

## RANDOM THREADS MEMBER SPOTLIGHT



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If one looks back in time in the fastener industry, 1980 to the present, some themes hold true. Distributors must satisfy their customers and select vendors well while staying profitable. As the economy changes and demand wanes, the distributor must be nimble, flexible, and strategic. The above are part of the ABCs of a distributor's service. With the current economy in a slowdown, and the end users of products beginning to buy less (and when they do buy, buy in smaller quantities), one should consider how might this very normal trend affect my distributorship.

The input WTC is privileged to receive and/or participate in reflects the differences of the thinking of individual distributorships and their observations of the economy as it affects their businesses. There are common themes and special thinking. We thought we might share our summary thoughts with our Pac-West associates.

### COMMON THOUGHTS

1. Have minimal debt (supports flexibility and investment opportunities).
2. As your customers' buying habits change, align your purchasing strategies.
3. Stay connected to your employees' ideas, concerns and current sales and service activities. Provide positive and passionate leadership.
4. Stay connected to or reconnect with your customers, especially the very important ones.
5. Stay connected to your vendors and renew needed relationships.
6. Stay profitable. Know what makes you profitable (what is your sweet spot sale?).
7. Renew your presence in your industry.

### SPECIAL THINKING - DISTRIBUTORS HAVE SHARED ITEMS FOCUSED ON THEIR OFFERINGS, SERVICES, AND THEIR CUSTOMER SPECIFIC NEEDS.

1. Provide services that the master distributors cannot or will not (profitable offering).
2. Allow your website to sell your services; invest time into content modernizing.
3. Look to contracted services as another thread of income.
4. Where do VMI and client on-site services work with your services offerings?
5. Is a merger right for you? Expand your business.
6. How can you develop multiple lines of income.

### FUTURE CONSIDERATIONS - THESE SUBJECTS WERE MENTIONED OR DISCUSSED IN DETAIL.

1. How do electronic sales (like Amazon) affect your future?
2. What security demands will your customers require (especially OEMs) in the future?
3. What will security insurance cost you in the future? Example: in 2022 one could buy cybersecurity insurance for \$5,000 a year, based on annual sales of two million. This year some insurance companies have moved that to \$8,000 to \$10,000. Why? They are losing money to successful cyber-attacks. Distributors should be considering all the insurance and tax increases as they plan their future. Protect your business.
4. As the master distributors look to expand, how do you keep your services intact.
5. Is it time for you to consider retiring, thus selling your business? If yes (or if it is in your thinking), then plan for it and put your distributorship in the shape that makes it more valuable.
6. Technology: fastener-specific automation or business services, improved ERP capability, IT services, IT security, these continue to change rapidly. Are you taking advantage of all the automated services?

After an assessment of your business, reviews with your customers and vendors, brainstorming with your employees, and developing your strategies, plan your implementation and measure your results.

You may have discovered other complimentary services you can provide, because you're a distributor first; maybe new services can economy-proof your future.