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2023 INTERNAL Case Competition

Problem statement

# Introduction

Fastenal is different things to different customers: a local relationship, a logistics company, a consultant, a technology solutions provider, and more generally, a distributor of wide-ranging industrial and construction products. These aspects of our service share a common foundation: great people, close to our customers, backed by world-class resources. As our capabilities continue to expand and evolve, this is what sets us apart in terms of service, growth, and value.

‘Great people’ speaks to our organizational commitment to bring out and fully utilize the creativity of every team member. We pursue this by prioritizing employee training, by rewarding success and promoting from within, and by maintaining a decentralized culture where ideas and innovation flow in all directions, not just from the top down.

‘Close to our customers’ refers to our local distribution infrastructure – the hubs, trucks, in-market servicing locations, and point-of-use solutions that shorten and simplify the supply chain. It also refers to something less tangible (but closely related) – the customer relationships, collaboration, and strategic alignment afforded by our local presence.

‘World-class resources’ describes the ever-expanding suite of products, services, solutions, and specialists we draw upon to meet each customer’s unique business needs. With offerings that range from custom manufacturing to subject matter experts in areas like safety and engineering, to e-business and automated supply solutions, we provide value far beyond selling and shipping products.

In an industry that’s becoming increasingly centralized, standardized, and transactional, we’re growing faster – and more profitably – by continuing to invest in the fundamentals of effective service: great people, close to our customers, backed by world-class resources.

# Background Information

At Fastenal, we make vast amounts of industrial supplies available locally with personalized, face-to-face service while creating a business-to-business partnership with our customers. Our customers span a spectrum of industries, sizes, and profiles – from local fabricators, contractors, and K-12 schools to global manufacturers, national construction companies, retail and e-commerce giants, and major hospitals and universities. The common themes are collaboration and customization, engaging at the local level to execute programs that align with the customer’s unique needs and goals. In business-to-business sales, a Fastenal sales representative initiates contact, solicits, and discovers customer needs.

Opportunities for Fastenal are often product related, and process driven. Lean Six Sigma professionals, applications engineers, and subject matter experts are heavily involved throughout the sales process during new account acquisition. Fastenal has over 3,500 manufacturer partnerships coupled with their own internal manufacturing capabilities and currently categorizes its product offering into the following, many of which include a Fastenal exclusive brand option:



Another unique differentiator for Fastenal is a captive fleet. Operating a hub and spoke distribution model allows product to flow from distribution centers to branch locations to customer facilities all by means of a Fastenal owned and operated vehicle.

# Problem Statement

As one of the leading industrial suppliers in the world, Fastenal sells products in categories from tools and fasteners to safety and office supplies. These products are sold to various areas of the world and include the Western, Eastern, and Central United States. The data provided is for regions within the United States.

For this project, consider yourself a Data Analytics Consultant. Your job is to use the data provided to guide Fastenal in determining how to improve its business model. Remember that you will need to understand how the business thinks and how to communicate within that world. Straightforward visuals and well-designed dashboards are helpful in communicating complex solutions in a professional manner.

As you think about Fastenal’s business model, it is important to have an understanding of some of the concepts we use in our business. Below are some high-level summaries of terms used in this case:

**Core Customers** – We segment our time and focus based on this customer classification. Customers identified as Core would receive more intentional visits/interactions than those tagged as non-core.

**Freight summary –** Charging freight is primarily a habitual function in our organization. Our Point of Sale system will populate suggestions and recommendations but whether or not the freight is left as is, added to, or completely removed is ultimately at the discretion of each employee.

**Economic trends –** We currently use several different indexes and models to analyze economic trends. This is important for forecasting inventory needs, especially relative to demand, lead time, and cost. We also utilize our analysis to create customer-facing documents that often accompany price increase notices as a means of further clarification.

# Data Summary

A data file has been provided to support analysis. Below is a description of each Excel worksheet.

1. **Customer Table** – This table links individual customer accounts to a business unit hierarchy and marketing segment.
2. **Total Sales Data** – This table contains a summarized view of all sales and metrics data for X number of divisions, business units, etc. Sales information provided includes fastener and non-fastener product sales.
3. **Fastener Sales Table** – This table contains only sales and metrics for Fastener products. Sales are calculated by XYZ means. Freight charges are not billed as a product.
4. **NonFasterner Product Sales Table** – This table contains only sales and metrics for Non-Fastener products. Examples of non-fastener product categories include safety, metalworking, abrasives, janitorial, etc.

# Deliverables

1. Identify customers that purchase products *consistently* versus customers that make intermittent purchases.  Using this, define what it means to be a “core” customer of Fastenal.
2. For each of these segments (core vs. non-core), describe/analyze different performance metrics. For example, sales performance or freight performance.
3. Determine if any correlation exist between sales and any of the marketing codes, identifying any trends that exist along the way.  Based on trends, identify any markets that Fastenal should focus on.
4. COVID19 not only affected the world economy, but it also affected Fastenal. Perform research to determine how Fastenal’s fastener sales compare to economic trends in manufacturing in North America.