

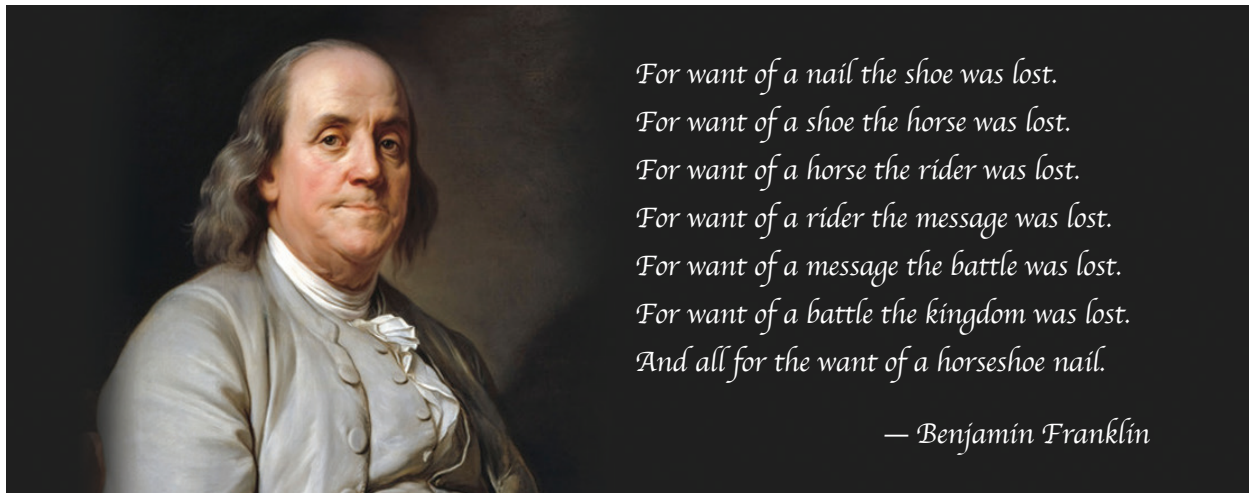
Managing Fastener Supply for Zero Disruptions



INTRODUCTION

“For want of a nail. . . the kingdom was lost. . .”

We all remember Ben Franklin's famous proverb. It reminds us how small problems can quickly lead to disaster. And it's a simple illustration of the “domino effect” that encourages us to pay attention to small details.



Is it any surprise the whole story is based on a fastener?

In this paper, we will discuss why fasteners play such an important role in the manufacturing and assembly enterprise – and how companies can avoid domino-effect disaster by better managing their fastener supply.

THE HIGH COST OF FAILURE

On a recent tour of a switchgear assembly plant in the southeast, the tour guide called attention to a production line sitting idle in an otherwise bustling facility. “Supply chain issues,” she noted. “We’re waiting on a shipment of 8¢ screws, and it’s holding up \$20,000 a day in production.”

It was a glimpse into the challenges facing supply chain managers everywhere, as they work to source everything from computer chips for high-tech products, to low-cost screws and other components.

On this day at the switchgear plant, the lack of an 8¢ screw was a costly problem. Production was affected over multiple days, workers were idled, revenue was delayed, and backlogs were amplified.

This scene is familiar to companies who have experienced supply chain disruptions, as well as suppliers who have been negatively affected by upstream supply chains, material availability, and so on.



“The good news is, these screws are only 8¢.
The bad news is, we can’t get any.”

Avoiding domino effect disaster.

Ask any member of senior management if they have an interest in fasteners, and the answer will most likely be a polite no. But ask if they care about potential disruptions to the manufacturing capabilities of the enterprise, and watch their expression change.

It’s easy to take fasteners for granted, until there’s a problem. Even then, one might think that “finding a new supplier of screws will be easy”... or “we can import what we need from overseas”... or “I know of a fastener supply house in the next county.”

But of course, it’s not always that simple.

Creating reliable, long-term fastener solutions takes time. A single delay due to fastener out-of-stock can lead to hours, days, or weeks of lost productivity and missed deliveries.

