

INSIDE

NW Synergy Sets the Stage for a Bright Future

Mark Fisher, recently appointed CEO, is eyeing continued growth across the portfolio.

2020 was a momentous year for Mark Fisher, who was appointed as CEO of NW Synergy (NWS), the recently formed holding company that manages JanSan and facilities maintenance distributors North American, WAXIE Sanitary Supply, SWPlus and Southeastern Paper Group. He spoke with MDM about where the businesses have been and where they're heading.

By Eric Smith

NWS was created last spring after WAXIE (which is on MDM's 2020 top Jan-San Distributors list) and North American finalized their partnership agreement with Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), the Monterrey, Mexico-based publicly traded company. NWS and its companies are part of FEMSA's "strategic businesses" division.

Fisher, whose past experience includes stints at such distributors as Univar, Owens & Minor and McKesson, was instrumental in guiding NWS through two acquisitions in December (SWPlus and SEPG), and he also says the company is experiencing nice organic growth, though FEMSA doesn't currently break out sales for this division.

MDM checked in with Fisher about how business is going, what's driving growth, how the recent acquisitions fit with NWS's overall strategy and what's next for the companies. Here's what he shared.

MDM: How was business for NW Synergy's companies in 2020?

Fisher: Surprisingly good, given that we're in a global pandemic. The industry, in general, had a mixed year. We're fortunate

in that we're in so many different end markets. We've got 36,000 different customers, 37 different markets that we've got distribution centers in and we do business in all 50 states with our 2,000 teammates. Some of our end markets understandably were down — retail and hospitality come to mind — but many of them were up, including health care, education and government.

Our supply chain and distribution businesses took off. And we pivoted in terms of the products and solutions that we offered, toward PPE, sanitation, cleaning, air purification. We got a boost there when things like paper and plastic were a little bit muted given the change in the economy. It's about how our teammates adapted to the challenges. What we think separates our company from others is our teammates, their knowledge of the products that we sell, and the solutions that we put together for each one of our 36,000 customers.

We all became much more virtual. We got good at digital sales and marketing. But again, it's our teammates in the warehouses that have to come in every day, and you can't pick, pack, ship deliver an invoice virtually. It's all about the teams. Fortunately, FEMSA, WAXIE, North America, SEPC and SWPlus — this isn't the first time they've gone through a crisis; all of them have been around a long time. They've gone through some challenges in their history, and having a culture of customer-first helped us put the customer and the suppliers and our teammates in the forefront of our thinking, and then come up with creative solutions.

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Successful Habits Often Start with a Small Step in the Right Direction

Lately, I've been reading articles and listening to podcasts on the topic of what it takes to build successful habits and keep them going for the long term. In addition to developing positive practices for myself, it's something I'd like to be able to help instill in my school-age children. One tip that particularly resonated with me during this time of pandemic-induced overload — when adding anything to an already full plate feels daunting, if not impossible — is the suggestion to set micro goals. For example, want to start reading more? Start with a goal of five pages or even five minutes per day. We can all spare five minutes.

The same concept can apply to business goals. I hosted a recent webcast, "On the Bright Side: How to Create Opportunity from 2020's Disruptions," that covered a wide range of business development tips, from process improvement to people development to technology changes. During the Q&A portion, one participant asked the most important question one can pose: "How do I get started?"

The webcast explored a variety of interrelated and often overlapping areas of business development, making it potentially overwhelming to know what to tackle first. This can increase the likelihood that we will do nothing at all.

So what's a distributor to do? First, step back and look at your business, advised Dave Saunders of Ultra Consultants. Ask yourself, if you had another major disruption coming this year (perish the thought!) how would you respond to it? Do you have the right tools in place

to weather the disruption? If not, pick one area to focus on, break it down into corresponding tasks, and start there.

Fellow webcast speaker Diane Yarrow of Oracle NetSuite provided a great suggestion to set as an initial micro goal. Look at your processes and ask yourself, "What can we automate?" It's a helpful tip when lack of time is often a factor in our failure to meet a goal we set for ourselves. (For more of Saunders' and Yarrow's advice, check out the webcast here: bit.ly/2Z2G44E.)

Real-Life Inspiration

Meanwhile, look no further than the pages of this edition of MDM Premium for several real-life examples of executives in the C-suites of distribution's top companies who are making positive change happen. In "Leading Distributors Share the Secrets to Their Success," (p. 6), Kathy Mazarella of Graybar, Debbie Weitzman of Cardinal Health Inc. and D.G. Macpherson of Grainger open up their pandemic playbooks.

They spoke during last month's National Association of Wholesaler-Distributors Digital Summit, discussing how they've led their businesses over the past year and how the lessons they learned during COVID-19 can help influence the industry, whether that's diversifying business, rising to the complexity of distributing the vaccine or competing with Amazon.

