

HOW TO BUY LOW MOQs OF INDUSTRIAL RUBBER PRODUCTS

GUIDELINE



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HOW TO BUY LOW MOQs



WHAT PURCHASING NEEDS TO KNOW ABOUT INDUSTRIAL RUBBER PRODUCTS

Welcome to What Purchasing Needs to Know About Industrial Rubber Products. This white paper from Elasto Proxy covers the following topics:

- how to buy low MOQs
- how to reduce your freight costs
- how to get nearly 100% on-time delivery
- why it's time to consolidate your vendor list
- where to buy all of the industrial rubber products that you need

For over 30 years, Elasto Proxy has been providing industrial rubber products that add business value.

HOW TO BUY LOW MOQs

Production forecasting is about estimating future demand. Do you need to buy low MOQs of industrial rubber products such as bulb trim, edge trim, sponge profiles, or solid profiles? Some industrial distributors require you to order quantities that are significantly greater than what you really need. These vendors may try to sell you on the benefits of volume discounts, but you'll tie-up cash in all that excess inventory. And that's just one of the problems with buying in bulk at the expense of a sounder business strategy that considers your true costs.

HIGH MOQs AND TRUE COSTS

Buying more than what you need isn't much of a bargain. Although the per unit cost may be lower, there are hidden costs to consider. For example, there could be a significant opportunity cost – the loss of a potential gain when you choose one option instead of another. Let's say you buy 5000 meters of bulb trim when all you need is 50 meters. The money you spend on the excess 4950 meters is money you can't spend on other items instead.

Vendors with higher MOQs can also cost you more in terms of warehousing. To store all of the excess inventory that you've purchased, you'll need to have enough storage space in your facility. You'll also need to have enough shelving units and, when your shipment arrives, forklifts and personnel on-hand. If your warehouse gets too crowded, there's the risk an employee could hit a box with a forklift and ruin everything that's inside. Rubber also has a shelf life and should be stored under the right conditions.

LOW MOQs AND ADDED VALUE

If you can find a supplier that specializes in low MOQs, won't the unit prices that you pay be higher? That's not necessarily the case. By partnering with the right supplier, you can get competitive prices and added value. For example, Elasto Proxy's typical minimum order quantity with rubber coils is 50 meters or 164 feet; however, MOQs can vary based on the type of rubber profile that you choose. We also combine low MOQs with warehousing services. This allows us to buy large, cost-effective quantities on your behalf, store them in our warehouses, and then release quantities according to your sales forecast.

Consider all of the benefits of this approach. You won't have to tie-up extra cash in inventory that you don't need right now. In turn, you may be able to reduce the amount of warehouse space and shelving that your business requires. Your employees won't have to receive, move, store, and then retrieve boxes that could get damaged in transit. With our added-value services, Elasto Proxy can even ship you a box of industrial rubber products that moves from your loading dock to your assembly line.

HOW TO REDUCE YOUR FREIGHT COSTS



WHAT PURCHASING NEEDS TO KNOW ABOUT INDUSTRIAL RUBBER PRODUCTS

HOW TO REDUCE YOUR FREIGHT COSTS

Are you looking for ways to reduce your freight costs? Whether you receive manufactured products or raw materials by land, air, or sea, a shortage of shipping containers could cut into your profits, lead you to seek new suppliers, or force you to pass along costs to consumers. Today, too many shipping containers are stuck in the West when they're really needed in Asia. Because container supply can't keep up with demand, freight rates from China have sharply since March 2020, when COVID-19 first began to disrupt supply chains across Europe and North America.

Today, the current shortage of shipping containers remains a COVID-related challenge. There are several reasons for this. First, because its economic recovery began when other parts of the world went into lockdown, China increased exports while shipments from other nations fell. This stranded containers where they weren't refilled. Second, because many orders for new shipping containers were canceled, there aren't enough new containers to meet today's higher demand. Third, because of a decline in air freight, some containers remain on the ground and were not returned to Asia.

