



Talent Acquisition Strategies for Distributors

The labor shortage the distribution industry is facing is real, pervasive, and very likely to deepen before it gets better

The Association Education Alliance, a collective of 40+ wholesaler-distributor trade associations, commissioned a report on behalf of its distribution association members to identify challenges and best practices in talent acquisition. The analysis and recommendations provided in the following article are based on interviews with distributors, HR and education experts, as well as results from an online survey of about 190 distributors and manufacturers. Member associations have access to the full report.

By Joanna Truitt

Where a decade ago, many workers were desperate to find jobs, recruiters and employers now find themselves in heated competition for workers, a reflection of a low overall nationwide unemployment rate of 3.7%, according to the July 2019 report from the Bureau of Labor Statistics. In late 2018, the recruiting software provider Jobvite called 2018 a “tipping point” for recruiters struggling to fill jobs, and called on them to re-evaluate recruiting methods.

At a time when many economists and political and civic leaders bemoan the disappearance of good-paying manufacturing jobs, many in North America may be surprised to learn that many distributors and manufacturers have jobs to fill and consider the lack of qualified, skilled job candidates a serious challenge, or even a crisis.

Yet the data is clear.

By 2018, the manufacturing sector alone reported 508,000 open jobs, according to research conducted by Deloitte and The Manufacturing Institute. The Deloitte research projects there will be 4.6 million manufacturing jobs to fill by 2028, with

only 2.2 million of those jobs likely to be filled.

What’s driving the labor shortage?

While the data and projections remain bleak, the factors cited as major contributors to the labor shortage have shifted.

In 2015, mass Baby Boomer retirement was blamed as the major culprit in the labor shortage, according to the Deloitte study. Indeed, AARP estimates that 10,000 people in the United States turn 65 every day, a trend that will continue until 2030. Nevertheless, by 2018, retirement had dropped to No. 3. The top two reasons that emerged in the interim were: technology changes and misconceptions about the manufacturing industry.

As distributors adapt to and try to remain competitive in the so-called Fourth Industrial Revolution, they must increasingly embrace technologies such as artificial intelligence, robots, the Internet of Things and machine learning. That has created an accompanying shift in the skills and experience distributors value most in prospective employees.

According to the Deloitte research, the most coveted and necessary skills today involve computer and technology experience, skills for programming automation and critical thinking.

The third most-commonly cited reason, the perception of the industry, is something Tom Newell, regional vice president of EMCO Corp., an Ontario-based distributor of plumbing, HVAC and refrigeration, waterworks and industrial material, is familiar with.

“There is so much pressure we put on

Continued on p. 3

INSIDE

Commentary:
Getting Grounded on Innovation

True innovation takes the distraction out of disruption.

Page 2

Delivering Customer Value in a Digital Age

Real-life examples of how distributors large and small are strengthening e-commerce and overall digital engagement.

Page 4

Market Snapshot:
Adhesives & Sealants
Page 3 of Markets Update Supplement

PERSPECTIVE ■ Commentary by Thomas P. Gale**Getting Grounded on Innovation**

Disruption. Innovation. Disruptive innovation. Innovative disruption. Take your pick.

They are all bouncing around this industry like a bunch of meme pinballs, but it's increasingly hard to tell how many points are being scored. Call me old school, but too often it seems as though companies get distracted when they dwell too much on the big-bang impacts of disruption, and not how to leverage marketplace shifts to build a stronger culture and company, and in the process stronger customer relationships.

I'm not suggesting that distribution leaders ignore the incredible rate of change and disruption that is truly reshaping customer behavior and expectations. But I think there's a tendency to look at it from a fairly narrow lens – millennials are taking over, or Amazon will destroy distribution as we know it. Distribution channels are in large part highly fragmented, which makes them both vulnerable to disruption and difficult to displace.

When I feel the need for a bit of business grounding and perspective, I usually look first to Peter Drucker, who said that “the purpose of a business is to create and keep a customer.” Distributors are struggling with both elements in increasingly digital and, yes, disruptive marketplaces.

Drucker went on to say, “Because the purpose of a business is to create a customer, the business enterprise has two – and only two – basic functions: marketing and innovation. Marketing and innovation produce results; all the

rest are costs.” Drucker's definition of marketing is about a deep and complete understanding of the customer. He understood the true meaning of innovation decades ago.

The two featured reports in this issue of MDM address what I think are at the heart of what successful innovation looks like in the distribution company of the future. The first is a summary of a just-released research report on talent acquisition and development. The second feature is a recap of a panel discussion held at MDM's Digital Distributor Summit on how both traditional and emerging (and disruptive) distribution companies are creating value for their customers in a digital age.

While innovation is currently trendy, it has long been at the heart of how distributors have created value for their customers through a unique mix of product and service delivery. Core to this mission has been how the talent within the four walls of the company has translated into creating and keeping customers. That talent has always been the real source of differentiation and innovation for distributors.