What micro goals do you have for yourself and/or your business? I'd love to hear them so that MDM can help you on your journey. Send me an email at elizabeth@mdm.com.

MODERN DISTRIBUTION MANAGEMENT

Founded in 1967
by J. Van Ness Philip

CEO
Thomas P. Gale
tom@mdm.com

SVP, Publishing
Tish Drake
tish@mdm.com

Editor in Chief
Elizabeth Galentine
elizabeth@mdm.com

Senior Editor
Eric Smith
eric@mdm.com

Gale Media, Inc.
6309 Monarch Park Place, Suite 201, Niwot, CO 80503
Tel: 303-443-5060
Website: <http://www.mdm.com>

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NW SYNERGY

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MDM: What's been driving growth and how has the company navigated COVID-19?

Fisher: We had a tremendous amount of inorganic growth with the acquisitions that we did, but for our organic growth, it starts with our people. We've got, across our platform, tremendous people in sales and service, and category management. Our sourcing team was able to reach out to our great supplier network globally to find the products that were in high demand. With PPE and sanitizers, we've got a phenomenal national brand called WAXIE, where we have a great supply of cleaning and disinfectant chemicals that we're selling across the platform. That helped.

We also had a great opportunity to bundle our products and services together. We combined JanSan facility supply marketing and our packaging business and came up with solutions called Re-Entry 6 [RE6] and Reimagine Clean, where we bundled those products and services, and brought them to our customers, combining the education, product services and training that they needed to keep their employees and customers safe.

MDM: What initiatives, if any, has NWS undertaken (marketing, technology, sales transformation, etc.) to increase organic growth?

Fisher: We're in some unique markets like JanSan, facility supply, foodservice disposables, packaging solutions and then, very unique to NWS, is our Nvision marketing supply chain team. We were able to create these campaigns for our customers and educate them around cleaning supplies, how to use them, which products kill COVID-19. But also, much like a lot of companies, we pivoted to use Zoom and Teams a lot to reach out internally, but also to our customers and suppliers, so we didn't lose connection. Although we couldn't be in person with them as much, or in some cases at all, we kept our contact, we kept listening to our customers. And we kept pivoting and getting them the supplies and the solutions they needed.

We've become also much more omnichannel. We're trying to meet customers where they want to do business, whether it's phone, fax, in-person, and now we've got an incredible web presence and a digital marketing team. So not only are we reaching out and further penetrating our customers with our digital marketing, we're

also attracting and acquiring hundreds of new customers that may not have known us before the pandemic.

Finally, what makes us different is the amount of customer, supplier and product data we have across the country now. Our teams are using data to look at regions and customers and end markets differently, and then penetrate those end markets and those customers with products and services that heretofore we didn't

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— Mark Fisher, NWS

have or didn't have access to across the platform. We're using data for our digital marketing, our sales and marketing teams to bring new and different solutions to our customers. [Something] that we may have in service in Georgia, we now can show [customers] this solution in California that the data has pointed us to. We're excited about the amount of data we have, and we're going to continue to enhance our data analytics capability.

MDM: With all this being said, what's the outlook for 2021?

Fisher: I think it's pretty good. We're nowhere near the end of the pandemic, but there's light at the end of the tunnel with the vaccines. Our cleaning, our PPE, our air purification products will continue to see great growth. And that'll sustain for years to come. We do forecast, in the back half of the year, things opening up in retail, transportation, office, hospitality — that'll bring back some of our traditional paper and plastic products. And we plan to maintain our lead in chemicals and cleaning supplies. So that's the big picture, we continue to innovate with our solutions and meet customers where they want to do business.

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NW SYNERGY

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MDM: NWS has made two acquisitions — SW-Plus and SEPG — in the last couple of months to join North American and WAXIE; what was the strategy behind those additions to the portfolio?

Fisher: We've been very transparent in terms of telling the market, "We want to build a nationwide platform," and the way we're going to do it is to find like-minded and like-valued compa-

We're focused on growing the business. When the team and I get together, we talk about how 'run the business' is our No. 1 priority. Do no harm as we bring these great companies together and also do more acquisitions.

— Mark Fisher, NWS

nies. If we can get the culture right, the strategy will be much easier to execute. So fortunately, [WAXIE CEO] Charles Wax and [North American CEO] John Miller have phenomenal relationships inside the industry; their families have been in it for over 100 years. And their friends want to be part of this family of companies that are like-minded and share the same visions and values.

So, we've been fortunate. Now we brought on Eric Tangeman's company [SWPlus] and Lewis Miller's company [Southeastern Paper Group], and the cultures have been great.

