Modern DISTRIBUTION MANAGEMENT®
Intelligence for Wholesale Distribution Professionals

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What Millennials Want

Next generation's work expectations aren't as different as some think

There are many assumptions about what millennials want from a workplace, but those assumptions may be misguided. MDM recently conducted a survey of students in industrial distribution programs at three universities about what they're looking for in a workplace. This article examines some of the misconceptions and how distributors can adapt to the younger workforce.

By Jenel Stelton-Holtmeier

While millennials are already in your workforce, myths about what makes them different from previous generations abound. When asked about their top concerns around hiring and developing the younger workforce, distributors often say: "They're willing to jump ship for just a few dollars more," or "They want to be CEO in six months."

But much of the conflict between distributors and the younger generation isn't the result of millennials' unreasonable expectations, according to Dr. Barry Lawrence, program director of the industrial distribution program at Texas A&M University. "Students have got it more than 80 percent right," he says. "We as an industry need to change and change quickly."

While the remaining 20 percent of students' issues do include unreasonable career expectations, that may have less to do with generational differences and more to do with maturity and experience.

"If you look back at 22-year-old Evan, what I wanted probably was much different than today," says Evan Vestal, industry projects and recruiting coordinator for the industrial distribution program at Texas A&M University. "They change, their expectations change from when they're freshmen to when they graduate to when they're working."

While the overall expectations might be similar across generations, there are still some distinct differences in how millennials prioritize some of those expectations.

Working vs. learning

When it came to entering the workforce, baby boomers "wanted a car and some samples. That was it. It was, 'Let me go do my thing,'" Lawrence says. By the mid-90s, people were looking for some additional training.

Millennials, on the other hand, are looking for lifelong learning and development; a one-and-done training class isn't enough. It's not necessarily about getting to be vice president in two years. Rather it's having a clearly defined and developed path and process for getting there.

"I don't want to be stuck in the warehouse for two or three years still waiting for a chance," says Bryan Geiser, a senior in the ID program at the University of Nebraska at Kearney. "That's not really why most of us go into this program."

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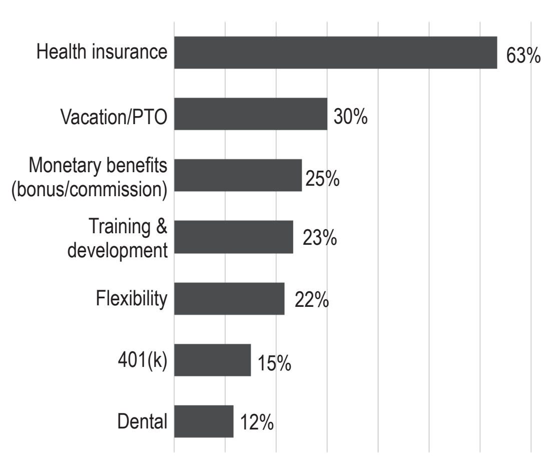
Figure 1: Most Important Benefits



INSIDE

PERSPECTIVE ■ Commentary by Eric Smith

The Growing Importance of Culture

Although "culture" might seem like an overused buzzword that permeates corporate America, it's time to give it some thought. Do you beam with pride over your company's employee satisfaction and retention rates? Or do you shudder at the low morale and high turnover throughout your ranks?

No matter where your business falls – most likely somewhere in between those two extremes – you should know that the next generation of distribution employees will closely examine the culture of your company before considering a job there and especially once they're hired.

In our recent survey, "What Millennials Want," in which we asked college distribution students a number of questions about their ideal workplace and what they look for in a potential employer, culture was a common theme.

"When looking at employers, I look at what values and culture they promote, as well as their mission," said one respondent.

"I personally hold company culture in very high regards," according to another. "It is one of my top determining factors for my future career in the industry."

The results of the survey offer insight into the workplace environment the next generation of distribution employees is seeking, and it can include "family-friendly," "professional and positive" or the less serious but equally desirable "free beer on Fridays."

Unfortunately, even installing a kegerator in the office might not be enough because "culture isn't something you 'fix,'" according to a *Harvard Business Review* article from earlier this year, "Culture is Not the Culprit."

Instead, "cultural change is what you get after you've put new processes or structures in place to tackle tough business challenges like reworking an outdated strategy or business model," the article says. "The culture evolves as you do that important work."

What millennials want isn't that much different than what previous generations want. They want to work for a company that encourages development, offers benefits and commits to helping them become better employees and people.

"Culture isn't a final destination," according to the HBR article. "It morphs right along with the company's competitive environment and objectives."

Make sure your company's competitive environment and objectives are on the right track through strategic planning and a commitment to investing in people. A high-quality culture will follow – as will high-quality employees.

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Millennials
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It's discouraging when there isn't clear communication about how to earn that spot, he says.

Where some companies get in trouble is that formal training stops after the first year or two, Lawrence says. They provide product training up front and they may bring in speakers or host a seminar once in a while, but it's not enough to engage a learning-driven generation.

"If you want to be a pure commodity seller that fights for the lowest price, fine, do that. But be honest with yourself and be honest about the type of worker you need," he says. If you want to be value-add, that requires a higher skill level, and that in turn needs an engaged workforce that can look at the problems and think differently about how to address them, not just focus on doing the same things better.

When they start to feel like there isn't anything more to learn at one place, millennials start looking elsewhere, Lawrence says, and that's where employers lose them.

Millennials are not unwilling to work hard and put time into learning and advancement, but they believe time should not be the primary factor for promotion. According to a survey conducted by MDM of students at industrial distribution and supply chain management programs at three universities (UNK, Texas A&M and the University of Colorado Boulder), most students believe that merit should play a larger role than tenure.

