

Fastbolt — connecting with customers

For a number of years Fastbolt Group has seen digitisation and streamlining processes, and services, as a fundamental part of its business growth strategy. Such investments and planning came to the fore in 2020 in helping the group handle a host of challenges.

Ekkehard Beermann, managing director at Fastbolt Group, is as always quick and to the point: "I cannot remember in my career such a time when there have been so many significant factors impacting the market as what we have seen over the last 12 months. I am just thankful that as a business we have in place the structure, support and services that have enabled us to handle all of these challenges."

A crucial factor in being able to adapt to such demands has been the substantial investment Fastbolt has made in digitisation over the last 16 years. "I am a very strong believer in digitisation, especially in the fastener industry. It is not simply a 'buzz word' to use when you launch a webshop, it goes far beyond this. It is all about digitising workflow as well as connecting and integrating different systems within the supply chain," states Ekkehard.

"It is something we have been focused on since 2005 and we have been continuously looking to digitise our processes and services

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ever since. The fastener sector involves predominately low margins, but high volumes – making streamlining processes crucial. Through digitisation we have been able to do this as well as eliminate errors in ever increasing complex supply chains. From the wire rod to the final application of

the customer – and covering commercial, logistical and technical processes in between – digitisation can play a big part in making processes more efficient. At Fastbolt I am very proud to say we have seen progress and transformation through digitisation in all areas of our business."

The benefits of digitisation were underlined over the last twelve months, when customers were working from home and it was not possible to meet face-to-face due to the Covid-19 pandemic. "A big challenge for every company was to keep the efficiency of the daily business high," explains Ekkehard. "Although our customers and salespeople were working from home offices, there were still difficulties compared to the usual way of working. That is one reason last summer we introduced our new video conferencing tool – FBconference, which is a built-in application on our eCommerce platform – FBoonline. This helped us to stay in contact with customers on a regular basis and to discuss opportunities."

As an eCommerce platform, FBoonline also makes it easier for customers to

make fastener enquiries, check stock levels, as well as order statuses. "During the pandemic we introduced 'QuickDeal' and 'QuickPackageDeal' functionality to FOnline to make it easier for customers to do price negotiations online. That means they can negotiate target prices for both single line items and also the total order package level," points out Ekkehard. "This is possible thanks to our advance system, which reflects all the different cost prices of stock and shipments, open POs, and future POs, as well as the current stock cover per item. Through this digital approach we have been able to form, out of a volatile price structure, a competitive selling price."

Fastbolt has also worked with a high number of existing customers so that they can use their own material codes within FOnline, as well as connect FOnline with their individual ERP systems. "We have also introduced a lot of integrated services with FOnline, such as order status monitoring, as well as pick-up and delivery functions – helping to further automate the logistics involved now in our daily business with customers," mentions Ekkehard.

Another area Fastbolt has introduced digitisation is for the purchasing and stock control of the business. "We have developed our own digital solution that has enabled us to automate the complex tools our stock controllers previously used to manually evaluate historic consumptions; the likelihood these consumptions would happen again in the future; and to what extent," explains Ekkehard. "The ability to evaluate consumption figures is a key process in our business as an importer. Not only so we know how many pieces we've sold, but more importantly so we can judge why we sold them and if there will be more of that consumption in the future. This is all vital to us as a business – as the long delivery times we face, anywhere between 4 – 8 months, really underlines the importance of making the right stock decision. If you buy too much, because you were too optimistic, then you end up with too high an inventory – possibly at the wrong price."

Ekkehard continues: "We introduced this system two years ago, but we are still growing it and fine tuning it. It is a continuously evolving program and the more we invest regarding time and data, the better results and functionality we will be able to achieve."

This system has become even more important on the back of the recent increases in sea freight prices, which has had a significant impact on the market. "The problem with sea freight containers started in the late Summer, early Autumn of 2020, from all loading ports in Asia and it has gotten worse and worse," states Ekkehard. "We are anxious to see the developments after Chinese

New Year, but a fast recovery to anywhere near a level we used to have seems impossible and far away from where we are today."

Ekkehard continues: "At the moment the market price is a spot market price and either you accept that price or you have no chance to ship out your goods. Even if you accept the price, a couple of days later you can still get a call from your forwarder saying the container is



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no longer available. That is why we are working closely with our main forwarding company who handles our freight and for now we have to work on a case by case, container by container, basis."

"This is different to other challenges, such as a volatile raw material market, because the price jumps with immediate effect when it comes to sea freight. Normally Sea freight accounts for a single digit percentage of the total cost. At the moment it is accounting for 20% – 25%. No business is going to be able to handle these exploding sea freight costs. It is an extreme situation, but we have been very focused and tried to find solutions that are workable and help our customers to get efficient stock and service from us."

Ekkehard is keen to point out that when it comes to handling these sea freight price increases it is necessary to differentiate between stock business, which goes into Fastbolt's warehouses in Germany, UK and Portugal, and the direct container business. "A good part of our business is direct containers for which we have contracts in place. However, these were agreed on a sea freight price basis nowhere near where we are at the moment. This puts a lot of difficulty on us, but we are working closely with our customers on finding a solution. For everything that goes into our warehouse, we have to book it in with the exact sea freight costs connected to the container, and that ends up being added to the final price of the goods. I am sure this will be

the same situation for all fastener importers around Europe."

To add to the sea freight challenges, there is also the anti-dumping investigation, announced by the European Commission at the end of last year, on certain iron or steel fasteners from the People's Republic of China (2020/C 442/06).

"The investigation was announced days before Christmas, but it was not a welcome present. We are against the anti-dumping investigation on carbon steel fasteners from China as we need those imports in Europe for many sectors of the fastener market. I believe that overall, there is more European Union interest in not banning those imports, which would actually happen if high-levels of duties were to be applied. We saw in the last anti-dumping that the high duties applied in 2009 basically eliminated imports from China. The last anti-dumping was then removed in 2016 after WTO ruled it to be incorrect. Imports from China dropped to almost zero back in 2009 and purchasing volumes were shifted to other Asian markets. In 2010 – 2011 we then saw product availability becoming a real challenge, without being able to source from China. I am totally convinced now in 2021, and the years after, the same thing would happen if new duties were to be implemented – possibly even much worse."

"The reason for this is that there is not enough capacity for standard items in Europe and US importers have already booked most of the non-Chinese/Asian production capacities, in Taiwan, Vietnam, and Malaysia, due to the USA/China trade wars that have been happening. On top of that particular problem comes one big impact of the current pandemic: How do you find, audit and approve a new supplier if you are not able to fly out and visit the factories? And how can we make sure not to end up in circumvention traps if we place POs from home offices in Europe? I therefore think if new duties were to be applied the problem would be much bigger than back in 2010 and the years after."

Regardless of the challenge, Ekkehard is confident that Fastbolt has the necessary structure and processes in place to enable it to adapt and ensure it keeps its main focus on its customers. "Every step of strategic planning; whether our product range; the services we offer; or the processes we develop; is always aimed at helping customers do more business with us and to make things easier for them," concludes Ekkehard. "With so many unpredictable factors it is difficult to plan for the future, but the key is to remain flexible so that we can adapt to changing market conditions rapidly. Investing in digitisation over the past few years has really helped us a lot during the last twelve months and will continue to keep us at the forefront of the industry for many years to come." +

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