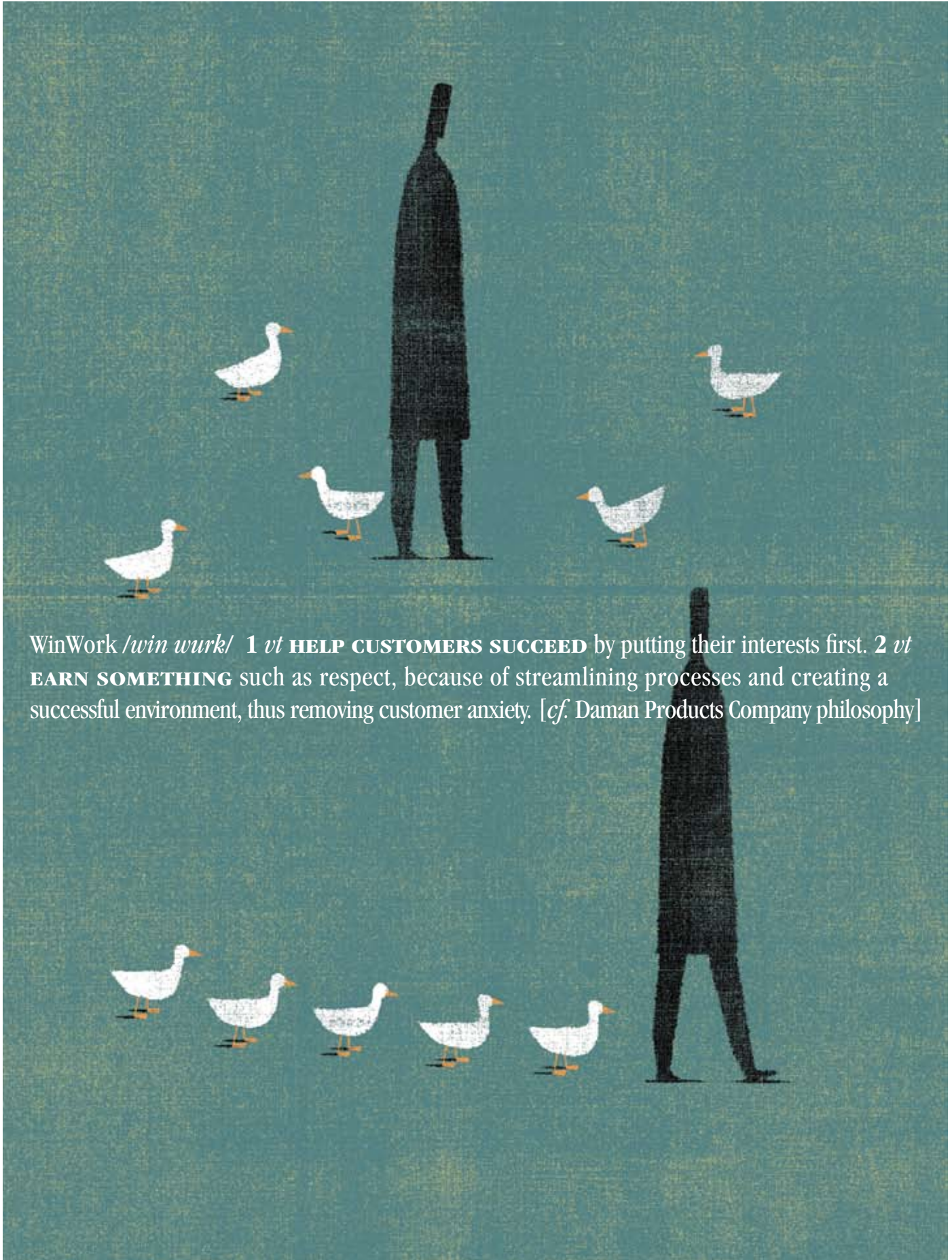




WinWork: Synchronized workflow results in success for Daman's customers.