Let's kill the buzzwords. Virtually every distribution business is in the process of re-inventing itself. It's hard work to focus and develop the right strategy for how to evolve the innovation that created value for your customers in the past to what they need today and next year. True innovation takes the distraction out of disruption, and is a core capability that distributors – with the right talent and culture – have to develop to create and keep customers.

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Labor Shortage

Continued from p. 1

kids to get white-collar jobs and pursue professional or post-secondary education, which for many is a waste of money and time," he says. "Parents don't want their kids doing 'dirty work.'"

But the technical revolution means that few distribution or manufacturing jobs today involve the back-breaking, heavy-lifting labor associated with those industries in the past. While that could potentially make distribution and manufacturing jobs more attractive, greater automation means more complex jobs, and employers are demanding workers with a growing assortment of highly technical skills — a factor that further restricts the available labor pool.

What's Working and What's Not

Through outreach to distributors for this research, we found that most are using a combination of tried-and-true methods — from online job boards and professional recruiters to incentives for employee referrals and social media. And those approaches are generating mixed results.

The most commonly cited means of searching for employees in the AEA survey was online job boards. More than 88% said they used those, but they were also the tactic most often cited as not helpful.

Few respondents cited college campus recruiting as a good source of new employees, but Bruce Passmore, region manager, HVACR Canada East at EMCO Corp., considers college campuses one of his company's most fertile recruiting territories.

Referrals from existing employees ranked second as the method that worked best for survey respondents. Social media was cited as not effective by many, though nearly 60% of respondents use it as a tool to reach prospects. Many also said placement agencies have not been effective for them.

Some respondents had a much more dire outlook, saying that nothing is working. The number of candidates is limited, and competition with other industries is just too great, one respondent wrote.

Why Distributors Need to Shift Hiring Expectations

Given the many challenges to recruiting workers, it's no surprise that the recruiting experts at Jobvite advise those trying to fill positions to

"evolve" — to investigate alternative methods of searching for employees, and to think more about the qualities and qualifications that make a successful or desirable employee.

Some respondents reported that shift in expectations was working for them: Those who are willing to hire employees based on potential rather than actual experience were successful in finding employees able to adapt and fit the needs of the job.

Successfully accomplishing that means more than simply putting together a list of qualifications for a prospective employee, says Jia Wang, professor of human resource development at Texas A&M University and author of *Optimizing Human Capital Development: A Distributor's Guide to Building Sustainable Competitive Advantage Through Talent Strategy*, published by the National Association of Wholesaler-Distributors.

Companies must know exactly what they are looking for in a worker, not just what technical skill set they want, Wang says. Culture is another consideration. Not only are employees looking for a good cultural fit, but also one that provides the training and tools they need to flourish. Wang recommends going one step further, talking to long-time employees about why they stay, and what value the company gives them, instead of always viewing the relationship from the other way around.

"We do exit interviews," Wang says. "But we don't ask people, 'Why do you stay? What makes you stay besides compensation?'" If all a company offers is superior pay, she says, it probably won't retain employees long, particularly millennials.

With competition for qualified employees expected to become even more intense, implementing effective recruitment strategies has become more critical than ever. To help, we've outlined four strategies distributors are using to successfully overcome the growing skills gap, according to our research:

1. Hire Carefully, Train Thoroughly

With a growing skills gap at play, hiring people that have the right skills for the job is increasingly difficult. Some distributors are experiencing success through apprenticeship-style programs. The premise behind these training programs is to hire individuals who demonstrate the capacity and desire to learn and then position them for success through training tiers. They help employees acquire job-ready skills through hands-on training and ensure employee longevity through advancement opportunities.

2. Rethink Your Messaging

Employment in wholesale distribution is not often perceived as glamorous, certainly not as glamorous as a job working for a tech company like Apple. So, how can distributors attract recruits? Wang believes it begins with a well-developed job description. Recruitment efforts should not only convey the basic job functions, but also appeal to the emotional meaning behind the work. This is especially important when looking to attract millennials and Gen Z employees.

3. Tap into the Veteran Talent Pool

Some distributors are taking advantage of an underutilized talent pool, veterans. About one-third of veterans are underemployed, a rate 15.6% higher than non-veterans. Veterans are appealing to employers because they have

learned discipline through their service, have gained experience working with their hands and understand the time required of many tasks. One distributor said, "I love military applicants because a sense of discipline is very important."

4. Get Involved with Colleges and Implement Internships

Distributors are going beyond career center job postings when looking to recruit from colleges and universities. Creating deeper relationships with the faculty and students yields better results. Getting more involved in campus activities, speaking engagements and internship programs has improved the talent pipeline and given both employers and prospective employees a realistic preview of what it would be like to work together and to determine if it's a good fit before hiring.

Joanna Truitt is the executive director of the Association Education Alliance (AEA), a collective of more than 40 wholesale-distributor trade associations that meet regularly to provide educational programs, collaboration opportunities and support for AEA members. For information on how the Association Education Alliance helps wholesale distributors through educational programs and partnerships, email Info@AEAmembers.net.

