THE EVOLUTION OF THE SECONDARY SUPPLY CHAIN:
Need-it-Now-Electrical Suppliers Fill A Critical Supply Chain Gap
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SUMMARY

Industry consolidation and the economic downturn have exerted tremendous pressure on the supply chain. Unlike in years past, distributors simply can’t afford to keep a complete inventory of electrical replacement equipment on their shelves. So when customers are inflicted with an emergency power outage, wholesale distributors often scramble to find the right equipment.

The first call is to the product manufacturer. However, manufacturers also have cut back on stock inventory to stay competitive in today’s global marketplace, especially when it relates to diverse product lines with long shelf lives, such as industrial, utility and commercial fuses. As a result, it’s increasingly more difficult for distributors to quickly find a replacement fuse to satisfy their clients’ needs.

To help the manufacturers and their licensed distributors solve this dilemma, independent electrical suppliers like Monster Fuses have created a backup and urgent electrical equipment supply service. By providing a supply of critically needed electrical equipment such as industrial and utility fuses, some independent electrical suppliers have been able to serve as a go-to source for electrical service and distribution equipment.

LEAN MANUFACTURING AND YOUR ELECTRICAL INVENTORY

Ten years ago, U.S. manufacturing was on a slippery slope. Paper mills, steel plants, and manufacturing plants were shutting their doors. Distributors were also consolidating and closing down branches, resulting in a temporary excess of industrial and commercial electrical equipment, including fuses.

In response to global shifts in manufacturing, end users in the U.S. cut back on their electrical inventories. Distributors were forced to follow suit, focusing on bottom line results with particular attention to turn-and-earn ratios. If distributor didn’t sell enough of a particular fuse in a given time period, the product was eliminated from their shelf and was only purchased when necessary from the manufacturer.

CASE STUDY:
Getting A Refinery Up and Running

OPPORTUNITY:
A petrochemical refinery in Louisiana had equipment unexpectedly go down and needed fuses that weren’t in stock, as well as assistance with a failed transformer in a substation, to resume production.

DISTRIBUTOR SOLUTION:
The distributor account representative contacted Monster Fuses, which had the required fuses and had them flown in for early morning delivery directly to the plant. In addition, he identified the transformer manufacturer and obtained contact information for the customer to assist in having the failed transformer repaired/replaced.

RESULT:
$50,000 in productivity improvements and $150,000 in reduced downtime.
IT’S ALL ABOUT TESTING, RELIABILITY, AND TRUST

For decades, quality independent electrical suppliers have helped the manufacturers and distributors reap the financial benefits of lean inventories while keeping customers happy through timely access to spare electrical equipment. It has been a good relationship for all parties, but the Internet made it difficult for manufacturers and distributors to know whom they can trust as a back-up supplier.

Since 1996, Monster Fuses President Brian Corekin has made it a personal and professional goal to raise the bar for the independent electrical suppliers industry by pushing 100% testing and reliability, using industry best practices and technical standards.

For example, Mr. Corekin has been a past president of the Professional Electrical Apparatus Recycling League (PEARL), pushing the ANSI accredited standards organization to finalize ANSI standards certification, and open its membership to field service as well as independent electrical suppliers.

PEARL membership also means that Monster has a minimum of $1 million in insurance, inventory and annual sales. And

In many cases there was now a lead-time due to the reduction in the manufacturer’s inventories.

Unfortunately, lean transformation didn’t stop customers from blowing “hard-to-find” fuses.

When a plant manager faced a catastrophic equipment breakdown followed by a costly power outage, he called his electrical contractor, who contacted the local distributor. If the distributor didn’t have the equipment in stock, the sales rep called the factory, pleading with them to overnight a replacement fuse. Unfortunately, the factory has a four-to-six week wait time for that fuse.

Caught with no replacement parts on hand anywhere, the plant manager picks up the phone and calls a competing supplier, counting each minute of downtime as it adds to an increasing pile of lost revenue and productivity. And who’s in the middle? The distributor of course: trapped between “the rock” of lean inventories and factory lead times, and the “hard place” of customer demands.

“By partnering with the right independent suppliers, wholesale distributors can increase profitability, preserve and improve customer relationships, ramp up reliability, and build a stronger, leaner, more responsive business.”
INDEPENDENT SUPPLIERS FILL ‘LEAN’ GAPS

So what is a distributor to do?

Carrying the financial burden of an extensive electrical inventory is not an economically viable option for today’s distributors. But, distributors still need to satisfy their customers’ daily needs as well as the ‘midnight hour’ emergency call. This conflict gave rise to the need-it-now electrical supplier, and supports it today. But in today’s Wild West Web marketplace, how does the electrical product manufacturer or distributor know which independent supplier they can trust?

Over the years, product manufacturers and distributors have learned that independent suppliers that follow best-in-industry practices and technical standards are an integral part of their successful wholesale operations. With the right partner, wholesalers now can depend on need-it-now electrical suppliers to fill the gap when existing inventories do not meet customer needs.