Versatile Daman-exclusive culture puts customers first.



WinWork /win wurk/ **1 vt HELP CUSTOMERS SUCCEED** by putting their interests first. **2 vt EARN SOMETHING** such as respect, because of streamlining processes and creating a successful environment, thus removing customer anxiety. [cf. Daman Products Company philosophy]

Corporate values and mission statements are often the products of a company's willingness to buy into the mantra of the business world's latest marketing guru.

WHEN DAMAN PRODUCTS COMPANY SET ABOUT TO REDEFINE ITS MISSION AND TO TRANSLATE IT into reality, one thing was clear: The mission had to provide direction on which way the organization was to go and what it planned to accomplish.

But while its corporate mission and values focus initially on the abilities of its employees to embrace and demonstrate ideals such as honesty, trust, fairness and respect, the ultimate focus is on relationship-building. And that's where the term "WinWork" originated.

"A culture of trust and responsiveness puts the customer first and focuses on customer success before our own. We no longer waste time on non-value-added activities," said Gordon Weiler, Sales Manager. "We often talk to outsiders who wish they could do what we're doing. They just don't have a corporate environment or culture that accommodates everyone's needs equally."

Larry Davis, Daman President, agrees that management freely uses the term "culture" to define the shared beliefs and practices of its workforce. "Changing the culture of something as complex as an organization is a gradual process. We started with taking a step back and really looking at where we were and deciding where and what we wanted to be. We agreed that being task-oriented and even goal-oriented – both essential in business – needed to take a back seat to becoming relationship-focused. By re-evaluating our systems and giving our employees the tools they needed, we have been able to effect the change we were looking for," said Davis.

He added, "WinWork means providing everything our customers need to be successful, and that includes the internal systems we have in place. We want to be the reason they succeed."



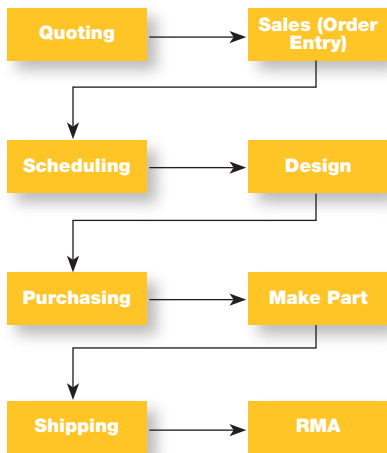
(continued on page 4)

The WinWork formula is meant to be transparent to others. It's something they "feel," even if they can't define it. Customers see responsiveness, not just in getting the products they want, but also in getting answers quickly. Because workflow processes have been refined and Daman employees have been trained in those processes, "everybody is on the same page," according to Matt Giloth, WinWork Manager. "We always wanted it to be that way, but then we made a conscious decision to put the tools in place so we could really focus on responsiveness. We stress the word 'communication' constantly. Incoming phone calls go directly to the person in the know. Everyone can see the schedule. Everyone can see why decisions were made. Everyone can see the big picture. It's ingrained now – often by osmosis!" he said.

The fallout? Greater trust – part of Daman's corporate values.

Employees on the shop floor now see how their work impacts the total job. They know the schedule and know that they can make changes if they see a problem. No more waiting two days to get an e-mail returned. No more asking permission from several managers. What changed? Previously, while they might have felt that management was setting them up for failure, with unrealistic deadlines, they are now empowered to control their work, including

This traditional linear model is still in use by most companies and is a perfect example of involving too many people in too many steps before a question is answered.

