



Allied Electronics Sets Automation Example with Warehouse Capabilities

Texas distribution center allows distributor to practice what they preach on automation excellence.

Capping off a nearly two-year process, last month automation and control, electronic, electrical, mechanical, and maintenance products distributor Allied Electronics & Automation celebrated the opening of its expanded North American distribution center in Fort Worth, Texas — adding more than 200,000 square feet of space and utilizing the latest digital order fulfillment center technology.

By Elizabeth Galentine

Operational since June 2020, the Allied DC expansion doubles the facility’s existing capacity and leaves room to further double capacity in the future. High-density storage and retrieval automation and automated packaging solutions have transformed the space and changed the way warehouse employees work in the 520,000 square foot building.

With capacity for 400,000 unique SKUs, the warehouse utilizes KNAPP automated order storage and retrieval systems, OSR Shuttle Evo, RFID pocket sortation and goods-to-person systems that can pick and automatically deliver products from 118,000 different locations to one of 35 new picking stations.

Automation features include box erector machines and robotic packing stations designed to reduce packaging waste by matching packages to order size and type of content, as well as a conveyor sortation network that transfers completed packages to shipping.

Local customers also have access to an automated will-call center for rapid pickups.

Allied’s vision to be a first-choice supplier for its customers, along with the desire to practice what they preach when it comes to automation and control products,

were motivating factors to invest in the upgrades to the facility, says Scott Jayes, vice president of business operations.

Jayes sees the Fort Worth DC as a showcase for Allied as well as its suppliers because the DC allows suppliers an avenue for real-life demonstrations, as many of the automation and control products used to build its picking and packing systems — sensors, switches, connectors, pneumatics, etc. — are products that Allied sells.

In fact, Allied has signs throughout the DC showing where suppliers’ products are so that visitors can see those products in action.

Since new automation capabilities went live, picking efficiencies are 30% quicker and throughput in the packing process has doubled, according to Jayes.

About 40% of Allied’s orders are multiline orders, with an average of four products per order. The warehouse now uses a pocket sorter, or hanging conveyor, with a central induction station that manages pockets that descend from the ceiling to pick orders and then hold the products in the pockets in the ceiling until an entire order is ready to load by the packer.

The OSR enables Allied to pick through up to 2,500 order lines an hour, while the auto-pack technology can process 2,400 packages an hour, apply shipping labels and send packages to the carrier, according to Jayes.

From an employee perspective, the DC upgrades help to simplify processes and take away unnecessary steps in order to speed up the pace of business in the facility without overtaxing workers. Those workers also enjoy air-conditioning and new windows throughout the DC.

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The most recent market demand for these products in the U.S. was \$13.3 billion and \$2.1 billion, respectively.

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The Industry's Hopes and Fears for 2021

For as long as I can remember, I've celebrated a little monthly holiday I like to call Calendar Change Day. Heck, I even got married on Calendar Change Day. The first day of the month represents a fresh slate, a chance to commit to new goals and let go of ones that are not serving us. I find it energizing and motivating. Of course, January 1 is the ultimate Calendar Change Day and this year in particular most of us were as eager to flip that calendar as we ever have been. But however tempting, we cannot engage in magical thinking about 2021.

The global pandemic did not end with 2020, and no matter how hard we wipe, our slate is still going to be covered in the dust of last year for at least several months ahead. Most distributors, manufacturers and service providers who responded to our annual Industry Outlook Survey understand this reality and are planning accordingly. Only 9% expect sales growth to be flat or down this year, while others expect sales to rise up to 5% (18%), up to 10% (40%) or more than 10% (33%) by the end of the year. Still, they have understandable concerns about the first half of the year.

When asked what is their overall outlook for 2021, the majority of respondents said they are planning for a rough first and/or second quarter — followed by marked improvement. Typical responses include:

- "Slow, challenging first half, especially Q1 as we compare against pre-Covid 2020 performance. Improvement through the summer, and strong fall when supply chain issues and prod-

uct availability normalizes."

- "Tough first quarter followed by incremental improvement moving forward."

- "With the vaccine availability in 2021, I expect businesses to rebound towards the second semester."

Reported business-specific and industry-wide concerns were similar to each other. Employee health and safety, the potential for further lockdowns or product shortages and the speed of economic recovery are top of mind. Perceived threats include Amazon and other 'e-tailers,' China, suppliers going direct, labor shortages and the continuing impact of COVID-19 disruptions.

To cut costs and perhaps stave off some of these concerns, respondents' top three plans (they could make multiple choices) are to streamline and automate processes (56%), improve employee productivity (55%) and reduce transportation costs (23%).

Interesting and a little alarming, 23% reported having no cost-saving plans at all yet. Perhaps those respondents would benefit most from joining us for MDM's first webcast of the year, our 2021 Distribution Industry Outlook. MDM CEO Tom Gale will be joined on January 21 at 1 p.m. EST by Baird Senior Research Analyst David Manthey and NetSuite Vice President Ranga Bodla for a wide-ranging discussion on the economic indicators for 2021, including industry-specific data you won't find anywhere else. Register for free here: <https://bit.ly/2MI6IwB>.

