

## + IFE Panelist Kerr: Robots 'Pervasive' by 2030

Charlie Kerr envisions more "lights out" manufacturing in the fastener industry. As a panelist in a 2020 International Fastener Expo virtual session on fastener manufacturing, Kerr of Kerr Lakeside recalled when fastener factories began using computers in the 1970s. Remember early cell phones just a few years ago and how fast they developed? he asked. Responding to a question about robots in fastener manufacturing, Kerr noted that while a small robot may cost \$12,000 today, robots can work 24/7, don't show up late for work and don't call in sick. The first place for robots in fastener manufacturing is in the packaging department, Kerr said. By 2030 robots will be "pervasive," Kerr declared.

Matt Boyd of Parker Fasteners envisions much more use of QR codes with end users having all the information "at their fingertips." Reflecting on the year of the Covid-19 pandemic, Boyd said aerospace fastener sales may have declined but health and semiconductor business is up. Military is steady, Boyd added.

Among the products Kerr Lakeside has traditionally manufactured are fasteners for musical instruments such as trombones and trumpets. Given the pandemic, that business has dropped to "zero," Kerr said. Larry Kelly of Buckeye Fasteners said business took a hit for April, May and June but certain sectors such as food and beverage and medical did well. Buckeye received urgent orders for ventilator fasteners, Kelly noted.

### Reacting to pandemic

The effects of Covid-19 will continue "well into next year," Kelly expects. Kelly said Buckeye's 1905 plant is not easy to reconfigure for a pandemic. It is hard to move heavy fastener manufacturing equipment. But Buckeye has created more cellular environment for operators. Operators often have two or more machines, giving them spacing and less operator interaction. The pandemic has made IT personnel the most valuable, Kelly noted. Most manufacturing can not be working from home, Kelly said.

Parker was fortunate to be moving from a 30,000 sq ft building to 68,000 sq ft, allowing some spacing of equipment as part of following CDC guidelines, Boyd said. Parker also spread out shifts. And Parker added a cafe in the facilities so "no one has to leave to get food." No vendors come to the Parker facility, he said. The pandemic has given



### Is there more reshoring of fastener manufacturing?

"Yes for now," Boyd responded. But that "is not guaranteed for the next round." There are Covid-related products where customers are seeking the reliability of domestic fastener supply, Boyd observed. "Especially when they want delivery within a week," he added.

Kerr reported "an uptick in requests for quotes," especially with certain material grades. But requests for quotes don't necessarily turn into business, Kerr pointed out. Kerr said some of the searching for alternative product sourcing can move business from China to India, Vietnam or Taiwan and "not necessarily back to the U.S." Kelly reported an increase in quotes for 2021.

"Freight costs are giving us an advantage," Kelly said.

Kerr pointed out that "it is not what it costs to purchase fasteners, it is what it costs to own them." Freight and quality are part of those costs. Kerr cited as an example of costs to own by recalling buying a cheap bicycle in 1986 for \$100, which didn't last. But a \$200 bicycle in 1990 is still serving him three decades later.

the manufacturer "more time to look internally," Boyd said. "Where can we do better in business?" Also through zoom calls he found they actually "got closer to the customer." What Parker would have spent on exhibiting at the IFE in Las Vegas could be spent in other ways, Boyd said. In direct contact, Boyd spent more individual time with customers rather than being interrupted on a trade show floor. Parker sales are up "just slightly" for 2020, Boyd said.

Kerr acknowledged he is "not a fan of remote work," but added that "the way work is done is going to be different." Boyd finds trucking costs increasing more than materials. Boyd said Parker has been able to hire 18 people. Parker favors hiring people without experience and having the company train them. Kerr Lakeside relies on temporary services for hiring, Kerr said.

Worse than finding employees is having a "plant full of people and no jobs to do," Kerr said.

## + Canada Renews Tariffs on Asian Screws

The Canadian International Trade Tribunal renewed duties on certain carbon steel screws from China and Taiwan "used to mechanically join two or more elements," and the subsidizing of such products exported from China, excluding carbon steel screws specifically designed for automotive or aerospace applications, Fastener World reports.

The Canada Border Services Agency (CBSA) initiated a re-investigation to update the normal values and export prices, in accordance with the Special Import Measures Act (SIMA), respecting certain carbon steel fasteners originating in or exported from China and Taiwan, and the amounts of subsidy respecting certain carbon steel fasteners originating in or exported from China. The re-investigation was part of the enforcement of the CITT's order made on January 5, 2015, in Expiry Review No. RR-2014-001, continuing its order made on January 6, 2010, in Expiry Review No. RR-2009-001 continuing, its findings made on January 7, 2005, in Inquiry No. NQ-2004-005.

