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The National Magazine for Fastener Distributors

WINTER 2010 VOLUME 33 - NO. 1



RAF ELECTRONIC HARDWARE

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Exceptional Customer Service

Page 16

U.S. Manufacturing & Plating Facilities

Page 20

Industry's Largest Stocked Inventory

Page 22

Growth Through Distribution

Page 154



RAF ELECTRONIC
HARDWARE

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The coffeemaker's staccato, gurgling noise was a familiar one for Jerry Stoczanskyj. Signaling the end of the brewing process, it also meant his journey—nearly always undertaken before daybreak—was about to begin.

He peered out his kitchen window, searching for visible clues of the weather, though darkness still clung to his suburban Joliet neighborhood and he could see nothing. However, the incessant whirring sound of winds whipping across his backyard told him all he needed to know.

He filled his thermos, buttoned his coat, and burst into the frigid, February air, shaking his head as he surveyed his snow-covered driveway. It was 5:40am, which meant he was running ten minutes late.

The drive from Joliet to Wheeling, Illinois, even in the most favorable conditions (which for Stoczanskyj meant no state patrol cars waiting roadside for speed limit violators), takes just under 90 minutes. But with a fresh coat of snow, the roads today would be far trickier to navigate. Stoczanskyj turned on his radio and settled in for what eventually turned out to be a two-and-a-half hour commute, which he knew would be far shorter than his return drive home later that day. Friday afternoons on I-355 were always the worst. Add a mid-winter Chicago storm, and the drive could be truly brutal.

With two interstates, several tolls, and a handful of state roads, Stoczanskyj knew the route from his home in Joliet to Beacon Fasteners and Components in Wheeling well. Indeed, with minor refinements and the occasional accommodation to road construction, it was the same itinerary that he had driven five days a week, 48 weeks per year, for the past decade.



*31 Years Delivering
Quality and Performance
Excellence*

Spending on average four hours (that's F-O-U-R hours) per day commuting roundtrip to work is somewhat understandable today in light of the country's worst recession in decades. Especially in Illinois, where the unemployment rate hovers above 12-percent, such a sacrifice is a necessary concession where the employment pool is deep with eager candidates.

Except that Stoczanskyj began working for Beacon in 2000, when the economy was flourishing, and industry jobs were plentiful. As a career quality control executive, a position he has worked for 29 years, he could have elected to work with any number of a dozen or so firms, all of which would have entailed a much shorter commute.

Except that he chose Beacon. And despite the 95,000 miles on his 2007 Honda Civic, it's a decision that he warmly embraces.

"Beacon has always been the gold standard," Stoczanskyj explained, "even when I was working for its very capable competitors. They've always been about quality: what they sell, how they sell, and how they treat their employees. By themselves, those are values that are rare to find, in any business. Combine them into one, and it's easy to see why I chose the commute."



It's a genuine testament to Beacon's success and straightforward insight into how this suburban Chicago distributor of stock thread cutting screws, thread forming screws, high low tapping screws, sheet metal tapping screws, and sems screws has endured and prospered for 31 years in an industry otherwise marked by change, especially during the Internet era. And for Beacon's founders, Bob Wegner and Gary Pavlik, while much has changed since the company operated from a 1,500 square foot space in Rosemont, where both personally filled orders late into the night, its core values have remained steadfast and reflect a deliberate culture that both sought to instill in their company when they opened Beacon's doors in 1979.



Bob Wegner, Gary Pavlik

Quality, Quality, Quality

“From an outsider’s perspective, we just sell screws,” Pavlik explained recently from the conference room in his Wheeling office. “Screws. Nothing fancy or seductive about that—“

At that point, Pavlik and Wegner digress into a series of light-hearted one-liners before deftly resuming their conversation.

It’s a familiar exchange for this perfectly synchronized duo, an effortless give-and-take banter with Pavlik frequently playing the perfect straight man to Wegner’s good-natured playfulness. But while it illustrates a personality distinction, there is no differentiation when it comes to corporate vision. At Beacon, they are perfectly aligned and equally passionate about their mission.

“Everything starts and ends with quality,” Pavlik begins, as Wegner interjects: “For instance, we recently received a quote from a popular industry supplier who offered the best price for one of our standard catalog parts. However, they told us that they couldn’t meet our quality requirements. Ultimately, we found the quality we needed at a competitive price, and our customers appreciate that. They buy with confidence that they’re getting the best product.”



Continued on page 18

It's a seemingly mundane, common-sense corporate plan, but one so thorough and comprehensive in its execution that it indeed distinguishes Beacon from a dense field of competitors.

"Quality for Beacon is not advertising jargon, it's ingrained in procedure," Stoczanskyj explains. "We validate every single lot."