Delivering Customer Value in a Digital Age

Real-life examples of how distributors are strengthening digital engagement

No matter how a distributor may be impacted by factors such as the uncertain state of the economy, the growing reach of a competitor or even where their company sits on the technology scale, the end priority is always around finding the best ways to bring value to the customer.

By Elizabeth Galentine

In a panel discussion at MDM's Digital Distributor Summit, Justin King, then president of e-commerce consultancy B2X Partners (the company has since been acquired by product experience management platform Salsify), spoke with several traditional distributors as well as industry entrepreneurs about how they are gaining customer attention and loyalty in this era of continual change.

The panel discussion, Delivering Customer Value — Digital Disruption Edition, centered around the experiences of four industry veterans representing both sides of the fight for customer attention and loyalty: Those investing in stronger omnichannel capabilities to deeply

engage customers and protect long-time relationships, and others who take pride in breaking the traditional rules, models and boundaries of entrenched customer service channels.

Each shared their story of where they stand with e-commerce and digital engagement.

Sheila Hernandez is vice president, chief information and technology officer at electrical distributor Summit Electric Supply. With the \$500-million distributor for more than 30 years, Hernandez started out in marketing and migrated to web, development and product information management before ultimately taking charge of the company's IT team. While some people are surprised to hear a marketing person is running IT, others recognize the sense behind marrying the two, she explained. E-commerce is a huge part of the conversation around overall strategy for Summit, but Hernandez recognized that it is also a key factor in combating commoditization.

"We're a distributor. There are many other people that sell exactly what we do by the exact manufacturers that we do. And so, for us, it's ev-

ery bit about how we can use digital to provide solutions for our company and for our customers — to help our customers do a better job in their own jobs,” she said. “We feel like that’s what’s going to differentiate us, as opposed to the products we sell. So, a lot of our journey is not just, ‘How can we sell it online?’ but also, ‘What tools and solutions can we provide — not only our people, but our customers too?’”

Andy Humphrey is founder and self-proclaimed “sprinkler dork” at SprinklerSupplyStore.com. His e-commerce journey began 15 years ago, working as a distribution account manager in his second job out of college. About a month into the job, he questioned the company president and CEO on why the business wasn’t selling its parts online. Not satisfied with the answer that their customers simply wouldn’t buy them online, the seed was planted in Humphrey’s head that he could find a way to do it.

Motivated to bring in extra cash after the birth of his first child, he spent his nights and evenings setting up a website to sell Christmas lights online. Christmas storage companies and a stint in the lawn mower business followed. By 2011, he found a way to connect his irrigation industry knowledge with the wholesale distribution channel and founded SprinklerSupplyStore.com.

In the last couple of years, Humphrey’s faced a rising level of intensity in competition from Amazon. In figuring out how SprinklerSupplyStore.com can best compete with Amazon, he concluded the best position to take advantage of the fact that about 50% of B2C e-commerce transactions start their search on Amazon would be to participate in Fulfillment by Amazon (FBA) on the site.

“For a long time, I had this vision that Amazon was my competitor. If I could go back in time, I would’ve figured out how to do more business with Amazon, whether that is selling other people’s products, as I call it, OPP, or just, selfishly, as a private label,” Humphrey said. “There is a huge marketplace opportunity for private label products on Amazon.”

Jason Joice is vice president of sales & marketing at HD Supply Construction & Industrial-White Cap. He works on the construction and industrial side of the business, and noted he’s been witnessing the digital transformation first-hand — from walking the floor with customers and returning at a later time with a suggested PO that never happens, to having the customer order items in real-time from a mobile device. Long-term success in the construction industry

means changing the way the customer buys. Do that by listening to the customer and putting them first, he said.

Taking that customer-first approach has allowed Joice to grow the e-commerce capabilities of HD Supply. It starts with asking a lot of basic questions about website functionality, putting a structure in place and allowing the leadership team “to try to break it” from a customer-use perspective, he explained. “Really get in there so that it really correlates to what our current customer’s looking like.”

That customer profile ranges from a young site superintendent to a 30-year veteran. “We can’t just throw all this content online and hope our customer can figure it out,” Joice added.

Sean McDonald is founder and CEO of TruPar.com. It’s his intention to make TruPar.com “the Amazon of B2B.” Right now, the site has 8 million industrial equipment replacement parts for 600 brands, McDonald said, including forklifts, aerial lifts, sweeper scrubbers — most mobile material handling equipment. “I don’t think that it has to stop there,” he said. “A lot of our customers purchase a lot of other items than just replacement parts. We’ve figured out how to fulfill those needs from a digital-first perspective.”

McDonald’s father is a traditional industrial equipment dealer. After doing some marketing work for him, McDonald noted a huge opportunity for online sales. Having grown up in the space, he had some connections with industry suppliers who gave him the chance to sell their products online — many SKUs went online for the first time ever. Initially intending to model the business after Amazon’s self-service style, he realized the B2B market does have some nuances involving purchasing workflows and approval processes that necessitated a more service-centric approach.

