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Artificial Intelligence: Building Better Distributors

How even unconventional companies can optimize inventories.

BY NELSON VALDERRAMA

EARNEST MACHINE imports, distributes and manufactures fastener products for agriculture, construction equipment, heavy transportation, mining, structural construction and wind industries. The company offers bolts, clamps, clips, expansion plugs, nuts, O-rings, pins, rivets, square heads, and more.



And thanks to its third-generation CEO, the company’s recent experience shows how emerging technologies can build a better distributorship.

Based in Rocky River, Ohio, it has a United Kingdom presence following the 2020 acquisition of National Thread Fasteners. Kirk Zehnder, a grandson of company founder Paul Zehnder, helped the family management step back and let him reinvent the distribution side as its CEO. Kirk Zehnder told an interviewer at *Hi-Velocity* magazine in 2012 that the company “now has the energy of a start-up.” (<https://bit.ly/43Emhbp>)

Kirk Zehnder has re-energized his 75-year-old “start-up” by shifting paradigms from Earnest Machine’s business focus to a customer-centric framework. A set of principles drives him in making and sustaining this transformation:

- **SHARE THE BIGGER PICTURE.** Continuity does not mean doing the same

thing repeatedly. A business will not realize its future by sticking with the past. A company cannot build a lasting future based on attitudes like “Why reinvent the wheel?” and “Why fix what ain’t broke?”

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Effective entrepreneurs share a vivid big picture of their vision. Understanding how internal and external factors may change the image over time, leaders draw clear pathways for inside and outside customers, providing directions toward a better experience.

Kirk Zehnder quickly points out that Eastern Machine “sells 2,000-year-old technology.” With little new to say about the products, “we really had to broaden our perspective on the industry and what we do in the industry, and then focus on creating the best customer experience we can,” he explains in a *Smart Business Network* article (<https://bit.ly/3qy1uaE>).

- **MAKE CUSTOMERS MATTER.** Earnest Machine historically focused on business operation and family management. However, customer expectations have changed radically in an era of pandemic lockdowns, supply-chain paralysis and continuing inflation. People have less interest in how parts are made and more in what the company can do for them.

“We took the approach of competing with the best retail organizations, creating a customer experience,” Kirk Zehnder explains in *Smart Business Network*. “That’s where our real competition lies; it’s not the people selling nuts and bolts. A little shift in how we looked at customers gave us a boost that adds value to the company and our customers.”

- **SECURE HIGH-PERFORMING TALENT.** Earnest Machine has succeeded with fewer employees than might be expected. Still, the company has won Crain’s Cleveland Business Excellence in HR award and *Smart Business Network*’s Smart Culture awards several times. Kirk Zehnder inspires his team with themes of working together, encouraging them to fire on all cylinders in pursuit of what’s next.

“We needed people who were ‘different,’ anxious and able to support [the customers],” he explains. He wants high-performance, Grade-A team players to help accomplish the organization’s goals. He asks candidates, “Are you looking for a place that is fun, exciting, and down-to-earth? We are interested in

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helping you achieve your career goals.” Then, he offers a solid benefits package, emphasizing wellness.

However, the real benefit lies in treating people as they deserve, with empathy and respect. This approach contributes to employee retention, job satisfaction and engagement, positively impacting the company’s bottom line.

From Chaotic and Unreliable to Organized and Efficient

“Industrial distribution is five to eight years behind other trends,” Kirk Zehnder tells *Smart Business Network*. “People aren’t thinking any differently about their nuts and bolts purchases than they are about their coffee. So, by focusing on the customer experience, we think we set ourselves apart.”

However, Eastern Machine needed help. “Our inventory management was antiquated and inefficient; we were losing valuable time, money and resources trying to keep up with the demands of our customers,” he says. “We needed an overhaul but didn’t know where to start.”

Then he found Intuilize, an analytics company specializing in helping businesses such as Earnest Machine make sense of their data.

“With its help, our team quickly realized how little they knew about managing our inventory properly,” Kirk Zehnder explains. “The reports they’d been relying on weren’t as helpful as they thought; there was simply too much information to take in at once without getting overwhelmed by it all.”

Efficient inventory management in the wholesale distribution sector can be

daunting, “comparable to herding cats,” he says. However, the story of Earnest Machine, a creatively unique wholesaler, proves that even unconventional companies can achieve inventory greatness. By partnering with Intuilize, Earnest Machine turned its inventory chaos into a smooth-ordered symphony.

“Intuilize helped us build custom dashboards that gave us meaningful insights into our operations and allowed us to identify areas for improvement easily,” Kirk Zehnder notes. “They also showed us how to use predictive analytics and machine-learning models so we could anticipate customer demand better than ever before — something that would have taken months or even years if done manually.”

Earnest Machine’s inventory management before Intuilize was chaotic and unreliable. It frequently faced stockouts and overstocked items, which caused confusion. Old spreadsheet practices and what Kirk Zehnder calls “mystical rituals” tracked its inventory, leading to costly human mistakes. Intuilize brought organization and efficiency to Earnest’s inventory management process, solving its previous challenges.

“Its experts performed expert-level magic, flawlessly integrating the software with our business operations,” Kirk Zehnder notes. Together, his team waved goodbye to outdated spreadsheets and welcomed a modern, cohesive inventory management system.

Earnest Machine achieved a new level of efficiency and accuracy in its inventory management. This SaaS delivery model, driven by artificial intelligence and machine learning, provides a real-time, clear view into its warehouse operation. Everyone with a need to know has access to information affecting sales and operations planning. They no longer waste time searching for products like a treasure hunt.

The program’s demand forecasting capabilities are equally impressive. Its data analysis tools predict customer demand “with the precision of a fortune-teller reading tea leaves,” Kirk Zehnder notes, adding that they no longer rely on guesswork or

fingers-crossed strategies. “Earnest Machine can confidently navigate the peaks and valleys of inventory, preventing excessive stockouts and wasteful overstocking.”

In addition, the software revitalized Earnest Machine’s reorder management with ease. The wholesaler elegantly executed the reorder process, optimizing the equilibrium of supply and demand. As a trusty business partner, it triggered purchase orders when predefined stock thresholds were reached, abolishing dead stock and vanquishing stock shortages.

Kirk Zehnder believes Eastern Machine does not need a sales manager; it employs a sales operation manager to back up its integrated sales teams.

“That person doesn’t manage ac-

counts or price quotes because Earnest Machine’s sales staff knows how to do those functions and now has real-time access to the necessary info,” he explains, “Instead, the sales operations manager sets up the structure and the people to manage the order flow, quote flow, support issues and call volumes to create the best customer experience for Earnest Machine’s buyers.”

He adds: “Working with Intuilize, we learned quickly how little we knew about our inventory management. We had massive amounts of data and shallow reports without clear action steps. Now, we look at the right data, making quick decisions that drastically improve our performance.”

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— Kirk Zehnder

NELSON VALDERRAMA is the CEO of Intuilize, which specializes in helping mid-size distributors transform data into profits. He has 25 years of experience in the industrial distribution industry, helping businesses uncover hidden competitive advantages and unleash the power of data in the new digital economy. Throughout his career, Valderrama has worked and consulted for companies such as GE and private equity firms. Reach him at nelson@intuilize.com.