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News and information from the Fabricators & Manufacturers Association, International*

Buying Consortium Proven ‘Advantage’ for Metal Manufacturing Company

In today’s competitive global marketplace, running a metal manufacturing company has never been more complex. From purchasing materials and finding skilled labor to marketing the shop and meeting sales goals, keeping up with the competition is a full-time challenge.

For Russ Barnes, president and CEO of H. E. Parmer Co. Inc., a midsize metal manufacturing company based in Nashville, Tenn., achieving success means strategically seeking out every economic advantage he can find. He found one by joining the Prime Advantage program, a private buying group affinity program offered to members of FMA.

Founded in 1889, and one of the 15 oldest businesses still owned by the same family in Nashville, H. E. Parmer is a leader in the manufacturing of trailer fenders, trailer parts, and custom sheet metal fabrication. The company purchases sheet stock – steel, aluminum, and stainless steel – to fabricate its products, primarily fenders, used in the production of utility, vehicle, recreational, animal, and other trailers.

Though the company is among the largest fender manufacturers in the world, it’s a relatively small player in the metal purchasing sector, and Barnes must constantly strive to cut costs.

“We have to purchase metal from whomever offers the best price, because a fender is a commodity,” said Barnes. “We make a consistent, quality product, yet that doesn’t command a price position. We can’t compete with the price points of a larger metal purchasing corporation, because we’ll get beat out.”

Seeking a way to further connect with the metal fabricating industry, Barnes joined FMA in 2006. Soon after, he earned about the Prime Advantage program, a buying consortium for

industrial manufacturers offered exclusively to FMA members.

FMA partnered with Prime Advantage in 2006 to offer its members a multifaceted savings program to help lower purchasing costs through group buying power. With over 300 member companies, the buying group offers pre-negotiated discounts and rebates from more than 115 endorsed suppliers, providing access to volume discounts and rebates on raw materials, components, supplies, and services.

Barnes was already aware of the power of buying groups. In a former position in the boat manufacturing industry, he learned firsthand how buying groups can help companies pool resources to drive costs down. As an added incentive, he noticed that his primary stainless steel sheet dealer was an endorsed supplier.

A month after joining FMA, Barnes enrolled H. E. Parmer in the program.

“We performed some rough calculations and felt we could recoup the initial cost of membership in a year,” said Barnes.

Since joining Prime Advantage, Barnes has been purchasing metal at a reduced cost from his preferred supplier, decreasing the company’s supply expenses and improving the business’ bottom line.

The investment has paid off – the company recouped the membership fee in less than a year. “We’ve already exceeded our initial investment by 25 percent, which makes the purchase very worthwhile,” he said.

Joining FMA’s Prime Advantage group has provided additional benefits for Barnes.

“Being a member of Prime Advantage has fostered productive meetings and relationships with several quality suppliers who are a part of the program,” Barnes added. “As a smaller

company, we normally don’t get that kind of service. It’s allowing us to network and make strategic sourcing solutions.”

Barnes cites a recent example. “We’ve been trying to buy from a large steel supplier for awhile but their prices are always a bit high,” he said. “We think the savings through the buying program will offset that cost and allow us to purchase from them in the future. Doing business with this larger Prime Advantage supplier will allow us to better manage our inventory and optimize service to our customers.

“The program is a valuable tool for a small company like ours because there’s an almost immediate payback,” he said. It’s allowing us to re-examine our supplier relationships to reduce costs and increase profitability.” ■

How much can you save?

Advantage and AdvantagePlus members of FMA and TPA have the opportunity to join Prime Advantage to help lower purchasing costs, just as Russ Barnes did. Companies that join Prime Advantage have access to prenegotiated discounts and rebates on raw materials, goods and services companies use every day.

Find out how much you could save with our savings calculator at www.primeadvantage.com/savingscalcfma/.