It's been challenging to do integration virtually, but again, if you start with great foundations, great values, great strategies and cultures, it's a little bit easier. We're in no rush, but we're getting a lot of interest in the market from people who John, Charles, Eric and Lewis know, but we're going to wait and be patient and find companies that fit our values and fit our strategy. If we see an opportunity that fits, we've got a great partner and thumbs up if they're very well capitalized. We'll make the appropriate acquisition if anyone's interested, or willing to talk.

MDM: How did those deals enhance the value proposition of NWS, and how did the cultures align?

Fisher: Obviously, it's got to be a good fit from a product standpoint. We're focused mainly on

facility supply, JanSan, packaging solutions, foodservice disposables and then our Nvision marketing division. We don't want to get too far afield from those end markets or those product suites. But then, geographically it's got to be a good fit.

Most importantly, it's culture — family-oriented, customer-centric, teammate-focused, and having an interest in being a good partner in the community, too. All the companies we've brought together, including FEMSA, are very focused on their teammates. If we take care of our teammates and the communities they live in, they'll take care of our suppliers and our customers. We're focused on the culture, the values. You've got to be humble, you've got to be service-oriented, you've got to be customer-focused, you've got to value hard work. If you're into that, we will be into you. If we get the culture right, the culture will eat the strategy for lunch.

MDM: We've written a lot about the complexity of M&A during COVID-19; what challenges did you encounter and how was the team able to overcome them and reach the finish line?

Fisher: For sure, it was more challenging. Again though, it started with like-minded companies and cultures, and the fact that John and Charles know every player in the industry. Their friends called them, and they called their friends, so the trust factor was there immediately. One of the challenges when two public companies come together is the trust factor, but the Waxes and the Millers have a great amount of respect in the industry from their peers. That helps a lot.

Where normally you'd be in person for a lot of the due diligence, we clearly had to do it over Zoom and Teams, but that trust was there immediately, as was the common vision of building this nationwide platform that's focused on our teammates, our suppliers and our customers. We did make a few visits out to some of the sites to kick the tires, if you will, but a lot of it was done virtually. And we traded a lot of spreadsheets and Word documents back and forth. We got through it and we continue to do it today. And again, it starts with a trust in the same value system.

MDM: What's on tap for NWS on the acquisition front in 2021?

Fisher: I'd like to keep my job for a little bit longer [laughs], so nothing specific. But you can

look at a map and you can tell where we need to go. We're not going to rush into any deals. There are several good like-minded companies that we're talking to and that we want to partner with, it's just getting the right deal so it's a win-win for both us and them. We've got four great companies together and I'm confident we'll have more here soon.

MDM: What type of businesses are you targeting, and are you looking for product expansion, geographic growth or just good companies that fit the NWS model?

Fisher: We've got the products and services and solutions down. We've got great sourcing teams, great category management teams. If you look at a map of our footprint, we clearly need some acquisitions, or some organic growth, in the Northeast, and maybe a little bit in the Western part of the Midwest, and then Texas. Those are probably the big ones. We're going to be choosy, make sure we find the right partners. If we don't, if it's not a win-win for both companies, then it won't be successful. So far, so good, and we like the people we're talking to now.

MDM: Anything I forgot to ask about NWS or its companies?

Fisher: We're focused on growing the business. When the team and I get together, we talk about how "run the business" is our No. 1 priority. Do no harm as we bring these great companies together and also do more acquisitions. Take care of our customers, take care of our suppliers, take care of our teammates. If we take care of the teammates, they'll take care of our customers and suppliers. So No. 1 is run the business, No. 2 is "grow the business."

There's organic growth that our sales team and marketing teams are doing every day. And then there's the inorganic or acquisition growth that we've got a team of folks working on every day also. And then No. 3 is "build the culture, build the team and build the company." We want to get the right culture. If we've got the right mission, vision and values, the strategy will come along nicely. We're focused on running the business, growing the business, and building the company and culture. That's what's going to set us apart. It's going to be an exciting 2021. Our future is pretty bright.


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Leading Distributors Share the Secrets to Their Pandemic-Era Successes

Top distribution executives open their companies' pandemic playbooks.

Kathy Mazzarella of Graybar, Debbie Weitzman of Cardinal Health Inc. and D.G. Macpherson of Grainger spoke on a National Association of Wholesaler-Distributors Digital Summit panel about how they've led their businesses over the past year and how lessons learned during COVID-19 can help influence the industry.

By Eric Smith

Distributors have played a critical role during the COVID-19-driven disruptions of the past year. Whether that meant supplying PPE or distributing vaccines, wholesale companies have been counted among the country's "essential" businesses in terms of keeping Americans safe amid the pandemic.

At the recent National Association of Wholesaler-Distributors Digital Summit — renamed from the Executive Summit that's typically held each year in Washington, D.C. — the importance of distribution during these uncertain times took center stage.