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ALLIED ELECTRONICS

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Jayes attributes the successful launch to the amount of time Allied spent in the research and planning phases to ensure the DC improvements would meet specific goals the company set for customers, suppliers and Allied employees. To that end, he recommends others looking to make similar improvement also involve customers and suppliers in the planning process.

MDM spoke with Jayes for further detail on the DC transformation.

MDM: How have things been going with the new facility?

Jayes: We continue to learn a lot. We continue to prove the capabilities of what we have. We've lifted our heads up from thinking about how do we get in and work through the change and support our people through that. We're now looking forward and thinking about how we can exploit it more, what we need to tweak and change. Ultimately, proving the capabilities that we have, and then demonstrating the value for our customers and our suppliers.

MDM: What are some of the metrics that you're observing to see how things are going?

Jayes: Our primary metrics that we look at are around safety. We measure very closely how safe our environment is and the welfare of our people. We're really proud that we've been through a significant change period and a lot of what we put in, a lot of the automation, is there to make it easier for our people. Less lifting, less handling, less repetitive activities, etc.

We were really pleased when we measured the number of near misses we have, the number of accidents, number of lost-time accidents, and we've had 18 months now where we have zero lost-time accidents during what was a significant change period. That's one lens that we look at.

The next level is service. We start with the customer service. We start with understanding their experience that they have with us. We measure Net Promoter Score. We also measure Net Ease Score.

We track the whole customer journey and we understand where the pain points are for our customers and we can make things easier and better from that perspective.

We've tracked our Net Ease Score throughout this. That's actually, to be honest, had a slight dip when we went live and had all the

changes but those levels are now back up to the same — if not better — levels of service now than we had before.

And then we track the traditional measures around same-day shipping, delivery to promise, the accuracy of what we store, pick and ship, and so on.

Our focus was on driving automation that gave us more efficiency that allowed us to reduce the dependency on people. It cer-

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— Scott Jayes, Allied Electronics

tainly wasn't the primary focus. It wasn't about removing the dependency on people. We still very much believe that people are the real differential. The key objective and outcome of this project was to actually free up their time, but ultimately build a facility that would attract and retain diverse talent, because we understand that that's what's going to help us really be successful going forward.

We removed the dependency on the transactional side of activities. That frees up our people to think, to challenge and to differentiate.

We've got a very aggressive growth plan. We know that the challenge of attracting talent is really high. We expect to grow our workforce, not reduce it. And therefore, it was all about creating that environment that people wanted to join.

And then the final measure that we have is around environmental and sustainability. We've not just got responsibility for our people and our customers, we've got responsibility for our community.

We're working on anything that reduces our impression. How we can reduce our emissions, how we can reduce our packaging. This was always designed around creating some innovative solutions so that we can demonstrate that we are focused on sustainability.

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ALLIED ELECTRONICS

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MDM: With employees, is it your goal to give people more fulfilling tasks where they can apply their strengths? Have you been able to move people around in that respect?

Jayes: Absolutely. And it's not just a DC challenge, it's a business challenge. In a previous guise of the business, and part of my role now, I

It's just about how we bring innovation even more into our facility as a service solution rather than just as the traditional high-service product distributor that we still are at core. I truly talk about this as our facility being a benchmark and a showcase.
— Scott Jayes, Allied Electronics

looked after our shared business services for the Americas. A big part of that strategy was, again, around how could we use automation, robotic processes, automation, etc., to free up people to value? Take away that repetitiveness.

Now, there's always the concern about, 'What does this mean for my job? Are you going to automate me away, and therefore, I'm not needed?'

But the second thing is, it's always a bit about, 'Well, I know what I know, and I'm comfortable with what I do. And now you're asking me to do different things.'

And we've been able to demonstrate across our organization about the automation pieces to free up their time and get them to think about much more value for our customers and for each other. That's still change. That still takes a lot of effort.

But we've been true to that word and we're practicing what we preach. Our staff now is starting to see that they get the opportunity to move around. They get the opportunity to get much more involved in continuous improvement, in simplifying our processes. To think rather than to just do.

For some, that's still uncomfortable. And what we're trying to do is help them. Say, it's OK to be uncomfortable. But this is what we need from our people and for our leaders of the future is to get their head up and start to think about, 'What am I doing? How can I do it differ-

ently? How can I do it better?' And not be afraid about, 'What does that mean as far as the role that I'm doing?'

We will continue to invest in them, continue to give them tools and support. But the starting point of that is giving them some skills around lean process, etc., and also to start to get them much more multiskilled. Understanding we want them to be thinking rather than just doing.

