

# Tracking Your Fasteners

by:

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## The Amazon Threat

*Amazon.com* has made a huge commitment to its entrance into the fastener and industrial distribution marketplace. **Grainger** certainly needs to take notice, but what about the average fastener and industrial supply distributor?

## Hundreds of Millions of Dollars

**Amazon** is spending hundreds of millions of dollars in its Internet presence. The convenience of one click purchasing and seemingly unlimited product selection and availability are known and trusted aspects of what Amazon has to offer. An individual fastener distributor is not going to be able to compete on Amazon's level and on its playing field. Nevertheless their customers are going to be tempted to try Amazon because of their reputation as a convenient, low-cost, reliable vendor.

## Value-Added Services

As an individual fastener distributor, relationship selling is going to be more important than ever. More than that, selling Total Cost of Ownership (TCO) is going to be an important factor in the distributor's ability to keep its business. Many of our clients pride themselves on their over-the-top customer service. Be sure to remind your customers of the exceptional services that you are providing. More important than that, it is critical to figure out more and better services that you can offer (without going broke providing them). There are a few value-added services that a smaller distributor can implement that will enhance its customer relationships and improve customer loyalty even in the face of Amazon and all the other 800 pound gorillas that have shown up in the room.

## Vendor Managed Inventory

Offering a Vendor Managed Inventory program is one way to compete on a TCO basis. The value of fasteners is not enough for many OEMs to bother tracking, but the critical nature of the need for these parts makes the management of them a critical issue. This is one critical issue that someone like *Amazon.com* will not wish to address. Our clients have the answer—The Business Edge includes a complete Vendor Managed Inventory system. The basis for this system is

the creation of bin labels for each VMI customer. The data for the Bin Labels is either entered or uploaded to The Business Edge. Bin labels that are printed by the system include the customer bin location and either the customer or vendor part number. They can also include the minimum and maximum for the bin. Beyond that, with the full Able Label integration, the labels can include a drawing of the part as well. These labels are affixed to the customer bins.

## Salespeople Provide the Service



The Bluetooth Scanner scans orders into the smart phone app, which runs on all iOS devices (iPhones, iPads and iPods). The user can view detailed information about the scanned item instantly. The user can upload orders at any time from wherever the user has cell phone coverage or Wi-Fi access. This means that the orders can be taken without any access to the Internet.

## Customer Executed Vendor Managed Inventory

Less service intense, but equally effective is a customer-run Vendor Managed Inventory program. The customer is provided with a USB Scanner. The USB Scanner stores the order internally until the user is ready to upload it to a PC, where detailed information is then shown to the user (the end-user customer in this case). The order is then transmitted to the distributor's server over the Internet. This is particularly useful for customers that are a great distance from the distributor, or who do not purchase enough to warrant a personal call by the distributor.

## MRO Route Sales

Armed with scanners and iOS devices, salespeople can visit their MRO customers (who do not have a formalized VMI program) and scan reorders for submission. They can scan UPC codes or the last package that is left of an item's packages that have been shipped to this customer before. If there is no label, they can enter the part number or description and submit the order. Ordering this way takes a fraction of the time that it would take manually, and it assures that the order is much more accurate as well.

## Tracking Your Fasteners ...continued

### Consignment Inventory

Because they have ways to easily track the inventory being used by each customer, many of our clients offer Consignment Inventory programs. These programs not only relieve the customer of inventory management nightmares, but also shifts the burden of carrying the inventory to the distributor. The customer doesn't pay for the product until the customer uses it. For the customer it is a perfect world:

- They are always in stock when they need it.
- They have no investment in fastener inventory.
- They eliminate the cost of managing their fasteners.
- They don't have to pay for the fasteners until they use them.

### All Methods Offer Benefits for the Distributor

For the distributor, if the system is streamlined as it is with The Business Edge, there are a number of benefits:

- It is actually easier than the old ways of taking orders.
- It is far more accurate.
- It is far more timely.
- Because of the "value add", the customer is

usually much less price sensitive (after all, he is saving a lot of money already).

- The customers become more loyal because of the accuracy and convenience.

### Get Personal & Specialized

These are only a few of the ways that distributors can beat the giants. Each distributor has to put on its thinking cap and determine what unique product or service it can offer. It's not that *Amazon.com* couldn't offer services like these. It's just that this is not Amazon's business model. It doesn't represent enough dollars to make Amazon want to change its entire business plan. So if the distributor does it well, it is not likely to be bothered by Amazon for a long time to come. 

**Dennis, R. Cowhey, COB** – Started **Computer Insights** in 1981. He served for many years on the **Illinois CPA Society Computer Information Systems Committee**. He is a frequent author of articles for industry trade magazines. Before starting Computer Insights, he served as Central District Manager for a division of **Litton Industries** (now part of **Rockwell**), that offered inventory control systems to retailers. Prior to that, he was a Credit and Financial Analyst for National Credit Office division of **Dun & Bradstreet, Inc.** Cowhey received his education at **Chicago City College** and **DePaul University**. Computer Insights provides The BUSINESS EDGE 2.0 software for efficient tracking of fasteners. [www.ci-inc.com](http://www.ci-inc.com)