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Can small distributors compete against Amazon? the president of the Specialty Tools & Fasteners Distributors Association asked in his 2020 virtual State of the Industry speech.

“We. Are. The. Underdog,” emphasized Greg Hughes, president of Kinnunen Sales & Rental. “Well, I’m here to tell you: Our. Dog. Bites!” The Oklahoma distributor’s mascot is a dog. “I love being the underdog,” Hughes declared. “I love the challenge of someone saying that I can’t. And in our industry the Big Boys are telling us just that. That we can’t keep up with their ability to attract and keep this next generation of buyers.”

“What the pandemic did was force our brick-n-mortar customers to find ways to ‘per - fect’ their internet buying skills, Hughes said. The customer base is growing younger and “their online love affair grows stronger each day, subsequently kicking our counter-and-field-based customer service to the curb, and the big box stores have increasingly aggressive B2B programs.” “Our customers may be convinced they don’t need us anymore. Are they correct? I mean, we can’t out-Amazon, Right?”

After college in Oklahoma, Hughes learned direct selling of fastening-related products to end users with a German-based company. Within two years he became an outside salesperson. “The next few years I learned the art of selling, and I started developing key relationships, one of which was with a hard-working and determined gentleman by the name of Ray Kinnunen,” Hughes recalled. Kinnunen, a concrete contractor by trade, “had grown tired of driving so far to obtain rental equipment and supplies. So with a \$400,000 loan and a 4,000 sq. ft. building, he started Kinnunen Sales & Rental, offering a few pieces of rental equipment and some concrete related supplies, including the shots, pins, anchoring and drilling products my company offered.” In 2013, Hughes and his spouse bought the distributorship from Kinnunen.

“Our slogan at Kinnunen Sales & Rental is - ‘Getting You Back to Work’ - and we’ve built a business on that promise.” That required getting the customers and retaining them when they “have the option to purchase our products not only faster, but also in some cases, cheaper from Home Depot, Lowes, Amazon, and whomever pops up online overnight.” “We’ve accepted the fact that in the next five years nearly 75% of our customers - those people we depend on to stay in business - will be Millennials and Gen Z-ers. We’ve ditched the old-guy gripe about how we hate change, or how we hate how these youngsters think...and we’ve made change after change after change, to simply...keep up with change.”

### Building Strong Relationships With Our Vendors

Hughes said “opportunities to buy from someone else are only going to continue to multiply as we’ve seen happen at lightning speed in 2020. We’ve got to have reasons for not only our customers, but also our vendors, to hang with us.” One way the “Kinnunen underdog bites back is by building strong relationships with our vendors. Let’s all agree - our vendor partners have a responsibility to their companies, their employees and shareholders to produce results. To that end, servicing the big box stores and various online platforms due to their sheer volume is an option they are unable to pass up, but you know what? Our vendors love us and they know what we bring to the table. We’re the guys who will take the vendor to the jobsite and get their brain and heart involved in our projects. No one at the big box stores or online giants are going to do that. We’re going to make sure our vendors know our partnerships with them are a huge part of our ability to succeed. They are going to feel, see and understand how much we need them, appreciate them, and depend on them to help us take our market share back.” That’s just one way the underdog bites back.

### Investment in Online and Social Media Platforms

Hughes noted many distributors saw sales skyrocket in 2020 because of the surge in online buying. “And how did they get so much business? Because of their investment in online and social media platforms. Their willingness to follow the trends of younger buyers - and older buyers - wanting the buy-it-on-my-phone convenience.” Now before everyone says, “Yeah, but I can’t afford a million-dollar website with apps,” hear me out, I’ve said that same thing for years. The answer doesn’t have to be that difficult or costly but doing nothing is no longer an option, just like doing nothing wasn’t an option in the formative years of your business,” Hughes advised. “We can’t keep our holier-than-thou attitudes, thinking everyone should come to us because we have a beautiful store on Main Street where the shelves are dusted, the floor is swept, and our employees greet you with a smile,” Hughes said. “We’re going to keep providing those things, but we also have to accept the new religion of apps and online buying trends of this generation, and all future generations.” “We have to reach a market who, for the most part, we don’t see,” Hughes said.

