



American News

STAFDA's Guthrie: Teach "Why" Instead of Just Training

"Educate" your employees rather than "train" them, the president of the Specialty Tools & Fasteners Distributors Association urged members in his 2022 State of the Industry address. "Many of you that have known me for any length of time know, one of my pet peeves is the word 'training!'" Allan Guthrie of DXP Enterprises, said. "I believe our industry over uses the word." "What are we trying to do when we "train" someone? Are we presenting them with the performance specifications of a tool, with the hope that they can increase sales? Teach them the nuances of a business process so they can perform their job more efficiently?" Guthrie asked. Why don't we "educate" them?

The difference between "training" and "education" is the "why?" Guthrie said. "Why does it matter, why are we doing it this way, why does it impact the customer?" "If we can explain why the performance specifications of the tool matters and how that could benefit the customer that would probably increase sales," Guthrie explained. "But, just knowing the torque specs of a drill without knowing why it matters will get you nowhere." "Typically, folks will seek out their supervisor or team leader and ask for direction because we trained them just to follow the process and not to think. "Now if we would have educated them, explained why each step of the process was important and what effect it has on the next, we would have empowered them to make an educated decision," Guthrie told STAFDA's 46th convention.

Guthrie said 2022 words replacing pandemic, social distancing, masks and shut-downs are: Supply chain disruption, raw material shortages, high fuel prices, surcharges, rising interest rates, inflation and inventory shortages. "I think COVID taught us all to become better planners, we're identifying what our customer's critical needs are ensuring we have sufficient safety stock, even researching alternate items that could be used as replacements if the need arises," Guthrie observed. Especially in the past year, open and honest communication between suppliers and distributors has made it "easier for us to inform our customers, look at other options and stay ahead of potential stock-out situations." Guthrie said that comes when suppliers "share the good news (we have it in stock) and the bad (we don't have a clue when we'll get it)."

Another 2022 issue has been price increases. "These increases are coming from raw material providers to the manufacturers, manufacturers to distribution, and distribution to the end users! We all are trying to keep our pricing updated, keep our customers informed, and not lose any money in the process," Guthrie said. "I believe the pandemic has sharpened our business processes, made us better communicators, and if you stayed on top of your orders, brought us all closer to our customers."

In high school Guthrie attended a vocational school with a focus on architectural drafting. Though accepted in college to study engineering, Guthrie instead found multiple job offers. "Well, being the lazy 17-year-old kid that I was I decided to make money instead of spending it. I chose Worthington Pump; where I could roll out of bed and be at work in under 30 minutes in lieu of driving over an hour each way in traffic to the other two opportunities." "I soon found out, many of the opportunities for advancement were contingent on having that piece of paper that I had passed on," Guthrie recalled. "So, with a chip on my shoulder and someone always chirping in my ear that I couldn't do a job because I didn't have a degree, I set out to prove them all wrong."



Starting as draftsman trainee, Guthrie advanced to draftsman, and within five years was running the commercial engineering department. Via night school he got an associate's degree in business administration. He jumped on getting one of the first two computers that our company bought and he tore it apart, "to see what makes this thing 'tick'?" From there, Guthrie created an engineering systems department and moved away from punch cards to create databases to house metadata on engineering drawings, better known as product data management. He sought to learn the entire business. "I did everything from taking inventories, purchasing, marketing, writing bill of materials and shop orders, to doing every nasty job in the shop. People saw my desire and passion to learn and they gave me a chance."



He rose in product data management and was asked to teach at two company plants in Europe in 2000. “I had finally proved the naysayers wrong; I could do it and by the middle of the year 2000, I was promoted to IT Manager over four manufacturing facilities and 10 distribution centers in North America.” His employer, Centaur, was acquired by DXP Enterprises and “I was kept on as paid consultant for 30 days and asked to find work elsewhere...but it’s 2008, there were no jobs to be had,” Guthrie recalled. “At the end of my consulting gig, they decided to hire me as an operations manager for the industrial supplies group, and I started all over again.” After two years there was an organizational change and Guthrie moved to director of strategic sourcing.