The business started to take off in 2014, and has expanded to Canada, with plans to go to Mexico and Europe. “Our goal is to really continue to grow and scale in this space and add more suppliers,” McDonald said.

Strategy Discussion

King continued with a deeper discussion of the strategic decisions behind the panelists’ e-commerce journeys to date.

King: Most of the time, the distributor has a core strategy that’s focused on either acquisition or adoption. How are you addressing that in your organization?

Hernandez: There's so many different things in this arena, and you can get sidetracked very easily if you don't have a strategy that you're working [toward]. Our focus is certainly on existing customers, the adoption that we already have. And also, how can we service our existing customers and then grow that to other potential customers? What tools are we rolling out to really help them with solutions? Solutions are a big part of our strategy as a company, and so how can we take that to the digital world?

Humphrey: For us, because we don't have any brick-and-mortar stores or a traditional business, we're pretty much all customer acquisition. In the last maybe 24 months, we've moved a little bit to what you might look at as retention. We want to acquire and retain those customers. And so, we track things like second-time purchase, third-time purchase, 10-plus purchase. I look at that weekly to see how we're doing with the retention. Because, long-term, we want to have a total lifetime value of that customer.

I have a good story about acquiring a new customer. We got a \$9,000 order from Utah. It happened to be going out there maybe three weeks after we got this order. I decided to make a traditional sales call on this guy — go meet him, ask him how he found my company, why he decided to buy online. It was pretty fascinating because he said his local supplier told him that these parts were discontinued. I'm telling you; these parts were not discontinued. They may have been older parts, they may have had to special order them, but they were not discontinued.

So, he went online and found these parts from me — \$9,000 worth of parts. It's just a good example of what's happening in the space. You have to take care of your customer at the end of the day or they're going to go buy from somebody else, like one of us.

Joice: I'd say we're somewhere in the acquisition mode as well as internal adoption. It's definitely an uphill battle. It's six of us who continuously push that boulder up the hill every day and wake up every morning and the boulder's falling down or stays in the same place. We're somewhere in the middle of that.

Our main focus around e-commerce is around our large customers. We really want to stay sticky with those customers. We have job site events that we do at HD Supply White Cap where we go out and we train our customers on how to stay safer on the job site. Construction's

a very hazardous job. We want to make sure our most valuable asset, which is our customers, make it home to their families every night with 10 fingers, 10 toes. So that's really a value-added service that we do.

So, with e-commerce, with job site events, with stuff like fabrication or the specialty services, we really want to continue to build a moat around our business. And what our large customers are realizing is it's not as much about the cost of product, it's more about the cost of procurement.

McDonald: I look at it like there's two types of customers that will buy the products that we sell. There are the customers who are interested in buying it online and there are the customers who aren't. My whole strategy from the beginning acquisition: If you build it, they will come. Obviously, it's not as simple as that, but I put the products online and people started to buy. As people started to buy more, they had higher demands: 'We want to make you our primary vendor for these products. You ship really fast; your prices are good. We want to buy all of these off of you but we need our accounting person to have access so they can download orders. We need some of these negotiated pricing.'

So, to answer the question in short, I started with acquisition. I acquired a lot of customers, built a brand around that. As we've gone forward over the last few years, I've invested really heavily into enterprise e-commerce so that we can still serve the acquisition strategy and serve the one-off customers that want to buy one-time — small operations. But also, we now have the functionality on the website that the bigger companies can buy off of us and we really can be there, enable some of these procurement challenges. We can show them custom catalogs. You can add multiple users to your account. You can have negotiated pricing on their different roles. And I expose all of this to my customers so that they can really build out their account from within TruPar.com as they wish.

It started with acquisition and now we've taken the customers that already proved that they want to buy online and are now turning them into much bigger customers.

King: Tell us a little about the technology stacks, especially for people who maybe are in the process of looking at new technology or selecting technology for the first time. What does your technology look like?

Hernandez: We're a little unusual. We actually use open source for all of our e-commerce and customer self-service platform. On the backend, we use [server-side web application framework] Ruby on Rails. It's a set of tools and libraries that you bring together and then do whatever you want with it on the front side. We like that a lot because it gives us a lot of flexibility. We can integrate the services that we're providing or the things that we want to do and we're not stuck within a framework that might be a little bit more rigid.

We use on our search, Elasticsearch, which again is an open-source search. And then our backend ERP is SAP. So we have a combination of what I'll call more of a traditional entrepreneurial web with the open source, coupled with the larger company ERP on the back.

King: You custom built this, right? What's the size of your development team?

Hernandez: On the web team we have three in-house web developers and we have one on [user interface design or user interface engineering] UI UX. And then on the [product information management] PIM team we have two people that are working solidly on content and matching and linking on the backside. We bring in from various data sources about 5 million products and then we match and link those down to about 3 million individual unique SKUs. From there, we decide what we're going to expose out, on either our website or what we're giving to customers for maybe their Ariba catalogs or their Coupa catalogs or all those various things. We have a total of four on the PIM team.