"I understand advancement takes time and sometimes a little luck on the proper job becoming open, so (I expect to be) rewarded for good work, even if there isn't a higher level to achieve at that time," a University of Colorado student noted in the survey. "Tenure is nice when it comes to time off and things like that, but everyone has something to offer and being looked down upon or not being able to do a presentation of the work you've done because you're too low of a level worker to present your own work is extremely frustrating."

Millennials don't just want to be told to do something, "they want to know why. They want to know the reasons for doing something," says Brenda Jochum, internship coordinator for the ID program at UNK. They want to know about the expectations management has for them and they want to know about future opportunities.

"My plan is to work as hard as I can and knock on as many opportunity doors as I can. After being with a company for 10 years, I would expect to be promoted by that time," says Tayler Kelsoe, a student in the ID program at Texas A&M. "Or at the very least, I would expect to have been given several opportunities to increase my salary and responsibilities."

About the Survey
MDM conducted a survey of students from industrial distribution and supply chain management programs at three universities (University of Nebraska at Kearney, Texas A&M University and the University of Colorado Boulder) about what they want – and don't want – in a workplace. The survey was conducted online, with follow-up calls to a select group of students to get further information on their responses.

Benefits vs. pay

Pay is important for keeping any quality employee, but the perception that millennials are willing to jump ship for a few dollars more often misses the mark. Benefits and perks play a critical role in the decision, as well, but today's students think far more holistically about their compensation packages.

In the MDM survey, students were asked what benefits they expect from a company. About two-thirds of respondents placed health insurance at the top of the list, by far the most important. (See **Figure 1**.)

"(Health benefits) is definitely something that would help sway me from one company to another when choosing who to work for," says Weslie Kliment, a junior in the ID program at the UNK.

Other benefits listed include dental insurance, 401(k) matching and training.

For many students, they've never had to pay for their normal living expenses on a day-to-day basis, so they're just starting to figure out what that actually means for them.

"I don't really know what to expect just yet (when it comes to salary). I just don't know," Kliment says. "But I know I want something that will grow throughout the years."

In addition to strict benefits, salary expectations can be offset by subsidizing daily expenses. "If they're willing to pay for part of my phone or for me using my car to make sales calls – I think about all of that too because those are things I will have to pay for," Geiser says.

Monetary compensation also plays a role in how they view their value at a company, with commission viewed as a reward for hard work. "There's no reason to punish a salesman for doing his/her job effectively," a student from Texas A&M said.

Time away is time away

Another important benefit for millennials is time away from work. It's not just saying that vacation or paid time off is included, it's actually allowing employees to feel like they can use it. In a recent study by GfK, "Project: Time Off," nearly half of working millennials believe it's a good thing to be seen as a "work martyr" by their bosses, significantly more than baby boomer or Gen X respondents.

"When millennials landed jobs, they brought with them a strong desire to prove themselves, intensified by the often long and painful search that preceded their first day," "Project: Time Off" notes.

They feel pressured to forgo vacations in order to get ahead, but at the same time, they're not happy with that and would like an opportunity to change it. "I don't want to be a slave to a job week in and week out," a student from Texas A&M said in the MDM survey.

For many students, the ability to spend time with the families they already have or are planning to have is critically important to them.

"I'm very active and I like to be able to get away on weekends," Geiser says. "Even starting out it would be nice to have at least a week of vacation days that you can use. … I want to be able to spend time with my family, and it's important to be able to take off and do those things."

Vacation and time away also "helps people recover while away from the stress of work," noted another Texas A&M student.

Culture is king

Distributors place a high value on the culture of their companies, so it should be no surprise that millennials looking to work there also do. "People want to work in a nice place with nice people," UNK's Jochum says. "I want that too."

Nearly two-thirds of survey respondents said a bad company culture would be a deal breaker for them.

And one of the most important parts of company culture for millennials is feeling like they're a part of the company and not just another disposable employee.

They want to feel supported as they grow with the company. "I want my managers to provide constructive criticism, not just yell when something is wrong," Kliment says. "I want to feel respected by the management team."

Another student from Texas A&M agreed: "Let me know if there's anything I can do to improve. Millennials can handle 'no.' I would rather be told that I was doing something wrong so that I can work towards doing it correctly and learn as a human being than get fired."

But for many distributors this can be a challenge, Lawrence says. They're faced with change and they don't know how to address it. Instead of clinging to the old roles, they need to have younger workers be aware and involved.

"Millennials thrive on change and they expect fast change," he says. They understand continuous improvement and disruptive growth patterns – things distributors are dealing with today. Distributors need to recognize the value and foster engagement with these employees. "They aren't just future salespeople; they're the future CEOs."

Millennial concerns

Employers aren't the only ones with concerns about millennials in the workforce; millennials have their own concerns.

One critical concern is the ability to get into a company on the right path – and it's a real issue, according to Lawrence. Texas A&M offers companies access to its "Talent Incubator," where the companies pay the program's top students to undertake research and development projects.

"Almost every year, there's a student that comes to me and says they were told they would have a job at that company, but that they can't get to the right person at the company and they're getting the runaround," Lawrence says. The problem is that too many distributors, particularly smaller ones, don't have an effective human resources process in place.

"I've had to call and tell them that they're on the verge of losing the student they've already invested so much time in because of it," he says.

Another key concern is diversity, particularly with women. The majority of female respondents to the survey said they were concerned that they wouldn't be respected by the companies they go to work for because of their gender.

