

Old Product. New Sales Opportunities.



Looking for an additional source of revenue?
Consider an old product: **fasteners.**

Room to grow.

If you're looking to expand your business and add a new revenue source, then maybe you should consider an old product: **fasteners**.

Considering that Archimedes invented the idea of a screw device to move water around 400 B.C. and the application of this idea rose to prominence in the 1500's, you might think this ancient industry is tapped out, with no room for growth. **But there is room for growth, and you might be surprised at how big the fastener market actually is.**

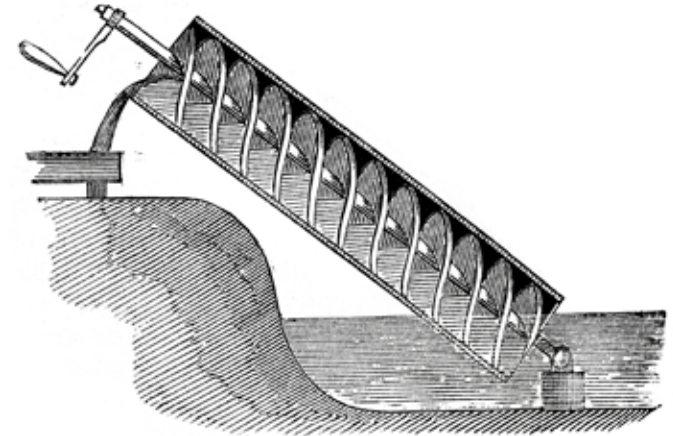


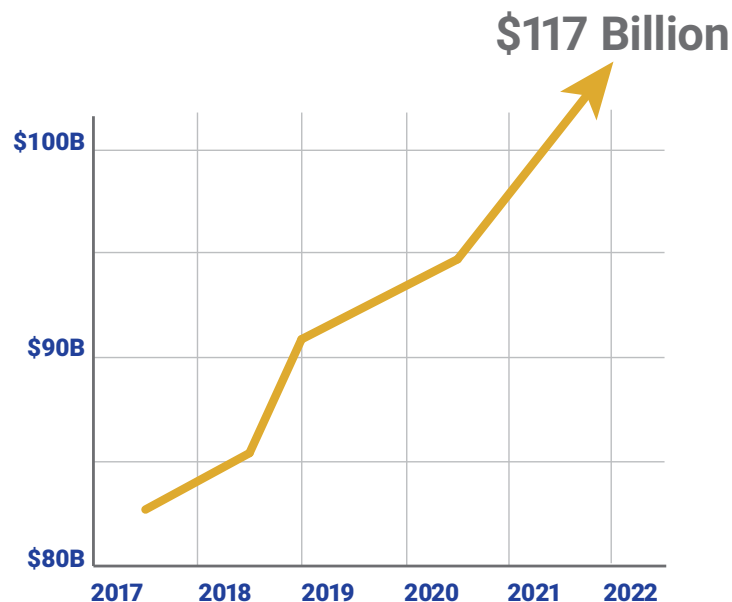
Fig. 2.



The Size of the Opportunity

The global industrial fasteners market was valued at roughly \$85 billion in 2016, with experts predicting that the market will reach nearly \$117 billion by 2022.

Yep, I know what you're thinking: "Is he serious? The fastener market can't be that big...can it?"



It can be mind numbing when we start throwing around numbers that begin with a "B," so here are some—shall we say—"more glamorous" industries that offer a bit of perspective on the sheer size of the fastener market:

- Hollywood sold \$38.6 billion in tickets at box offices around the world last year, with \$11.4 billion of that in the U.S....
- The National Football League's total revenues were projected to surpass \$13.3 billion in 2016...
- In 2016, The Walt Disney Company reported \$55.6 billion in operating income...

Those three global entertainment juggernauts had combined revenues in 2016 that were only about 20% more than the global fastener market. **So yeah, the fastener market is pretty big, but...**



...Where's The Growth Coming From?