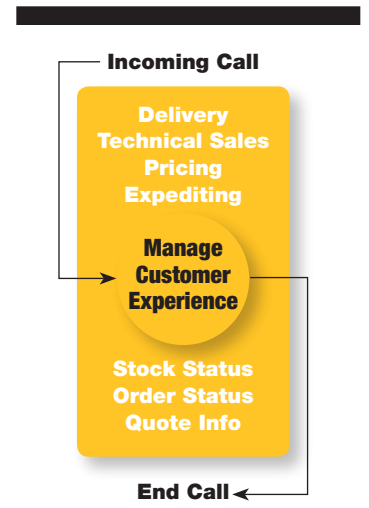


Customer Service ?

buying their own tooling and material. "Empowerment truly is powerful," said Dave Mischler, Daman Vice President. "Our employees really do know the best way to do things. Now they've learned to care about sales, not just what's happening inside our building. They see orders and know what's coming. They even notice if orders are slow and they want to know what they can do to help."

How are results from the WinWork philosophy measured?

Mischler said that while honesty, trust, fairness and respect are hard to quantify, attitudes are easier to assess. "Inside Daman, we know that our employees take greater pride in their work. They tell us. They want to know what our customers think about their work. It's also a credit to management's insistence on finding the right people. We've gone from 35 to 97 employees – many of them with long records of service. They are people who understand our philosophy. You can't give authority to people who don't know what to do with it. They need to understand and be willing to learn. Our customers, vendors and employees are all beneficiaries of our reliability. Look at the specific examples noted elsewhere in this document," said Mischler. "Culture creates impressions and our daily transactions promote a positive impression. Our customers succeed because our WinWork model makes it easy for them to succeed."



Customers were the big winners when Daman dramatically reduced the steps between asking the question and getting the answer. Phone calls are directed to, and end with, the same person, who assumes responsibility for customers' positive experience.

Customer solution #1

The scenario: 230,000 miles of railroad tracks in the United States that carry 1.2 million freight cars and 20,000 locomotives.* The problem: Providing reliable equipment for constructing, maintaining and repairing those rails.

Since 1993, Daman Products Company has supplied manifolds to one of the nation's premier rail equipment companies. Early on, Daman provided specific designs for a variety of their machines. Problems arose because of the high-speed, high-shock wear and tear inherent with the industry; i.e., plugs backed out and O-rings blew.

Daman always said that these machine parts should be ductile, but the customer was adamant that lower-cost aluminum had to be used. After many years of enduring "band-aid" solutions, and after sending its field service personnel all over the world to research a better solution, the company finally was convinced that Daman had been right all along.

What made the difference? Daman, at its own expense, built a ductile manifold as a case study. The customer finally agreed to try it, and after 6-8 months with no field



Specific industries require specific manifolds, and the rail industry is no exception. Daman's custom capabilities and manifold technology enhance its position as a single-source, full-range manifold supplier.

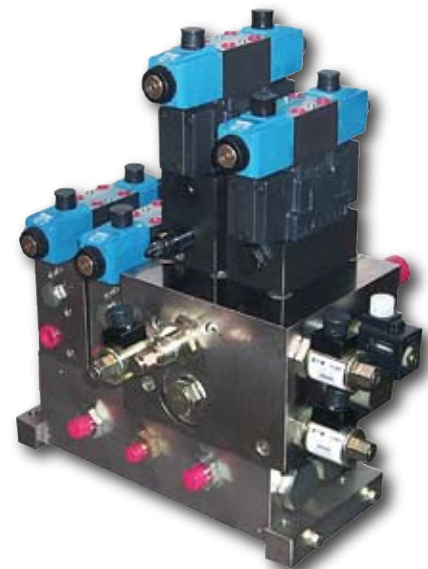
service problems, was sold. "They're more expensive, but we have no problems!" was the customer's response. Even though coating the parts made it difficult for Daman to match the cost, it made a corporate decision to switch.

Gordon Weiler, Daman Sales Manager, says that the moral of the story is this: "In 12 years of dealing with this account, we've been able to work through every problem with them.

"Generally, their resistance was the result of 'purchase price decisions.' It hasn't been easy. The OEM market is extremely competitive, and either of us could have thrown up our hands a number of times. But Daman made the decision to stick with them through the good and the bad.

