

# Surplus Inventory as Lost Gold Found

*How the Internet and your surplus inventory could make you some added revenue very soon*

By Frank d'Anconia

**“I**t’s a million dollar idea, if you can make it work,” said Eric Dudas, operations manager of FastenersClearingHouse.com. “We talk to dozens of distributors every day and we hear this over and over again. We first realized creating an online exchange would generate lots of value for the industry when we began to understand the problems surrounding surplus and odd lot fastener inventory and why it is so hard to move.”

He’s pretty sure they can make it work, and here’s why:

The fact is that many distributors carry more “stale” inventory on their shelves than they would care to admit. The cost of storing, financing and insuring this stock can be huge, but the unrealized revenue potential is the other side of the issue. For some, this is a multi-million dollar proposition. That’s enough to make any business owner or manager consider new avenues for generating revenue from what would otherwise go to scrap.

“I generated thousands in added revenue last year,” said Charlene Roberts, of Quality Screw & Nut, a distributor in Bensenville, Illinois. “I convinced my boss to let me take a bit of time to go through some of the stuff that had been just sitting there for years, odd length bolts and special screw sizes, mostly. It took some effort, but it turned out to be like lost gold found,” said the veteran sales manager, proving the point.

The Internet is the ideal medium for moving this type of inventory because of its vast reach and because it allows so much information to be easily organized and located. Anyone who has ever performed a Google search can tell you that. The concept of an online exchange for surplus fasteners logically follows.

In addition to making surplus stock available to huge numbers of potential buyers, the Internet also supports sales managers in keeping their listings current. This removes the headache of dealing with out of date listings, which is a large problem for buyers as well as sellers.

While online exchanges specific to the fastener industry have been tried before, most of the previous offerings were quick to become Internet backwaters. That’s why the initial success of Fasteners ClearingHouse.com has taken so many by surprise.

The site has grown quickly because it takes a different approach to problems that caused other exchanges to stall. Foremost among these is the issue of loading inventory.

“Distributors are in the fastener business, not the database business, so the first challenge we had was to offer a simple way for them to get their inventory online,” Dudas said. “And that’s exactly what we did. We call it ‘The Scrubber’. It’s just a big program we wrote that takes the inventory our members upload in any old format and makes it very database friendly.”

“We knew that once they had

the bulk of their inventory loaded onto the site, members would have a very easy time managing it through our online interface. They just log in and it’s all right there for them,” he added.

Members of the exchange upload their inventory using spreadsheets, or they can enter individual lines right on the website. They can modify or remove inventory listings any time they want. It’s a very flexible system and it allows them to manage their inventory simply and conveniently. The fact that tens of thousands

of lines have been added to the database in recent months seems to prove this point.

Search the FastenersClearingHouse.com database and you will find thousands of lines of surplus and hard to find inventory offered

by dozens of distributors. Some specialty commodity types are dominated by a few vendors, but most commodities show listings from a healthy number of sellers. And the database is growing every day, so the thin areas are filling in.

This raises the important issue of “searchability”, which is a term used to describe how easily users can find what they’re looking for. This is where the painstaking work of loading inventory in a precise and consistent format pays big dividends.

“We tried to build a search interface that is simple yet powerful,” explains Brian Musker, the database guru behind the site. “You’ll never reach a point where everyone can find everything the first time, but with the great data we’re loading, I think we’ve come close. Users really like it once they get



*Surplus washers or lost gold found? It could be both!*

*Photo by Alissa Anderson*

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the feel of it, and we've received lots of positive feedback."

The database went live in October of last year and it was opened to searching in December. While progress has been very good, Musker admits that the effort continues to be a work in progress.

"Sometimes there are simply no items in the database that match a particular query, although that happens less frequently as the system grows. The biggest issue we have right now is the format of item sizing information. That's always going to be an issue and we simply have to do the best we can. But we watch the traffic very closely, and as time goes on we can see that our frequent users are getting much better at finding what they need," he said.

The combination of ease of use, carefully formatted inventory data, and steady promotion seems to be paying off. Indeed, by the middle of the first quarter, more and more positive feedback began to appear.

"We've already found items on the site and bought them from other fastener companies, so I'm a firm believer," said John Pohlhaus, of PM Fasteners in Harleysville, Pennsylvania. "It just needs maximum exposure and it will become a much needed solution for the millions of dollars of fastener inventory sitting in warehouses, unsold around the world."

FastenersClearingHouse.com is gaining plenty of exposure from members like Mr. Pohlhaus, who have used the site to sell and buy items, but there are several

programs in the works that will bring even more attention to the new exchange. These include an advanced search engine program designed by Lunavista Communications, of Chicago, Illinois, and an aggressive direct marketing campaign.

"We're continuously asked by prospective members how we promote the site," Eric Dudas commented. "This is a critical part of the service we provide, of course. In that way we act almost like a co-op, with our members pooling resources to draw traffic and sales. Our mission is to bring value to this industry. If we can't do that, then we won't succeed. We plan to succeed."

Membership to FastenersClearingHouse.com entails a very modest investment. A one year subscription costs \$495.00 and entitles members to list up to fifteen thousand items at any one time and to have their banner ad in rotation on the website.

As of this writing, the second version of FastenersClearingHouse.com is being readied for release. The new site will feature an updated look and feel as well as some new features, including a request for quote system that will be available to members at no additional cost.

FastenersClearingHouse.com could very well be a million dollar idea, and the good news is that it was designed to spread the wealth. As distributor Charlene Roberts quipped while commenting for this story, "It's like lost gold found." 🍀