That's really pretty easy to figure out when you give it a little thought. Nearly every product that's made up of multiple parts uses some type of fasteners. Growing global demand for cars and trucks, electronics, appliances, aircraft, industrial machinery, construction and agricultural equipment and medical equipment will drive demand for fasteners in the coming years, while the food processing and aerospace industries are driving demand for custom fasteners. And increased government spending on infrastructure will fuel the growth of the fastener industry. For example, a 2016 study found that more than 56,000 of the nation's 614,387 bridges were at least 50 years old and were structurally deficient. That's a lot of nuts, bolts, and washers—not that every bridge has 1,016,600 steel bolts like the 8,614-foot Mackinac Bridge that connects Michigan's Upper and Lower Peninsulas—but it's still a lot of bolts...and nuts.

And while there's high demand for fasteners in infrastructure and the manufacture of new products, there's also high demand in the maintenance, repair and overhaul (MRO) industry. Fasteners are wear items that are usually replaced when an item is repaired. MRO revenue growth is forecast at a compound annual growth rate of 5.3% for the next 8 years, driven by increased MRO activities in automotive, electronics, construction, aerospace and electrical industries.



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Not your father's fastener business.

So the fastener industry is bigger than you thought. But now you're thinking, "Yeah, but fasteners are a commodity and it's a business that's driven by pricing. And I don't want to tie up my money or my warehouse space carrying all that inventory. It's just not worth the time."

Well, fasteners are a commodity only if you **TREAT** them like a commodity. And how are commodities marketed? Usually by price. And we all know you can never win by having the "lowest" price because there's always somebody out there who's willing to undercut your price, even if just by a penny.

Savvy distributors work with master fastener distributors who can supply off the shelf or custom fasteners just in time, drop-shipping directly to customers when needed. Also, working with a master distributor that helps you differentiate with value added service will help to maintain margins.



Precision turning goes high tech.

As manufacturers engineer products with lighter weight and more exotic materials, there is a growing demand for custom turned parts.

Offering custom parts built to a customer's specifications allows you to protect margin and capitalize on the growing custom fastener industry.



This sockethead cap screw was created out of a very hard MP35 Nickel Cobalt Alloy to withstand the constant punishment of a stamping press.



The High Cost of Carrying Inventory

While the estimates can vary quite a bit, there's definitely a cost for carrying excess inventory. Experts approximate that those costs can range from 20 to 48 percent annually.

Here's a quick look at what goes into the costs of carrying excess inventory.

Capital: The amount of equity and debt you have tied up in inventory.

Space: The cost of your warehouse space, including utilities.

Scrap and rework: This can be brought on by changes in the design of a product, loss of a customer, etc.

Administration: Managing inventory takes people and systems, and they cost money.

Expenses: Insuring and paying taxes on your inventory takes away from your bottom line.

Lost Inventory: Parts can and do get misplaced, lost and stolen.

Handling: Your modern materials handling system makes it easy (and more expensive) to get to the stock you need, while an antiquated system means you're likely frequently moving things to get to the items you actually need.

Damage: Caused by corrosion and excessive handling.

Lead Time: The more work you have in process, the more time you need to get items through the process.

Lost Opportunity: How much could you have earned if the money that's tied up in inventory was invested in something with a payback?

Slow to Innovate: Having a surplus of parts can delay new product introductions because you want to use up the old parts before introducing the new product.



If You Don't, Someone Else Will

If you haven't noticed, the service desks at car dealerships will now sell you tires. What's the big deal about that, you ask? Well, it used to be that when you took your car in for service, the service advisor would tell you if you needed tires and recommend a local tire dealer.

But the problem with that was that the tire dealers weren't just selling tires; they were also selling brake jobs, alignments, oil changes, shocks, etc., and the car dealerships realized they were losing sales opportunities AND customers. So now car dealers will sell you tires—and hopefully any other services your car needs—relying on large tire wholesalers to stock the multitude of tire sizes they need and delivering them to the dealerships just in time.