"I do plan on being in managerial roles in my career and I can imagine it would be tough to take on that role in a male-dominated industry," Kelsoe says. "To address this concern I am working on thickening my own skin. Managing a group of men will require thick skin and a brave face."

But that shouldn't necessarily have to be the case.

"It may not be management's intention at all," Lawrence says. "They may think they're doing a good job, but then there are people down in the warehouse or the sale office making sexist comments. It creates a poor environment."

■ *2016 State of Distributor Marketing*

Top Performers Shift Marketing Online

Distribution lags other industries in marketing satisfaction, methods

A joint MDM-Real Results Marketing survey revealed that distribution and manufacturing, in general, are 4.5 times less likely than other industries to be extremely satisfied with their marketing capabilities. This article examines how distributors across sectors approach marketing and what they consider the most effective channels to be.

By Jonathan Bein, Ph.D.

Only 4 percent of respondents to the joint MDM-Real Results annual marketing survey said they are extremely satisfied with the results of their marketing initiatives.

By contrast, a Salesforce.com survey of 4,000 marketing executives in a range of B2B and B2C companies showed that 18 percent are extremely satisfied, reinforcing the notion that wholesale distribution and manufacturing, in general, have less mature marketing capabilities than other business segments.

Those within this survey who were highly satisfied with their marketing programs displayed clear differences in their marketing practices, most noticeably in digital marketing vehicles where companies are giving daily or weekly attention to email, search and social media. Other respondents said they aren't devoting this much attention to digital. The highly satisfied group of respondents also decreased the frequency of in-store programs, including events and display merchandising.

Comparing the results of this year's survey to 2011, the big shift is an increase in the frequency and importance of using digital programs. Print remains a popular marketing vehicle for distributors; the use of print catalogs increased from 2011 to 2016, although the size and circulation of catalogs decreased.

Satisfaction with marketing programs

In this year's survey, we asked respondents to rate their satisfaction with results of their company's marketing initiatives, a question inspired by the Salesforce.com survey. Respondents who answered "extremely satisfied" were classified as high performers; respondents who answered "very satisfied" or "moderately satisfied" were classified as moderate performers; and respondents who answered "slightly satisfied" or "not at all satisfied" were classified as underperformers.

While choices are clearly subjective, it provides an important baseline for comparing distribution against other business segments, and it also serves as a correlation variable for other questions in this survey. As shown in **Figure 1**, just 5 percent of distributors and 3 percent of manufacturers in the MDM-Real Results marketing survey are classified as high performers. Although the percentage of moderate performers is similar, respondents to the Salesforce.com survey (fourth column) were 4.5 times as likely to be high performers as respondents to the

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Figure 1: Satisfaction with Marketing Initiative Results

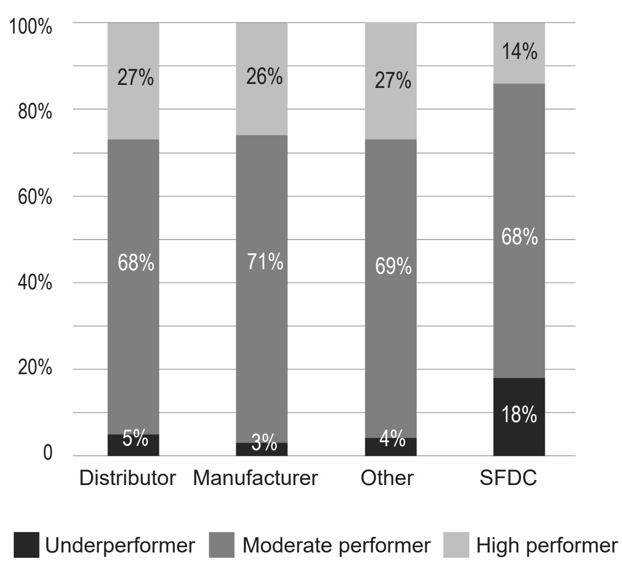
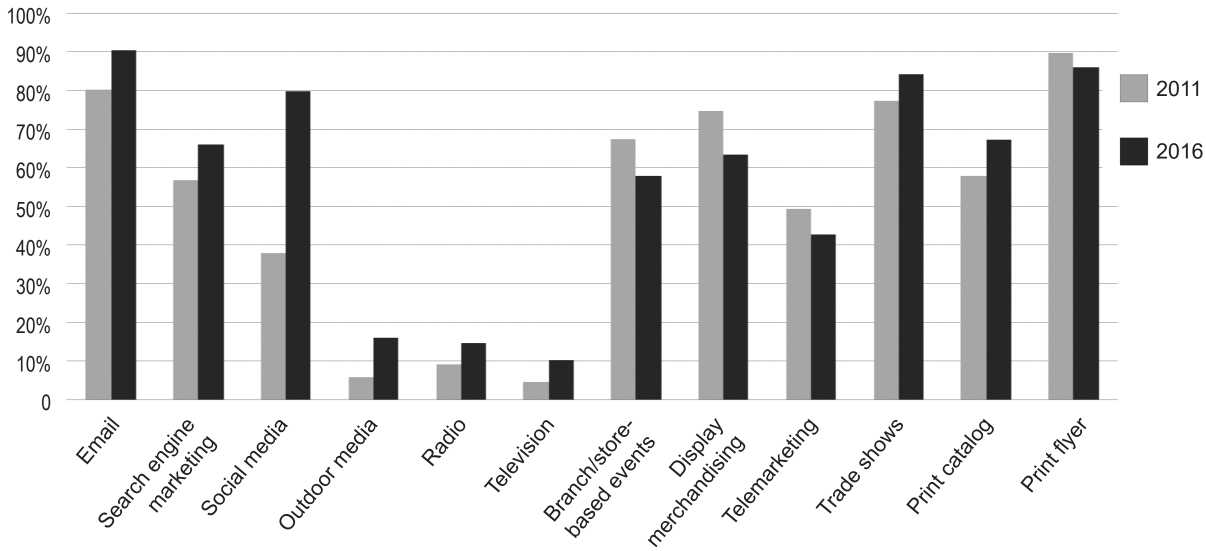


Figure 2: Marketing Vehicle Usage 2011 vs. 2016



MDM survey.

