



Industrial Fiberglass Specialties, Inc.

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A Definition of How We Price and Quote

06-27-00

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We thought that it would be helpful to our customers for us to define how Industrial Fiberglass fits into the marketplace for corrosion resistant FRP composite equipment. In this bulletin we will discuss how we can best support you, and your customers.

Industrial Fiberglass is a **custom** manufacturer of FRP composite corrosion resistant equipment, providing "engineered solutions" for specific project requirements and bills of materials. A custom manufacturer very carefully analyzes each specific project requirement. This allows us to provide the customer the optimum, and most cost effective solutions. This analysis includes selection of the best resin system, the proper type and thickness of the corrosion liner, the type and thickness of the structural wall, etc.

The custom approach and role in the corrosion pipe and duct marketplace is distinctly different from that of the commodity pipe manufacturer that may make only two or three different grades and types of pipe and fittings. The use of commodity pipe requires that you make your pipe or duct process requirement fit a very limited range of Series of pipe and fittings. A check of our latest Series bulletin shows that in recent times we have produced and/or quoted 65 different Series (grade and type) of FRP composite pipe, duct and fittings. If you consider the fact that we can also produce each of these Series in at least seven different pressure ratings (ranging from duct to 150 psi, or greater); then you can see that we offer the customer, as a minimum, a staggering 455 different options for FRP composite pipe and duct.

Sometimes customers get annoyed when asked for a bill of materials against which to quote. They often ask why we do not have price lists. The customer is comparing us to the commodity pipe manufacturer that has such price lists; because they manufacture only two or three grades (Series) of pipe and fittings. The development of a price list that would cover the combinations of pipe and duct that we quote each year would be over 900 pages long!

Remember please, a custom manufacturer is "building to your order", to your specific needs. Thus, we do not have a standard price list covering only a limited Series of pipe that the commodity pipe manufacturer provides. The commodity pipe manufacture is building pipe and fittings for inventory. Thus, the commodity pipe manufacturer can set up and make a run based on economical inventory run quantities. As a custom manufacturer, we are building to a customer's specific project requirements.



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The costs to set up and run just one 40 foot length of 14" diameter pipe or duct is the same as is the set up for running 400 feet, or even 4000 feet of 14" diameter pipe or duct. The same is true of manufacturing elbows, flanges, or adapters. The set up cost for such fittings is the same - whether we are running just one part, ten parts, or one hundred parts.

Raw materials (thermoset resins) are purchased in drum and bulk lots. At any one time, we may be running as many as a dozen different resin systems on the production floor. Thus, again we can run one elbow, five elbows, or ten elbows from that same drum of special resin that was ordered for that customer's project. And, since we use custom resin systems based on the specific requirements of each project, the "per pound" pricing for those resins vary greatly, depending upon the **total** project resin requirements.

For all of the above reasons, we can support you and your customer best by your providing us a specific project bill of materials, along with also a set of drawings detailing the total project requirements. Without such project scope inputs, for a custom manufacturer of engineered pipe and duct solutions, meaningful "real world" unit prices are very difficult to establish.

The opportunity to visit with you and your customer at the jobsite, or their engineering offices; would be welcomed to review and discuss the engineering aspects of their specific pipe or duct project. By working with you and your customer, we can provide the correct and best engineered solutions in custom FRP composite equipment - providing the end user their lowest cost per year of service life - thus, their "best buy".