So why tell this story? “I’m a strong believer that hard work and perseverance pays off in the long run, something I learned watching my Dad rise from a laborer back the 60’s to becoming the best of the best in his industry,” Guthrie recalled. “Starting his own business in the early 70’s and successfully running it for more than 30 years against all odds.” “This is something I try to instill in everyone I mentor: Always be available for every opportunity that presents itself no matter if you think it’s relevant or not,” Guthrie finds. “It will separate you from those around you and you’ll get a chance to advance at a much faster rate than those who don’t.” “Constantly look for peers, supervisors, managers or industry leaders that are willing to ‘show you the ropes,’” Guthrie advised. “The beauty of our industry is there are plenty of folks out there that are more than willing to help if they see passion in your eyes.”

DeStefano: Distributor Websites Need B2C Comfort With B2B Strength



Local distributors can beat the B2B giants with “personalization,” Bob DeStefano told the Specialty Tools & Fasteners Distributors 2022 convention. “Massive B2B e-commerce sellers rely on algorithm-driven recommendations and analysis to personalize the customer experience,” DeStefano said. Distributor advantages include relationships with suppliers, knowledge of the market and applications and understanding how to overcome logistical problems. A distributor website

needs “B2C comfort with B2B strength,” DeStefano said. That includes customer-focused design, education, intuitive navigation, rich content, targeted promotions, streamlined checkout and pre-sales support.

DeStefano started his Internet career in 1994 with Dean Witter when the question was “What is this Internet Thing?” He led the launch of Dean Witter’s first websites. He left to start SVM Solutions in 1995.

Internet buying is 83% higher than pre-Covid, DeStefano said. “The alternative to Internet is downsizing or closing.”

DeStefano finds two myths about distributor Internet sales. Myth #1 is that a distributor’s stand-alone e-commerce website will maximize sales on its own. DeStefano said sales reps often still need to assist in product selection, handle complex quote requests and payment options. And the purchasing process may involve multiple individuals such as end-users, plant managers and purchasing agents. Myth #2 is that a regional distributor’s e-commerce website will make the company a national player. DeStefano advised finding “new customers within your territory and niche.” Marketing and salespeople should seek to get existing customers to buy more often and a wider range of products. Seek out customers who haven’t purchased in past 12 months, DeStefano added. Go to “hybrid sales,” with includes digital, in-person and inside sales.

1. “Sell the way your customer wants to buy,” DeStefano said. Sales reps need to know how to sell whichever way serves the customer. “Train field reps to sell virtually,” he added.

2. Encourage and incentivize new Key Performance Indicators, including how fast you respond to customer inquiries.
3. Focus on building a strong culture team. Foster knowledge sharing about successful sales approaches with regular team-building events to “strengthen personal bonds.”
4. Invest in tools to help remote selling and sales team collaboration. He mentioned CRM and Slack as tools.
5. Assign salespeople to e-commerce customers. “Pay them a commission to grow e-commerce sales,” DeStefano advised.
6. Sales reps need to know what is expected of them, what their incentives are and “the consequences of willful neglect or non-compliance,” DeStefano said.

• Websites must give product information, including name, photos, coding and description. “You’re also in the business of knowledge” and distributors need to be the “Go-to-resource for business-building ideas,” DeStefano said. He suggests 350+ word educational posts that can start with FAQs your salespeople hear from customers. Your website needs to be “keyword rich” with what customers are searching for. Videos need only be three to 10 minutes in length. Be aware of audio quality and make sure your video is copyrighted. Content is critical and can be the “1-2 punch,” DeStefano said. Distributors can differentiate with educational and “rich product information.”

• “Make it easy for customers to buy the way they want,” DeStefano emphasized. Attract new customers from search engines. He noted that 80% of B2B customers find suppliers instead of sellers finding the buyers. Google is the #1 search engine. Try pay-per-click marketing. “You buy your way in,” DeStefano pointed out. “Run a results-focused paid search campaign,” he said. Social media, such as LinkedIn, is being increasingly used in B2B, DeStefano noted. “Measure marketing and sales results by ‘profitable’ sales,” DeStefano emphasized.