By partnering with the right independent suppliers, wholesale distributors can increase profitability, preserve and improve customer relationships, ramp up reliability, and build a stronger, leaner, more responsive business.

WHO CAN YOU TRUST?

On a daily basis, electrical product manufacturers and distributors face urgent customer part demands. Unfortunately, the actions of a few disreputable and downright incompetent suppliers have led many in the traditional electrical supply industry to lump all independent suppliers into the “gray market.” To debunk the perception that suppliers of surplus and/or reconditioned product aren’t reliable, the best need-it-now independent suppliers put their products through testing that is more rigorous than when the unit was originally manufactured.

For example, members of international standards developers, such as the Professional Electrical Apparatus Recyclers League (PEARL.org), are required to test and document all surplus and/or reconditioned equipment before certifying it to the PEARL standard and shipped to the market at large. PEARL also requires their test equipment meet indus-
try calibration requirements through site inspections as well as adherence to the highest of ethical and business codes of conduct.

The best of these organizations take PEARL’s minimum requirements a step further. For example, Monster Fuses (See ‘Testing’ Sidebar) tests every fuse upon receipt — even new product direct from the manufacturer. The company then tests the new fuses once again prior to shipping to ensure performance and reliability. In some cases, the testing procedure has caught factory new product deficiencies, leading to changes in the manufacturer’s packaging, manufacturing, and shipping procedures to rectify the problems.

“Since 1996, Monster Fuses has made it a goal to raise the bar for the independent electrical suppliers industry by pushing 100% testing and reliability, using industry best practices and technical standards.”
—BRIAN COREKIN

THE SIX KEYS TO FINDING A RELIABLE INDEPENDENT SUPPLIER

In today’s competitive economic environment, distributors must be equipped to handle any situation. By working with trusted independent suppliers, distributors can enjoy the financial benefits of lean inventories while improving customer service, retention and follow-on sales.

1. Is the independent supplier a partner, or potential competitor? When an end user faces a critical power outage or other emergency, a distributor can call a trusted independent supplier to provide the electrical equipment quickly and efficiently without worrying about losing the customer to a competitor. And it doesn’t stop with that one sale. If a distributor helps a client to reduce downtime during a time of urgent need, the customer is more likely to call the distributor for all future electrical supplies.

2. Do they sell 100%-tested products, verified and reconditioned to industry best practices and technical standards, guaranteed? Does your need-it-now electrical supplier test and document every unit twice — once when it comes in the door and then again before it leaves — regardless of the source? And if it reconditions the unit, does it use industry-wide technical standards and best practices?
3. **Is the independent supplier’s inventory deep and wide enough to set your mind at ease?** With a trusted independent supplier’s inventory behind them, distributors can now stock less electrical inventory, especially in hard-to-turn product lines like industrial fuses, freeing up resources for business development. And it’s not just about inventory, but access to inventory. Does your independent supplier have online and mobile inventory tools to make their warehouse a seamless extension of your own wholesale or distribution center?

5. **Does your independent supplier provide reliable service around the clock?** Emergency situations can happen anytime day or night. When crisis strikes, can you depend on your independent supplier 24 hours a day, seven days a week, 365 days a year? Does your independent supplier have the ability to ship emergency fuse replacement orders within 24 hours? Compare that to manufacturers lead times of eight to 12 weeks for vintage fuses. Today, tens of thousands of power fuses are in operating switchgear originally manufactured and installed up to 50 years ago.

6. **Does your independent supplier make you worry about counterfeit or gray market products?** Independent suppliers with sanctioned manufacturer agreements can give you the confidence of deep and wide inventories without worrying about unwittingly undermining or circumventing the manufacturers international pricing structures for new equipment, or opening up yourself to liability concerns from supplies of ‘unsanctioned’ new electrical equipment.

4. **Do your manufacturer suppliers already trust the independent supplier?** The majority of manufacturers have embraced the need-it-now electrical service because they recognize the gaps in the electrical supply chain caused by lean inventories. These manufacturers also want a trusted buyer to convert their excess inventory into cash, while appreciating the “sustainable” benefits of keeping unused product out of landfills. After visiting Monster Fuses’ facility and reviewing its inventory and testing procedures, many manufacturers have embraced the company’s backup fuse service as a way to serve both their franchise distributors and end users.

**CONCLUSION**

Due to turn-and-earn ratios and economic pressures, it is nearly impossible for distributors to be fully stocked with complete inventories of fuses in all brands and vintages. Unfortunately, lean inventories can also translate to lower customers service when clients face power outages and other emergency situations. Distributors can no longer afford not to partner with a trusted secondary supplier like Monster Fuses. When their customers experience a costly outage, distributors must be able to respond swiftly or risk losing a customer’s business. Through their wide selection of specialized electrical equipment, commitment to reliability, and trusted relationship with manufacturers, independent suppliers like Monster Fuses are the essential partner for any electrical manufacturer and distributor.