

# Industrial Fasteners & Supply Uses VMI to Gain Customer Loyalty

**B**ill Weldon, General Manager of Industrial Fasteners & Supply, puts it simply. He said, "With our BUSINESS EDGE Bin Stocking Program, we efficiently control our customer's inventory better than they could themselves. The customer doesn't have to worry about their inventory any more. In some cases, we even assign location numbers for them. We bill them weekly. They have no receiving. They can expend the items directly."

## Bin Stocking Based on Forecasts

"We begin with the customer's forecast of their requirements," he continued. "If they don't have a projection, we take their last three years of sales and we create the projection based on an average of their past history."

"This becomes the base line. In most parts we want to do 6 turns per year. We take their annual volume and divide it by six and that becomes their reorder quantity. On a higher volume part, because of the cost of the part and the space required to store it, we will increase the number of turns to 12 per year. In certain cases, we will even do 24 turn a year."

He further observed, "You look at each part individually and decide where your reorder quantities are going to be based on the cost of the part, the labor to transport it, and the labor to store it."

## The BUSINESS EDGE Palm Pilot Saves at Least 2/3 of the Time

This bin stocking program has been in place for almost 10 years. For the past 1-1/2 years, the bin stocking has been done with the BUSINESS EDGE Palm Pilot program. Bill explained, "The Palm Pilot has reduced the time required to take the orders by at least two-thirds. The accuracy has

always been good, even with our old manual system, but now it is nearly perfect. The data entry back at the office is completely eliminated. Since it is all fully integrated into The BUSINESS EDGE there is virtually no chance for error. The customers want to do business with people that are keeping up with technology."

## Individual Customer Requirements

Not all customers are the same. Each customer has their own way of dealing with these Class C types of components. Some customers inventory them and maintain a central stock of them, while others expense them and distribute them among the production lines so that they will be available when and where they are needed.

## Multiple Locations With Different Reorder Quantities

Bill stated, "We have customers set up where we have a single location for each part. At the same time we have other customers that have up to 12 locations for a single part. Each location has its own minimum, maximum, and reorder quantity in the Palm

Pilot. The BUSINESS EDGE Palm Pilot program handles each of these varied situations easily. The bar code includes the customer location along with the minimum and maximum for that location if the part is at multiple locations. When the part is stored at multiple locations, the packing slip is printed by The BUSINESS EDGE actually prints the customer location for replenishment for the part. This greatly simplifies the restocking process and it further ensures accuracy."

## Sealed Bags vs. Loose Inventory

The process also varies based on other customer expectations. One customer will have sealed bags and



Bill Weldon, General Manager, Industrial Fasteners



when a bag is broken, that inventory is considered used, while another will have loose stock and Industrial Fasteners' Bin Stocking person will make a judgment call on whether or not the part needs to be reordered. Yet another customer will have "back stock" and will have parts moved to the lines from the backup stock first. Then replenishment is done from Industrial Fasteners to the backup stock locations. The BUSINESS EDGE Palm Pilot program easily handles all of these situations.

### **Proper Planning During Setup**

When he was asked about the toughest part of running a VMI program, Bill was quick to report, "It is the setup. That is the crucial part of the program. You must take the time to understand the customer's needs and design the system to accommodate those needs. The information that appears on the label and the information that is contained in the bar code are different for each of our customers. Sometimes the description is included on the label and sometimes it isn't. The location is included in the bar code if the customer has multiple locations for the same part. This is fully integrated into The BUSINESS EDGE and the customer

location is part of the information that is automatically uploaded with the order. The result is seamless end to end integration."

### **Big Selling Tool**

Bill said, "We use this as a major selling tool with OEMs. When you can go in with technology and show that you are keeping up with the latest times, you have an edge. All the OEMs are looking for technology to help with their efficiency. It keeps us up with the major players in the industry. We have seen that a lot of people do bar codes, but their systems don't work. We've been copied, but they don't have a good system in place with integration into their ERP system, so they aren't able to do it right. If it is not integrated with your regular Sales Order System you are just wasting your time."

At Industrial Fasteners & Supply, contact Bill Weldon, General Manager, 4715 Main Street, Lisle, IL 60532; phone 630-663-0470, 800-787-8248; fax 630-663-0474; e-mail: [lfskill@aol.com](mailto:lfskill@aol.com).

Computer Insights can be reached at 108 South Third Street, Bloomingdale, IL 60108; phone 800-539-1233; fax 630-893-4030; web: [www.ci-inc.com](http://www.ci-inc.com). 