Humphrey: Our stack is more of a B2C stack and our web platform is built on top of Shopify Plus. We made that move about a year and a half ago. The reason we chose Shopify Plus is because we wanted to have a platform that was going to be a market leader. Shopify has an extremely large developer base. So, we'll never run into a situation where we can't find a developer or a developer wants to price gouge, that sort of thing. We wanted to pick a partner that was going to essentially go head to head with Amazon but with the software platform.

Our onsite search is powered by SearchSpring. Our inventory system is a company called Skubana, in New York, and that powers both our inventory order management and channels.

We just moved over to a pretty cool virtual

phone system called Aircall, which is amazing. We got rid of all of our physical phones in the office. All of our customer service reps are just on headsets. All the calls are recorded. I don't listen to them all, but if I'm ever curious, I can just go right in and listen to all the calls. It fully integrates into Shopify so we can see every customer when they're calling.

We're using ShipStation at the end point in our distributors warehouse. That completes the order loop back to our system.

Joice: We're transitioning right now to Episerver and Oracle's our backend. Agility is running our PIM.

McDonald: The guys who founded [open-source e-commerce platform] Magento ... built a platform called OroCommerce on the same mentality, which is open source but really has the enterprise backend. And that's our new e-commerce platform. There were a lot of customizations — tie into the number of vendors, show real time availability, etc.

A Deeper Perspective

King opened up the panel questioning for audience participation.

Audience Member: Sheila, as part of your adoption strategy, how did you roll it out to your existing customers? What kind of pushback did you get? What kind of challenges did you see from your sales force?

Hernandez: I think the culture piece is really huge and I will tell you we haven't solved 100% of it today, but I think we are getting better at it. When you're dealing with an existing sales force and they're the primary face to your [customers], getting the hearts and minds of those people is really critical.

Within the B2B sales force with these types of initiatives, a lot of them do either see it as some sort of a threat or are scared of it. We've had people say, 'That's my customer.' We have had them say, 'I don't want them dealing with the website, I want them to call me.' All of those iterations that I think are really common.

What moves it forward is when they really start to see the benefit for them and when particularly some of the biggest customers are asking for it. We had a customer who was asking our salespeople about our ability to help them manage a project. And when we went out, they were already way down the road with

one of our competitors with something that the competitor showed to them as a digital tool. We found out about it late in the game but went in, showed them our tool and the comment was, ‘This is far better.’

As we start to get successes, our people start to really see the value and they realize that it’s not really a threat and that it can actually help them sell more. I think that’s the biggest thing that starts to turn those things around.

Audience Member: Did you get customers that said, ‘Thanks but no thanks?’

Hernandez: Yeah, absolutely. The way we look at it is, this is one path. It doesn’t mean that it’s the right path for everybody because we have a lot of generations within our customer base. We have some of the older ones, we have some mid-career ones and we have some young ones. And so not everybody’s going to want to do business the exact same way. We need to be able to have a variety of options and let them pick the one that works best for them.

Ultimately, we want the business. We want to be able to prove to them that we have differentiated services and it’s really about taking it to the customer, how the customer wants to interface with us, how they want to deal with us. And then being able to offer the solution that matches what the customer wants. Because if we can’t take it to them, they’re going to go to somebody else who can.

Audience Member: Sean, we play in the same arena and we’ve got the buy-in from the company side and the customer side, but we’re struggling with the buy-in from the supplier side with getting product data. With the large number of SKUs that you are offering, and being online only, did you face that same thing and how did you tackle that?

McDonald: We face that all the time. I really look at suppliers as partners. If you want to sell through TruPar.com, we lay out the guidelines of what you need to provide us, whether it’s real-time availability, ability to place orders. We do enough business with the suppliers that we work with [to prove] that it is worth your while.

Those are some of the table stakes. We won’t just take anyone on. We’re pretty specific about that because they are going to affect our customer experience. Working back from the customer, if the supplier is not shipping on time, if the sup-

plier is giving us bad data and bad inventory, all of these things, then it affects the customer in the end. And I’m not going to tolerate that.

King: How about you, Andy?

Humphrey: Our industry doesn’t have a master catalog that can just be distributed around. In one instance, our supplier had no product descriptions in their system — just a product name that was mostly abbreviated to fit the truncated field. And so, we had to build all of ours by hand. This was in 2010. Me, at odd hours of the night, rewriting descriptions for manufacturers’ websites. Now, we have one full-time person in the Philippines who just does product merchandising — product names, descriptions.

We take a lot of pictures. So pictures is another issue. And that’s just an ongoing issue. We don’t have a full-time position for that but I try to hire people who can wear multiple hats so that they’re busy all of the time. We have a system for taking pictures and, it’s interesting, we utilize our return process for that. So every item in our system that doesn’t have a full set of pictures, we tag it. And if that item ever comes back on return then we take pictures of it at that point and put in the process.

Audience Member: For context, I’m a smaller distributor and marketing manager with a team of myself. You were talking about wearing different hats. I wear many hats. What are good resources to help tackle some of these problems that we have, [where] we have a lack of resources or capacity?