We're putting in a basketball court inside the warehouse. We're putting in some quiet thinking space where people can go and play big chess or anything like that. It's a blank canvas, and they can decorate that space with art, etc., as well, but it's all designed to just say, that's your space. And for now, until we fill it, we might as well fill it with stuff that you want. It's just more about creating an environment that people want to come into and want to spend time in. And that's on top of doing a good job.

MDM: What are your favorite standout features of the upgraded facility?

Jayes: There's two, for now. There's a lot more coming. First, the automated storage and retrieval system itself. Automated storage and retrieval systems have been around for a while. It's not new technology. In fact, I was part of the team introducing what was then a real flagship part of our business out of our DC in the UK. We put in an automated storage and retrieval system 25 years ago. It was part of what attracted me to the business. I just got really excited about the technology that we were introducing at the time.

But the technology's moved on an awful lot since then. And the Evo that we've got in place now really is robotics. It's got little robotic shooters going in and out. And it's really densified what you can store and what you can pick. We're pretty proud of that.

The other piece is definitely our hanging pocket sorter system. We moved it out of our design twice. It was originally in as a full-pick module piece. We really were nervous about how that would work with such a broad diverse product range that we have.

For a number of reasons, we counted it out and then kept coming back to it. We've got a good partnership with KNAPP and we kept coming back to it.

What we landed on around that is now our consolidation of orders process, in our little cloud, as we call it, because it's going on above our heads and really utilizes the space fully. We landed on it and it had never really been done

with any other KNAPP customers. So we were really pioneering from that perspective, which you can imagine is also quite nerve wracking. Because of that challenge about whether you're a fast follower or you're a leader in that space. But we landed on that solution. We spent a lot of time working that through and it works brilliantly for us.

It actually combines the new and old because we still have an existing forward-pick space, an existing building, etc., and how it combined and brought the two elements together has been tremendous, actually. It's worked really, really well. Better than we'd really expected.

MDM: What else are you excited about for the future at Allied?

Jayes: We've got more of the shuttle system coming in. So next up is our open shuttle system. How we will move from A to B, where the conveyor is not really available. So again, linking the new and the old together. That's KNAPP's open shuttle system. We're pioneering some stuff for them in the U.S. in that space. So that will come early in the new year.

Likewise, we've got some more autonomous goods vehicles, again, moving pallets around.

And then next are two areas. One is exploiting cobots for the repetitive activities more, and then more automation in our packing areas, probably around bagging, etc., so less touch will be required. We've done a good job there, but there's potentially more opportunity to reduce our environmental footprint. So we're looking at that.

And then the final piece is we'll think about retrofitting the original space. Starting to just play around with some more clever solutions around value-add activities for our customers. Whether that's around 3D printing, whether that's more clever kitting, whether that's around just virtual field application engineering examples where we can demonstrate things in real life and maybe package that up for customers.

But really it's just about how we bring innovation even more into our facility as a service solution rather than just as the traditional high-service product distributor that we still are at core.

I truly talk about this as our facility being a benchmark and a showcase. That's what we're trying to think about now, how we can actually package that up and add value for customers in that space rather than just storing and shipping their products.


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Pandemic Drives ACR Supply's Strategic and Structural Business Shift

How one HVACR distributor transformed its business against the backdrop of the COVID-19 pandemic.

COVID-19 has been disruptive, to say the least, but it has also allowed companies the opportunity to rethink their operation. Count HVACR distributor ACR Supply, Durham, North Carolina, among those who shifted their business model during the pandemic and now expect to emerge stronger than ever — and ready for the next chapter.

By Eric Smith

As COVID-19 began ravaging the economy last spring, the family-owned, regional business saw an opportunity to reposition itself for an evolving marketplace by making some strategic organizational changes. Not only did the slowdown give ACR Supply time and space needed for an overhaul, but also the company was coming off the heels of a recently completed succession plan. This was the logical next step.

ACR Supply's president and owner, Troy Meachum, who took over the family business from his father, L.C. Meachum, back in the '90s, decided 2020 was time to implement a new business management process he had been hearing about from some of his distributor friends and through his affiliation with the HVACR trade association Heating, Air-conditioning & Refrigeration Distributors International (HARDI).

The tool that many of his colleagues had been championing — even before the pandemic — was the Entrepreneurial Operating System (EOS), outlined in the popular business book *Traction* by Gino Wickman. EOS was designed for a company's leadership team to improve in three areas:

- 1) Vision — “getting everyone in your organization 100% on the same page with where you're going, and how you plan to get there”;
- 2) Traction — “instilling focus, discipline, and accountability throughout the company so that everyone executes on that vision — every day”;
- 3) Healthy — “helping your leaders become a more cohesive, functional, healthy leadership team.”

Meachum, who had helped lead ACR Supply to 10x revenue growth over the past 20-plus years, had recently begun thinking about retire-

ment and leaving the company in good hands for the next generation. He decided it was time to finally bring new processes and a new vision to ACR Supply so the company could continue on that growth trajectory after he was gone.

“We were getting — and have been getting — much bigger than Troy Meachum,” he says. “The only limiting force to our company has been me for a while. My dad always taught me to hire people who are smarter than you are, and I've been trying to do that.