"Our relationship has confirmed the value of our WinWork philosophy. We helped this customer succeed by going above and beyond what was expected of us. In the end, we gained their loyalty and respect," Weiler added.

Daman manifold technology is at the heart of the hydraulic system that enables rail equipment machines to remove deteriorated railroad ties and replace them efficiently.



Customer solution #2

LEAN manufacturing, WinWork philosophy link Daman with power generation customer.

The power generation industry is at the forefront of today's news – an industry seeking to generate more power, more efficiently, with less reliance on foreign oil. Successful companies looking for new sources of energy must be continually “lean” to be competitive.

Enter Daman Products Company. Three years ago, a distributor was not selling Daman manifolds to this particular power generation customer. The distributor, however, had been sold on the LEAN philosophy and internal processes through his association with Gordon Weiler, and wanted his customer to hear the presentation.

The distributor and Weiler arranged to meet with the company's decision-maker, who had been buying directly from another manifold manufacturer. After hearing the presentation, he was convinced to make the move to Daman manifolds. He agreed to buy from Daman, but wanted full-blown manufacturer's drawings with all orders – something Daman retains the rights to.

As a compromise, Daman gave them pieces of design software, or printouts regarding connectivity



Daman's design engineering team provides a broad range of experience that is critical to understanding design parameters and accurately conveying information to the manufacturing floor. In addition, they have the flexibility needed to work with each customer's unique needs, regardless of the industry or manifold specifications.

to “comfort” the customer. Engineers wanted reports so they could “see that the product was sound,” said Matt Giloth. “We did that for six months. Then the customer said, ‘Look, we don't need these reports any more. We're convinced.’” Admittedly a “pain in Daman's side” at the beginning, the company now uses Daman manifolds exclusively.

What changed? They experienced responsiveness. “Custom manifolds have been a thorn in lots of people's sides. This customer had had a bad experience with a previous supplier and was gun-shy about trusting another,” said Weiler. “When they knew they could trust our product, and they could trust us, they looked at us differently. That's when they also began to fully understand our commitment to customer success and to adopt some of our relationship-building practices for themselves. They understood the need to eliminate non-value-added tasks, just as we did.”

Mutual respect doesn't end there. Because of the relationship established between the two companies, this customer gives Daman time to do its job. That's a result of a professional understanding that Daman is committed to helping its distributors and their customers be successful.

Putting the customer first. Helping the customer succeed. Gaining respect. All part of a day's work where WinWork is concerned.

To ensure that customers in the power generation industry remain competitive, Daman provides technology, reliability and experience in the development of custom manifolds. Daman is committed to assisting distributors and their customers maintain market strength.



Professional Profile: Weiler and Giloth bring wealth of experience to WinWork team.



If you ask Gordon Weiler and Matt Giloth to discuss implementation of the WinWork philosophy, be prepared to listen – and take notes.

Both men are passionate about their work and what they see as a revolutionary culture change that allowed Daman to become fully committed to superior customer service. The fact that they're also part of a successful company that has products to sell becomes almost secondary.

Weiler oversees all custom engineered manifold projects and technical support, and has been deeply involved in sales, manufacturing, engineering, quality management, materials management and purchasing. That depth of experience allows him to see the big picture and to look at Daman through the eyes of the outsider; i.e., customers.

Giloth also brings an impressive work record to his job. He's been involved

in manufacturing, custom product design, sales and engineering. "I kept changing my major because there were things I needed to know. I started with welding and automotive trades and moved to engineering and then on to leadership and management," said Giloth.

He says he's "a teacher at heart" and measures success by helping others be successful – a basic tenet of WinWork. His engineering background, including methodical and deductive reasoning, helps him concentrate on the steps, tasks and applications needed to ensure customer satisfaction.

Both Weiler and Giloth use their leadership skills outside of Daman with their involvement in community activities, including coaching sports teams. It's an extension of their commitment to helping others succeed.