In the inaugural marketing survey in 2011, we compared respondents who were on MDM's Market Leaders lists against those who weren't. MDM Market Leaders generally had more mature marketing capabilities than others. Data from this survey also showed that companies with revenue under $50 million were more likely to be underperformers than companies with revenue of $50 million and above.

Marketing vehicle frequency

Survey respondents were asked to rate the frequency of their marketing vehicles as daily, weekly, monthly, quarterly, annually or not at all. **Figure 2** shows the total percentage of respondents who used each marketing vehicle in 2011 and in 2016.

There are several notable shifts from 2011 to 2016:

- **People and in-store** – Except for trade shows, there is a decline in the use of vehicles that involve people or in-store, including branch events, display merchandising and telemarketing.
- **Mass media** – Though small overall, there is a significant percentage increase in the use of mass media, including outdoor media, radio and television.
- **Electronic/digital** – There is solid growth in the percentage of companies using email marketing and search engine marketing. Email marketing is now used by 90 percent of respondents. However, the most astounding growth was seen in the use of social media, which more than doubled from 38 percent to 80 percent.
- **Print** – Print remains a significant marketing vehicle for many companies, and in the last five years there was a net increase in companies offering a print catalog. This is surprising because some industries, such as electronics, have abandoned print. Also, more manufacturers are participating in this survey than in 2011.

The best practices for frequency of contact through each marketing vehicle varies. For example, print flyers have the greatest effect when done monthly to quarterly. Anything more or less frequently yields weaker results, and possibly lower ROI. **Table 1** displays our assumptions about the optimal frequency of marketing vehicles gauged in this survey, except mass media.

Overall, a higher percentage of companies are using electronic/digital vehicles on a daily or weekly basis now than in 2011. (See **Figure 3**.) However, less than half of all companies using email are doing so daily or weekly, with one-third of companies using it monthly. Nearly two-thirds of companies that use social media do so daily or weekly.

Except for trade shows, the usage of people and in-store marketing vehicles declined from 2011 to 2016, as did the percentage that is using each vehicle with the proper frequency. Only half the companies that use display merchandising are doing it on a daily basis. A similar portion of companies that have a telemarketing function do so daily.

Using the same assumptions about best practice for frequency of using each vehicle, we compared the 2016 overall population against the 2016 high performers (see **Figure 4)**. A much higher percentage of high performers – those

Table 1: Frequency Best Practice

Marketing Vehicle Best Practice	Frequency
Display merchandising	Daily
Telemarketing	Daily
Email	Daily-Weekly
Search engine marketing	Daily-Weekly
Social media	Daily-Weekly
Print flyer	Monthly-Quarterly
Branch/store-based events	Annually-Quarterly
Trade shows	Annually-Quarterly

