



Southwestern Industries, Inc.

White Paper

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Explanation for ETI Charges

The following is an excerpt from a letter sent to a customer who protested about the ETI charges. This particular customer was satisfied with this explanation.

"Your e-mail regarding the ETI Certification wound its way to me. I thought it best to answer you directly.

First of all, let me reiterate that your company is a highly valued customer and has been for many, many years. It pains us to force a large extra charge on your purchase, and we will be happy to work with you to minimize this in any way we can.

The central part of your question deals with whether your company should have to pay extra in order to make our equipment usable. That is a legitimate question. To be clear, Southwestern Industries never sells equipment that is unsafe or in violation of OSHA regulations. In addition, Southwestern Industries meets the more rigorous ANSI Standards even though the ANSI standards are not mandated by law, but are merely suggestions.

The additional expense of the modification and ETI inspection are mandated not by OSHA or ANSI, but by your own internal codes. Very few customers have similar requirements.

To illustrate, our list of customers includes the following well-known names. These companies are among those that have bought our machines, in their standard configuration, within the last year.

Pratt and Whitney Aircraft

Lockheed Martin

BAE Systems

US Army DFAS

Abbot Labs

Rolls-Royce

Raytheon

Honeywell

Ball Aerospace

Eaton Aeroquip
Whirlpool Corp
Eli-Lilly
Hoover Co
GM (several plants)
Daimler Chrysler
Ford
Boeing (several different plants)

The list goes on and on and includes manufacturers, government facilities, colleges and universities, research corporations and many, many small companies.

In contrast, the companies that have required the single-source disconnect and certification over the last three years includes yourselves, the Boeing plant in Lancaster, CA (but not the ones in Washington or Pennsylvania), Briggs and Stratton (a little different than your modification), and one of the Chrysler plants in Indiana. In short, it is a rare requirement. We are forced to accommodate it every few months, at most.

We really do hate to impose the additional expense. I can assure you that the price we charge is strictly in accordance with our direct, out-of-pocket costs for obtaining the necessary hardware, the special assembly, and paying ETI, an outside agency. Because we value your business, we are throwing in most of the custom engineering and special manufacturing management. The bottom line is that we make less money on these sales because of the time and attention they take.

It would be suicide in a market as competitive as ours to incorporate the additional cost into our standard products when almost none of our customers require this configuration. We are forced to impose the brunt of the cost directly on the small number of companies who require it. We do share in the pain because we do the extra work at no extra profit out of loyalty and appreciation for your business."