One presentation in particular, "The Distribution CEO Panel: Leading in a Time of Transition," showed how some of the top companies in this space adapted to the challenges of the coronavirus and have been shepherding their teams through lockdowns, quarantines and evolving customer demands.

The panel included Kathy Mazzarella, chairman, president and CEO, Graybar Electric Co. Inc.; Debbie Weitzman, president, U.S. Pharmaceutical Distribution, Cardinal Health Inc.; and D.G. Macpherson, chairman and CEO, W.W. Grainger Inc. Eric Hoplin, president and CEO of NAW, served as moderator.

The questions asked during the session were built around a simple theme: Distributors are critical to ensuring that in-demand products — from the PPE needed to protect employees to the electrical products needed to keep businesses open to the medical supplies needed to keep everyone healthy — reach their final destinations, so how have they responded?

What's more, the businesses represented on the panel are among the leaders in their respective verticals. Graybar posted annual revenue of

\$7.5 billion in 2019 and ranks No. 4 on MDM's list of the Top Electrical Distributors (2020 revenue was not available at press time). Cardinal Health reported sales of \$152.9 billion in 2020 with Weitzman's division, Pharmaceuticals, posting the bulk of that total at \$137.5 billion. And Grainger, whose 2020 revenue was \$11.8 billion, ranked No. 2 on MDM's Top 40 Industrial Distributors list from a year ago.

With the executives of such prominent distributors opening the playbook for how their companies navigated COVID-19, we are sharing some of those best practices so that others could learn from these market leaders.

Below are some of the lessons that each executive shared during the hour-long virtual panel about how they managed their teams and how their teams persisted in the face of such daunting obstacles. Here are these top execs in their own words:

Leadership Traits

On the leadership trait they leaned on to help their executive teams — and their companies — not only survive but thrive during the pandemic.

- **Kathy Mazzarella:** "What I leaned on was the belief in the power of our organization and our people to get through this OK. And the fact that we had to convince them that everything was going to be OK — that seemed to be the key to our success and allowed us to continue to move forward and to keep our people motivated to get through this."

- **D.G. Macpherson:** "The most important thing that we've learned is to deal directly with some of the human emotions and implications. This has been a humanitarian crisis and taking the time to actually talk about those, but then bringing it back to what our principles are: how we deal with each other and treat others, and moving to what matters for the business for the future. Balancing that human connection, which is more important than ever, while building for the future, that's probably the most important leadership lesson we learned this year."

- **Debbie Weitzman:** "I would point to adaptability. Without adaptability, we would not

have survived the changing circumstances that we faced every single day. As a quick example, when we all moved to work from home, our leaders had to model good behavior, and be on camera all the time, and make ourselves available 24/7. Now the pendulum has swung the other way and modeling good behavior is giving people permission to not be on camera. We've implemented something at Cardinal Health called Whitespace Wednesdays to make sure nobody's scheduled meeting for a certain block of time and people have a little time to think. The needs have been shifting and changing, so adaptability has been key."

Changes and Innovations

On the changes and innovations they implemented to "meet the moment" of the COVID-19 pandemic.

- **Mazzarella:** "When you head into something that was as dramatic as what we were dealing with and there's so much unknown, you need to get people focused on the key goals and the priorities so that as the world was churning, and people were going to get very concerned, we could show them where we needed to go. We also had to accept the fact that what we thought was going to go wrong, probably would. Basic systems that we took for granted outside of the organization, we planned for them to fail because this was a global economic meltdown driven by a pandemic. We created three main goals that every employee was focused on. First was to take care of each other. Second was to provide uninterrupted, high-quality service to our customers. And third was to keep the company strong through business continuity and to make sure that we continued on with our long-term projects. The one thing I would recommend, if people haven't done this so far, is to document everything that you've done as an organization — all the decisions you had to make, good and bad, anything you may have done differently. I tell our young leaders all the time that the time to get ready for a difficult situation is when things are good."

Meeting Demands

On how the challenges of pivoting to PPE and supplying the crush of new product demands.

- **Weitzman:** "It was an all-hands-on-deck situation. The way you get through that is massive over-communication, literally every form of communication, whether it was texting or phone calls. And people stepped up to address the needs and make things happen that had never

happened before. We were documenting things, debriefing things and creating that future playbook so that when we did hit a calm period, and we could take a breath and figure out what was here to stay and what is now the new normal, what could now be prioritized and what we could stop doing. It was an interesting learning

When you head into something that was as dramatic as what we were dealing with and there's so much unknown, you need to get people focused on the key goals and the priorities so that as the world was churning, and people were going to get very concerned, we could show them where we needed to go.