“We've got a lot of wonderful, young, talented people. But the one thing they needed was the opportunity to spread their wings and be able to use the skills and gifts that God's given them so that the company can be successful in the marketplace.”

Pandemic Proved the Perfect Time to Pivot

With this goal in mind, and with a succession plan recently created to ensure ownership of the business would be taken care of after his departure (from the company or this Earth, he says), Meachum used the principles of *Traction* to first reshape ACR Supply's leadership — starting with himself. Meachum moved from president to CEO, and he installed Mark Bray as the company's president, or “visionary,” as the book calls it, and Corey Salyards as the COO, or “integrator.”

It wasn't just the top positions that got a refresh. Other changes that ACR Supply announced: Brian Bushelow became the director of supply chain, Aaron Coon became the director of the engineering products group, Jeanne Brzezinski became the director of finance and Justin Vaughn became the controller.

Some senior leadership roles didn't change within the new structure, including Wayne Bullcock as the director of operations, Rodney Smith as the director of sales and Kevin Parsley as the director of marketing.

It was the pandemic that made these changes possible, says Bray, who had served as ACR Supply's supply chain director for years. COVID-19 — as devastating as it was for the economy, many of ACR Supply's customers and even the company itself — allowed ACR Supply

to rethink its go-to-market strategy, its business relationships, even its corporate vision.

“COVID-19 created a sense of urgency to improve and figure things out faster,” Bray says. “We knew we had to make changes, we knew we had to do something differently. The way that *Traction* is set up, it allows us to communicate at a higher level, so it just made sense.”

With normal business operations upended if not shut down, the team had time to read *Traction* and begin implementing some of the book’s tenets, like holding weekly “Level 10” meetings and developing “rocks,” or priorities, for the coming 30, 60 and 90 days. The team bought in immediately.

“We wanted to do it the right way and not do some sort of hodgepodge version,” Salyards says. “The senior leadership team rallied around it after they saw the benefits that it was going to bring.”

“I’ve been meeting with all of the other leadership within ACR Supply, and everybody thinks that it’s going well, everybody thinks the communication’s at the highest level it’s ever been within this company. We’re all excited about next year, watching what it’s going to look like, what it’s going to do for our organization.”

EOS helped ACR Supply navigate COVID-19 on a critical front. Because it advocates for 90-day planning instead of annual planning, and due to the world continually being disrupted — different states enacting different safety measures, customers changing or canceling orders, etc. — the shorter goal-setting timeline proved beneficial for adapting to the upheaval.

“COVID made us realize that all of our annual plans that we set up in December for January through 2020 were thrown out the window,” Salyards says. “Being nimble, staying on the balls of our feet and wanting to move quickly and make decisions in a quarterly fashion, that seemed to make sense during COVID.”

Using EOS to Improve Customer Relations

ACR Supply announced the changes to its customers and vendors last fall, half a year after Meachum approached Bray and Salyards about the impending changes back in March when the pandemic began raging.

At its highest level, certainly above the newfangled titles and leadership seat changes, EOS helped ACR Supply improve its communication — both internally among employees but also, more importantly, with its customers. ACR Supply’s leaders said they are already reaping

the benefits of implementing EOS into its daily operating procedures, and while it’s been hard to pinpoint a specific return on that investment, the company believes its ability to quickly find and solve problems has been game-changing.

“We identify problems much faster,” Salyards says. “We had quarterly and monthly meetings before, but they weren’t always with the same groups. Because we now meet weekly, issues are distributed much more fairly, much more easily, among groups. If a sales team sees something that the operations team needs to work on, or vice versa, the problem gets solved much faster.”

“As for our customers, if they had an issue, it might have taken us a month to get it solved. Now, it’s getting solved much, much faster. Our customer service level is much higher.”

As the CEO and owner of ACR Supply, Meachum likes what he’s been seeing from his team, including how quickly problems get solved but also how accountable each team member has become when issues arise in the weekly Level 10 meetings.

“The silver bullet in *Traction* has been frequency and accountability,” he says. “We’re talking about these things frequently — at least weekly, if not more often — and everybody’s hearing the same messages and so everybody’s held accountable. Our speed to decision and action is probably better than it’s ever been. In turn, I think the customers will benefit from that as a result.”

ACR Supply has even been inviting outsiders to watch their Level 10 meetings and the company plans to have customers sit in to see how the company works, though Meachum says they will be careful to exclude sharing any sensitive customer data during those meetings.

“We love helping people get better,” he says. “So many people have helped us over the years, so we want to help our customers get better. As we get our feet on the ground, we’ll make this a routine — something that’s part of our DNA, our second nature — and we’ll start involving customers to show them how we do what we do. Hopefully, they can also get better.”

Bray says while ACR Supply hasn’t assigned any particular revenue growth goal specifically to *Traction* — to be fair, he adds, the pandemic has altered forecasts anyway — the company fully expects top- and bottom-line improvement as a result of the new organizational structure.