## + Optimas Opens New PPE & MRO Distribution Center in St. Louis; Promotes Marc Strandquist to CEO

Optimas Solutions of Glenview, IL, USA, has opened a new distribution facility in Overland, MO, USA. Optimas, a global industrial manufacturer/distributor and service provider, opened the 30,400 ft<sup>2</sup> facility near St. Louis to handle the USA distribution of a new line of manufacturing consumable products focusing on personal protective equipment (PPE) and maintenance, repair and operations (MRO). Optimas Solutions has also promoted President of the Americas, Marc Strandquist, to Chief Executive Officer (CEO). In his new role, Strandquist will oversee planning/execution of the company’s strategic plan for its regional business groups—Americas and International. Strandquist will continue to oversee the firm’s Americas business unit. In that role, he has ignited revenue growth, service diversification and technology advancements, which also drives improvements in sourcing, operations and customer service across the USA, Canada, Mexico and South America.



Marc Strandquist >



## + TR Fastenings Boosts Medical Fasteners Capacity



TR Fastenings has increased capacity for medical device fasteners to meet rising demand driven by the coronavirus, DPA reports.

“The outbreak of COVID-19 created an unprecedented demand for medical products, a situation never before experienced on this scale,” writes Jeremy Scholefield. “In response to the outbreak, the world turned to medical companies for vital help, which has galvanized the industry into action and to work in uncharted territories.” To alleviate shortages, manufacturers outside of the healthcare field have reconfigured to develop and produce medical equipment and supplies.



## + Johnson Tells STAFDA: Ban Paper in Front Office

Move your distributorship into the future by eliminating paper in the front office, Andrew Johnson advised the Specialty Tools & Fasteners Distributors Association. Johnson, CEO of Shelfaware LLC and a multiple generation distributor, spoke on transitioning distributors to the digital world where they can reclaim “the edge back to small business.” Distributors must have a programmer on the payroll to develop “automatic analytics,” Johnson said. Distributors need a “data dashboard with alerts, triggers.” “Own your data,” Johnson urged.

With data driven inventory, distributors can compete directly with Fastenal, Grainger and Home Depot. The big chains already dominate search engine advertising. Distributors need to “pick and choose” their online presence, Johnson advised. But even websites may get outdated, Johnson cautioned.

“It is about the eyeballs,” Johnson said. “What are they looking at? LinkedIn? Videos?” But they can compete in their niche – such as furniture fasteners. His own family’s distributorship specialized in O rings.

To compete, a distributor can move into assembly and repair “bordering on manufacturing,” Johnson said. Small distributors can offer customizing.

Not every idea will work, he acknowledged. “There are going to be swings and misses.” Part of his distributorship’s move into the future involved him and his brothers-in-law discussing what each one was good at and not good at. That must be expanded in companies.

“Team members need to know what they are not good at,” Johnson emphasized. Fastenal has grown in servicing safety & janitorial businesses. Fastenal installed 100,000 vending machines in customers’ locations.

Small distributors need to “stick to what you do well.” Attack competitors “where they are weakest. Use a digital approach to carve out your market niche.”

Critical medical products requiring fasteners and components include:

1. Respiratory equipment, such as ventilators;
2. Personal Protective Equipment (PPE), such as face masks and protective visors;
3. Diagnostic tests that identify those infected.

TR Fastenings responded to the UK government’s urgent request to support established medical equipment manufacturers and new companies diversifying into this sector. With technical expertise, real time inventory availability, a wide range of fasteners and an intricate global supply chain already in place, TR has been able to accelerate time to market.

“Although fasteners are typically the smallest components in medical devices, they play an important role in the assembly, functionality and structural integrity of the device,” Scholefield writes. “Working directly with a knowledgeable fastener manufacturer early on in the design stage mitigates the possibility of a costly redesign.”

The main products TR supplies are sheet metal fasteners, high-grade stainless steel fasteners, plastic and rubber products, and specially manufactured parts for ventilators, medical beds and furniture, ultrasound machines, medical imaging equipment, defibrillators, incubators, medical computer stands, volumetric pumps and infusion devices, and vacuum extractors. Founded in 1973, UK-based TR Fastenings manufactures industrial and Cat. C fasteners at manufacturing sites.

## + Lower Fastener Sales Drive FDI Down

The Fastener Distributor Index declined in August, dropping to 49.2 from 54.6 the previous month amid plummeting sales. June’s figure of 56.9 was the index’s best reading since November 2018.