Daman as a Single Source: The Mazak FH-10800 CNC Expands Manifold Capabilities.

Daman employees are saying "yes" to requests for larger manifolds as they expand the company's custom capabilities. The FH-10800 CNC is a high-precision horizontal machine center that provides enhanced conformity with machining and part size capacity with near jig-bore accuracies. The new machine redefines Daman's position in the manifold market as a single-source, full-range manifold supplier. "The new Mazak machining center was the genesis of the redesign of two of our four manufacturing cells, realignment of

product groups, and an evaluation of staffing requirements," said Dave Mischler, Daman Vice President. "In order to move

large jobs within our facility and prevent worker injuries,

we really needed larger equipment," he added, referring to the Mazak's capability to handle 2,000-pound manifolds.

Staying on the cutting edge of manifold technology is part of Daman's commitment to provide better solutions delivered with impeccable customer service.



A Full-Service Fluid Power Support Team

Daman provides outstanding technological and service leadership beyond its customers' expectations in order to promote their interest, thereby ensuring continuous opportunities for Daman employees.

This philosophy statement drives the organization. As a result, Daman has developed a solid reputation as one of the best suppliers its customers have. Each Daman team member is driven to provide long-term, reliable service that exceeds customer expectations. Daman offers a complete line of hydraulic valve manifold products comprised of two basic groups: Custom Engineered Products and Standard Products. All components are manufactured to tolerances that meet or exceed National Fluid Power Association (NFPA) as well as the International Standards Organization (ISO) specifications. Daman has created a streamlined system for estimating, engineering, and manufacturing Custom Engineered Products from as little information as a hydraulic schematic and component bill of materials. Daman has also developed the most comprehensive catalog of Standard Manifold Products in the world. Our product lines provide every customer with more than one million choices to refine and enhance their hydraulic system, ranging from ISO 02 valve patterns through ISO 10.

More than manufacturing. Daman means business.

Daman Products means business when it comes to non-value company activities. Daman's "Advanced Manufacturing and Marketing Concepts" presentation is a lively and, at times painfully honest, case study that gives industry leaders insight into Daman's evolving management system and how it has changed the company's internal effectiveness, profitability and market position.

Walk the talk – Daman makes a very powerful presentation.

Daman's president, Larry Davis, explains the operational obstacles, and their evolving journey. Davis contrasts former methods with the company's current systems and illustrates the dramatic benefits that have been realized as a result of Daman's redesign of its processes. The outcome is a complete overhaul of the traditional management/employee culture. Davis has played a prominent role in Daman's overall performance as the lead promoter of Daman's Advanced Manufacturing and Marketing Concepts programs. His experiences touch on culture change, waste in time-honored systems, why improvements seldom manifest tangible results, effective learning, and the lunacy of expecting improvement without systemic change. Davis also addresses the positive, unintended consequences of a business culture that is continuously improving.

The "Daman story" is presented to local, regional and national audiences. It encompasses Davis' "outside the box" vision for our nation's education system – a system that would develop all traditional disciplines into project-based, meaningful learning experiences. It's a vision that promises to capture the imagination of our children and energize them, something Davis sees as key to our future national competitiveness.

Learn more detailed information about product innovations on Daman's interactive Web site.

Daman's interactive Web site offers valuable information and is produced to help users understand individual products, process innovations, and product service issues about the Hydraulic Manifold Industry, customer solution information, and specific product applications and technologies. You can find Daman Products on the Web at www.damanifolds.com.



1811 North Home Street
Mishawaka, Indiana 46545-7267 USA
North America: 800.959.7841 • Fax: 800.241.7664
International: 574.259.7841 • Fax: 574.259.7665
Email: sales@damanifolds.com
Internet: www.damanifolds.com

Daman Products Co., Inc. actively practices advanced manufacturing and marketing concepts to effectively provide value and service to its markets. It is primarily engaged in the design and manufacture of hydraulic valve manifolds and related products. For more information, visit www.damanifolds.com.