Figure 3: Marketing Vehicle Best Practice 2011 and 2016

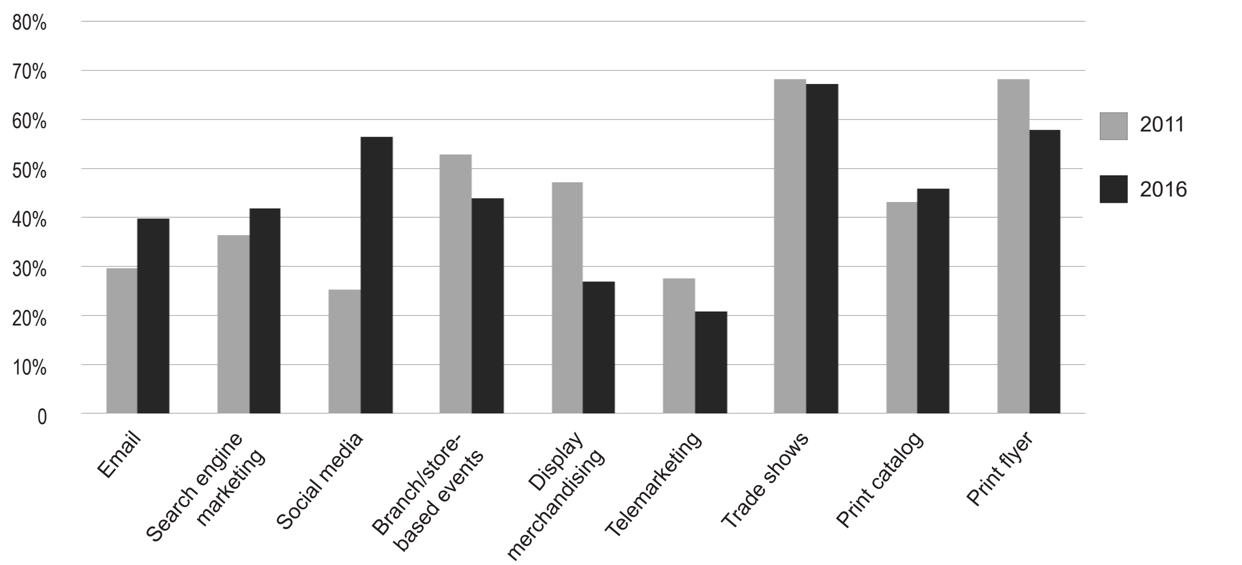


Figure 4: Marketing Vehicle Best Practice 2016

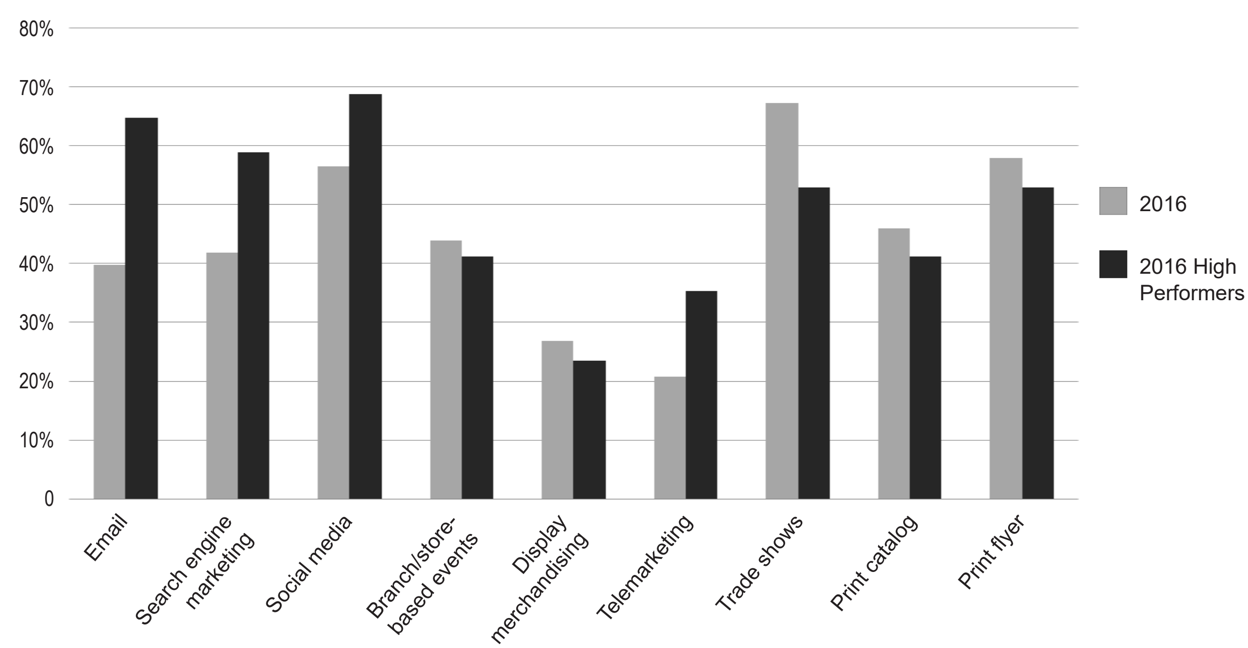
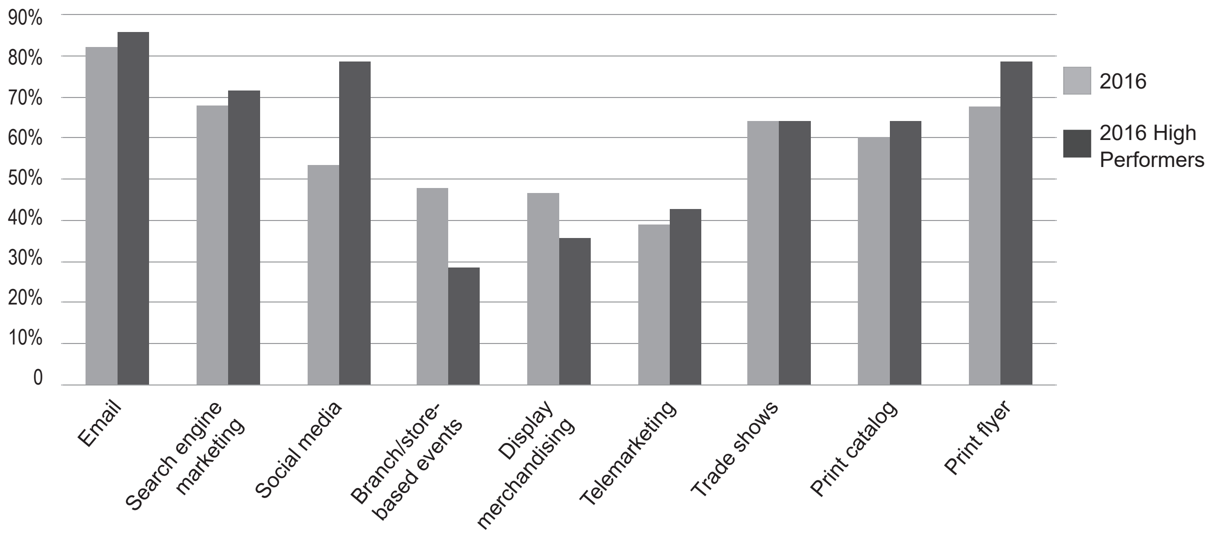


Figure 5: Marketing Vehicle Importance



who are extremely satisfied with their marketing initiatives – apply the best practice for frequency with electronic/digital vehicles.