“After two consecutive months of fairly sharp improvements in the FDI, naturally the rate of improvement stalled some in August,” R.W. Baird analyst David Manthey wrote.

The sales index fell 31.6 points to 47.6 in August.

The Forward Looking Index dipped 1.7 points to 53.1, while employment grew a modest 1.8 points to 46.1 in August and supplier deliveries improved 3.4 points to 60.5.

“Taking the FDI and FLI together, in our view, we believe this indicates August fastener market conditions showed relative stability in trends after several consecutive months of strong month-to-month improvement,” Manthey explained. Meanwhile, month-to-month pricing fell 6 points to 52.6, while year-to-year pricing declined 1.3 points to 65.8. The August FDI reading “indicates the trajectory of sales trends is improving m/m, but activity levels are likely not yet near pre-COVID levels,” Manthey stated. “Looking at the drivers of the m/m moderation in the FDI, sales trends continued to improve, but the employment index slightly decreased, dragging down the overall index,” Manthey noted. Twice as many distributors expect lower activity over the next six months, while 53% expect higher activity and 24% anticipate no change.

A third respondent expressed concern over current trends. “Down 25% from last year’s August. Down 11% YTD compared to the same period last year. Very, very slow month.”

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





## + Lawson Products Buys Partsmaster

Lawson Products acquired Greenville, TX-based Partsmaster from NCH Corporation for \$35.3 million. The deal is Lawson's largest acquisition in five years and will push its revenue to \$400 million. Lawson paid \$2.3 million of the purchase price at closing, and will pay the remaining \$33 million in May 2021.

Founded in 1968 as a division of NCH, Partsmaster is an MRO products distributor with \$63 million in annual sales to 16,000 customers through its 200-plus sales reps. Partsmaster provides six specialty product lines, including Dyna Systems fastener line of domestic premium bolts, general Grade 8 and Grade 5 bolts, and stainless steel and metric fasteners.

"This transaction is an important step in our continued growth strategy," stated Lawson CEO Michael DeCata. "Partsmaster is a strong strategic fit with a similar VMI business model, similar product margins, a complementary product offering and a passion for providing great service to customers."

Founded in 1952, Chicago-based Lawson Products distributes MRO products and services. Lawson has distribution centers in all 50 states, Puerto Rico, Canada, Mexico and the Caribbean and is headquartered in Chicago.



## + AFC Acquires Master Distribution

AFC Industries acquired Master Distribution, a distributor of channel and pipe fittings as well as related fasteners and accessories such as nuts, clamps, screws, washers, bolts, brackets and post bases. Terms of the deal were not disclosed.

Brunswick, OH-based Master maintains a large stock of steel, 304 stainless, 316 stainless, aluminum, zinc plated, hot dipped galvanized, electro galvanized, painted, and powder coated, for commercial, industrial, infrastructure, utility and energy end markets.

"The acquisition of Master extends the boundaries of our core business by adding a robust line of adjacent products," stated AFC CEO Kevin Godin. "We are excited to apply our institutional experience and expertise to fuel growth at Master."

The deal is the 11th acquisition for AFC since being acquired by Incline Equity Partners in 2015. In January AFC acquired The Chess Group, a distributor of metallic components for OEMs.

Fairfield, OH-headquartered AFC provides supply chain management of fastening and other assembly components. Customers' industries include automotive, defense, fluid-handling, food equipment, lighting, medical, transportation and solar energy. AFC was acquired in 2015 by Incline Equity Partners, a Pittsburgh-based private equity firm.

## + MW Industries Combines With Life Sciences Business

MW Industries parent company American Securities LLC was acquiring NN Inc.'s Life Sciences division and combining it with the Rosemont, IL-based fastener manufacturer. The \$825 million transaction was expected to close in the fourth quarter of 2020.

"This transaction offers the right partner for Life Sciences and fair value for the business," stated NN CEO Warren Veltman. "The combination with MW Industries will help Life Sciences accelerate growth and innovation across global markets, and position the business for long-term value creation and success to the benefit of all its stakeholders."

NN Life Sciences manufactures implants, surgical instrumentation, single-use disposable devices, and assemblies for medical applications. Core capabilities include precision metal stamping; electron beam welding; CNC milling and turning; plastic injection molding and micro molding; plastic machining; and additive manufacturing. NN, which manufactures high-precision metal and plastic components and assemblies, planned to use the estimated \$700 million in net proceeds from the sale to pay down its debt.