FREIGHT COSTS AND LOAD SIZES

Asian exporters are reclaiming more shipping containers, but too many of the world's 180 million units remain in the wrong place. As a result, spot freight rates have soared and reached \$6,000 per container, a steep rise over their price of \$1,200 before the pandemic began. For North American and European manufacturers who buy rubber and plastic products from overseas, the cost advantage of doing so may seem like it's evaporated. Reshoring is an option, of course, but commodity products in high volumes can be cost-prohibitive.

Buyers of full container loads (FCLs) and less than container loads (LCLs) both face challenges. LCLs, small freight shipments that do not consume the full capacity of a container, require the consolidation of multiple loads. At a time when shippers aren't struggling to fill containers,

there's a stronger incentive to handle FCLs and higher prices for LCLs. Plus, manufacturers who buy products from China remain concerned about tariffs, trade wars, and general geopolitical instability. Even if you can buy all of the product that you need in an FCL today, will you be able to get it when you need six months from now?

REDUCING COSTS AND RISKS

Elasto Proxy can help you to reduce your freight costs and your business risks. We manufacture products in Canada, store them at warehouses across North American and Europe, and source molded rubber and plastic parts globally. The experience with us is seamless, and our ability to store your products and ship them in response to your sales forecasts lets you pursue volume discounts while conserving cash. Instead of buying an LCL of molded hoses from China, buy an FCL through Elasto Proxy and have us bill you for parts when they ship.

Elasto Proxy can also source different molded rubber and plastic parts for you. If you're a heavy equipment manufacturer, we can supply not just your molded rubber hoses, but also your molded rubber grommets. We can then store these products in our warehouses and ship them to you along with the engine bay insulation, door gaskets, and floor mats that we custom fabricate. Instead of paying high freight costs to multiple vendors, you'll get one-stop shopping. Plus, you won't have to wonder if the products you need are available, when you can get them, and if the freight costs will bite into your bottom line.

HOW TO GET NEARLY 100% ON-TIME DELIVERY



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What's your company's on-time delivery rate? If you're like most manufacturers, you're watching this number closely and always looking for ways to improve. But did you know that Elasto Proxy can offer you nearly 100% on-time delivery when you share your production forecast with us? Through stronger supplier communication and automated procurement, you'll also achieve additional business benefits.

PRODUCTION FORECASTING

Production forecasting is about estimating future demand for the goods you'll produce and everything that you'll need to make them. Whether you forecast based on historical trends, seasonal patterns, or business cycles, looking into the future can help you to manage inventory levels, reduce costs, optimize transportation logistics, and increase customer satisfaction. Forecasting can also help you to schedule production activities for greater agility, flexibility, and transparency across your organization.

As important as production forecasting has become, many manufacturers still struggle to maintain optimal inventory levels. The effects can range from stock-outs and production bottlenecks to expensive air freight and lost business opportunities. By sharing your production forecast with Elasto Proxy, you can get the industrial rubber products that you need while reducing these business risks. Sharing your forecast with us also means we can order raw materials on your behalf more cost-effectively.

SUPPLIER COMMUNICATION

Supplier communication has always been important, but it's been mission-critical these days. During the height of the COVID-19 pandemic, manufacturers need to know if their suppliers were still operational and, if so, to what extent. Some suppliers closed completely, others ran at reduced capacity, and still others couldn't fill orders because their

own vendors were in lockdown. At the same time, many manufacturers pivoted during the pandemic and needed to buy materials that they'd never purchased before.

The future looks brighter as COVID vaccines become increasingly available, but manufacturers still need to inoculate their supply chains against future disruptions. In addition to communicating your production forecast, it's worth sharing your pain points and plans for the future. Through stronger communications, you may discover supplier capabilities that you didn't know existed. For example, Elasto Proxy doesn't just distribute and fabricate rubber products. We also offer value-added services such as warehousing.

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PROCUREMENT AUTOMATION

Procurement automation is the third and final key to getting nearly 100% on-time delivery. By using digital technology instead of manual purchasing methods, your business can increase speed, efficiency, control, and visibility. You'll reduce internal costs and be in good company, too. According to the American Productivity and Quality Center's Open Standards Benchmarking in Procurement report, 82% of organizations are now using some form electronic procurement.

