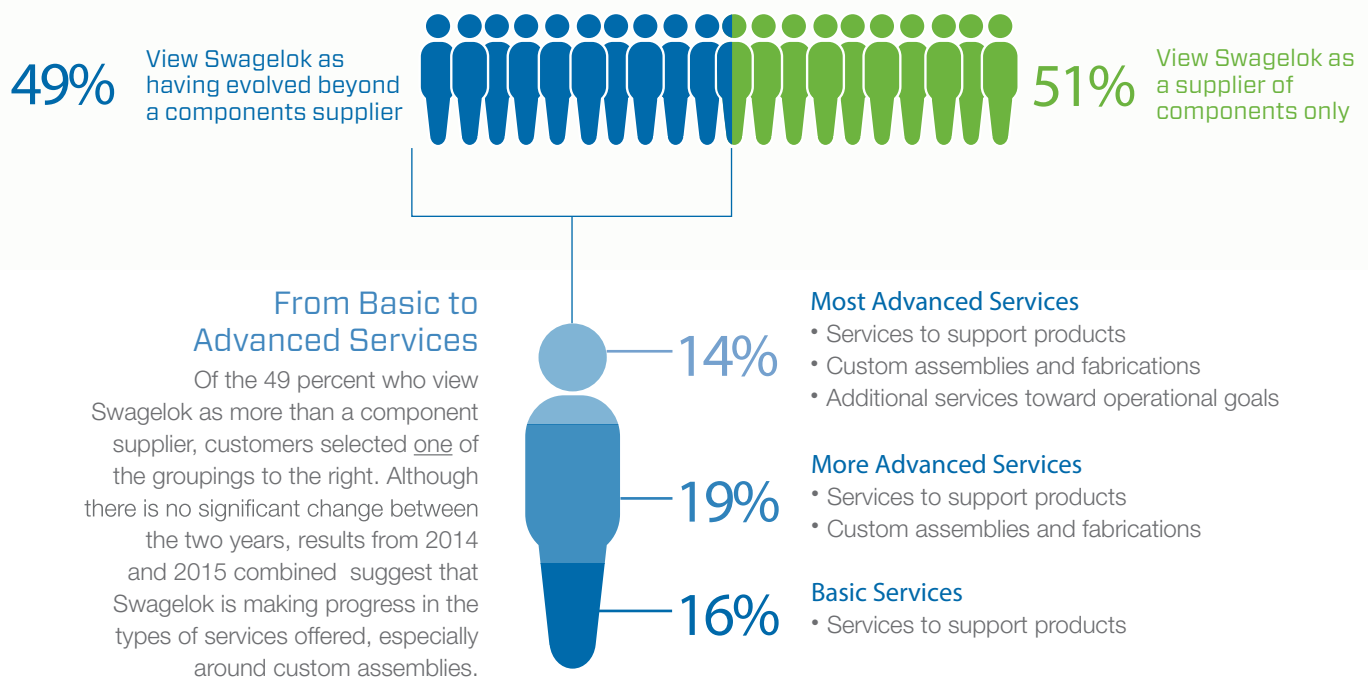
		2015*	2014*
Highest Ratings	Aligned with customer expectations	93%	94%
	Reliable	89%	89%
	Excellent reputation	88%	89%
	Product quality	87%	89%
	Meeting needs	86%	87%
	Easy to do business with	85%	86%
	Enjoyable to do business with	85%	85%
Middle Ratings	Helpful	83%	84%
	Likelihood to consider for next purchase/specification	79%	81%
	Cares about customer	79%	81%
	Customer service quality	76%	78%
	Demonstrates value of the Swagelok brand	76%	76%
	Technical thought partner	76%	76%
	Preference for Swagelok	75%	76%
	Product range	72%	72%
	Speed of response to inquiries	72%	N/A
	Impact of products/services on business performance	70%	72%
	Reasonable lead times for standard products	69%	N/A
	Helpful finding solutions	69%	N/A
Lowest Ratings	Resolves problems quickly	68%	70%
	On-time delivery	67%	66%
	Strategic partner	63%	62%
	Regular contact	60%	60%
	Up-to-date information on products/services/solutions	59%	59%
	Value relative to cost	52%	52%
	Likelihood to consider additional products/services	51%	50%
	Reasonable lead times for special products	50%	N/A

* Percentages represent respondents who selected the top two choices on a 5-point scale (e.g., “strongly agree” to “strongly disagree”).



