

About the Author...Dennis R. Cowhey

Dennis, R. Cowhey, CEO – Computer Insights, Inc. 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 Northrup Grumman). That company 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. He received his education at Chicago City College and DePaul University.



IS TECHNOLOGY HOLDING YOU BACK?

I hear it every day, potential clients for The BUSINESS EDGE 2.0 say "if it ain't broke don't fix it". The fastener industry is known as a trailing industry when it comes to the use of technology. As I talk to people about their technology needs they are often quick to defend their use of 30-year-old technology. It reminds me of a problem-solving class that I attended. When you're considering a problem you must know what you know; you must know what you don't know; and you must realize that there are some things that you don't know you don't know. The biggest problem is the last area when you are completely unaware of something you should be addressing.

shipping location? With many legacy software packages each of these requests requires a huge amount of manual work to satisfy your customer.

You have to comply. Your competitor would. The process is time-consuming, tedious, and error-prone. If you are late with the report, if it is wrong or if you refuse to do it you could easily lose that customer.

A modern computer system would enable you to easily put the required information into an Excel spreadsheet and e-mail it to the customer. It would be up-to-the-minute, correct, and presented to them in a form that they could easily use.

Customer Expectations are Escalating

Selling a commodity product like fasteners presents interesting challenges. Times are changing. Customer service expectations are higher than ever. People expect real time answers to all of their questions. They expect their vendors to know more about their business than they do.

In order to differentiate themselves from other companies offering essentially the same products, fastener distributors need to provide world-class service. Information is becoming an extremely important component of that service.

Customer Required Reports

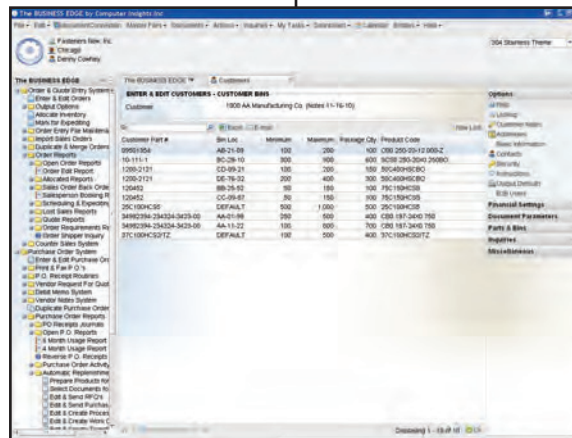
How often do you receive a request from a customer that requires you to create a spreadsheet showing their usage? Do they ask for a separate report of those items that were on the bin stocking program? Do they want a different report that shows only sales not on the bin stocking program? Have they asked you for price comparisons by year, usage by quarter or usage by

Price Changes & Inventory Updates

I've talked with fastener distributors that have a three day project each time they receive pricing updates from their vendors. Their system doesn't have any easy way to update the prices. It's necessary for someone in their office to go, part by part, increasing the price. I shudder when I see this kind of wasted time because I know that this entire process could be done in a very few minutes. Nevertheless in talking to the client, I find that they frequently don't really see this as a problem. It's just what they've always done.

Bin Stocking

In an effort to offer superior service many fastener distributors offer to do vendor managed inventory (VMI) or bin stocking programs as they are commonly called. These programs enhance customer loyalty, improve margins and make inventory management much easier for the customer. However, often the reorder is being created by a salesperson. The salesperson manually writes down the



The BUSINESS EDGE 2.0 has a fully integrated Vendor Managed Inventory System (Bin Stocking). Hand held devices with bar codes are used to take orders at the customer sites. All the data is uploaded to The BUSINESS EDGE 2.0 seamlessly.

reorder quantities and keys the order into the legacy system. The savings for the customer become huge additional costs for the fastener distributor. The way bin stocking is done in a truly up-to-date system is with barcodes and handheld devices at the customer site. The orders can be transmitted over the Internet or via cell phone. The orders are entered into the distributors system without anyone ever having to type in all of those part numbers. The time spent taking the order at the customer site is roughly 25% of the manual method and their orders are submitted in seconds. There is no re-entering at the fastener distributor location. There are no mistakes and it's all handled automatically.

Supply Integration

New systems can help with transaction processing going up the supply chain as well. With The BUSINESS EDGE 2.0 we offer The Brighton-Best Connection. This system is a seamless link to Brighton-Best International's (BBI) online ordering system. BBI offers a 5% discount to anyone who orders using their website. Users of The BUSINESS EDGE 2.0 receive the BBI web discount without ever having to enter any information into BBI's website. It is all handled seamlessly within The BUSINESS EDGE 2.0. Real time price and availability from BBI are available with the click of a mouse from within the in-house system. There is no wasted effort and no errors.

Printing & Mailing Documents

Many distributors are printing and mailing their business documents. These include purchase orders sales order acknowledgments, invoices, etc. The absolute minimum cost of mailing an invoice to a customer is over two dollars each. Included in this cost is the cost of the business form, the envelope, the cost of stuffing it and 44 cents each for postage alone. The invoice can take anywhere from one to five days or more to arrive at the customer location. Those days typically get added to the payment cycle. With a modern computer system the distributor can simply push a button and fax or e-mail all of the invoices in one batch. If the company prints and sends out 1,000 invoices a month, that's \$2,000.00 a month that they are simply throwing away.

Payoff Application

Quite often, upon taking a serious look at the computer system that's currently in use, there is an obvious "payoff application". A payoff application is an application that all by itself completely justifies the investment in a new system. Sending invoices electronically as described above is one such application. It has an obvious tangible payoff and is extremely easy to implement. Other payoff applications might include an automated replenishment system, a bin stocking program, a wireless warehouse, instant access to former prices for customers, supply chain integration etc.

Two Hours Per Day


We have found that on the average our clients save approximately 2 hours per day per employee by using the new system. The savings come from the fact that all of the information is tightly integrated so each transaction only needs to be entered once. Because the information is integrated the chance to make mistakes is greatly reduced and therefore the time required to correct mistakes is reduced even more. Easy access to information including price and stock availability, future purchase orders coming in, sales orders due out, etc. makes every phone call more productive and every customer service interaction more successful.

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The Economy is Improving

The business climate is improving. If you survived the recent recession, you are smart or lucky or both. If you are still working with a computer system from the distant past, the time to improve is now. As business improves, you need to be able to keep up with it. If you have pared your staff to weather the storm, consider hiring a computer system to help you grow now instead of hiring more people. It could well be the smart thing to do.

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