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Trojan UV

On Monday March 12, 2007, Russell Wisselink, a Senior Buyer for Trojan Technologies in London, Ontario, Canada, was working in crisis mode. Juntao Quartz Products, a Chinese company, the primary supplier of the quartz glass sleeves used to cover UV lamps, had just emailed him that they would be unable to supply the crystal sleeves used for Trojan's UV4 line of products. This unexpected development meant a significant increase in costs and potentially a shortfall in parts supply.

Trojan Looks Abroad

Trojan Technologies was a wholly owned subsidiary of Danaher Corporation, a large conglomerate in the United States. Trojan's core business was the development and sales of ultra-violet (UV) water treatment and purification systems for applications ranging from residential to municipal and industrial. One of the products necessary for this treatment method was a glass sleeve that acted as a barrier between the water and the UV lamp. These sleeves were built to custom specifications for size and optical transparency for each of Trojan's product applications making them very expensive and difficult to procure. Before being acquired by Danaher in 2000, Trojan sourced most of its requirements from other firms within North America, focusing on building supplier relationships rather than cutting costs. For several years Trojan's primary supplier of both standard quartz and crystal quartz sleeves was Advanced Material Solutions, Inc. of Troy, Michigan, which produced the sleeves from various types and purities of silica sand.

Global Opportunities

As a large diversified manufacturing and technology company, Danaher's objective for its subsidiaries was maximum profitability. Trojan's management knew that this meant global sourcing for manufacturing due to labor arbitrage and reduced materials costs. There was also a prospect for earnings growth through improved business operations development in growing international markets.

After the acquisition by Danaher, Trojan's purchasers began to consider suppliers in "low-cost regions" (LCR's). While there were a number of locations that could have supplied the silica sand used for manufacturing sleeves, China was the most practical choice for two reasons. First, because China had a good supply of both regular quartz sand for standard sleeves, and uncontaminated crystal sand for UV4 sleeves, and second because Danaher already had an existing Chinese-based sourcing group, Trojan would not need to find



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