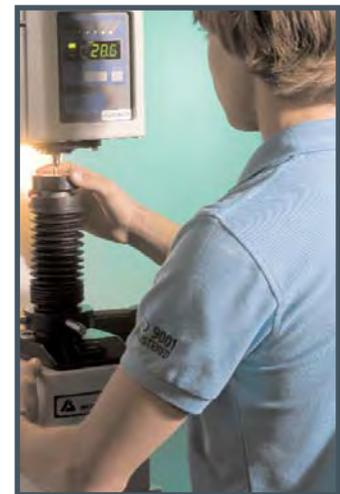
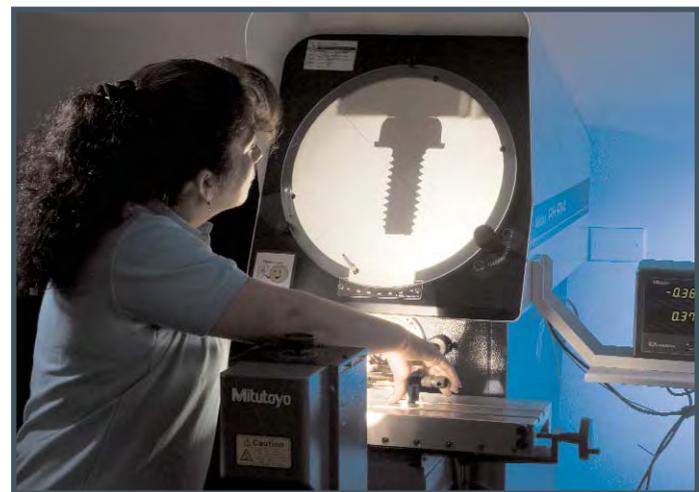


For Beacon, that means having employees in Asia, working closely with their manufacturing partners.

"Our focus is to provide our customers with product performance that meets or exceeds the industry standard." Stoczanskyj begins. "For example, we call out tighter length tolerances and emphasize thread crest tolerances on some products. In some instances, we also require a lower core hardness specification that reduces the risk of a hydrogen embrittlement failure. They're just a few of the ways that we go the extra mile in making sure we deliver—in every instance—an exceptional product."

And while introducing quality control at the point of origin detects the majority of potential production issues, the process doesn't end overseas. Once production parts are received, all parts are dimensionally and visually verified. Thorough testing is then performed. Testing protocols vary by part, but when applicable, include core hardness, torsional, ductility, hydrogen embrittlement and drive testing. Indeed, Beacon meticulously scrutinizes every lot, ensuring that nothing has been overlooked.

"Even though the overseas inspection & test reports show product compliance, we test every lot in-house to validate our vendors results," Stoczanskyj says. "We do catch failures, and that is why we go to such great lengths, driving parts into test plates, time and time again."



Their goal is a product that meets or exceeds performance expectations, a consistency that is borne out of an obsessive focus that everyone at Beacon shares.

"When quality is instilled from the executive level, it flows through our staff, in every department. It fills everyone with a sense of pride, a shared, common purpose and drive," Wegner says.

The effects are far more than internal, earning Beacon strong dividends from its customers.

"I find Beacon and its staff to be one of the best in the industry," said Todd Sider, commercial commodity manager for Century Fasteners. "As a company, they definitely do what it takes to make a customer feel like every order is important and they back it up with having the inventory. Good price structure, quality products, good people and the ability to get it done. [You] can't ask for much more."

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*Todd Sider
Commercial Commodity Manager
Century Fasteners*

A Family Business Takes Root

While Beacon's history officially began in 1979, its roots run much deeper.

Wegner's father Vern had started a fastener company, Beacon Bolt & Screw (BB&S), in the 50's. His "intense focus on customer service," coupled with "kindness and respect for his employees," as Bob recalls, enabled BB&S to thrive—so much so that after Vern's untimely passing in 1968 due to kidney disease at the age of 43 (Bob was just 12 years old), an industry competitor made a very attractive offer to buy the business from Bob's mother June.

Anticipating this and not wanting the values he had established for BB&S to dissipate through a competitor's management, Vern had instructed his wife just prior to his passing to either "run with the company or close it—but don't sell it."

So, rather than accept the offer that would have enabled her to retire at the age of 41, June personally ran BB&S for several years. However, the challenge of operating a company and managing a family eventually proved to be too much; sadly the company's doors closed permanently in 1971.



Continued on page 22

Beacon Bolt & Screw's closing greatly impacted 16-year old Bob, and it was then that he promised himself that he would one day recreate what his father had started.

"It became my goal to open a Beacon of my own," Wegner recalled, "one built on the same customer driven focus and personal values that made my dad a success."

That focus would also include Vern's support of a Chicago orphanage, a commitment that Wegner recalls warmly.

