



Components and Distribution

Components on Demand with Built-In QC

By Lou Arcidy, President, RCD Components, Manchester, NH

Passive components may not be the sexiest products out there, but try to build a complex electronic product without them. They have always been the less-than-glamorous components, playing a supporting role for vacuum tubes, then transistors, and for today's most complex integrated circuits.

Backing up this unglamorous market are the manufacturers worldwide — many of them operating cookie-cutter manufacturing plants that crank out parts that meet virtually all levels of quality control or lack thereof. But there is one domestic manufacturer that has always met difficult market demands head-on, RCD Components, Inc., a self-proclaimed “old-fashioned” family-owned business. Now closing in on its 35th birthday, this old-line manufacturer may not be as “sexy” as some other firms, but the old formula is still working very well today. The company manufactures an impressive line of high quality passive electronic components — just the ticket for those difficult-to-satisfy engineering needs.

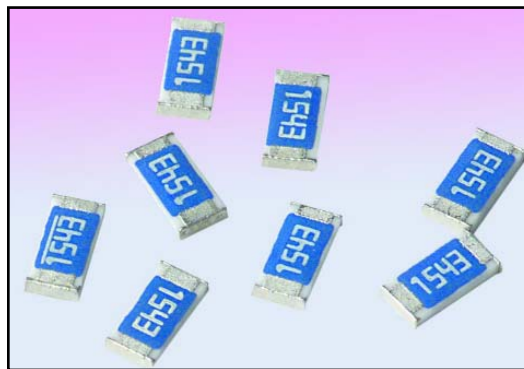
RCD was founded in 1973 by “Mr. Resistor”, Louis J. Arcidy, after approximately 20 years in an industry in which he was well known for his many technological innovations. He was best known for his advancements in resistor technology and in developing ultra-stable resistors that are highly insensitive to the degrading effects of temperature, humidity and other environmental factors on resistor performance (crucial to the Space program since the 1950's and in many critical circuits today). His expert-

ise led to the development of some of the more demanding types of resistors for other resistor manufacturers under private-label agreements, a practice that continues today.

“RCD” not only stands for the company's products — Resistors, Capacitors & Coils, and Delay lines — but also is the phonetic pronunciation of the founder's name, “Arcidy”. The company has remained a closely-held private corporation and is now run by the founder's sons and daughter. The company's growth is based on the four maxims for success repeatedly voiced by the founding father:

Hire the best and treat them as family. The company's most valuable asset will always be its people — its family — and that the company only hires the best. While RCD continues to be fortunate in attracting new talent during its continued rapid growth, the company contains a lot of long-term

experience. For example, more than 40 percent of the office/Customer Satisfaction staff at its Manchester, NH headquarters has been with the company for 20 years or longer. RCD provides the training and tools and unique benefits, and helps instill a sense of purpose and job satisfaction to make the right people thrive. This philosophy along with the “can-do” attitude is very evident to the company's customers. Talking to RCD employees, one gets a sense that they care more, whether it's from the smile heard in their voice, their desire to go the extra mile, or the obvious pride they take in what they do. RCD's skilled Customer Satisfaction Team is trained to



Low cost bulk foil alternative in thin film introduced to 2ppm (1ppm as a custom) 0.01 percent for ultra-precision applications.

do what Sales, Customer Service and even Engineering would do at other firms. They all have a thorough knowledge of the company's products, production processes, and capabilities in order to provide prompt and accurate application assistance to customers. The company also has a BOM-squad that will quickly tackle a full BOM and offer quick and competitive quotations. Every breath that the RCD Customer Satisfaction team takes is to satisfy and delight customers. RCD will never outsource customer service as more and more firms seem to be doing.

Never lose a customer. This may seem to be an ambitious goal for a company in the competitive passive components arena, but RCD does more than pay lip service to achieving the same. It may sound simple and while everyone knows that it costs much more to attract a new customer than to keep an existing one, many firms seem to put too much emphasis on attracting and not keeping. Firms that fail to provide a positive customer experience will continue to struggle, usually unsuccessfully, to gain customer loyalty. Not meeting promises and not listening are some of the complaints one hears too often in the industry. Two things that we seem to do differently from many firms is to listen and also to do what we say we will do. As basic as this may be and as a result of this and being truly customer-driven, greater than 100 customized product options (such as increased voltage capability, tin-lead plated lead wires for military and medical customers, custom marking, non-standard values, military screening, etc.) to readily fulfill the specific design requirements of each customer, are offered. RCD has the widest range of application-specific passives with custom yet economical solutions for special needs and offers one of the industry's largest inventories of finished goods, combined with tightly controlled delivery schedules, short lead times, and a unique SWIFT™ delivery program. RCD provides service and innovative solutions and value, more so than product, and monitors customers' expectations and the fulfillment of the same, along with other factors that insure customer loyalty and long term retention.