With Elasto Proxy, automated procurement doesn't mean that you'll need to purchase expensive software or hire high-priced developers. Instead, you can send us spreadsheets with your production forecasts. We'll then massage the data so that it flows into our material resource planning (MRP) system and other internal tools. At a time when many manufacturers are re-evaluating everything, isn't it time for your company to look for ways to get greater value from your suppliers?

WHY IT'S TIME TO CONSOLIDATE YOUR VENDOR LIST

Vendor consolidation is a procurement strategy where you reduce the number of vendors that your company buys from. Companies don't want to become overly dependent on a single vendor or a handful of vendors, but there are costs – and risks – from having too many suppliers. There are also six benefits to lowering the number of vendors that you do business with.

1. Lower prices
2. Fewer payments and better terms
3. Easier vendor monitoring
4. Less expensive shipping
5. Faster handling
6. More efficient stocking

Let's examine each of these benefits in terms of industrial rubber products.

#1 LOWER PRICES

Vendor consolidation can increase your organization's purchasing power. Instead of buying some rubber gaskets from Vendor A and some rubber grommets from Vendor B, you order both items from the same vendor. This provides you with greater leverage during price negotiations. It's similar to the volume discount you receive when you order more of a single item, but you're saving money with multiple SKUs.

#2 FEWER PAYMENTS AND BETTER TERMS

Lower prices aren't the only reason to reduce your supplier list for industrial rubber products. Processing payments is easier when there are fewer supplier invoices to receive, review, approve, and pay. By reducing the amount of time spent processing payments, you can reduce overhead costs. You can also secure more favorable payment terms since you're buying more from the vendors that you do pay.

#3 EASIER VENDOR MONITORING

Monitoring performance is simpler when there are fewer vendor scorecards to send, receive, talk about, and act upon. That's not all either. Just as there's a cost to processing payments, there's a cost to adding and maintaining vendor data. Entry-level personnel can add basic vendor information to internal systems, but scorecards usually involve more senior (and more expensive) personnel such as sourcing managers.

#4 LESS EXPENSIVE SHIPPING

Vendor consolidation can also save you money on freight. Instead of paying to ship a box of gaskets from Vendor A and a box of grommets from Vendor B, you pay for one shipment instead of two. Consolidated shipments, the result of combining multiple LTL shipments into one full container, can also help you to earn preferred rates from carriers.

**WHERE TO BUY ALL OF
THE INDUSTRIAL RUBBER
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#5 FASTER HANDLING

Reducing the number of shipments can reduce your handling costs, too. Receivers still handle the same number of items, but with greater efficiency. With a single bill of lading, there are fewer documents to open, read, and scan or input. Instead of opening and unloading multiple cardboard boxes, a receiver can spend less time handling packaging materials. There's less packaging waste, too.

#6 MORE EFFICIENT STOCKING

Vendor consolidation can also support more efficient stocking operations. When multiple SKUs arrive in a single shipment, inventory personnel may be able to load a pallet truck with all of the items and then move through the warehouse to each stocking location. That's more efficient than partially-loading a pallet jack with an item, stocking the shelf, and then returning to the receiving area for the next shipment.

WHERE TO BUY ALL OF THE INDUSTRIAL RUBBER PRODUCTS THAT YOU NEED

Vendor consolidation takes time and effort, but the rewards can strengthen your business operations. Analyzing your annual spending is a good place to start. You'll also need to develop a plan and secure buy-in from key stakeholders. Don't just look at pricing, however. Consider all of your costs along with the value of quality and the importance of on-time deliveries.

As part of this process, it's important to analyze a supplier's full capabilities. For example, did you know that Elasto Proxy supplies rubber-to-metal bonded products, silicone hose, metallic colored extrusions, molded plastic parts, and sewn products? As you've learned in this white paper, we're not just a distributor or a gasket fabricator either.

[Contact us to get started.](#)

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