Humphrey: There’s a lot of resources out there. My first thought would be to identify what you can do, what your strengths are. Also look at what is going to be the most expensive thing to outsource from just a cost perspective. If you can do something that is costly to outsource, then I would do that just to save time and money.

And then, you want to make sure your team is made up of people who are willing to learn. Because in this day and age, you can go to YouTube and learn just about any skill that you want to learn. As long as you have the right team members that are willing to pick up new tasks and learn new things.

Editor’s note: This transcript has been edited for length and clarity.

Manufacturing Sector Contracted in September

Economic activity in the manufacturing sector contracted in September, and the overall economy grew for the 125th consecutive month, say the nation's supply executives in the latest Manufacturing ISM Report On Business.

According to Timothy R. Fiore, CPSM, C.P.M., chair of the Institute for Supply Management Manufacturing Business Survey Committee, the September PMI registered 47.8%, a decrease of 1.3% from the August reading of 49.1%. The New Orders Index registered 47.3%, an increase of 0.1% from the August reading of 47.2%. The Production Index registered 47.3%, a 2.2% decrease compared to the August reading of 49.5%. The Employment Index registered 46.3%, a decrease of 1.1% from the August reading of 47.4%. The Supplier Deliveries Index registered 51.1%, a 0.3% decrease from the August reading of 51.4%. The Inventories Index registered 46.9%, a decrease of 3% from the August reading of 49.9%. The Prices Index registered 49.7%, a 3.7% increase from the August reading of 46%.

"Comments from the panel reflect a continuing decrease in business confidence. September was the second consecutive month of PMI contraction, at a faster rate compared to August. Demand contracted, with the New Orders Index contracting at August levels, the Customers' Inventories Index moving toward 'about right' territory and the Backlog of Orders Index contracting for the fifth straight month (and at a faster rate). The New Export Orders Index continued to contract strongly, a negative impact on the New Orders Index. Consumption contracted at faster rates, again primarily driven by a lack of demand, contributing negative numbers (a combined 3.3% decrease) to the PMI calculation.

Distributor

Genuine Parts Company has completed the previously announced sale of its wholly-owned subsidiary **EIS Inc.**, the electrical specialties group of **Motion Industries**, to **Audax Private Equity**.

Ohio Transmission Corporation, an industrial equipment service provider and distributor headquartered in Columbus, Ohio, has acquired Tennessee-based **IDG Compressor**.

Building materials distributor **US LBM Holdings LLC**, Green Bay, Wisconsin, has acquired **Forge Lumber**, Erlanger, Kentucky, which operates locations in Cincinnati and Kentucky. With the acquisition of Forge, US LBM expands its network of leading building products dealers into Ohio.

Motion Canada, a division of **Motion Industries**, Birmingham, Alabama, a subsidiary of **Genuine Parts Company**, has entered into an agreement to acquire **The Fluid Power House**, Ontario, Canada.

Foundation Building Materials Inc, Tustin, California, has acquired two distributors. Foundation has acquired **Joe's Wallboard Supply Co. of Colorado Springs, Inc.**, Colorado Springs, Colorado, an independent distributor of drywall and accessories, steel framing, insulation, and tools and fasteners. The company has also acquired **The Supply Guy, Inc.**, Lakewood, Washington, an independent distributor of tools, fasteners and other related products.

Martin Supply, a subsidiary of Martin Inc., has acquired **SafetyWear**, Ft. Wayne, Indiana.

Product experience management platform **Salsify** has acquired **B2X Partners**, a Baltimore-based global B2B ecommerce consultancy for manufacturers and distributors.

ERP software provider **Epicor Software Corp.**, Austin, Texas, has acquired **1 EDI Source Inc.**, Solon, Ohio, a provider of electronic data interchange solutions and business visibility software.

Würth Industry North America, Indianapolis, part of Würth Group, has acquired **Fasco Fastener**, a distributor of stainless steel, silicon bronze and brass fasteners to the wholesale, OEM and large retailer trade.

Winsupply Inc. has created a new company, the **Winsupply Acquisitions Group**, to be led by Monte Salsman as president. Salsman was previously president of the Winsupply Local Company Group. The Winsupply Board of Directors decided to create this new company given the changing landscape of the wholesale distribution industry and the desire for Winsupply to broaden the reach of its long-held philosophy of providing hardworking entrepreneurs the opportunity for business ownership.

The board also announced the promotion of Rob Ferguson as president of the Winsupply Local Company Group to fill Salsman's former role. Ferguson was previously vice president of operations.

Continued on p. 2 of this section

HD Supply Will Separate into Two Companies

Industrial distributor HD Supply Holdings, Inc. on Sept. 24 announced it plans to separate its Facilities Maintenance and Construction & Industrial businesses into two independent publicly traded companies. The separation is expected to be completed by the middle of fiscal year 2020, according to the company.

“After years of growth, Facilities Maintenance and Construction & Industrial have achieved sufficient scale to operate as independent companies,” says Joe DeAngelo, chairman and CEO of HD Supply.