The overall population and high performers are similar with regard to branch/store events and displaying merchandising, but high performers have a significantly higher percentage that do telemarketing daily. For moderate performers and underperformers, telemarketing likely entails branch personnel making calls to customers as time permits, which is usually far from daily. By contrast, high performers devote personnel to telemarketing and proactive inside sales, thus daily usage. The other notable difference is that the high performers do trade shows more frequently than quarterly or annually.

Marketing vehicle importance

In addition to frequency of usage, the survey measured how respondents view the importance of each marketing vehicle (see **Figure 5).** High performers placed much greater importance on social media, and they placed somewhat greater importance on the use of print flyers. The overall population placed more emphasis on in-store vehicles, including events and display merchandising.

Areas for growth

Marketing practices are changing rapidly in distribution. Customers require a more efficient shopping and buying experience, and interactions that take five to 10 minutes instead of an hour will rule the day. This means a move away from in-store marketing vehicles toward digital.

Those who hope to compete – and in some cases survive – going forward must establish and improve capabilities in the following areas:

1. **Digital marketing.** This includes search marketing, social media and email marketing/marketing automation. As shown with the data in this article, the high performers are doubling down on these vehicles as the best means to reach customers.

2. **Inside sales and telesales**. At most distributors, employees with the title of inside sales are actually doing customer service. While they are active at serving the customer, they are passive at selling to the customer. Shifting their roles to make them more active sellers can have a significant effect on overall results.

About This Survey

This research was conducted by Modern Distribution Management and Real Results Marketing through an online survey taken by 425 participants across a variety of distribution and manufacturing sectors. There was heavier participation from industrial, safety, electrical, electronics, building materials, oil and gas, HVACR/plumbing and hardware. Other participating sectors included janitorial, pulp and paper, chemicals and plastics, grocery/foodservice and pharmaceutical.

Nearly 50 percent of respondents were small companies with less than $50 million revenue, more than 40 percent of respondents have $50 million to $500 million in revenue, and the remainder have more than $500 million revenue.

More than half of the respondents have 10 or fewer branches, nearly a quarter have 10 to 100 branches, 10 percent have more than 100 branches, and 16 percent have no branch.

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Industrial & Construction Markets Update

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'Industrial Recession' Stunts Wolseley's Growth

UK-based Wolseley plc, parent company of Ferguson Enterprises, reported full-year sales of £14.4 billion (US$18.7 billion), an 8.5 percent increase over the same period a year ago. On a like-for-like basis, sales were up 2.4 percent.

Trading profit increased 7 percent to £917 million (US$1.2 billion). U.S. business sales, including Ferguson, were up 4.1 percent from last year to £9.5 billion (US$12.3 billion) on a like-for-like basis. On an actual basis, sales were up 13.4 percent and acquisitions contributed an additional 1.9 percent. Trading profit in the U.S. was up 13.5 percent to £775 million (US$1 billion).

Though Wolseley saw sales and profit increase in 2016, weak demand in industrial markets provided a significant headwind that hindered growth in North America, according to CFO Dave Keltner.

"The last year has seen an industrial recession in both the U.S. and Canada, and industrial represents 12 percent and 10 percent, respectively, in each country," Keltner said on this week's earnings call with analysts. "Despite this, we have generated good profits from these businesses and continued to generate strong returns. Industrial was also the hardest hit on commodity deflation, with a full-year impact of minus 7 percent."

Wolseley's core U.S. business, Ferguson, saw broadly based growth across all businesses except industrial, Keltner said. The company's waterworks, HVAC and B2C businesses performed strongly, while the "weak industrial market led to a decline of 7.8 percent in our standalone industrial business," he said.

Industrial end markets "knocked over 1 percent off the U.S. revenue growth" in 2016, Keltner said, but the company remains hopeful – as does every industrial distributor – for a turnaround later this year or in early 2017.

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Distributor News

Motion Industries, Birmingham, AL, has acquired **Braas Company**, Eden Prairie, MN, a distributor of products and services for industrial automation and control.

Office Depot Inc., Boca Raton, FL, plans to sell its European business to **The AURELIUS Group**.

Houston Wire & Cable Co., Houston, TX, has acquired **Vertex Corporate Holdings Inc.** and its subsidiaries from **DXP Enterprises Inc.**, Houston, TX, for $32.3 million. Vertex is a master distributor of industrial fasteners with sales and distribution centers throughout the U.S.

Singer Equities, a wholly owned subsidiary of **SBP Holdings**, Houston, TX, has acquired **Future Hydraulik Inc.**, Laval, Quebec.

Haggard & Stocking Associates Inc., Indianapolis, IN, has acquired **Imperial Fastener and Industrial Supply Co.**, an Evansville, IN-based industrial supply company and distributor of fasteners and machine tools.

Winsupply Inc., Dayton, OH, has opened two new locations along the Eastern seaboard: Winsupply of Absecon, in New Jersey, and Winsupply of Rockland, in Maine.

Veritiv Corp., Atlanta, GA, announced plans to form a new business segment, Veritiv Services, as part of a long-term strategy designed to accelerate growth across the company.

Industrial Tooling & Supply Inc., Anniston, AL, a distributor of cutting tools, abrasives and MRO products, has opened a new branch in Katy, TX.

Fluid power distributor **Hydraulic Supply Co.**, Sunrise, FL, plans to open an Eaton Aeroquip Express location in Knoxville, TN, in late November.

