



## Staying True and Staying Ahead

### ***How Index Fasteners Maintains Traditional Values While Pushing Boundaries***

Like most everything else in our global economy, today's fastener industry is evolving at a rapid pace. From increasingly competitive supply chains to international distribution, fastener companies must stay at the forefront of strategy and market trends to succeed.

While many industry players have struggled with these rapid changes, one leader remains at the vanguard of the industry while holding close to core values that are three generations old.

Index Fasteners of Ontario, Calif., is one of the industry's leading fastener distributors. The company has built a legacy of steadfast customer service and top-quality products for over 30 years. Along the way, it also has managed to stay independent, staving off the rash of consolidation that has swept other distributors across the country.

### ***A Little History***

Index Fasteners was founded in 1977 by Ron Evans. Mr. Evans worked in the fastener industry in Los Angeles before starting his own company with a small 1,000 square foot building and a handful of customers in Alhambra, Calif.

Mr. Evans founded his company when the industry was in a downturn. From 1969 to 1984, the North American fastener industry decreased from 450 companies with 600 plants to about 250 companies with 360 plants.

Despite these circumstances, however, Index created a foothold from its Southern California facility and grew steadily throughout this period of decline. Mr. Evans survived turbulent market conditions by focusing on three core principles: unbeatable stock, unrelenting customer service, and an unwavering commitment to independence.

In 1992, Mr. Evan's daughter, Kim Peterson, purchased the company from her father. In eight years, Ms. Peterson continued the strident success of the company she quadrupled the company's size, introduced sophisticated computer networks, developed the company's web presence, and purchased the two buildings where the company is currently located.

Since 2000, the company has been under the stewardship of Shane Bearly, Ms. Peterson's son, who has been with Index for over 15 years. Mr. Bearly started his career in the family business as a stock boy in its Ontario, Calif. warehouse. He's seen the company through almost every stage of growth and has an intimate understanding of every employee's role, from part-time labor to executive management.



“I’ve grown up with Index as a central part of my life,” says Mr. Bearly. “I know our heritage and what it means for me to keep it intact.” This prodigal grandson also knows how to make the family legacy proud: the company has doubled its size in the last four years.

Index is a leading supplier to both Distributor and OEM markets and is well-regarded for providing top-quality, US and Import made products by industry stalwarts such as TRW, Tinnerman/Palnut, ITW Crest, Johnson & Hoffman, DOT/Scovill, Stimpson, YKK/Universal and Avery Dennison to name a few.

### Stocked to the Brim

More than 200 billion fasteners are consumed annually in the U.S. 26 billion by the auto industry alone<sup>2</sup>. With such overwhelming and granular demand, distributors face enormous challenges to keep pace with customers and grueling production schedules. So how does a family-run business meet customer expectations when millions of individual items are involved? Easily by delivering what the market wants. Index stocks everything-*everything* its clients need. They hold fast to a belief that if a customer needs something, they should get it immediately. The company has managed to maintain a deep inventory in all of their SKUs while controlling stocking costs.

The company stocks the most complete line of Palnut and Crest products on the West Coast and is one of the largest Stimpson grommet/washer

and hole plug distributors in the nation. In addition they stock the largest and most comprehensive Snap Fastener and Textile Lines in the world, Index is currently the largest YKK/Universal Snap Fastener distributor in the U.S. And all of this is managed by about 20 employees in Southern California.

Index's primary customers span a wide range of industries, including Textiles, Aerospace, Construction, Automotive, Marine, Military and Defense-Related, Electronics, Medical and many more. In these businesses and others, customers simply cannot afford to be line-down breaks in operations due to out-of-supply parts can be disastrous. “Sure, we have competitors who carry twenty-plus product lines. Most of these competitors don't stock these lines to their full potential. To us it's not a matter of what you *could* provide next week but what you *can* provide today. We would rather carry fewer lines but stock them to their full potential” says Mr. Bearly.

Moreover, quality of stock is as important as availability. Substitute parts built to inferior standards not only compromise end product quality, they can present serious safety and reliability issues. For customers, the crux of the problem is finding the *right* part at the *right* time.