So what's this got to do with fasteners? Well if you don't carry the fasteners your customers need, they WILL get them from someone else, and that someone is likely a competitor who will also try to sell them products that your customer currently buys from you. So your customers are not only going to someone who's stealing sales from you, but you're also missing out on an opportunity to deepen your relationship with your customers by offering the products they need, when they need them.

I'm not saying you need to carry all of the fasteners that your customers might need; you just have to have the right distributor partner who can help you add revenue without adding inventory or facility space. **And with margins of 30 to 50 percent, you're leaving money on the table by not offering fasteners along with your other maintenance and repair items.**



Finding the Right Partner

So how do you find the right partner to help you break into the fastener business? Look for a company that offers “Five S” service: sourcing, specialty work, services, support and standards.

When it comes to sourcing parts, your distribution partner should be able to source parts from anywhere in the world. A broad, global resource base will help you turn opportunities into sales.

Step into the fastener business, and you’ll inevitably have a customer who needs parts that require custom manufacturing. So your distribution partner should be able to do simple customization work such as cutting, threading, chamfer parts and source specialty plating. Some distributors will even offer the capability to do advanced “To Print” services, creating a custom fastener from an engineers print.

If you’re new to fasteners, you’ll want engineering and technical support, particularly when your customers need custom solutions.

Like any good business, your fastener partner should offer a variety of services that will save you time and money.

These include:

- *Broken case quantities so that you don’t have to buy 200 items when you only need 20*
- *Drop shipping directly to your customers*
- *Online ordering to reduce time and effort*
- *Kitting and packing in poly bags with your logo or your customer’s logo*
- *Bulk quantity discounts*
- *Stock and release programs*
- *Custom Manufacturing services*

Finally, look for a partner that has a robust quality control program and adheres to ISO management standards. An exceptional partner will share performance metrics, such as order entry accuracy, parts accuracy, quantity accuracy and on-time delivery.



It's All About Collaboration

So even though the fastener industry has been around for centuries, to be successful you'll need to employ modern business methods and understand that selling fasteners is all about collaboration with your customers and your supplier.

From your customers' perspective, that means understanding and respecting their needs by not loading lots of specialty parts into a program that won't sell quickly.

From your supplier's perspective, that means finding a partner that can help you analyze your existing customer base, define your niche and develop a product line that fits. Doing so will ensure that the product lines you carry will sell and generate revenue quickly, and will help your company grow and succeed for years to come.





How can we help you today?

IMPORT

10,000 large diameter & hard-to-find product SKUs

- Bolts
- Screws
- Nuts
- Lock Nuts
- Washers
- Structural Fasteners
- Clips and Clamps

Custom Sourcing

Specializing in...

- Agriculture
- Construction Equipment
- Heavy Transportation
- Mining
- Structural Construction
- Wind

MANUFACTURE

Reworked Standards

- Cutting
- Threading
- Chamfer
- Drilling
- Slotting
- Custom Plating

Quick Custom Fabrication

- From blank stock inventory
- Inch Hex Head Cap Screws
- Metric Hex Head Cap Screws
- #7 Head Plow Bolt
- Square Head Bolt
- Up to 19" inches long
- Up to 2" diameter
- Quick Turnaround

To Print Specials

- Engineering Consultation
- Wide range of materials
- Low quantity runs

DISTRIBUTE

Broken Case Quantity

Drop Shipping

Quantity Pricing

Stock and Release

Kitting and Packaging

Fastener Programs

24/7 E-Commerce Purchasing

BACKED BY THE EARNEST

**Service
GUARANTEE**

THE EARNEST SERVICE GUARANTEE

If we send you the wrong part, enter your order incorrectly, short you a quantity, or deliver a priority shipment late, not only will we make it right, **WE'LL CREDIT YOUR ACCOUNT \$50.**