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ACR SUPPLY

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With enhanced customer service, ACR Supply projects improved customer retention and wallet spend.

I say all the time — part tongue-in-cheek and part serious — my team and my family will be a lot better off with me dead. Everything is in place. Every single ‘t’ is crossed and every ‘i’ is dotted. Our succession plan, if something happens to me, means we know exactly what to do moving forward — even more so now with the structure we have in place.
— Troy Meachum, ACR Supply

“This time next year, I think we’re going to be executing on our strategy better than we ever have ever before at ACR Supply,” he says. “I think that we’re going to be able to budget better, plan better and adapt to changes more quickly than we’ve been able to in the past. We’re going to be able to home in on our strategy and get information spread and shared more quickly than we’ve ever been able to do.”

The Importance of Culture and Succession

Though EOS has proved beneficial to ACR Supply during the last nine months of the pandemic, the company sees this model — and specifically the promotion of upcoming leaders — as key to its long-term success.

It aligns with ACR Supply’s company culture, which MDM documented in a 2017 article, “Millennials in Distribution: Culture Trumps Everything.”

Meachum said the leadership team’s commitment to actively recruiting, hiring and grooming millennials for leadership positions is a way to not only engage a younger workforce but also reach a new generation of customers.

As he told MDM for that report, ACR Supply’s culture includes hiring for a candidate’s potential rather than merely their distribution background. Meachum credited author Patrick Lencioni for describing the perfect employee for ACR Supply: one who is humble, hungry and smart — a phrase Meachum discovered when

reading one of Lencioni’s earlier books, *The Four Obsessions of an Extraordinary Executive*.

“That’s the ideal team player,” Meachum said at the time. “That’s what we’ve been trying to recruit for years. If you find a young person that’s hungry, they have a desire to grow and they’re humble as well as people-smart, we can teach them what we know and what we do. We can train them in what we do.”

That culture of creating opportunity — for both veteran employees and newcomers alike — has paid off not only for ACR and not only for Meachum himself but also for the company’s younger employees like Bray and Salyards, both of whom came up through the ranks hungry and looking to grow. Now, they work as the president and COO, respectively, of a distributor that generates annual revenue of well more than \$30 million with lofty growth goals this year and beyond.

“I’ve told people over the years that if you come to ACR Supply and you contribute to the profitability and the culture every single day, if you keep doing your job and you do it well, if you bloom where you’re planted, opportunity will come,” Meachum says. “That’s exactly what happened for Corey and Mark.”

Meachum, who has been thinking about the business “after I’m gone,” says he likes the way this new system dovetails with ACR Supply’s succession plan he and his wife forged in the last couple of years. It speaks to something that many distributors have put off for various reasons but which has become vital in these uncertain times.

“It’s difficult because people don’t want to talk about that,” he admits.

But Meachum clearly understands that preparing his company, which his dad formed decades ago, for its next chapter is crucial for his family’s legacy, of course, but mostly for the employees who have bought into his vision both then and now, and who want to make it their own. And the foundation for that future was solidified during the shakiest of times.

“I say all the time — part tongue-in-cheek and part serious — my team and my family will be a lot better off with me dead,” he says. “Everything is in place. Every single ‘t’ is crossed and every ‘i’ is dotted. Our succession plan, if something happens to me, means we know exactly what to do moving forward — even more so now with the structure we have in place.”

Editor’s note: ACR Supply President Mark Bray serves on MDM’s Editorial Advisory Board.

Manufacturing Sector Ticked Up in December 2020

Economic activity in the manufacturing sector improved in December, and the overall economy grew for the eighth consecutive month — after it had dipped significantly in the early stages of the coronavirus — according to the nation's supply executives in the latest Manufacturing ISM Report on Business.

The December Manufacturing PMI registered 60.7%, up 3.2% from the November reading of 57.5%. This figure indicates expansion in the overall economy for the eighth month in a row after contracting in March, April, and May, which ended a period of 131 consecutive months of growth.

The New Orders Index registered 67.9%, up 2.8% from the November reading of 65.1%.

The Production Index registered 64.8%, an increase of 4% compared to the November reading of 60.8%.

The Backlog of Orders Index registered 59.1%, 2.2% higher compared to the November reading of 56.9%.

The Employment Index returned to expansion territory at 51.5%, 3.1% higher from the November reading of 48.4%.

The Supplier Deliveries Index registered 67.6%, up 5.9% from the November figure of 61.7%.

The Inventories Index registered 51.6%, 0.4 percentage points higher than the November reading of 51.2%.

The Prices Index registered 77.6%, up 12.2% compared to the November reading of 65.4%.

The New Export Orders Index registered 57.5%, a decrease of 0.3 percentage points compared to the November reading of 57.8%.

The Imports Index registered 54.6%, a 0.5-percentage point decrease from the November reading of 55.1%.

Of the 18 manufacturing industries, 16 reported growth in December.