This type of domino-effect disaster is to be avoided at all costs. When it comes to fasteners, failure is simply not an option. Managing the fastener supply chain for zero disruptions requires a commitment against the possibility of getting screwed.

RESPONSIBILITIES AND “RESPONSE ABILITIES”

A reliable fastener supply chain has many moving parts: real-time inventory management, accurate manufacturing scheduling, strategic sourcing, contingency plans, timely and adaptive logistics, quality assurance programs, and responsive customer support.

In short, a reliable vendor will be able to supply more than fasteners. They will offer solutions that bring value to your operations.

Managing the risks around fasteners.

There are a few reasons why fasteners deserve special attention when building a supply chain to achieve reliability, quality, and operational efficiency.

First, due to the fact that multiple fasteners are typically required in a given assembly — and because installing them is a repetitive process — any problems or deficiencies in quality, handling, or installation will be multiplied.

Secondly, while fasteners are typically among the least expensive parts in a manufacturing process, failure can bear catastrophic costs. These costs can include lost revenue, shipping delays, product recalls, warranty exposure, and reputational damage.

Finally, any interruption to a steady fastener supply may cause disruptions to distributors, channel partners, and customers.



“I’m afraid we’re screwed.”

THE PRICE OF DOING IT RIGHT

For anyone responsible for procuring components that are critical to their company's manufacturing, assembly, and/or distribution operations, there are a number of supply-side considerations that, taken together, will weigh more heavily than the price of the components.

- the ability of the vendor to meet all required quality standards
- the capacity to timely deliver all required quantities
- services to support key operational/organizational needs
- ability to foresee and resolve upstream material/supply disruptions
- value-added management of inventory and reorder points
- in-house quality assurance testing and reporting
- an ongoing willingness to partner in continuous improvement

To support a well-coordinated manufacturing or assembly supply chain, it's important to build relationships with suppliers who can meet each one of these requirements. Determine which vendors are qualified to assume the responsibilities of manufacturing, sourcing, logistics, and vendor managed inventory. And determine which have the "response-abilities" to manage unforeseen circumstances via backup sourcing or manufacturing.

PROCUREMENT PERSPECTIVES

Procurement departments have a lot to manage. The selection of vendors, administration of purchase orders and communications, oversight of inventory levels and reorder points, and negotiation of vendor contracts, are just a few of the functions of modern purchasing agents and their teams.

A keen awareness of risk management is a big part of the job.

Long-term relationships with key vendors help companies ensure a secure, reliable supply of the components they need to operate efficiently, without disruptions.

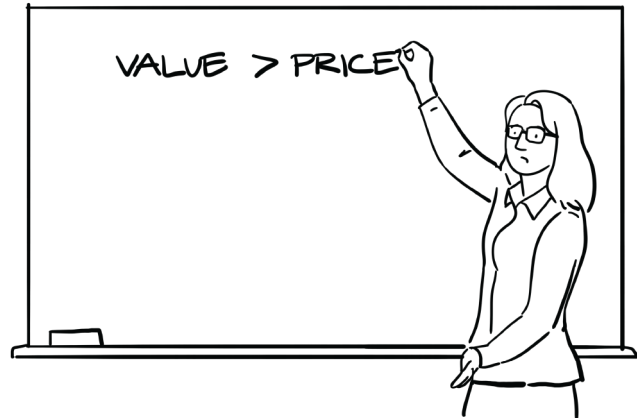
To achieve this goal, both buyers and vendors must share a detailed understanding of their companies' mutual processes and products, as well as industry trends and competitive products. (For more on this topic, see [Building a Better Fastener Supply Chain](#).)

Price is not the driving force.

The price of fasteners is important, but price is not a logical starting point in sourcing a sustainable fastener supply.

It is more important for procurement teams to identify suppliers based on the ability to deliver and the scale to perform, and who align with the organization's operating goals.

The right fastener vendor will add value to manufacturing and/or assembly operations by improving quality, streamlining processes, simplifying administration, managing inventory, and prioritizing problem resolution.



A new theory of relativity

In the big picture, price is only part of the value equation.

Focus on zero disruptions.