— Kathy Mazzarella, Graybar

period for the hourly workers in our warehouse all the way up to top leadership. Everybody played a role in figuring out how to get through this."

- **Macpherson:** "Because we had product that customers needed during the pandemic, our customer acquisition numbers are way up over what they were before the pandemic. How that typically looks is customers find product on Grainger, buy it and we don't know who they are. What we did have to do is change our customer acquisition and follow-up processes to make sure we were qualifying customers. Some of them may not be long-term attractive for Grainger, but a lot of them are. We have ramped up our ability to acquire, qualify and reach out to customers to try to get new customers to become regular buying customers. That's been a change that has been consistent throughout, and we've had to change our process entirely to become much better at qualifying and getting repeat buys out of customers. It's been an interesting learning for us — getting customers to repeat orders and make them consistent buyers, which is important for the business."

Ongoing Challenges

On Cardinal Health's view of when the vaccine will become more readily available but the challenges that will still exist in terms of getting

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enough people vaccinated to achieve herd immunity:

- **Weitzman:** “We think that we’ll hit that mark by late summer. I think the thing to worry about more is encouraging people to get the vaccine, because right now the problem is availability and actual inventory. But three or four months from now, that will not be the problem. There’ll be plenty of product flowing, and instead of people desperate to get the vaccine, we’re going to be out there looking for people who haven’t gotten vaccinated yet and encouraging them to do it, especially younger people who feel invincible. Within the health care population, there are health care workers who qualified for the vaccine and are saying that they don’t want to get it. We need to overcome that; I think that’s the biggest obstacle.”

Business Diversity

On the growing importance of diversity in businesses and across the industry that emerged during the pandemic (according to the Bureau of Labor Statistics and NAW data, women compose 46.8% of the general workforce and 30.2% of distribution; African Americans compose 12.1% of the general workforce and 8.8% of distribution; Asian-Americans compose 6.4% of the general workforce and 5.4% of distribution; and Hispanics compose 17.6% of the general workforce and 18.8% of distribution):

- **Mazzarella** [who is one of only 37 women leading Fortune 500 companies]: “People often think about diversity through the lens of the traditional demographics, whether it’s gender, ethnicity. I tend to look at it a little broader than that. It’s about creating an inclusive workplace that represents the communities and the customers in which we serve. That’s going to vary across the United States. Why does diversity matter? Because it’s just the right thing to do. It’s not about hitting a number. It’s not about hitting a quota. It’s just the right thing to do. People with different perspectives and different life experiences bring a fresh and innovative view toward the opportunities and the challenges that we face today and into the future.

When our workforces represent the communities and the customers in which we do business, then it tends to create a better long-term relationship with those areas. Demographics are shifting. From a sheer practicality perspective, if we don’t reach into a variety of different areas to look for our workforce, we’re going to have a

very limited pool.

“Diversity and inclusion are vital to the future success not only of our organizations, but of our industry. To me, it’s about a cultural shift in the way that we think about how do we hire people and how do we bring them into our workforce and make sure they feel valued? It’s about broadening the idea about diversity beyond race and gender, ethnicity, sexual orientation. It’s about asking how can we provide opportunities for people in underserved communities or people who don’t get the chance.”

Competing with Amazon

On how distributors should be responding to the Amazon threat, which seems to have grown fiercer during the stay-at-home dynamic of COVID-19:

- **Macpherson:** “I don’t think about out-competing Amazon because I don’t think we can compete as Amazon competes. You have to compete differently. For us, that means recognizing that we have things that Amazon typically doesn’t do or isn’t interested in doing. We have great product expertise, technical expertise, services that we provide at the customer’s place of business to help and manage their inventory. The thing I would urge every NAW member to do is to ask themselves, ‘What do you do that’s unique, that isn’t going to be in the crosshairs of where Amazon’s going?’

“Jeff Bezos has said that he’s not going after anybody in particular. Amazon focuses on doing what they do very, very well. We ask ourselves, ‘What do we do well?’ We’ve invested millions and millions of dollars in improved product information so that we can support technical expertise at every customer touch. We’ve done the same thing with customer information because the great news about our space is customer information is messy. Understanding what customers actually do and how they operate is great. If we can get an advantage there, we think that’s important. We’ve invested in a supply chain that has 700,000 items in a single building such that we can get orders to customers the next day much better than Amazon can do. It’s a different way of thinking about the world. For us, for all of us, it needs to be about what do you do well, what’s your point of advantage and how can you press that advantage? Find out what’s unique to whatever you do and just get better and better at that. If you do, it’s likely that you will create some competitive advantage with wherever Amazon goes.”