"I remember at a young age kids at our house from the orphanage sharing the Christmas holiday with us and leaving with bags of gifts," Wegner said.



Today, the company is a principal supporter of the Midwest Council for Children with Disabilities (www.mccdcares.com), a charity founded by small business owners within the fastener industry that provides financial assistance to children with physical, developmental, or cognitive challenges.

After short post-college stints working for manufacturing and distribution companies in the fastener industry, Wegner decided the time was right to set off on his own, so along with Pavlik, a co-worker with a shared sense of motivation and work values, they started Beacon.

"And we decided that from the start, we would do things differently," Wegner said. "Everything had to be about quality and customer service."

"And our employees," Pavlik said. He paused and exchanged a knowing look with Wegner before adding, "Whenever we got big enough to hire them."

"We wanted to be the best in the industry," Wegner said. "And so we went to great lengths to exceed the expectations of our customers. We would make sales calls with our customers to aid in application concerns. I remember driving hours to deliver parts same day or waiting at platers for parts to come off a line and then delivering them to a customer's customer working a second shift. We sold during the day and packed at night," Wegner recalls. "Gary had a VW Beetle, that was our delivery vehicle. We were doing whatever it took to be the best, to separate ourselves from our competition."

By 1985, Beacon had outgrown its modest, Rosemont digs and expanded to a 10,000 square foot facility in nearby Elk Grove Village. The pair had long since abandoned their do-everything roles, and a supporting cast of employees had joined Beacon's ranks. Both Wegner and Pavlik made sure that every hire was treated the "Beacon Way."

"That means we don't micromanage, we empower people to make decisions, and we respect their professionalism and talents," Wegner says. "We hire great people and we hope to never give them a reason to leave."

It's an employee-centric approach that resonates strongly with Beacon's staff and sparks a collective enthusiasm.

"Bob and Gary appreciate their employees more than any other company I've encountered," said Julie Babcock, the catalog sales manager who has worked at Beacon for 11 years. "And that's why we have people who have been here so long." She ticks off a list that includes several employees who have been at Beacon for 15 years or more, including one who has remained for more than 26 years.

“When there’s a problem, their reaction is never to blame,” Babcock said. “It’s never a question of who did it, but rather how can we fix it. It’s incredibly reassuring. It’s respectful of the staff, and it speaks to a common goal. It helps get everyone on the same page and to always want to do better.”



The Customer Experience

For Wegner and Pavlik, making sure that their staff is on the same page is essential to providing the highest level of service for their customers, which means far more than just filling orders.

“We’re in a highly competitive, commodity business,” Pavlik said, “And while some of the time, that might mean just order taking, for most of our customers, we have a relationship with them, a very long relationship. They trust us to come through for them, whether that’s delivering a partial lot, seeing through a critical per print part or providing a quick delivery. Whatever they need.”

And for that, everything comes back to quality.

“We demand the highest quality from our manufacturers,” Stoczanskyj said. “We won’t put an inferior part in our customer’s hands even if it means missing a deadline.”

As a result, delivery delays are infrequent yet unavoidable, the by-product of attention to detail and a demand for excellence. But in such

instances, that’s when Beacon’s customer-first approach really kicks into gear.

“We hate delays but when something is going to be late, we need to advise our customers,” Wegner said. “We take responsibility for our parts.”

Because they follow parts so closely through the manufacturing process, the sales associate is advised if an issue arises that will cause even a one day delay to a customer. When that happens, management requires - indeed, it has been integrated into ISO procedures - that they contact the customer to work through any late delivery inconvenience. The procedure is audited quarterly for conformance.

“It’s all about complete customer satisfaction.” Wegner said. “Anything less is unacceptable! I hate it when something I ordered doesn’t arrive on time, and I hate it even more if I have to call and follow-up on it when it’s late. I don’t want our customers to endure that type of situation with Beacon.”

“We take ownership of delivery and quality problems. If it’s a customer’s problem, it’s our problem,” Pavlik added.

The complete customer focus has allowed Beacon to enjoy sustained growth, but Wegner and Pavlik have never allowed their success to breed complacency. If anything, it has generated an obsessive-like quest to seek continuous improvement.

“We want to do a great job for our customers—we want to ship on-time, we want to supply quality parts—and even the one-off mistake drives us to reassess our processes and ask ourselves how things can be done better,” Wegner said. “If we’re late, we want to know why and how we can prevent it from happening in the future. That means continuing to look at every process, from management on down, and always looking to improve.”

Continued on page 156

No Shortcuts

While pricing is always a main focus for customers, both Wegner and Pavlik make sure that it doesn't affect quality. And while many competitors have gone the way of e-commerce web-sites, Wegner and Pavlik refuse to remove personal attention and flexibility from Beacon's business model.

