

Evolution in electrical component supply

In the 60-plus years since specialist supplier and distributor Aerco was formed a lot has changed in the electrical component market. MEPCA found out how the company has evolved over that time and how it plans to support its customers going forward.

MEPCA: A lot has changed in Aerco's 60-plus years of supplying electrical components. How, and why, was the company formed?

Aerco: While the giant US-owned distribution businesses made their beginnings in the 1930s in the UK after the Second World War, the UK-based manufacturers of electrical components still sought to maintain control of their customers through direct supply. Smaller geography and a weakened manufacturing base made this just about possible.

Bill Loughton, founder of Aerco, created a business to service the radio requirements of commercial aircraft in 1956. But as the growth of manufacturing accelerated during the 1960s, he saw that component manufacturers were failing to deliver the small quantities of connectors, switches and lighting components needed by service businesses such as his own, and he set about filling that void.

Aerco's first distribution agreement was with Plessey, under which Aerco began to stock and sell their electrical connectors. The business environment was slower then. Orders arrived by post, but they still could usually be fulfilled from stock, and the connectors would arrive to the customer within a week or so.

M: How have those requirements evolved in the years, and how has Aerco's offer adapted to meet those requirements?

A: Since those early days, Aerco has extended the range of types of components supplied, and the distribution agreements have broadened to formal franchise agreements with over 30 principals. Further, Aerco's customer list has developed, and the company now supplies these components to major national and international manufacturers in defence, aerospace, transportation, medical and industrial markets.

M: Has Aerco driven any of the trends and practices we see as common today?

A: Proof of traceability and product origin have now become bywords in all areas of manufacturing, but that hasn't always been the case. Back in the 1950s, it was just expected that component suppliers would be supplying legitimate products. Because of Aerco's background in civil aviation, it has always been essential to maintain traceability and the ability to identify a product's source and manage recall has become ingrained in our business. As times have changed and the need for certification has grown, Aerco has constantly been able to adapt and adopt these needs. For example, we were one of the first distribution companies in the UK to gain UL approval to respool cable while retaining the UL approval for the product.

M: What are the prominent trends today, and how is Aerco meeting them?

A: Long lead times, unreliable delivery promises and escalating prices are creating a perfect storm for supply chain professionals. With growing economic volatility, we have seen prices increase very frequently and variable lead times from manufacturers, causing delays to projects and line stops in manufacturing. Customers need stability and consistency in their supply chain to be able to operate efficiently and reliably. We developed our CallOff order service to counter these customer concerns. We are able to hold larger quantities of stock for them, and they are able to CallOff as required throughout the year. This gives them the reassurance of having the stock available to them at short notice but with the reassurance that the price is fixed for a year. Being privately owned and in financially robust health, along with having such a close relationship with many of our suppliers, means we are able to support our customers with initiatives like this.



M: Finally, what emerging trends are you seeing that will affect Aerco's offer in the future, and how does the business plan to adapt to meet them?

A: Lots of component manufacturers are looking to reduce their overheads and cut back on non-core activities, which have seen them reduce sales team numbers and, on some occasions, reduce technical support to end-users, too. This leaves a void of support, especially for small and mid-size engineering firms that still require the technical expertise of the component manufacturer to aid with the designing process.

At Aerco we see the need to support our customers with our in-house technical support and have developed our Aerco Academy to help grow the knowledge of new staff but also harness the experience and expertise of our longer-standing team members. Aerco Academy is our repository for training and knowledge on the products that we supply to the market. All online and available to all staff, Aerco Academy is a key investment the company is making to ensure that we deliver on our mission to customers to deliver technical expertise. With our technical support, we can help with the component selection and evaluation activities in our customers' design process.

www.aerco.co.uk