Yastrow at STAFDA: Customer Should Do Most of Talking

Steve Yastrow recalled a salesperson pushing to get in to meet with him. Upon meeting Yastrow noted after three minutes the salesperson had done all the talking and then Yastrow looked at the clock. “He went on for eight more minutes,” Yastrow said at a Specialty Tools & Fasteners Distributors Association session during its 2022 convention. “Sales pitches don’t work.” You want input more than to give output. “Listen more than talk,” Yastrow said. Meeting with a potential customer should be “more about them than you.” Train yourself to talk less, he advised. “If you are curious and pay close attention you will learn what’s important to them and what factors will encourage them to commit to you,” Yastrow said.

What does the customer need? Made in America? Sustainable? “Listen,” the one-time marketing VP for Hyatt Hotels and later for Sunterra Resorts, said. “What are the higher-level reasons that would motivate a customer to become committed to you and your company?” Remember that “people spend money on what is important to them,” Yastrow pointed out. Listen to find out what is important. They may tell you what they aren’t telling your competitor. Yastrow advised salespeople to “Ditch the Pitch” and “influence through improvisation. Wing it,” Yastrow said.

- Sales presentations should be conversations, Yastrow said. And the customer should “always” do the majority of the talking. “Say less to notice more. When you are talking you can’t notice.” “Curiosity is my superpower,” the author of Ditch the Pitch said. The goal is to learn about the potential customer. Pay attention when talking with a customer. “We think we can multi-task. We can’t,” Yastrow said. “When you are talking you can’t notice your customer. Customers know if you are paying attention.” “Be quiet. Be Heard,” Yastrow advised.

- Obey the one paragraph rule. “How do you explain a complicated topic to a customer, never speaking more than one paragraph at a time?” Don’t rush your story. Give information at a pace the customer can accept.” “A shared story will emerge if you proceed at a pace that is right for your customer.” Avoid bombarding



the customer with information. “Don’t load the slingshot,” he summarized the approach. Leave things in your pocket and create callbacks.

- “Go with the flow. “A conversation only moves forward when both participants agree with it.” Create conversation momentum so customer never wants to get out of the conversation. Practice saying, “Yes, and ...” Ask questions to create ‘yeses.’ “A customer will never disagree with their own information,” cited as a reason to listen. Learning about your customer also has to be continuing, he added.

- In talking about referrals, realize that the customer isn’t referring your company, they are referring their experience with your company. “Who does your customer care about – you or themselves?” Yastrow asked.

FASTENAL® Fastenal eCommerce Sales Top \$1 Billion

Fastenal Co. reached US\$1 billion in eCommerce revenue within a calendar year, hitting the milestone two full months before 2022 ended. Launched more than 20 years ago, eCommerce historically represented a small share of the overall business until five years ago, when the industrial bellwether announced a strategy that positioned eCommerce as a critical component of the company’s “high-tech, high-touch service model.”

“While many retailers and distributors were racing to move their offline business online in pursuit of a lower cost to serve, Fastenal took a very different approach – using its eCommerce platform to identify opportunities to migrate customer spend from a transactional (and, for the customer, higher-cost) online environment to a more strategic and efficient environment anchored by the company’s Onsite and FMI (Fastenal Managed Inventory) programs.”

This focus has accelerated Fastenal’s eCommerce revenue growth, going from US\$245 million (5.5% of total company sales) in 2017 to US\$1 billion (17.4% of total company year-to-date sales) in October 2022.

Kirk Talmontas is VP of eCommerce for Fastenal. “We don’t often think of eCommerce as our primary go-to-market strategy, but it’s become a vital part of our ‘digital footprint’ – the technology we provide to streamline and illuminate the supply chain,” stated CEO Dan Florness. “Thanks to the hard work of the entire Blue Team, we’re taking eCommerce in new directions in our industry and finding new ways to create value for our customers.”