The separation will take place through a distribution that is expected to be tax-free to HD Supply shareholders. The Facilities Maintenance and Construction & Industrial businesses already operated as largely independent companies, HD Supply reports. The businesses will both remain headquartered in Atlanta.

Once separated, each company is expected to be publicly listed and traded on a nationally recognized stock exchange, the company said. Future goals for each business include pursuing organic and acquisition-based growth opportunities.

“Each business is now positioned as a leader in its respective market and has the ability to enhance its competitive advantage by further differentiating its best-in-class customer service through additional focus,” says DeAngelo.

Future Structure

Facilities Maintenance will retain the HD Supply name and ticker symbol. The Facilities Maintenance business will continue to focus on providing MRO products, value-add services and custom products to multifamily, hospitality, healthcare and institutional property owners

and managers, according to the company. HD Supply Facilities Maintenance generated approximately \$3 billion in Net sales in fiscal 2018, ended Feb. 3, 2019.

DeAngelo will serve as chairman and CEO of HD Supply Facilities Maintenance, while current HD Supply CFO and Chief Administrative Officer Evan Levitt will serve in the same capacity for HD Supply Facilities Maintenance. Brad Paulsen, current president of Facilities Maintenance, will retain his role.

Construction & Industrial-White Cap business will continue to provide concrete accessories and chemicals, tools and equipment, building materials and fasteners, erosion and waterproofing and safety products to professional contractors in non-residential, residential and industrial applications, according to the company. Construction & Industrial generated approximately \$3 billion in Net sales in fiscal 2018, ended Feb. 3, 2019.

John Stegeman, current president of Construction & Industrial, will serve as CEO, and Alan Sollenberger, current chief operating officer of Construction & Industrial, will retain his role.

HD Supply reports that upon completion of the separation, each company will have its own management team and an independent board of directors that will include members of the current HD Supply Board of Directors. Additions to the management teams and members of the boards of directors for both companies will be named in the months leading up to the formal separation, the company says.

HD Supply serves approximately 500,000 customers through approximately 270 branches and 44 distribution centers in the U.S. and Canada with approximately 11,500 associates.

News Digest

Continued from p. 1 of this section

WESCO International Inc., Pittsburgh, has named Laura K. Thompson to its Board of Directors, consistent with WESCO’s long-standing commitment to ongoing Board refreshment.

WESCO International Inc., Pittsburgh, has named Nelson Squires as its senior vice president and chief operating officer effective immediately.

Turtle & Hughes Integrated Supply has named

Scott West, vice president and member of the Turtle & Hughes executive committee, as president of THIS. THIS is a division of electrical distribution company Turtle & Hughes.

NAHAD named Brian Pellegrin of Spartan Industrial & Marine to the association’s board of directors.

Sales for HARDI distributor members increased by 2.7% percent during August, according to its monthly TRENDS report. The average