Manufacturing Technology Orders Up 17.6% in December

U.S. manufacturing technology orders totaled \$456.7 million in December, a 17.6% increase from the same month a year ago, according to the U.S. Manufacturing Technology Orders report published on Feb. 8 by AMT – The Association For Manufacturing Technology.

New orders placed in December also marked a 40% increase from November. For the year, orders totaled \$3.87 billion, a decrease of 15% from the 2019 total.

“In December, the manufacturing technology industry saw growth in all geographic regions of the country as well as across the majority of manufacturing sectors,” said Douglas K. Woods, president of AMT. “Given the reduced holiday schedules of most companies in December, this is particularly striking. The aerospace industry, which has been anemic since the spring due to the collapse of global travel, did significantly better than it has in many months. The November FAA approval of the Boeing 737 Max led to increased capital equipment investments by both small and large companies who had financing dependent upon FAA approval in place for these investments.

“Last spring, industry economic forecasters were predicting a 50% decline in manufacturing technology orders for the year amid U.S. industrial production contracting at a lower annualized rate than any point during the Great Depression. But as 2020 closes, we can now confirm that orders were down only 15% for 2020. Given the strength of December, and with pent up demand, depleted inventories, continued reshoring, several COVID vaccines, and a lot of cash on the sidelines, things bode well for a positive start to 2021.”

Distributor

Building materials distributor **SRS Distribution Inc.**, McKinney, Texas, has acquired **J.B. Wholesale Roofing and Building Supplies Inc.**, Chatsworth, California. Financial terms of the deal were not disclosed.

SRS Distribution Inc., McKinney, Texas, announced that it has appointed Ryan Nelson to executive vice president and CFO. Nelson will report to Dan Tinker, president and CEO, and he succeeds R. Scott Vansant, who will remain with the company as executive vice president.

Landscape distributor **Heritage Landscape Supply Group Inc.**, a McKinney, Texas-based subsidiary of **SRS Distribution**, announced it has acquired **Atlanta Landscape Materials** in Atlanta. Financial terms of the agreement weren't disclosed.

Electronic components distributor **Arrow Electronics Inc.**, Centennial, Colorado, reported 2020 sales of \$28.7 billion, down 0.8% from 2019. The company reported a profit of \$584.4 million, compared to a loss of \$204.1 million last year. The company reported fourth-quarter sales of \$8.5 billion, up 15.2% compared with the fourth quarter of 2019. Net income of \$236.1 million was about double from \$112 million in the year-ago quarter.

Fastenal Co., Winona, Minnesota, reported January sales of \$448 million, down 3.2% from the same month a year ago. The company reported daily sales of \$22.4 million, down 9.1% versus a year ago. By region, U.S. sales grew 4.4%, Canada/Mexico sales grew 14.8% and “rest of world” sales grew 35.6%. By end market, manufacturing sales increased 4.8% while non-residential construction sales decreased 8.9%, the company said. Safety sales continued to drive the company's top line, increasing 26.1% while fasteners declined 0.2% and “other” improved 3.9%.

Industrial distributor **Motion & Control Enterprises**, a Zelienople, Pennsylvania-based portfolio company of the private equity firm **Frontenac Co.**, announced that it has acquired **Swanson Flo Control**, Plymouth, Minnesota. Financial terms of the deal weren't disclosed.

Grainger, Chicago, reported 2020 sales increased 2.7% — or 3.5% on an organic basis — to \$11.8 billion, while the company's profit decreased 18.1% to \$695 million for the year.

WESCO International Inc., Pittsburgh, announced it has sold its legacy WESCO utility business in Canada to **Rexel Canada**, a wholly owned subsidiary of France's Rexel Group. Financial terms of the deal weren't disclosed.

Specialty building materials distributor **US LBM Holdings LLC**, Buffalo Grove, Illinois, announced it has acquired **Villaume Industries**, an Eagan, Minnesota-based manufacturer of wood trusses for new residential and commercial construction and of custom wood crating, boxes and

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pallets in Minnesota. Financial terms of the deal weren't disclosed.

Crawford Electric, a Houston-based electrical distributor and subsidiary of **Sonepar**, announced a reorganized senior leadership team for its Houston branch. The company said the moves will aid in its expansion in the Texas Gulf Coast market. Jared Lukert has been appointed to the new role of Houston's business manager, and Eric Eddleman has joined Crawford as the Houston branch manager.

Economy

The **U.S. Census Bureau and the U.S. Bureau of Economic Analysis** announced that the goods and services deficit was \$66.6 billion in December, down \$2.4 billion from \$69 billion in November, revised December exports were \$190 billion, \$6.2 billion more than November exports. November imports were \$256.6 billion, \$3.8 billion more than November imports. The December decrease in the goods and services deficit reflected a decrease in the goods deficit of \$2.8 billion to \$84.2 billion and a decrease in the services surplus of \$0.4 billion to \$17.5 billion. For 2020, the goods and services deficit increased \$101.9 billion, or 17.7%, from 2019. Exports decreased \$396.4 billion or 15.7%. Imports decreased \$294.5 billion or 9.5%.