The achievement comes amid Fastenal’s success with its FAST Solutions program, surpassing 100,000 active FMI Technology devices within customer sites and 1,000 Onsite partnership programs. In the third quarter of 2022, Fastenal reported fastener sales rose 18.2% to US\$614.5 million (34.1% of overall sales), including a 15.1% increase in fastener sales during September. Overall Q3 sales increased



16% to US\$1.8 billion. Fastenal estimated adverse weather that impacted the southeastern U.S. reduced its quarterly growth by 10 to 30 basis points. Sales during the first nine months of 2022 climbed 18% to US\$5.3 billion, with operating income up 22.3% to US\$1.12 billion and net income rising 21.3% to US\$841.4 million.

FDI Decline Continued In October 2022

The October seasonally adjusted Fastener Distributor Index (FDI) declined further vs. the previous month, coming in at 44.3 (September was 47.6).

"This represents another contractionary reading, indicating market conditions continued to deteriorate," wrote R.W. Baird analyst David Manthey (CFA) with Quinn Fredrickson (CFA). Demand commentary again skewed pessimistic, with comments ranging from "slight slowing" to "noticeable declines," and very few positive comments about demand. On the positive side, stainless steel pricing seems to be stabilizing and many respondents noted improvement in supplier lead times and overseas transit times.

Looking ahead, the Forward Looking Index registered a sub-50 index value, reading 42.4, suggesting further declines in the FDI could be likely. Overall, similar to the overall macro backdrop and the industrial economy specifically, fastener market demand conditions continue to soften.

The seasonally adjusted October FDI (44.3) registered a second consecutive month of contractionary readings as demand softened further and sentiment continued to deteriorate according to respondents. This is the third time in four months that the index was sub-50 following a 25 month streak of expansion. Sales and supplier delivery indexes were weaker m/m, offsetting improvement registered in employment and customer inventory levels. Just 14% of respondents saw sales above seasonal expectations, while 54% indicated sales were worse. Pricing was mostly stable vs. last month, as respondents indicated commodity prices (in particular stainless steel) have stabilized. Overall, we believe October saw fairly broad-based softening among respondents.


While October was soft, respondents anticipate further weakening in November. The FLI registered just a 42.2 reading, which was both contractionary (<50) and at an accelerating rate (decreased m/m).


"Relative to last month, higher respondent and customer inventory levels m/m is read as a bearish sign for future demand as it could indicate customer de-stocking ahead."

The six-month outlook was mostly unchanged, with just 11% of respondents anticipating activity levels will be higher six months from now vs. today (September was 9%). Conversely, 46% expect lower activity levels (September was 43%) vs. an average of just ~13% over the past two years.

"We view this as an indicator that many respondents anticipate a recession occurring in 2023. Lastly, 43% expect similar trends. Key outlook themes from participants included improving supplier lead times/overseas transit times, customer de-stocking, slowing demand, and general macroeconomic angst."

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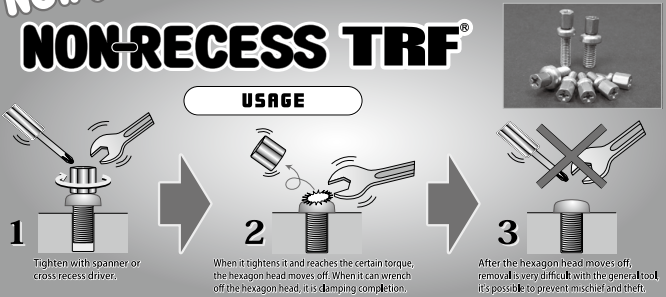







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The FDI employment index came in at 53.6 for October, improving from 47.8 last month. The majority of participants indicated they were at levels of employment that are seasonally normal/appropriate (64%), while 21% said employment levels were too high and 14% said they were too low. The October jobs report similarly painted a slightly better-than-expected job picture. 261,000 jobs were added vs. economist expectations for +195,000.

Forward-looking commentary again skewed more bearish as recession fears continue to build. General economic fears are beginning to translate into reduced customer orders and careful monitoring of cost: "Commercial customers are scaling back, anticipating slowing from their customers. Aerospace is still growing from the slowdown that COVID created, however, they seem to be watching their cost more closely."