This is when Index excels. When clients call Index, they simply get what they're looking for. There's no need to wait for additional distribution because a part is out of stock or to sacrifice quality with poor substitutes. In an age of Just-In-Time inventory



Control and complex global supply lines, Index's strategy is a bit unconventional. But, it's a strategy that works well and has been appreciated for decades by customers who have needed products in a crunch.



### *Actually, Let Me Help You With That*

Suppose that part you need isn't the best fit for your product? The trustworthy staff at Index has the knowledge and candor to tell you. With several years of in-depth industry experience, the salespeople at Index have a mission to provide the best products for their clients, even if that's different from what the customer initially wants. Over the years, Index's customers have come to rely on the company's expertise as a competitive advantage.

What's more, Index's "best product" philosophy doesn't focus on profit margins. Salespeople are just as likely to recommend a cheaper alternative solution, as long as it represents the best quality and fit for the project. The result for the customer is confidence in a supplier that is looking out for its clients' best interests.

"We often discuss alternative, less expensive strategies with our customers," notes Mr. Bearly. "We've been in this business for a long time, so we know when one product might be a better solution for a particular application. If we can share that knowledge with our customer, we might lose a little bit of margin in the short run, but we'll establish a strong relationship in the long-run. Ultimately, that's invaluable."

### *A Declaration of Independence*

In recent years, consolidation has swept the fastener industry. To some extent, the acquisition mania has benefited some customers. As supply chains shorten and suppliers become less fragmented, it's becoming easier for customers to purchase all of their fasteners through one or two avenues.

But, consolidation also has negative impacts, namely on customer service. Gone are the days of mom-and-pop suppliers who intimately understood their clients' needs. Now, customers often have no idea whom they're talking to or how many calls it will require to purchase the parts they want. Moreover, customers often struggle to find a single, experienced point-of-contact for advice and knowledge; many feel the market is beginning to resemble the indifferent style of large national super-mart chains. Though the concept of a monolithic, impersonal corporate supplier is trite, it's becoming a truism in the fastener industry.



Index, however, sees this as an opportunity to shine. The company has held a fiercely independent stance for three decades. Whereas competitors have been swallowed by large multi-national corporations, Index has chosen to develop deeper relationships with existing customers and expand organically.

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And their stance hasn't affected their growth. Index recently has enjoyed some of its most steady growth since the late 1970s. Moreover, the company has received a significant amount of positive feedback from customers and other vendors in the industry. Their independence is respected and even envied at times, though it's challenging to maintain.

As Mr. Bearly states, "There's no doubt that consolidation has overtaken our industry. But we feel that personal relationships and customer service have differentiated us for 30 years, so why change that formula now? It's old-fashioned, but it works. Now the onus is on us to make sure it keeps working."

### *Fastened Up and Ready for the Ride*

Despite adhering to old-fashioned values, Index also knows how to ride the wave of change. For example, to capitalize on the growing trend of international manufacturing, the company currently has representation in Mexico and is looking into establishing a distribution facility in Laredo, Texas, or possibly within Mexico. This facility will provide support to Index's Southern California headquarters as well as a gateway to its global customer base. "We're also looking into a possible location in the Midwest to help ease the transportation costs to the east coast and have a more centralized stocking facility" says Mr. Bearly

Beyond expanding into international facilities, Index also continues to grow through aggressive marketing strategies. A completely revamped web site with integrated search functionality is currently in the works and will launch in early 2008. Along with the site redesign, a marketing campaign focused on certain market niches is also on the horizon. And while implementing these growth strategies, the company will continue to maintain its quality standards via ISO 9001 certifications, ROHS, WEEE and PFOS compliance and readily available traceability and part certifications upon request.



As the fastener market continually evolves, Index is becoming more firmly entrenched as a symbol of independence and success for the industry. It's increasingly rare to find such an organization in a time of consolidation and that is exactly what encourages Mr. Bearly. He feels that technology and international expansion are easy to adapt to and navigate; it's a matter of diligence and smart market research. Customer relationships, however, hold an entirely different significance for Mr. Bearly. They represent the values and legacy his family established three decades ago, intangibles that run through every business strategy that the company implements. As Mr. Bearly sees it, customers are the foundation of Index and will be so for a long time to come.



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