"What we're selling does not translate well to on-line ordering," Wegner explained. "Our prices aren't fixed and our quantities aren't rigid, because we want the flexibility to work with our customers and help them obtain more business whether that is supplying customized finishes or developing stock-and-release programs that are specific to their needs. All things that are coordinated one-on-one, the foundation of our customer relationships."

And while Beacon's customer base includes everyone from the very small mom-and-pop distributor to the mega-distributor, all are treated with the same level of attention.

"If someone wants to phone in a simple catalog order, that's great," Pavlik said. "But many of our customers need stock-and-release for their high-volume orders, which requires customization and flexibility. We don't tie people down to quantities. If you need 1,962 pieces, then that is what we will sell you, and we never add a fee to break a box. Custom plating of stock parts quickly is important to many of our customers and has become one of our specialties."



It's accommodations like these that require extraordinary flexibility and attention to detail, and what sets Beacon apart from its competitors.

"Business is tough today, some customers have reduced staff which leaves fewer people more work to do," Pavlik said. "They're busier than they've ever been, they're stressed more. We certainly don't want to add to that. We want to make things as easy for them as possible."

Don't Forget to Smile

Despite a relentless, hard-nosed drive for excellence, Beacon's execution is anything but sobering. Over the years, it has developed a reputation for light-hearted fun, a seemingly laid-back approach that it pulls off rather effortlessly. At the industry's annual trade show in Las Vegas, Beacon's booth is an eagerly anticipated destination. For whether it's a stuffed bear or a blinking beer glass offered at a spirited happy hour-like environment, they're welcome informalities that soften the long, grinding days on the trade show floor. And everything is executed in perfect alignment with Beacon's personality, one that is hard-working but yet rich with character.

"We all have to get up every morning and go to work... I don't want an oppressive office environment that makes people dread coming here everyday," Wegner says.

"People in the fastener industry are well aware of Beacon – their reputation precedes itself," said Dianna Wolfer, Beacon's director of purchasing. "As a former Mid-West Fastener Association board member, I witnessed first-hand at tradeshows what Beacon represents - and that's a professional, customer service-oriented firm that knows how to have fun! Fun and fasteners typically don't go hand-in-hand, but somehow they do at Beacon. So, when I was offered a career opportunity to join their team, I was elated!"

Looking Forward

Beacon's insistence on quality has made it an industry leader in environmentally friendly materials and processes. Since 2006, its inventory has been 100%-RoHS compliant, one of the first companies

Continued on page 158

to commit to a standard whose effects might be unseen but are never overlooked. It's a commitment deeply ingrained in Beacon's value system, one whose principles are never compromised.

When it comes to accountability, Beacon is ahead of the curve as one of the few companies to incorporate the MDSMap system in its PPAP's and by customer request, an invaluable tool that allows the traceability of its parts to their original chemical compounds. This ensures that when a product meets its end of life, hazardous substances, if they exist, are disposed of properly. It's yet another way that sets Beacon apart from its competitors.

"When we receive a request for a Quality Critical Fastener, our first call is to Beacon Fasteners," said Scott Somers, president of Burton, Michigan-based Mid-States Bolt and Screw Company. "Beacon has consistently proven themselves capable of meeting and exceeding our specifications in the toughest of applications and requirements. No one is more competent in navigating the particulars involved with IMDS (International Material Data System) compliance."



In February of this year, Beacon received CTPAT (Customs Trade Protection Against Terrorism) Certification, an extraordinary cooperation with U.S. customs that will fast-track Beacon's receipt of products in the event that a terrorist act forces the closure of our nation's ports. This will ensure the quickest possible delivery to their customers.

The company is also pursuing A2LA-lab certification, an accreditation of its testing facilities that will further ensure that its processes meet the highest international standards.

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Scott Somers, President, Mid-States Bolt and Screw Company

They all point to Beacon's commitment to quality, a mission that includes acting responsibly in all phases of its operations. And they further distinguish Beacon from its competitors, ensuring that the company is poised to build on its 31 years of success.

Today, Beacon operates out of neighboring buildings in Wheeling that total just over 50,000 square feet, a huge jump from their 1,500 square foot beginnings but not nearly the final destination for Wegner and Pavlik. Despite that recognition, though, they're both quick to downplay any significance associated with staff and facility sizes.



Wegner explains, "Our goal was to be recognized by our customers as the best, not necessarily the largest. It's always about people...our customers, and our staff. We make sure they receive the best quality and service possible. And we know from experience that everything else usually just follows."



Need proof? Just ask Stoczanskyj. You can find him along I-355, in an efficient if well-worn Honda Civic.

Four hours every day.



198 West Carpenter Avenue, Wheeling, IL 60090
800.669.2658 • 847.353.2000 • Fax: 847.541.1789
www.beaconfasteners.com