Another respondent said, "Slight slowing from customers, feeling like everyone is a little hesitant and fearful of an economic slowdown." Inventory de-stocking is also playing a role in lower demand: "The expected drop in sales is finally here and probably will be for the next 4-6 months until inventory levels out."

Supply chains seem to be freeing up for the first time since the onset of the pandemic.

"Some lead times getting better. Also finding transit times from overseas are getting better into the west coast!" Echoing this, one respondent said, "Supplier lead times are still longer than pre-COVID but coming down."

Stainless steel costs seem more stable now than any time in recent memory. Automotive is down from earlier in the year but apparently there is still enough pent-up demand. Most other industrial sectors are noticeably down and regularly scheduled shipments are slowing."

Fastenal's 13.6% overall October daily sales growth was above our 11.1% estimate and days-adjusted normal seasonality. Fastener sales grew by 12.2% y/y – moderating vs. 15.1% last month. Additionally for FAST, safety was +14.7% and other non-fasteners were +14.1%.

Looking ahead to November, we model overall daily sales +8.6% y/y, which is in line with normal seasonality. In 2023, we model slightly weaker-than-seasonally-normal sales as we assume underlying demand conditions continue to soften exiting 2022 before outright recession begins in 2023.

The FDI is a monthly survey of North American fastener distributors conducted by the FCH Sourcing Network, the National Fastener Distributors Association and Baird.

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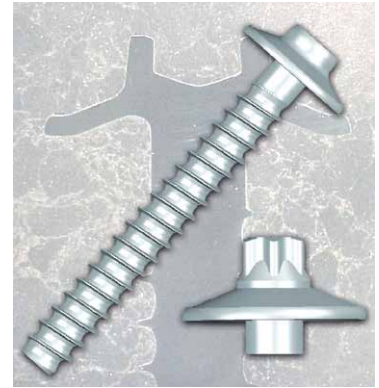


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Semblem Licenses EJOT SpringHead® Specialty Screw Head

Semblem Corporation, Elmhurst, IL, USA, has expanded its solution-focused product offering to now include the EJOT SpringHead® from EJOT SE & Co. KG. The new licensing agreement was signed in Berchtesgaden, Germany, at EJOT's 2022 Licensing Meeting. The EJOT SpringHead is a specialty screw head configuration with an integrated spring element allowing for improved clamp load retention under dynamic and thermal stress.



AFC Industries

AFC Industries Acquires Champion Bolt

AFC Industries, Fairfield, OH, USA (acquired by Bertram Capital in 2021), has acquired Erie, PA, USA-based Champion Bolt. Established in 1986, Champion specializes in custom-solutions and services for OEM assembly environments. AFC CEO, Kevin Godin, said, "Champion Bolt has demonstrated a long-term commitment to providing excellent service to customers and deepens several unique capabilities for the AFC platform. We are happy to welcome them to the AFC family." Champion President, Dave Ott, added, "Being part of the AFC group brings several resources that will unlock additional opportunities for us with both new and existing customers. We spoke with several potential buyers and are confident the AFC culture and strategy will be the best fit for our team and our customers." AFC Industries is a dynamic organization dedicated to providing supply chain management solutions for fasteners, tooling and assembly components to original equipment manufacturers, assembly plants and other users of these products.

Stanley Engineered Fastening Revenue Up

Stanley Black & Decker reported Engineered Fastening organic revenue grew 15% in the third quarter of 2022, with growth in the aerospace, automotive and general industrial markets. Consolidated Q3 sales rose 9% to US\$4.1 billion, driven by strategic outdoor power equipment acquisitions (+16%) and price realization (+8%), partially offset by lower volume (-10%), currency (-4%) and divestitures (-1%).



