

American News

IFE Panelist Kerr: Robots 'Pervasive' by 2030

Charlie Kerr envisions more “lights out” manufacturing in the fastener industry. As a panelist in a 2020 International Fastener Expo virtual session on fastener manufacturing, Kerr of Kerr Lakeside recalled when fastener factories began using computers in the 1970s. Remember early cell phones just a few years ago and how fast they developed? he asked. Responding to a question about robots in fastener manufacturing, Kerr noted that while a small robot may cost \$12,000 today, robots can work 24/7, don't show up late for work and don't call in sick. The first place for robots in fastener manufacturing is in the packaging department, Kerr said. By 2030 robots will be “pervasive,” Kerr declared.

Matt Boyd of Parker Fasteners envisions much more use of QR codes with end users having all the information “at their fingertips.” Reflecting on the year of the Covid-19 pandemic Boyd said aerospace fastener sales may have declined but health and semiconductor business is up. Military is steady, Boyd added.

Among the products Kerr Lakeside has traditionally manufactured are fasteners for musical instruments such as trombones and trumpets. Given the pandemic, that business has dropped to “zero,” Kerr said. Larry Kelly of Buckeye Fasteners said business took a hit for April, May and June but certain sectors such as food and beverage and medical did well. Buckeye received urgent orders for ventilator fasteners, Kelly noted.

Is there more reshoring of fastener manufacturing?

“Yes for now,” Boyd responded. But that “is not guaranteed for the next round.” There are Covid-related products where customers are seeking the reliability of domestic fastener supply, Boyd observed. “Especially when they want delivery within a week,” he added.

Kerr reported “an uptick in requests for quotes,” especially with certain material grades. But requests for quotes don't necessarily turn into business, Kerr pointed out. Kerr said some of the searching for alternative product sourcing can move business from China to India, Vietnam or Taiwan and “not necessarily back to the U.S.” Kelly reported an increase in quotes for 2021.

“Freight costs are giving us an advantage,” Kelly said.

Kerr pointed out that “it is not what it costs to purchase fasteners, it is what it costs to own them.” Freight and quality are part of those costs. Kerr cited as an example of costs to own by recalling buying a



cheap bicycle in 1986 for \$100, which didn't last. But a \$200 bicycle in 1990 is still serving him three decades later.

Reacting to pandemic

The effects of Covid-19 will continue “well into next year,” Kelly expects. Kelly said Buckeye's 1905 plant is not easy to reconfigure for a pandemic. It is hard to move heavy fastener manufacturing equipment. But Buckeye has created more cellular environment for operators. Operators often have two or more machines, giving them spacing and less operator interaction. The pandemic has made IT personnel the most valuable, Kelly noted. Most manufacturing can not be working from home, Kelly said.

Parker was fortunate to be moving from a 30,000 sq ft building to 68,000 sq ft, allowing some spacing of equipment as part of following CDC guidelines, Boyd said. Parker also spread out shifts. And Parker added a cafe in the facilities so “no one has to leave to get food.” No vendors come to the Parker facility, he said. The pandemic has given the manufacturer “more time to look internally,” Boyd said. “Where can we do better in business?” Also through zoom calls he found they actually “got closer to the customer.” What Parker would have spent on exhibiting at the IFE in Las Vegas could be spent in other ways, Boyd said. In direct contact, Boyd spent more individual time with customers rather than being interrupted on a trade show floor. Parker sales are up “just slightly” for 2020, Boyd said.

Kerr acknowledged he is “not a fan of remote work,” but added that “the way work is done is going to be different.” Boyd finds trucking costs increasing more than materials. Boyd said Parker has been able to hire 18 people. Parker favors hiring people without experience and having the company train them. Kerr Lakeside relies on temporary services for hiring, Kerr said.

Worse than finding employees is having a “plant full of people and no jobs to do,” Kerr said.



Hughes to STAFDA: Underdogs Can Win

Can small distributors compete against Amazon? the president of the Specialty Tools & Fasteners Distributors Association asked in his 2020 virtual State of the Industry speech.

“We. Are. The. Underdog,” emphasized Greg Hughes, president of Kinnunen Sales & Rental. “Well, I'm here to tell you: Our. Dog. Bites!” The Oklahoma distributor's mascot is a dog. “I love being the underdog,” Hughes declared. “I love the challenge of someone saying that I can't. And in our industry the Big Boys are telling us just that. That we can't keep up with their ability to attract and keep this next generation of buyers.”

“What the pandemic did was force our brick-n-mortar customers to find ways to ‘per - fect’ their internet buying skills, Hughes said. The customer base is growing younger and “their online love affair grows stronger each day, subsequently kicking our counter-and-field-based customer service to the curb, and the big box stores have increasingly aggressive B2B programs.” “Our customers may be convinced they don't need us anymore. Are they correct? I mean, we can't out-Amazon, Right?”



After college in Oklahoma, Hughes learned direct selling of fastening-related products to end users with a German-based company. Within two years he became an outside salesperson. “The next few years I learned the art of selling, and I started developing key relationships, one of which was with a hard-working and determined gentleman by the name of Ray Kinnunen,” Hughes recalled. Kinnunen, a concrete contractor by trade, “had grown tired of driving so far to obtain rental equipment and supplies. So with a \$400,000 loan and a 4,000 sq. ft. building, he started Kinnunen Sales & Rental, offering a few pieces of rental equipment and some concrete related supplies, including the shots, pins, anchoring and drilling products my company offered.” In 2013, Hughes and his spouse bought the distributorship from Kinnunen.