Indian River Consulting Group's (IRCG) weekly Pandemic Revenue Index for the work week of Jan. 25 to Jan. 29 increased 6.4%, continuing a normal growth trend. Out of the 13 reporting firms, nine respondents reported increases ranging from 1% to 35%. Four companies reported declines ranging from 3% to 24%. IRCG's distributor Pandemic Revenue Index gives distributors a weekly quantified view into how other distributors in the industry are faring as the global COVID-19 pandemic progresses.

The seasonally adjusted **Fastener Distributor Index (FDI)** for January was 57.7, down from 62.6 in December, according to the latest analysis from **Baird, FCH Sourcing Network** and the **Institute for Supply Management**. The **Forward-Looking Indicator (FLI)** did improve, to 66.7 from 65.7 in December.

Wayne, Pennsylvania-based buying group **AD** announced that, on a same-store basis, member sales across all AD's divisions and countries in 2020 were down 3% to \$45.1 billion. By business unit, annual plumbing, heating, cooling and piping same store sales were flat; electrical sales were down 5%; building materials sales were up 4%; and industrial and safety sales were down 7%. They also reported that group purchases from AD suppliers were down 1% in the year to \$12 billion. By country, same-store sales of members in the U.S. were down 3%, Canada same-store member sales decreased by 2% and Mexico same-store sales decreased 15%.

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 21.4% during December. The average annual sales growth for the 12 months through December 2020 is 4.1%.

Construction spending during December 2020 was estimated at a seasonally adjusted annual rate of \$1,490.4 billion, 5.7% above the December 2019 estimate of \$1,410.3 billion and 1% above the revised November estimate of \$1,475.6 billion, according to the **U.S. Census Bureau**. For 2020, construction spending amounted to \$1,429.7 billion, 4.7% above the \$1,365.1 billion for the same period in 2019.

The January **Manufacturing PMI** registered 58.7%, down 1.8% from the seasonally adjusted December reading of 60.5%, indicating expansion in the overall economy for the eighth month in a row. The **New Orders Index** registered 61.1%, down 6.4% from the seasonally adjusted December reading of 67.5%. The **Production Index** registered 60.7%, a decrease of 4% compared to the seasonally adjusted December reading of 64.7%. The **Backlog of Orders Index** registered 59.7%, 0.6% above the December reading of 59.1%. The **Employment Index** registered 52.6%, 0.9% higher from the seasonally adjusted December reading of 51.7%. The **Supplier Deliveries Index** registered 68.2%, up 0.5% from the December figure of 67.7%.