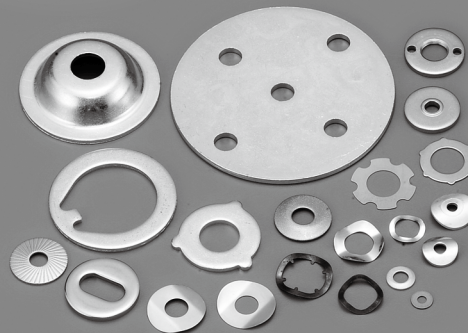
40 Years Experience in Stamping Manufacturing in Taiwan

Production Specification:

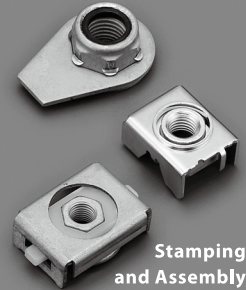
Thickness: Max. 6.5mm
Material: Low/Mid/High Carbon, Stainless, Brass, Copper, Aluminum
Finish: Galvanized, Nickel, GEOMET, DACROMET, Powder Coating, Phosphate, Hot Dip Galvanized, Black Oxide, Sand Blasting...

Strict Quality Control:

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Gross margin for the quarter was 24.7%. Adjusted gross margin was down 760 basis points from prior year, as price realization was more than offset by commodity inflation, higher supply chain costs including the impact of planned production curtailments, and lower volume. During the first nine months of 2022, Stanley Black & Decker sales increased 14.7% to US\$12.96 billion, while profit margin dropped to 8.8%.



Pivot Point Completes Factory Expansion

Pivot Point Inc., a producer of nonthreaded fastener solutions, has completed a 30,000 ft² expansion to its manufacturing facilities in Hustisford, WI, USA. This will bring the total manufacturing campus to nearly 100,000 ft². Bayland Buildings of Green Bay, WI, USA, was the general contractor and erected a steel frame building that allows for a greater clear span of the interior space, thus optimizing work and traffic flow for manufacturing. Says owner Sol Leitzk, “We’ve invested heavily in equipment, especially automation so that we can have the best value proposition in quality, pricing and lead times. This has resulted in robust, steady growth—we’re practically bursting at the seams. This factory expansion will allow us to



continue to add equipment and continue to grow without constraint.” Pivot Point products include Clevis Pins, Cotter Pins, Quick Release Pins and Devices, Locking Pins and Wire-Rope Lanyards as well as several unique and highly popular proprietary items, including the SLIC Pin™, which is a pin and cotter all in one.



Endries International Acquires Alliance Nut & Bolt, LLC

Endries International, Inc., Brillion, WI, USA, has acquired Alliance Nut & Bolt, LLC, which operates facilities in Salina, KS, USA and Okarche, OK, USA. Founded in 1978 by Leon Oshman and Kevin Oshman, Alliance has been committed to providing the marketplace with an unparalleled level of customer service. Alliance Nut & Bolt’s major fulfillment offerings include vendor managed inventory, dock-to-dock managed inventory and kitting solutions. Rick Ambrosier, a 20-year veteran with the company will continue in a leadership position as Branch Manager. Kevin Oshman will remain with the company during a transition period. “In Alliance we are welcoming a team that took the lead from their founders regarding the high level of customer service they expect to deliver. In addition, Endries is excited to expand our footprint in the heartland of the United States and have the opportunity to meet the needs of the customers in the region,” said Steve Endries, Chairman of Endries International. Endries is a leading distributor of fasteners and Class-C parts serving industrial Original Equipment Manufacturers and the Industrial marketplace worldwide.



Bossard Acquires PennEngineering’s® Distribution Business in Canada

The Bossard Group, Zug, Switzerland, is significantly expanding its market presence in Canada as a supplier of high-quality fastening solutions. It has acquired the Canadian distribution business from PennEngineering® in Danboro, PA, USA, an innovative manufacturer of fastening solutions. PENN Engineered Fasteners Corporation (PEF), based in Concord, Ontario, Canada, was founded in 1970 and was acquired by PennEngineering in 2017. The company supplies industrial segments such as automotive, energy, agriculture and appliances with innovative fastening solutions, and generates annual sales of around US\$25 million with 30 employees. Bossard and PennEngineering maintain a successful, long-term collaboration, which covers a total of 22 countries in North America, Europe and Asia. Bossard, with its global focus on creating value for its customers through engineering services and innovative logistic solutions, is convinced that it will be able to unlock additional growth in this strategic market located in the industrial epicenter of Canada. Both parties agreed not to disclose the purchase price.