Acuity Brands Inc., Atlanta, GA, reported sales for the fiscal year ended Aug. 31 of $3.3 billion, an increase of 17.8 percent compared to the same period a year ago. Profit increased 30.9 percent to $290.8 million. For the fourth quarter, sales were $925.5 million, an increase of 21.9 percent compared to the same period a year ago. Profit for the quarter increased 37.9 percent to $82.9 million.

Unified Grocers, Los Angeles, CA, announced that Michael Henn, executive vice president and chief financial officer, will retire.

Economic News

Led by declines in production-related indicators, the **Chicago Fed National Activity Index** fell to -0.55 in August from +0.24 in July. All four broad categories of indicators that make up the index decreased from July, and all four categories made negative contributions to the index in August. The index's three-month moving average, CFNAI-MA3, ticked up to -0.07 in August from -0.09 in July.

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MARKETS UPDATE SUPPLEMENT P. 2

News Digest

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The September **PMI** was 51.5 percent, an increase of 2.1 percentage points from the August reading, according to supply executives in the latest Manufacturing ISM Report on Business. The **New Orders Index** registered 55.1 percent, an increase of 6 percentage points from the August reading of 49.1 percent.

Real gross domestic product for the U.S. increased at an annual rate of 1.4 percent in the second quarter of 2016, according to the "third" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 0.8 percent.

The **Conference Board Leading Economic Index** for the U.S. declined 0.2 percent in August to 124.1 (2010 = 100), following a 0.5 percent increase in July, and a 0.2 percent increase in June. The Coincident Economic Index increased 0.1 percent in August to 114.1, and the Lagging Economic Index increased 0.2 percent in August to 122.1.

August **construction spending** was estimated at a seasonally adjusted annual rate of $1,142.2 billion, down 0.7 percent compared to the revised July estimate of $1,150.6 billion, according to the U.S. Census Bureau of the Department of Commerce. The August figure is 0.3 percent below the August 2015 estimate of $1,145.2 billion.

Total August **exports** were $187.9 billion and **imports** were $228.6 billion, according to the U.S. Census Bureau and the U.S. Bureau of Economic Analysis, through the Department of Commerce. This resulted in a goods and services deficit of $40.7 billion, up $1.2 billion from July. August exports were up $1.5 billion from July, and August imports were up $2.6 billion. Year-to-date, the goods and services deficit decreased 1.3 percent, from the same period in 2015. Exports decreased 4.1 percent. Imports decreased 3.6 percent.

New orders for manufactured goods in August, up two consecutive months, increased $0.7 billion or 0.2 percent to $453.1 billion, according to the U.S. Census Bureau. This followed a 1.4 percent July increase.

New orders for manufactured durable goods was virtually unchanged in August at $226.9 billion, according to the U.S. Census Bureau. A slight decrease, down three of the last four months, followed a 3.6 percent July increase.

Wholesale trade in Canada rose for the sixth consecutive year in 2015, up 3.7 percent to C$653.7 billion (US$493.6 billion), the result of higher sales in all seven subsectors, according to Statistics Canada. In volume terms, wholesale sales were up 1.6 percent to C$589.4 billion (US$445 billion) in 2015.

Canada's industrial product price index decreased 0.5 percent in August, according to Statistics Canada. Of the 21 major commodity groups, 2 were up, 11 were down and 8 were unchanged. The Raw Materials Price Index fell 0.7 percent in August, after declining 2.7 percent in July. Of the six major commodity groups, one was up, and five were down.

In August 2016, compared with July 2016, **industrial producer prices in Europe** fell by 0.2 percent in both the euro area (EA19) and the EU28, according to estimates from Eurostat, the statistical office of the European Union. In July 2016 prices increased by 0.3 percent in both zones. In August 2016, compared with August 2015, industrial producer prices decreased by 2.1 percent in the euro area and by 1.6 percent in the EU28.

Heating, Air-conditioning and Refrigeration Distributors International reported a 19.5 percent sales increase for August. The average annualized growth for the 12 months through August 2016 was 7.8 percent.

Manufacturer News

Rockwell Automation Inc., Milwaukee, WI, has acquired systems integrator **MAVERICK Technologies**, Columbia, IL.

Carlisle Cos. Inc., Scottsdale, AZ, has acquired **Star Aviation Inc.**

H.B. Fuller Co., St. Paul, MN, reported sales for the third quarter ended August 27 of $512.9 million, a 2.2 percent decrease over the same period a year ago. Profit increased 22.2 percent to $32.8 million. For the first nine months, sales were $1.5 billion, down 1 percent over the same period a year ago. Profit increased 37.8 percent to $85 million.

Webco Industries Inc., Sand Springs, OK, reported sales for fiscal year 2016 of $330.3 million, a 20.2 percent decrease over the same period a year ago. The company reported a loss of $3.2 million, compared to a profit of $0.9 million the prior year. Fourth-quarter sales were $84 million, a 15.1 percent decrease over the same period a year ago. The company reported a loss of $0.6 million for the quarter, compared to a profit of $1.2 million the prior year.

Actuant Corp., Milwaukee, WI, reported sales for the fiscal year ended August 31 of $1.2 billion, an 8 percent decrease over the same period a year ago. Core sales declined 6 percent. The company reported a loss for the year of $105.2 million, compared to a profit of $19.9 million a year ago. Fourth quarter sales were $275.8 million, down 8.2 percent over the same period a year ago. Profit for the quarter decreased 21.2 percent to $17.4 million. Core sales declined 11 percent.

Q.E.P. Co. Inc., Boca Raton, FL, reported sales for the second quarter ended Aug. 31 of $80.1 million, down 2 percent from the same quarter a year ago. Profit increased 5.5 percent to $2.3 million. For the first six months, the company reported sales of $160.3 million, up 0.2 percent from the same period a year ago. Profit increased 29.8 percent to $4.5 million.