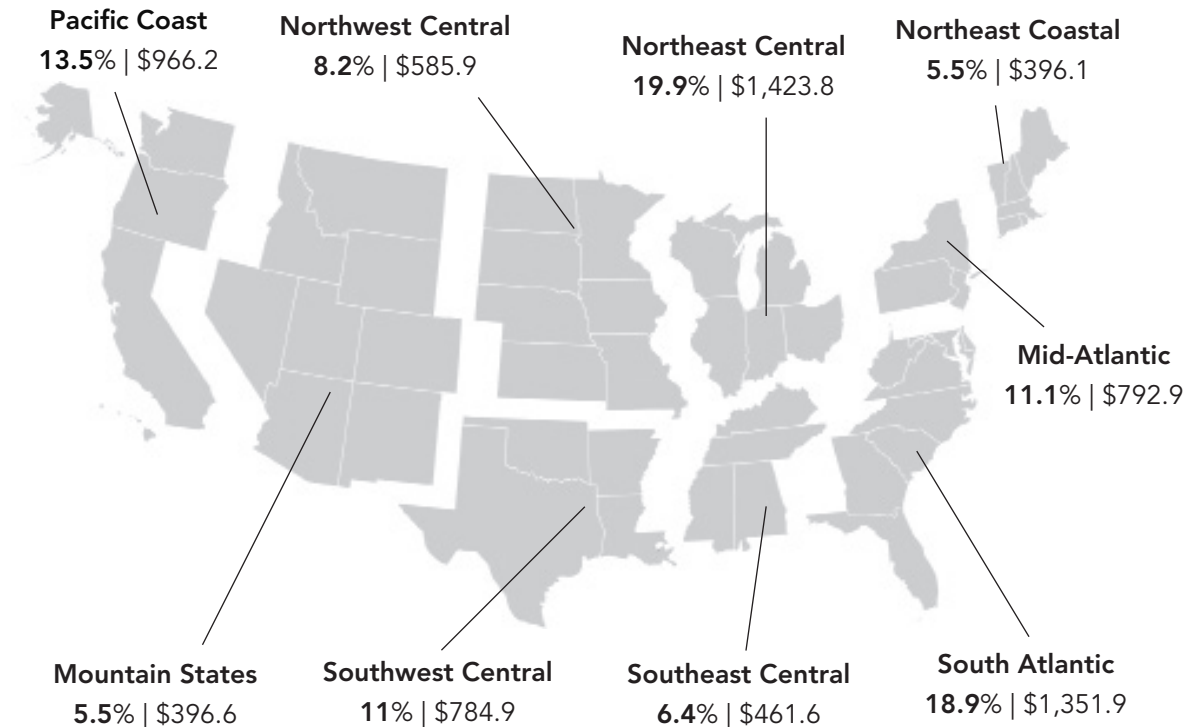
Continued from p. 4 of this section

Adhesives & Sealants Market Demand in the U.S.

Market demand for Adhesives & Sealants in the U.S. was \$7.16 billion in 2018, according to data from MDM Analytics. All estimates are 2018 end-user demand, in U.S. dollars, including distributor margin.

U.S. Total: \$7.16 billion

U.S. End-User Market Demand for Adhesives & Sealants by Region, \$ millions (2018 est.)



U.S. End-User Market Demand for Adhesives & Sealants: Top 10 End Markets

Top 10 end markets in \$ volume, by NAICS code, consuming Adhesives & Sealants (2018 est.)

End User	Estimated Consumption
238220 Plumbing, Heating, and Air-Conditioning Contractors	\$669,640,909
322211 Corrugated and Solid Fiber Box Manufacturing	\$520,370,349
322220 Paper Bag and Coated and Treated Paper Manufacturing	\$468,447,568
238320 Painting and Wall Covering Contractors	\$356,233,588
236220 Commercial and Institutional Building Construction	\$266,632,851
336111 Automobile Manufacturing	\$210,706,939
337110 Wood Kitchen Cabinet and Countertop Manufacturing	\$203,606,254
322291 Sanitary Paper Product Manufacturing	\$155,997,231
321211 Hardwood Veneer and Plywood Manufacturing	\$117,116,559
322219 Other Paperboard Container Manufacturing	\$117,114,327

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

News Digest

Continued from p. 2 of this section

annualized sales growth for the 12 months through August 2019 is 7.6%.

Sonepar USA, a subsidiary of the privately held France-based Sonepar Group, has launched a women's resource group, WATT – Women Advocating Today for Tomorrow.

Economic

The unemployment rate declined to 3.5% in September, and total nonfarm payroll employment rose by 136,000, the U.S. Bureau of Labor Statistics reported. Employment in health care and in professional and business services continued to trend up.

The goods and services deficit was \$54.9 billion in August, up \$0.9 billion from \$54 billion in July, revised, according to the U.S. Census Bureau and the U.S. Bureau of Economic Analysis.

Construction spending during August 2019 was estimated at a seasonally adjusted annual rate of \$1,287.3 billion, 0.1% above the revised July estimate of \$1,285.6 billion. The August figure is 1.9% below the August 2018 estimate of \$1,312.2 billion. During the first eight months of this year, construction spending amounted to \$851.3 billion, 2.3% below the \$871.3 billion for the same period in 2018, according to new data from the U.S. Census Bureau.

The Conference Board Consumer Confidence Index decreased in September, following a slight decline in August. The Index now stands

at 125.1, down from 134.2 in August. The Present Situation Index – based on consumers' assessment of current business and labor market conditions – decreased from 176.0 to 169.0. The Expectations Index – based on consumers' short-term outlook for income, business and labor market conditions – declined from 106.4 last month to 95.8 this month.

Real gross domestic product increased at an annual rate of 2% in the second quarter of 2019, according to the third estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 3.1%.

The Chicago Fed National Activity Index was +0.10 in August, up from -0.41 in July. All four board categories of indicators that make up the index increased from July, but three of the four made negative contributions to the index in August. The index's three-month moving average, CFNAI-MA3, was up to -0.06 in August from -0.14 in July.

Manufacturer

Rockwell Automation, Inc., Milwaukee, has acquired **MESTECH Services**, Pune, India, a global provider of Manufacturing Execution Systems/Manufacturing Operations Management, digital solutions consulting and systems integration services.

Swedish bearing manufacturer **SKF Goteborg**, Sweden, has agreed to acquire **Presenso Ltd.**, Haifa, Israel, a company that develops and deploys artificial intelligence (AI)-based predictive maintenance software.

Acuity Brands Inc., Atlanta, reported fiscal fourth-quarter sales of \$938.1 million, down 11.6% compared to the year-ago period. Net income decreased 11.1% to \$96.1 million. Sales for the full fiscal year decreased 0.2% to \$3.67 billion. Net income for the year was \$330.4 million, down 5.4% over last year.

Myers Industries, Inc., Akron, Ohio, a manufacturer of polymer products for industrial, agricultural, automotive, commercial and consumer markets, has announced that Dave Banyard has resigned as president and CEO, effective Oct. 25, 2019, to accept another professional opportunity.

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