Another purveyor of wisdom, Warren Buffett, once said, "Price is what you pay; value is what you get." It's interesting to apply this lens to the process of managing a fastener supply chain. There are several reasons why value obtained will outweigh the price of a fastener:

- Fasteners are always critical to a timely production process
- Fastener usage must always be carefully forecast and monitored
- Fastener handling is repetitive and must always be optimized for efficiency
- Fastener manufacturing always demands lead times and advance-planning
- Fastener quality is always critical to overall product quality and customer satisfaction

In addition to these fastener factors, consider the internal hard and soft costs involved in fastener handling, inventory management, and administration. Ask yourself: is there a better way to do things?

By building a fastener supply chain that is focused on achieving zero disruptions, you are shifting the focus from price to value. The focus is on what you get.

PARTNERING FOR PERFECT PERFORMANCE

To realize the goal of zero disruptions, it's necessary to partner with a company who aligns with your operational requirements now and has the ability to support your needs in the future.

Some basic criteria:

- Does the solutions partner offer the scale and bandwidth to ensure the on-time delivery of each fastener component as required for zero disruptions?
- Do they have all necessary quality assurance processes in place to ensure and document product performance of every component that is being supplied?
- Are they able to perform the core fulfillment and logistics duties needed to sustain an efficient logistics and handling program?

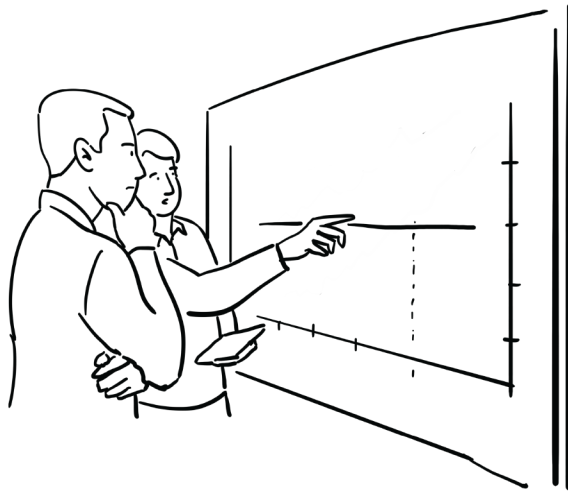
Next, a few beyond-the-basics considerations:

- Does the provider demonstrate a clear understanding of your manufacturing and assembly processes? Do they have prior experience doing business in your market?
- Do they offer programs to enhance your internal operations by reducing paperwork, simplifying administration, boosting productivity, or saving time?
- Are they able to interface with your technology systems to provide seamless ordering and supply chain visibility?

Finally, some advanced evaluation points:

- Does the supplier offer redundant sourcing or in-house manufacturing capabilities to help them respond to unforeseen disruptions?
- Do they offer vendor managed inventory services to reduce cost overhead while ensuring proper management of inventory levels and reorders?
- Do they provide value-added services such as product kitting, drop-shipping, and/or stock and release programs to make your teams more efficient?

CONCLUSION



"Hmmm, zero disruptions.
It's a boring chart, though."

Fasteners are relatively low-cost items, yet the cost of any fastener failure can be exorbitant. Any disruption that causes production delays (or performance issues) has the potential to create a domino effect of lost productivity, missed delivery targets, shipping backlogs, and profit loss.

The value of an iron-clad fastener supply chain is difficult to overestimate. This value is built largely on the supplier's ability to deliver, capability to manage, willingness to service, and bandwidth to support an organization's holistic fastener supply chain requirements.

The value of a well-run fastener supply solution goes beyond the price of screws, nuts and bolts, or any other component. Done right — managed for zero disruptions — the fastener supply chain empowers companies to achieve high levels of productivity, efficiency, and profitability.

ABOUT ALL-PRO FASTENERS

All-Pro Fasteners manufactures, sources, and distributes high-quality fastener products to meet almost any industrial application. The team at All-Pro Fasteners goes the extra mile with customized supply chain solutions including vendor inventory management, kitting, custom shipping, and other programs. We offer a full range of service and support to make your business more efficient and profitable.



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