“Our slogan at Kinnunen Sales & Rental is - ‘Getting You Back to Work’ - and we’ve built a business on that promise.” That required getting the customers and retaining them when they “have the option to purchase our products not only faster, but also in some cases, cheaper from Home Depot, Lowes, Amazon, and whomever pops up online overnight.” “We’ve accepted the fact that in the next five years nearly 75% of our customers - those people we depend on to stay in business - will be Millennials and Gen Z-ers. We’ve ditched the old-guy gripe about how we hate change, or how we hate how these youngsters think...and we’ve made change after change after change, to simply...keep up with change.”

Building Strong Relationships With Our Vendors

Hughes said “opportunities to buy from someone else are only going to continue to multiply as we’ve seen happen at lightning speed in 2020. We’ve got to have reasons for not only our customers, but also our vendors, to hang with us.” One way the “Kinnunen underdog bites back is by building strong relationships with our vendors. Let’s all agree - our vendor partners have a responsibility to their companies, their employees and shareholders to produce results. To that end, servicing the big box stores and various online platforms due to their sheer volume is an option they are unable to pass up, but you know what? Our vendors love us and they know what we bring to the table. We’re the guys who will take the vendor to the jobsite and get their brain and heart involved in our projects. No one at the big box stores or online giants are going to do that. We’re going to make sure our vendors know our partnerships with them are a huge part of our ability to succeed. They are going to feel, see and understand how much we need them, appreciate them, and depend on them to help us take our market share back.” That’s just one way the underdog bites back.

Johnson Tells STAFDA: Ban Paper in Front Office

Move your distributorship into the future by eliminating paper in the front office. Andrew Johnson advised the Specialty Tools & Fasteners Distributors Association. Johnson, CEO of Shelfaware LLC and a multiple generation distributor, spoke on transitioning distributors to the digital world where they can reclaim “the edge back to small business.” Distributors must have a programmer on the payroll to develop “automatic analytics,” Johnson said. Distributors need a “data dashboard with alerts, triggers.” “Own your data,” Johnson urged.

With data driven inventory, distributors can compete directly with Fastenal, Grainger and Home Depot. The big chains already dominate search engine advertising. Distributors need to “pick and choose” their online presence, Johnson advised. But even websites may get outdated, Johnson cautioned.

“It is about the eyeballs,” Johnson said. “What are they looking at? LinkedIn? Videos?” But they can compete in their niche - such as furniture fasteners.

His own family’s distributorship specialized in O rings.

To compete, a distributor can move into assembly and repair “bordering on manufacturing,” Johnson said. Small distributors can offer customizing.

Not every idea will work, he acknowledged. “There are going to be swings and misses.” Part of his distributorship’s move into the future involved him and his brothers-in-law discussing what each one was good at and not good at.

That must be expanded in companies.

“Team members need to know what they are not good at.” Johnson emphasized. Fastenal has grown in servicing safety & janitorial businesses. Fastenal installed 100,000 vending machines in customers’ locations.

Small distributors need to “stick to what you do well.” Attack competitors “where they are weakest. Use a digital approach to carve out your market niche.”

Investment in Online and Social Media Platforms

Hughes noted many distributors saw sales skyrocket in 2020 because of the surge in online buying. “And how did they get so much business? Because of their investment in online and social media platforms. Their willingness to follow the trends of younger buyers - and older buyers - wanting the buy-it-on-my-phone convenience.” Now before everyone says, “Yeah, but I can’t afford a million-dollar website with apps,” hear me out, I’ve said that same thing for years. The answer doesn’t have to be that difficult or costly but doing nothing is no longer an option, just like doing nothing wasn’t an option in the formative years of your business,” Hughes advised. “We can’t keep our holier-than-thou attitudes, thinking everyone should come to us because we have a beautiful store on Main Street where the shelves are dusted, the floor is swept, and our employees greet you with a smile,” Hughes said. “We’re going to keep providing those things, but we also have to accept the new religion of apps and online buying trends of this generation, and all future generations.” “We have to reach a market who, for the most part, we don’t see,” Hughes said.





Marc Strandquist Promoted to Optimas CEO and Opens New PPE & MRO Distribution Center in St. Louis

Optimas Solutions of Glenview, IL, USA, has opened a new distribution facility in Overland, MO, USA. Optimas, a global industrial manufacturer/distributor and service provider, opened the 30,400 ft² facility near St. Louis to handle the USA distribution of a new line of manufacturing consumable products focusing on personal protective equipment (PPE) and maintenance, repair and operations (MRO). Optimas Solutions has also promoted President of the Americas, Marc Strandquist, to Chief



Executive Officer (CEO). In his new role, Strandquist will oversee planning/execution of the company's strategic plan for its regional business groups—Americas and International. Strandquist will continue to oversee the firm's Americas business unit. In that role, he has ignited revenue growth, service diversification and technology advancements, which also drives improvements in sourcing, operations and customer service across the USA, Canada, Mexico and South America.



Stanley Engineered Fastening to Expand

Kentucky Governor Andy Beshear recently announced that executives with Stanley Engineered Fastening, a Stanley Black & Decker company, plan to create some 49 high-paying job positions for Kentuckians with a US\$6 million expansion at its Christian County facility. Stanley Engineered Fastening plans to add 30,000 ft² to the existing 250,000 ft² Hopkinsville facility, which will grow the current business and expand into other products. Once complete, the expansion will elevate the plant's total employment to 205 workers. Work on the project is expected to conclude in July. Established in 1966, the Hopkinsville facility produces a variety of brackets, plugs, fasteners, inserts, bolts, nuts, rivets and screws.

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