Atlas Copco, Stockholm, Sweden, has appointed Geert Follens as president of the new vacuum technique business area and member of group management.

Flowserve Corp., Dallas, TX, announced that Mark Blinn plans to retire as president, CEO and a member of the Board of Directors. He will remain in those roles until a successor is appointed.

USG Corp., Chicago, IL, announced that James Metcalf will retire as chairman of the board, president and CEO.

Wolseley

Continued from p. 1 of this section

"We are starting to see an improvement in industrial, partially due to lapping easier comps and partially due to the markets stabilizing somewhat," Keltner said. "And we would expect to see a better performance this next year, (though) still somewhat weak."

E-commerce was one bright spot for the company, which invested in a new platform for Ferguson's online presence and also "developed a number of new apps and services to help customers do their business with us more conveniently," including "functionality to turn a quotation into an order," said CEO John Martin.

E-commerce now accounts for 20 percent of the company's sales, which Martin said is continuing to grow faster than the other channels. "This year, we are going to step up our brand building with the further $11 million investments," he said. "And that's really to make sure that our customers recognize our online presence at ferguson.com, build.com and our other online brand, and can access them directly."

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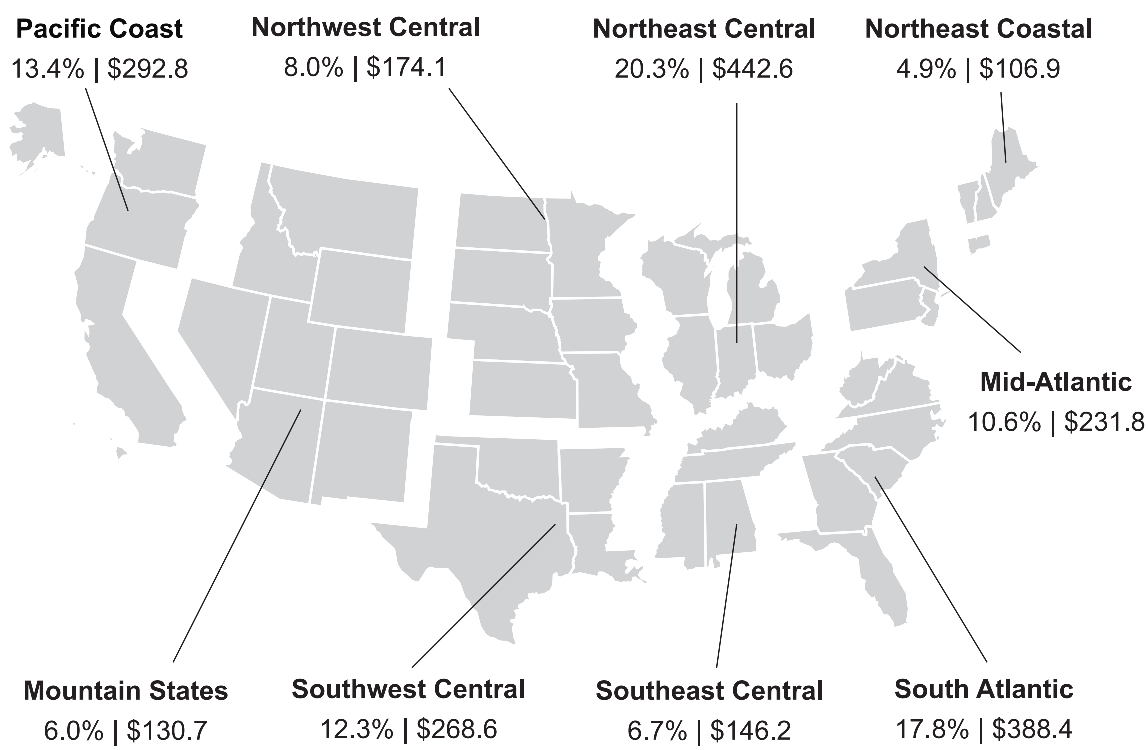
Mechanic Hand Tools Market Demand in the United States | Market Snapshot

Market Demand for Mechanic Hand Tools in the U.S. was $2.2 billion in 2015, according to data from MDM Analytics. All estimates are 2015 end-user demand, in U.S. dollars, including distributor margin.

■ U.S. End-User Market Demand for Mechanic Hand Tools by Region, $ Millions (2015 est.)

U.S. Total: $2,182.1 million



■ U.S. End-User Market Demand for Mechanic Hand Tools: Top 10 End Markets

Top 10 end markets in $ volume, by NAICS code, consuming Mechanic Hand Tools (2015 est.)

End User		Estimated Consumption
238220	Plumbing, Heating, and Air-Conditioning Contractors	$138.7 million
238210	Electrical Contractors and Other Wiring Installation Contractors	$79.6 million
811111	General Automotive Repair	$71.3 million
236220	Commercial and Institutional Building Construction	$63.9 million
236115	New Single-Family Housing Construction (except For-Sale Builders)	$45.1 million
336411	Aircraft Manufacturing	$45.1 million
237310	Highway, Street, and Bridge Construction	$44.7 million
332710	Machine Shops	$39.9 million
336390	Other Motor Vehicle Parts Manufacturing	$37.2 million
336412	Aircraft Engine and Engine Parts Manufacturing	$31.3 million

This market size estimate was compiled by MDM Analytics, Lafayette, CO.
Learn more about MDM Analytics at www.mdm.com/analytics.