Distributor

SiteOne Landscape Supply Inc., Roswell, Georgia, announced that it has acquired **Stone Center of Richmond LLC** and **Stone Center of Fredericksburg LLC** — known collectively **Stone Center of Virginia** — effective Dec. 31, 2020. Financial terms of the deal weren't disclosed.

Industrial distributor **MSC Industrial Supply Co.**, Melville, New York, reported sales of \$771.9 million for its fiscal first quarter, a 6.3% decrease compared to the year-ago period. Quarterly profit was \$38.5 million, a 41.5% decrease compared with the first quarter last year.

Industrial distributor **Motion & Control Enterprises**, a Zelienople, Pennsylvania-based portfolio company of the private equity firm Frontenac Co., announced that it has acquired Cleveland, Ohio-based **Diversified Air Systems**. Financial terms of the deal weren't disclosed.

Electrical distributor **Van Meter Inc.**, Cedar Rapids, Iowa, announced that it has acquired **Mid-West Electrical Supply Inc.**, a Wichita, Kansas-based single-branch, electrical distributor, in an asset sale. Financial terms of the deal weren't disclosed.

B&D Industrial Inc., a Macon, Georgia-based industrial distributor, announced the retirement of CEO Andrew "Andy" Nations, effective Dec. 31, 2020. Nations will remain chairman of the board of B&D Industrial while three of the company's third-generation family members — Brian Davis, Ben Nations and Lauren Lanter — will step into the co-CEO position while continuing in their current operating roles.

Mechanical insulation distributor **Distribution International, Inc.** announced its acquisition of RB, LLC, one of North America's largest marine specialty insulation distributors and fabricators. Financial terms of the deal weren't disclosed.

Univar Solutions Inc., the Downers Grove, Illinois-based chemical and ingredient distributor, has named James Holcomb president of North America Chemical Distribution. Holcomb will be responsible for the company's chemical distribution businesses in the U.S. and Canada.

Kaman Corp., Bloomfield, Connecticut, announced the appointments of Russell Bartlett as COO and Kristen Samson as CMO. Both were hired after stints at **Textron Inc.**

SiteOne Landscape Supply Inc., Roswell, Georgia, has acquired **Dirt and Rock LLC**, which is based in Lake Oconee, Georgia, just east of the Atlanta metro area. Financial terms of the deal weren't disclosed.

Applied Industrial Technologies, Cleveland, announced it has acquired **Gibson Engineering Company Inc.** ("Gibson"), a Norwood, Massachusetts-based provider of automation products, services and engineered solutions. Financial terms of the transaction were not disclosed.

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Specialty building materials distributor **US LBM Holdings LLC**, Buffalo Grove, Illinois, has acquired Gilcrest/Jewett Lumber Co., a building products dealer and manufacturer with five locations in Iowa.

Wayne, Pennsylvania-based buying group **AD** announced it has completed mergers with **SafetyNetwork** and **Delta Distributors**. The deals mark the group's 11th and 12th mergers since it started in 1981, and its fourth and fifth in the last two years. Both mergers were effective Jan. 1.

Ferguson PLC has agreed to sell **Wolseley UK** — its UK-based heating and plumbing distribution business — to the private equity firm **Clayton, Dubilier & Rice** for £308 million (US\$417.5 million).

DXP Enterprises Inc., Houston, announced that it has completed three acquisitions — **Total Equipment Co.**, **APO Pumps & Compressors (including Corporate Equipment Co.)** and **Pumping Solutions Inc.** Financial terms of the transactions were not disclosed. DXP funded the acquisitions with cash from the balance sheet.

Hillenbrand Inc., Batesville, Indiana, announced that it has completed the sale of its **Red Valve** business to **DeZURIK Inc.** for \$63 million. The sale follows Hillenbrand's previously announced intent to exit the business. Hillenbrand entered into a stock purchase agreement with DeZURIK in which DeZURIK acquired Red Valve on Dec. 31, 2020, for \$58 million in cash a \$5 million note payable.

Canadian industrial distributor **Wajax Corp.** announced it has agreed to acquire Calgary, Alberta-based distributor **Tundra Process Solutions Ltd.** for C\$99.1 million (US\$77.7 million).

Arrow Electronics Inc., Centennial, Colorado, announced that Sean J. Kerins has been named the company's COO. He will continue to report to Michael J. Long, chairman, president and CEO.

Manufacturer

Swedish manufacturer **Atlas Copco** announced two acquisitions — **Purification Solutions LLC**, a Charlotte, North Carolina-based compressed air and gas solutions provider, and **Kawalek Kompressoren**, a German-based compressed air

distributor and service provider.

Economy

Indian River Consulting Group's (IRCG) weekly **Pandemic Revenue Index** for the work week of Dec. 28, 2020, to Jan. 1, 2021, increased 21.3%, in part because of a favorable comparison with last year's holiday week in which the New Year's Day holiday fell on a Wednesday (as opposed to a Friday this year). Out of the 13 reporting firms, 11 respondents reported increases including three reporting greater than 50%. Two companies reported declines with both in the single digits.

