

Ekkehard Beermann Group Managing Director - Fastbolt

Phil Matten caught up with Ekkehard Beermann at his hotel, during a brief visit to Milton Keynes. The planned topic was Fastbolt's introduction of a new range of chipboard screws but as usual the discussion ranged further and wider. In fact, it started with an attempt to explain the rules of the ancient English game of bowls, which was in progress below the hotel window. Just as well it wasn't cricket - otherwise the conversation would never have turned to fastener matters.

So which of the latest performance enhancing features had Fastbolt adopted for its chipboard screws? "Actually we have a very simple, straightforward proposition," ripostes Beermann. "These are standard chipboard screws, as sold every day by almost all our distribution customers. What distinguishes them is that they are consistently correct quality, with all the standard features that ensure solid performance, and competitively priced to distributors. We have also placed a strong emphasis on the packaging quality, a feature of every range that Fastbolt offers."

The range, says Beermann, is aimed primarily at existing Fastbolt customers to provide either a reliable and competitive primary source or to infill the shortages experienced by higher volume direct importers. "For our position in the market it is not appropriate to launch screws

with particular performance features. That would require Fastbolt to support the claims for their advantages with marketing to the consumer and industrial user. That is not our role in the market - we are and have always been dedicated to the distributor."

Fastbolt has entered the market with characteristic thoroughness. "The range now includes around 300 sizes, and covers precisely what our customers market as their standard offer. We ensure the consistency of quality and price position that works for them. In fact, we have only just begun to announce the availability of the range but already we have developed strong sales from our German stocks, simply by saying 'yes' to enquiries that we receive every day, but have previously declined."

The conversation moves to the clarity with which Fastbolt appears to have defined its role in the market. Beermann is emphatic about the necessity for that clarity of self-appraisal. "Fastbolt is a strategic short term supply partner. As was said before in your magazine by Hans Bjostrand of Bufab it is no longer about a few people knowing where to find the factories. The world is a very transparent place now. Of course, we must source as well as the very best, which was a key driver in establishing Fastbolt China, but the real skill is in reducing the obstacles to our customers' smooth acquisition of the product. That is Fastbolt's focus."

For Beermann a key factor in that process is the application of information technology. Fastbolt chose SAP. Beermann acknowledges it was a major investment and challenging to implement. However, he says, "We chose SAP because we had to be the best in information technology - that is what will determine our continued success as a supplier to the distributor. Therefore we needed to invest in the best. Now we are able to use the system to deliver huge advantages to our customers, the latest of which is FB Online."

FB Online offers customers real time availability checking through to a full e-commerce relationship with Fastbolt. "Our customers already have agreed contract prices, which are reflected on the system," explains Beermann. "The important thing is that it takes three clicks from login to having an answer - two to identify the product, one to select the quantity." The customer can maintain a shopping basket through the day, then finalise it and place the order. In practice, though, says Beermann many customers prefer to use the on-line system to rapidly



check availability, rather than phoning or waiting for a response to a fax or email, and then place the order using their normal procurement system. "The advantage of FB online is that the contract price is already agreed so it is simply a question of do we have the stock. The online check assures them they will receive the goods and they can turn their attention to more important sourcing issues."

That, Beermann believes, is at the heart of effective sourcing today and in future. "The key is time to market - quick access means quick decision making. It is no coincidence that larger companies have become the most intensive users of IT but for all businesses to compete today, they need rapid, accurate information. What the big guys have also, crucially, understood is the total cost of acquisition. They recognise that their resource must be dedicated to sourcing of core profit ranges and obtaining





higher added value items accurately and consistently. They are no longer prepared to spend disproportionate time on shaving the last cent off the price of infill or commodity items. It's significant that these companies often now measure the effectiveness of the purchasing operation by dividing the number of articles sourced by the number of buyers."

Fastbolt now has six months experience of the system. "The customer makes simple choices to maximise their own efficiency. That may be to follow it through as a full e-commerce system or simply to short cut the stock check. Maybe that is one reason why it is already tremendously popular, particularly in Germany where, it has to be said, the importance of knowing and working based on total acquisition cost is well recognised. It has certainly meant significant increases in volume with some of our biggest customers."

Although the primary objective was to improve service to the customer, the level of enquiries already handled online has meant a significant saving in the resource dedicated to responding to phone/fax/email enquiries in the sales office. "FB online already covers the workload of

one person," confirms Beermann.

He believes, though, that the ultimate use of technology to streamline the supply chain relationship remains EDI. Fastbolt uses the EDI module from SAP. In addition to ease of placing orders using own part numbers, the customer receives order confirmation, delivery note and invoice electronically - allowing them to confirm automatically within their own system. Customer part numbers are mapped into the FB system. "We have already done that anyway for many customers so that their product references are quoted on the commercial documentation."

"As a supplier to the distributor it is our responsibility to ensure compliance to international product standards and, of course, we must use our experience and skill to source worldwide to the very best levels," Beermann summarises. "To distinguish ourselves it is essential that we streamline the supply chain, reduce the total cost of acquisition and achieve high levels of reliability." A year downrange from its establishment and he is no doubt that Fastbolt China has become very important to the group in achieving those objectives.

"The next phase is to develop stronger technology links with the factories to achieve greater levels of transparency. This will allow us to inform our customer better and to improve the product flow," he says. "For example it will allow us to prioritise which products should go into the next

container to be shipped, or to recognise a potential slippage and take action at an early enough stage to ensure the factory rectifies the problem."

In the meantime relationships and mutual confidence remain crucial in China. Ekkehard Beermann spent two and a half months last summer establishing the new company and relationship building with suppliers. "A year ago I had to go around the factories to reassure them that Fastbolt China did not represent a threat but an opportunity to improve our relationship," he explains. "Their concerns were understandable. Now they appreciate the benefit - in terms of time zone, language but crucially in having someone who can interpret their position to us and bridge the differences in business culture."

"The Shanghai office is copied into all our supplier correspondence, so they can decide at whether and at what point to intervene to smooth the process - perhaps to sort out a bottleneck, or to speak directly to the owner rather than the sales department."

The Chinese subsidiary has also contributed to Fastbolt's direct container business. "It is an aspect of our business that continues to develop," says Beermann. "Larger companies

use Fastbolt for efficiency reasons. They have the resource, if they choose, to replicate what we do, although maybe not in the same volumes. In the end it is about total and true cost of acquisition. The relationship we offer is a transparent one - the customer simply taps into Fastbolt's skills and resources. For smaller companies the key issue is trust. It is not cost effective for them to have a regular presence in Asia, to audit factories, to build relationships, to troubleshoot problems - Fastbolt can, so dealing through us provides confidence."

As managing director of Fastbolt China, Ekkehard Beermann estimates he spent four months in Shanghai in the last year. "There is still much you can achieve by being present in the supply market," he explains. "We have mature and effective management teams in both Germany and the UK, and I have full electronic access to both from China."

"There was a time when the most important thing was to understand your industry," he concludes. "Now it must be combined with a world class capability to process information rapidly, accurately and effectively."