BEYOND A COMPONENT SUPPLIER

The Global Customer Survey charts customer perceptions as to where Swagelok's value lies. Swagelok is striving to be an expert partner, with a range of related services. In the last dozen years, Swagelok has made steady progress in this area, although customer perceptions did not change significantly between 2014 and 2015.



IN YOUR OWN WORDS

The 2015 Global Customer Survey contained two open-ended questions designed to capture customer opinions in their own words.

Q. Why would you – or why would you not – recommend Swagelok?

Swagelok products have been my "install and move on" choice for compression fit engineered products for over 30 years. The installation is simple, the final product reliable, and their utility is only limited by the imagination of the person designing the application.

Swagelok's technical support is second to none. Example: A few years ago we were having a problem with stress-corrosion cracks on fittings and tubing. Two of our Swagelok reps came here (300 miles from their office) to meet with us. They collected samples and submitted them to the Swagelok lab. Later, lab personnel discussed their findings with us. This was going above and beyond in the customer service field.

Customer service being honest and upfront about the products greatly helps in deciding on purchasing Swagelok products.

Swagelok's products offer excellent performance but cost too much. Thus, it's not easy to recommend their products to customers. I think Swagelok should not only focus on high-end products, but also develop more middle- to low-end products, in order to attract much more potential customers on the market.

My project was a one-off type of implementation. It required a specific hose product to protect a fiber optic cable system. After looking at numerous possible solutions, [our rep] came to me with many options that we had not considered. He worked very closely with me, showing numerous options until he fully understood our requirement. We ended up with a custom hose solution that required custom welding multiple hose sections together. Great job.

Excellent support! [Our sales and service center] has done an excellent job supporting us and providing solutions. They understand how each and every individual installation is very important.

A system that allows for easy communication with your sales rep about the products would be desirable.

Provide better technical coaching, and understand the importance of GMP/certificates when ordering components/valves.

Have better service and speed in the request for tenders, [communicate about] organizational changes, and improve services for product selection.

They should understand our business needs and offer suitable products. They should recommend the best product and service according to our needs.

Respond better to customer inquiries – try to understand customer concerns and needs.

Q. What additional products or services would be beneficial to you? Please describe needs, concerns or problems that Swagelok could solve.

If all the suppliers responded to our needs as well as Swagelok, our repairs and downtime would be decreased.

Your people have helped me with projects many times, from supplying special order fittings to working through different thread patterns. Once while working on a project in Estonia, I called the local Swagelok agent. He was there on-site in 30 minutes, and solved the problem we were having. Amazing.

Existing product offerings are the best engineered on the planet, but specs often exceed the actual need. Fifty percent of our applications cannot justify the Swagelok premium price. Will you ever offer a dumbed-down product line that is more affordable?

A more comprehensive range of metric fittings & products. The world is moving to metricated everything. It is about time that Swagelok did as well.

We need to be kept up to date on not only product improvements but also new products and even trial products Swagelok has in the marketplace.

I miss electronic actuators for metering valves (for control from PLC). I buy that from other suppliers.

Larger selection and shorter delivery time of precious material products (HC-276, HC-22, Titan).

I feel there is sometimes an unwillingness to make technical suggestions, for whatever reason, and I feel that at times that shows a lack of confidence in their knowledge of their products, and at the same time retards proper component selection.

More technical backing for systems design and in choosing the right components.

Besides selling products, provide flexible support in designing and producing objects, like other companies.

Better product knowledge by your reps. Seems like if you don't do your own research and get exactly the perfect part number then your chances of getting the best product/item/part is slim. It seems often that the buyer has more knowledge of the Swagelok products than the seller.

Choosing some of your products (e.g., regulators) requires detailed product knowledge and we seek your knowledge of your product to help us reach the right decision. However, your regional technical assistance often demonstrates that it has no more knowledge of the product than the information that's available on your website, so what are they there for?

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