

Ekkehard Beermann

Fastbolt



Hall: 6
Stand: K04

As 2010 drew to a close, Phil Matten met with Ekkehard Beermann to reflect on two of the most tumultuous years for the global fastener industry and consider the implications for Fastbolt.

“It is strange now to think that in autumn 2007 we could not see anything ‘risky’ coming up,” Ekkehard Beermann reflects. “Business was good and looked to be getting better.”

The previous spring Fastbolt had begun to plan investment in its Gronau building to install a high-bay, fully automatic warehouse. By November 2007 everything was ready to go, approvals obtained and contracts ready for signature. “Then we had confirmation of the anti-dumping investigation against China had started. We could no longer be sure things would remain unchanged.” The development plans went on hold, initially for a month or so.

“From that point on the news was all in one direction. The level of duties ultimately applied was a shock but the direction was always clear throughout the process.”

The actual bombshell came when Ekkehard Beermann was at the November 2008 Las Vegas Fastener Show. “Everyone else was focused on Obama’s election day. There were just a few Europeans that, because of the time difference, knew things were about to change radically in the global fastener industry. That was the moment I was sure it had been right to postpone the building development.” Then the market plummeted overnight.

For Fastbolt, sales continued into the New Year. “We had a lot of back orders in the pipeline, which were shipped out in January, but we felt the dramatic drop in incoming orders. February was just a complete hole in the ground. We checked the fax and phones but it was just that the customers were not contacting us anymore.”

“We had to adapt our cost base, of course, to cope with the situation. Reducing staff was not an option. It would not, anyway, have been efficient; it certainly would not have been fair; so we took advantage of the German model for short time working, starting that in February 2009.” It proved to be an effective instrument, giving immediate cost relief. “We did not know how long the situation would last, so short time working was much better than losing people whose skills we had developed over a long period.”

February through to May was simply “a disaster for both turnover and profitability”. In July and August came the first signs that customers felt their inventory level had adapted to the reality of demand from the OEMs. “What we hoped, proved correct. People were cautious about going to the Far East for big quantities. They preferred to purchase short range from European stockholders and from European manufacturers who held stocks or could take advantage of the deflated steel costs to produce at much lower prices. Of course, everyone’s availability was fantastic – so winning each order was tough.”

From August through to October there was a positive if tentative trend. “People wanted to buy the right quantity, at the right time. They became more total cost oriented rather than

being exclusively focused on the lowest global market price.”

The world supply market had also become far less transparent as a result of the anti-dumping tariffs applied to Chinese imports. “The option of going to China for a mixed product container had disappeared. You needed to know where to go; you needed to know who to talk to.” Fastbolt unquestionably benefited from the long lasting relationships it had developed with suppliers across Asia in the years before anti-dumping became an issue.



“September 2009 was the first time we really reordered. From then on it slowly developed that we could sell more to our existing customers. By November we started to receive more positive feedback from our customers that OEMs were moving from emergency buying to purchasing for definite, if still cautious, production programs.”

By February 2010 Fastbolt had sufficient confidence to commit to a major range expansion. That required more storage capacity. During the overstock period it had used an external rented warehouse. “That was highly inefficient, costly and just a pain for us,” says Ekkehard Beermann. “So we restarted the construction project, but adapted it to the times.” The new socket screw range was due in July. “We wanted to be ready to sell it, which meant completing the building and making internal changes by then. We did it. We moved our packaging facility to the new hall, in turn creating space to extend our warehouse capacity – at the same time improving material flow.”

The decision Fastbolt had taken was to build the material handling hall envisaged in the original development plans but not, at this stage, to go for the automatic warehouse.





"Coming out of the crisis even this intermediate step felt really ambitious." In fact the material handling hall is around 40% larger than originally planned but its L-shape formation means that the automatic warehouse, when it becomes a reality, will interlock with the rest of the facility efficiently. The immediate effect was to increase pallet capacity by around 4,500 and provide real efficiency benefits by separating packaging and warehousing operations. Volume packaging is carried out on a single Weighpack line but, with fifteen people now involved in the packaging operation, Fastbolt is already assessing a second machine to provide additional flexibility and capacity.