Heating, Air-conditioning & Refrigeration Distributors International (HARDI), Columbus, Ohio, released its monthly **TRENDS report**, showing the average sales performance by HARDI distributors was an increase of 3.6% percent during November. The average annual sales growth for the 12 months through November 2020 is 3.2%. The Days Sales Outstanding (DSO), a measure of how quickly customers pay their bills, is now at 44 days.

Construction spending during November 2020 was estimated at a seasonally adjusted annual rate of \$1,459.4 billion, 3.8% above the November 2019 estimate of \$1,405.5 billion and 0.9% above the revised October estimate of \$1,446.9 billion, according to the **U.S. Census Bureau**. During the first 11 months of 2020, construction spending amounted to \$1,314.1 billion, 4.4% above the \$1,258.8 billion for the same period in 2019.

The **U.S. Census Bureau** released advance indicators showing that the international trade deficit increased while and wholesale inventories decreased in November. The international trade deficit was \$84.8 billion in November, up \$4.4 billion, or 5.5%, from \$80.4 billion in October. Exports of goods for November were \$127.2 billion, \$1.1 billion more than October exports. Imports of goods for November were \$212 billion, \$5.5 billion more than October imports. Wholesale inventories for November, adjusted for seasonal variations but not for price changes, were estimated at an end-of-month level of \$649 billion, down 2.2% from November 2019 and down 0.1% from October 2020. The September 2020 to October 2020 percentage change was revised from up 1.1% to up 1.2%.

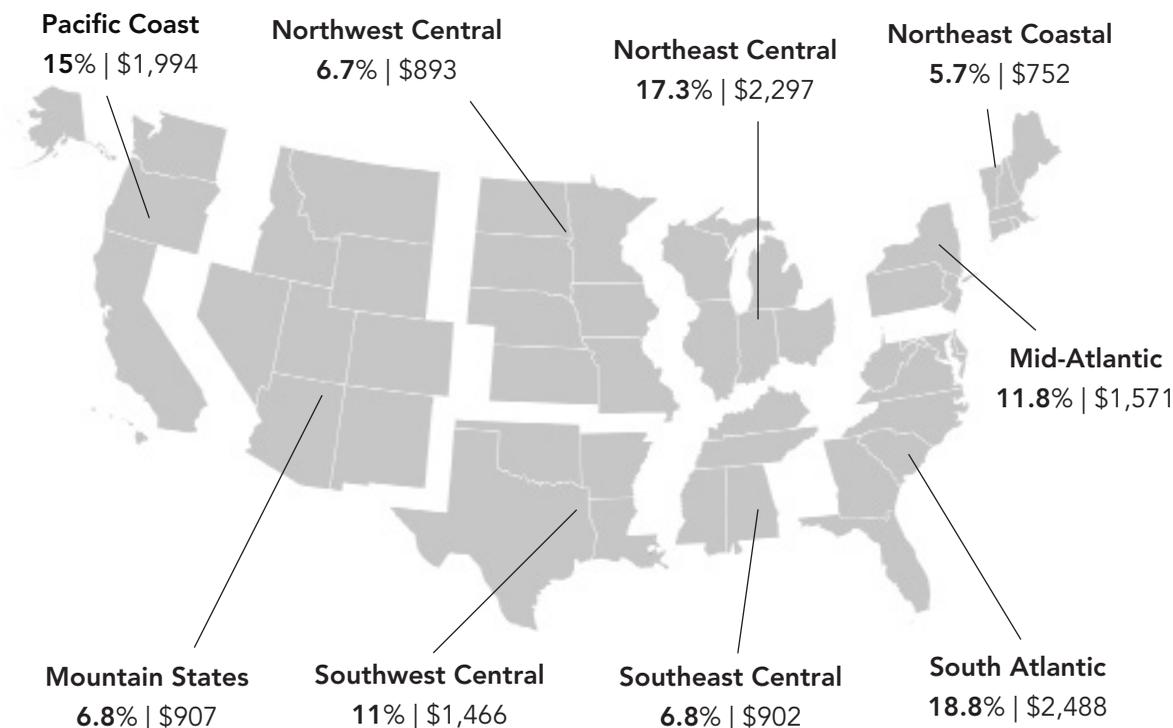
Light Fixtures | Market Snapshot

U.S. Total: \$13.3 billion

Market demand for light fixtures in the U.S. was \$13.3 billion as of January 2021, according to data from MDM Analytics. All estimates are 2020 end-user demand, in U.S. dollars, including distributor margin.

**MARKETS
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U.S. End-User Market Demand for Light Fixtures by Region, \$Millions (2020)



U.S. End-User Market Demand for Light Fixtures: Top 10 End Markets

Top 10 end markets in \$ volume, by SIC code, consuming light fixtures (2020 est.)