Perpetual improvement is mandatory. Being "old fashioned" doesn't mean not changing or being satisfied with the status quo. In fact the opposite is true at RCD, where all employees embrace change. Our founder's Perpetual Improvement Program (PIP) evolved into the company's ABZED™ (ABSolute ZERo Defects) quality program. RCD is a no-nonsense quality-oriented company that believes that continuous improvement and innovation are an absolute necessity. Quality is defined as 100 percent customer satisfaction. This goes well beyond failure-free product and focuses also on service and response time, delivery and pricing. In fact, it looks at every aspect of business and demands continuous improvement throughout. Everyone involved must strive to

provide more than is expected at all times. In fact this is how the company's SWIFT program was transformed from what had originally been a profit center for a narrow segment of products, to a service that now covers a very wide range of products, and priced to just cover costs.

Some people in the industry still believe that there is an inventory glut out there and that all resistors and capacitors are in stock. Unfortunately, they get a rude awakening when they learn after placing an order that a particular item is not stocked by any manufacturer or distributor, and that they will have a product or board that cannot be completed for a number of extra weeks or even months.

This is when RCD or RCD distribution becomes a lifesaver with the SWIFT service. The company can manufacture and ship non-stock and even non-standard resistors and inductors, in as little as 3 days — "SWIFT" stands for Ship WithIn Fifty Two hours. And now RCD has expanded this service to include some capacitor products including custom capacitor networks.

Plan out five to ten years.

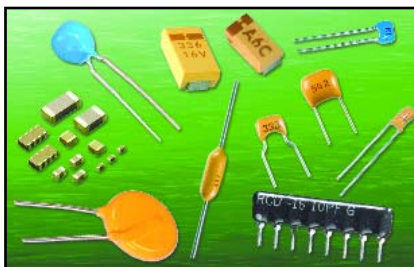
Many U.S. firms laugh at this and some might ask if we have a crystal ball. No crystal balls in stock, but we do know that even though things change rapidly, there are some constants, and these make it possible to do long term planning that will have a large impact on future results. We are a closely-held private corporation, and therefore have the freedom to expend a great deal of effort on long term goals and planning; we don't have to focus on short-term goals to satisfy shareholder expectations and market pressures. RCD is not burdened by having to make short-term decisions designed to boost, or maintain, earnings per share when the long-term prospects of the company would be better served by another decision. This gives us a degree of flexibility that many companies do not have. As a result, we

did not have to "follow" volume production offshore. We had the foresight in the mid 1970s to set up our offshore manufacturing that complements what we do in the U.S. Today we have manufacturing locations in the U.S., Europe, the Caribbean and throughout Asia. RCD's long term strategy has also allowed an even heavier investment in infrastructure and to beef up inventories to better service customers at a time when most other firms are doing all they can to reduce personnel and inventories as much as is possible.

The company is unveiling some new power and precision products. Examples include a new series of thin film chip inductors with superior temperature stability, high Q and inductance tolerances to 1 percent in sizes to as small as 0201 — for use in high frequency circuits, GPS, VCO, TCXO, wireless LAN, Bluetooth modules; precision TO126 and 220 style power resistors with tolerances as tight as 0.025 percent and TCs that are as tight as 2ppm, for applications in precision power supplies, motor control, elec-



Coils from RCD.



Capacitors from RCD.



Resistors from RCD.

tronic load, high frequency amplifiers; and expanded thin film chip resistors to 2ppm (even 1ppm as a custom) 0.01 percent as a very cost-effective foil resistor replacement, for applications that include precision amplifiers and instrumentation, down-hole equipment and instrumentation, electron beam scanning, medical and automatic test equipment, military and aerospace. We expect that instrumentation, medical, defense/homeland security and mil/aero marketplaces will be strong over the next decade and we will continue to develop products to help customers and distributors meet the competitive demands of a rapidly changing technological environment. Design activity in the U.S. will remain robust; high-mix and low-to-medium volume manufacturing appears to be here to stay. RCD and our distributors are uniquely positioned to take advantage of this.

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For demanding precision applications requiring power and space savings, RCD is introducing TO126 and TO220 resistors with TCs as tight as 2ppm and resistance tolerances to 0.025 percent.