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The combined effect of the new range and a rapidly recovering market were unprecedentedly strong August sales. "Demand picked up, prices hardened but we could also see a log jam developing in the Far East. After the famine the factories tried to take on too much too quickly – deliveries and service suffered as a result."

"As we always predicted, which is why we are so opposed to it, once anti-dumping had cut China out of the supply equation, and economic conditions had begun to normalise, the remaining capacity was not sufficient to meet global demand. Now we have also seen the added distortion of people illegally trying to access China's capacity by trans-shipping through other countries."

The picture across Europe was, and still is, mixed. "What really pulled us out of the crisis was the demand from Germany and from central European distributors. Economic conditions elsewhere in Europe remain uncertain so there is still a much more hand to mouth feel about the business."

More strategic business, though, rapidly began to overlap the immediate 'from stock' demand. "Fastbolt is the availability guarantor for European distributors – it is our core logistical role in the market, aside from all the value added services we also offer. Gap filling is an important dimension but we could also feel the systematic cooperation with the mid range distributors – where we have long proven our ability – growing again as they gained confidence in their OEM customers' intentions."

For Ekkehard Beermann the supply chain complexities are certain to continue. "Purchasing has become so much more complicated. There is little evidence of any serious investment in fastener manufacturing capacity around the world. We talk to our suppliers about the strength of demand and what they plan to do to respond. Investment in production in capacity, though, requires longer-term stability. Now, no one is clear what implications the WTO ruling will have on the anti-dumping situation, or how quickly it might bring another change. Without that clarity companies are not going to commit serious amounts of money. Added to all that US demand is now recovering, increasing pressure on available manufacturing capacity."

"There have been positives from the crisis or, perhaps, we created them. We had the time, even the necessity, to critically review our business strategy. We spent that time in finding ways to develop our business, to grow even in a stable demand period and to be more resilient in any future downturn. In 2008 we just took on more people to meet the growth demands. 2009 forced us to look critically at our efficiency in the longer term, in the knowledge we are not likely to have the luxury to do it the same way in the future."

In truth, that is hardly a new thought process for Fastbolt, which has always demonstrated a long-term vision for its business, although recent years clearly have sharpened that focus. The company invested in an SAP ERP system as long ago as 2000. It launched FB Online, its web based enquiry and sales system, in 2006. "These have both been invaluable to our efficiency, as well as delivering genuine improvements in customer service," says Ekkehard Beermann. "FB Online has increased internal efficiency as well as allowing customers to check availability and prices when they want to." Every registered user also has the technical ability to place an order through FB Online. "Ninety-eight percent will actually go on to place it through their own system. It is not about part number interchange, FB Online does that; it is the need to conform to their own system and business requirements in placing the actual purchase order."

"Over the last two years, though, we have increased the number of EDI links with key customers, achieving a much higher level of connectivity with them, which provides really substantial efficiency advantages to both parties."

Now the spotlight is firmly on warehouse efficiency as Fastbolt evaluates specialised warehouse management software to interface with the SAP system. "The objective is to increase efficiency but retain flexibility. We want to eliminate paperwork; we want to plan order picking better and more efficiently and eliminate conflicts, for example where two trucks need to access the same aisle. We also want to be sure we keep the flexibility to respond quickly when we need to pick an order urgently."

Range expansion is also central to Fastbolt's development. "We are seen as a range specialist in the market not as a general importer. We have taken some opportunities to continue trading in China with products not covered by the anti-dumping tariffs. In Germany that has meant piloting a range of threaded rod; in the UK we have introduced hexagonal nuts as a service line. 2011 will see a continuation of a two year programme to develop the more strategic socket screw range."

Few businesses have come from the last two years without bruises; this one unquestionably, though, has emerged unbowed.



Socket screw range