Founded as a tool and die company, Rosemont, IL-based MW Industries manufactures precision springs and specialty fasteners for more than 25,000 customers in 35 countries. Its 50,000 products are sold through a combination of direct sales, catalogs, and distributors to original equipment manufacturers and aftermarket customers in aerospace, medical, electronics, energy, agriculture, construction, and other sectors. In 2017, MW Industries was acquired by equity firm American Securities in partnership with MW Industries management.



**STANLEY**  
Engineered Fastening

**+ Stanley Engineered Fastening to Expand**

Kentucky Governor Andy Beshear announced that executives with Stanley Engineered Fastening, a Stanley Black & Decker company, plan to create some 49 high-paying job positions for Kentuckians with a US\$6 million expansion at its Christian County facility. Stanley Engineered Fastening plans to add 30,000 ft<sup>2</sup> to the existing 250,000 ft<sup>2</sup> Hopkinsville facility, which will grow the current business and expand into other products. Once complete, the expansion will elevate the plant's total employment to 205 workers. Work on the project is expected to conclude in July. Established in 1966, the Hopkinsville facility produces a variety of brackets, plugs, fasteners, inserts, bolts, nuts, rivets and screws.

**+ Orbitform Acquires C&B Machinery**

Orbitform and a group of investors acquired Brighton, MI-based C & B Machinery for an undisclosed sum. C&B Machinery will operate as a separate entity with its own staff and facility.

"We intend to carry on the heritage that C & B Machinery established over the last 40 years," stated Orbitform president Phil Sponser. "We look forward to working with the existing, highly skilled C & B team to grow the business."

Founded in 1980, C & B Machinery designs and manufactures high production and precision grinding machines, including their double disc grinding equipment, for automotive, aerospace and hand tools markets. Founded in 1984, Jackson, MI-based Orbitform designs and manufactures orbital forming riveting machines and forming, fastening and assembly automation equipment.



**+ Fastenal Fastener Sales Stabilize**

Fastenal Co. reported the decline in fastener sales that began in March due to the pandemic continued to slow in August, with sales down 7.3% compared to an 7.5% decrease the previous month. Overall sales at Fastenal dropped 2.2% to US\$465.2 million in August, while daily sales rose 2.5% to US\$22.15 million during the month. Sales in the U.S. improved 1.9%, while sales in Canada/Mexico rose 3.8%. By end market, sales to manufacturing customers decreased 5%, and sales to non-residential construction customers were down 13.5% in August.

The company's workforce decreased 8.6% during the month to 17,747 employees. Distribution personnel shrank 10.3% to 2,591 while manufacturing personnel declined 11.4% to 624 workers.

"The evolution of a market leader like Fastenal, now heavily invested in shifting to an e-commerce and omni-channel approach, represents where the industry is headed," according to a Market Leaders report by Modern Distribution Management. "Fastenal is closing locations, consolidating inventory, putting its personnel inside customer locations and moving toward e-commerce."

Fastenal reported fastener daily sales declined 16.4% year over year in the second quarter of 2020 to US\$392.3 million (26% of total sales) as sales of safety equipment (PPE) surged 116.3% during the quarter. Fastener sales declined 2.6% to US\$449.7 million (32.9% of total sales) during the first quarter of 2020.



**+ Danish Firm Rose Holm to Establish Its First USA Operations in Virginia**

Virginia Governor Ralph Northam, speaking on behalf of the Virginia Economic Development Partnership (VEDP), announced that Danish company, Rose Holm, a leading manufacturer of threaded bolts for the food and beverage, wind power and heat exchange industries in Northern Europe, will invest US\$1.35 million to establish its first USA manufacturing facility in Henrico County in Virginia. The new operation will give the company close proximity to a major customer and further its wind energy efforts.

Virginia successfully competed with Indiana for the project, which will create 10 new jobs. "Virginia is all in for clean energy, and we welcome Rose Holm's decision to locate its first U.S. operation in our Commonwealth," said Governor Northam. "Our Clean Energy Virginia initiative is driving new investment and new jobs in renewable energy, and now it is bringing a new manufacturing facility to Henrico County. We look forward to a strong partnership with Rose Holm as we work to make Virginia a hub for the East Coast offshore wind supply chain and service industries."

Established by Erik Rose Holm in 1953, Rose Holm is a privately owned Danish metal company that specializes in high-quality fastening products with a focus on supplying the global wind energy sector. Combining decades of know-how, logistics, and ongoing investments in the latest advanced manufacturing technology, Rose Holm's two Danish production plants now manufacture fastener solutions year-round.

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