End User	Estimated Consumption
1731 Electrical Work	\$3,514,577,240
3711 Motor Vehicles and Passenger Car Bodies	\$1,157,050,007
4911 Electric Services	\$783,344,240
3646 Commercial, Industrial and Institutional Electric Lighting Fixtures	\$604,532,199
2451 Mobile Homes	\$418,835,496
1521 General Contractors-Single Family Houses	\$271,894,710
7011 Hotels and Motels	\$236,786,680
1611 Highway and Street Construction, Except Elevated Highways	\$191,082,039
3792 Travel Trailers and Campers	\$180,198,408
8211 Elementary and Secondary Schools	\$179,268,997

Source: MDM Analytics, Niwot, CO. Contact info@mdm.com for permission to reprint/share. Learn more about MDM Analytics at www.mdm.com/mdm-analytics.

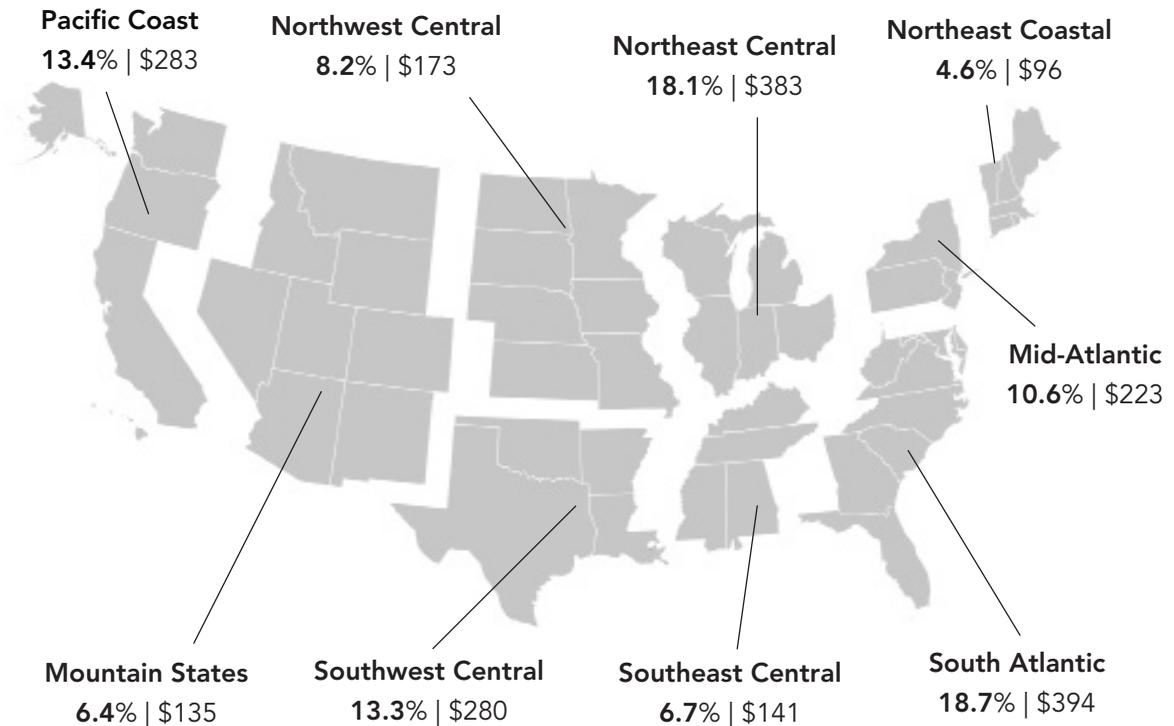


Sealants | Market Snapshot

U.S. Total: \$2.1 billion

Market demand for sealants in the U.S. was \$2.1 billion as of January 2021, according to data from MDM Analytics. All estimates are 2020 end-user demand, in U.S. dollars, including distributor margin.

U.S. End-User Market Demand for Sealants by Region, \$Millions (2020)



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

Top 10 end markets in \$ volume, by SIC code, consuming Sealants (2020 est.)

End User	Estimated Consumption
1711 Plumbing, Health and Air-Conditioning	\$410,838,201
1721 Painting and Paper Hanging	\$144,213,763
2431 Millwork	\$74,751,033
1542 General Contractors-Non-Res Bldgs, Other Than Industrial & Warehouses	\$60,204,558
3714 Motor Vehicle Parts and Accessories	\$55,259,198
1521 General Contractors-Single-Family Houses	\$53,572,125
1623 Water, Sewer, Pipeline and Communications and Power Line Construct.	\$51,791,596
3721 Aircraft	\$49,968,709
3585 Air-Cond and Warm Air Heating Equip & Comm & Indust Refridge Equip	\$40,906,437
3711 Motor Vehicles and Passenger Car Bodies	\$39,401,681

Source: MDM Analytics, Niwot, CO. Contact info@mdm.com for permission to reprint/share. Learn more about MDM Analytics at www.mdm.com/mdm-analytics.