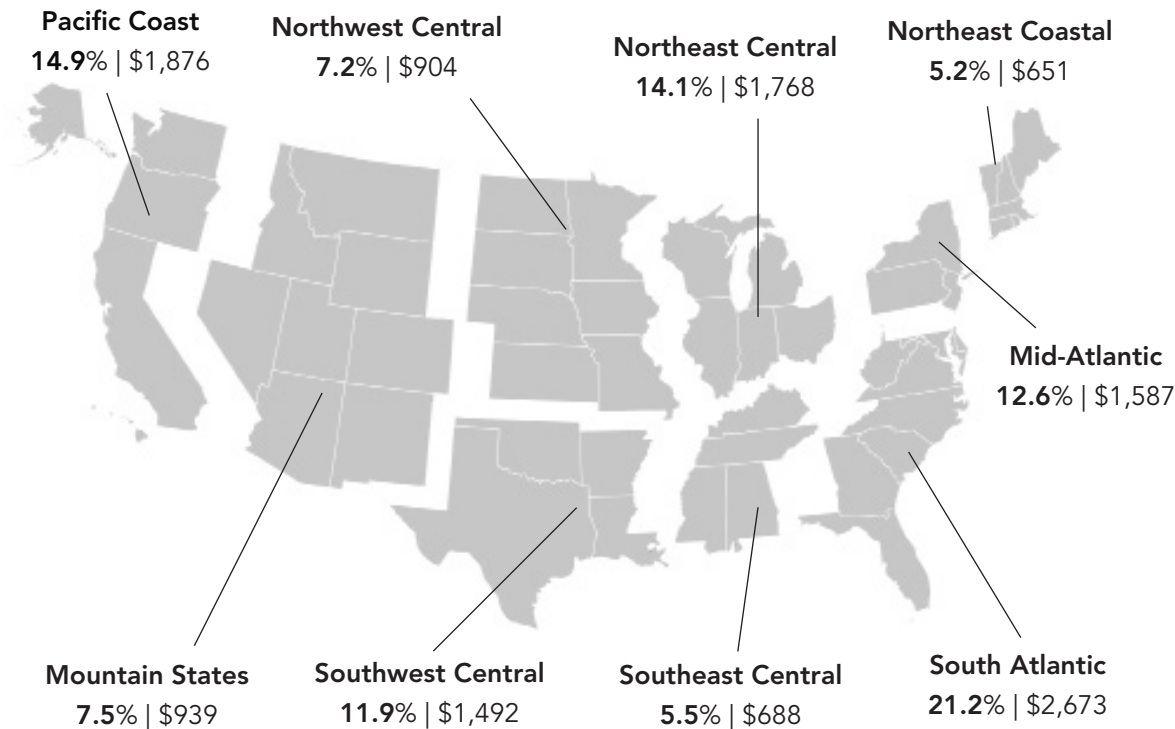
Plumbing | Market Snapshot

U.S. Total: \$12.6 billion

Market demand for plumbing in the U.S. was \$12.6 billion as of February 2021, according to data from MDM Analytics. All estimates are 2020 end-user demand, in U.S. dollars, including distributor margin.

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



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

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

End User	Estimated Consumption
1711 Plumbing, Heating and Air-Conditioning	\$5,687,677,337
5812 Eating Places	\$506,760,981
8211 Elementary and Secondary Schools	\$426,407,737
8062 General Medical and Surgical Hospitals	\$405,766,171
7011 Hotels and Motels	\$273,470,860
5411 Grocery Stores	\$181,349,406
8011 Offices and Clinics of Doctors of Medicine	\$160,188,642
8221 Colleges, Universities and Professional Schools	\$154,217,263
5311 Department Stores	\$151,400,258
7389 Business Services, Not Elsewhere Classified	\$133,145,238

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.

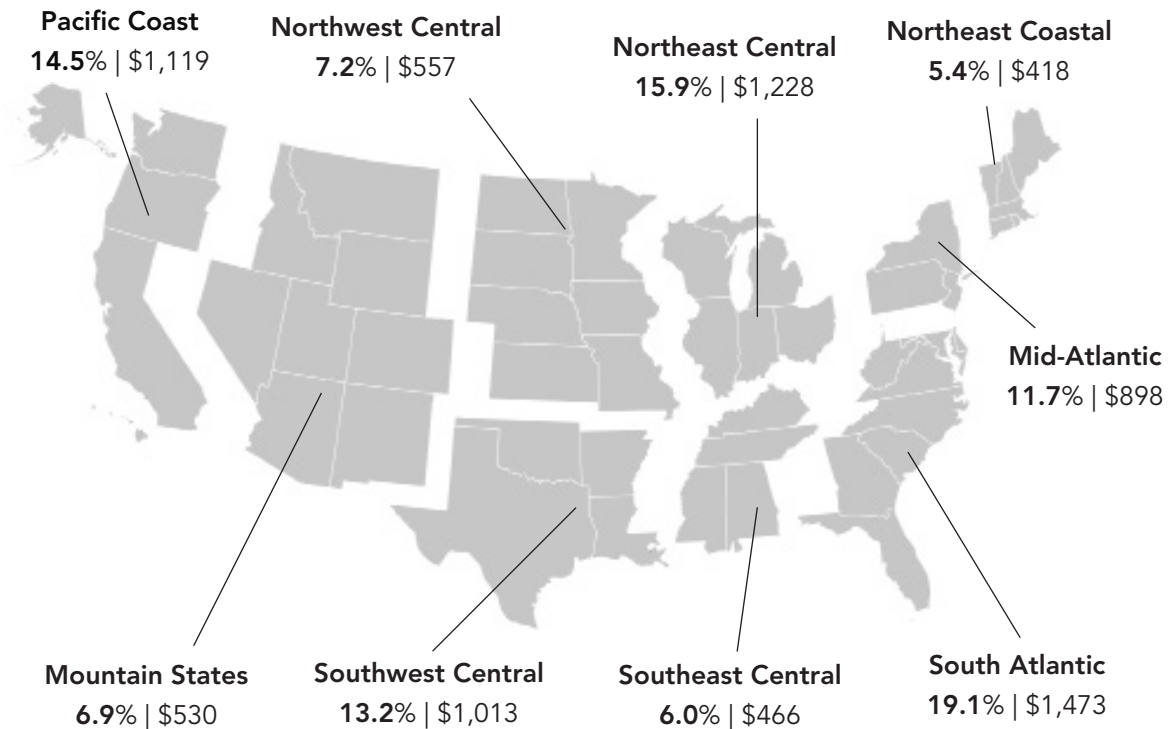


Test Instruments | Market Snapshot

U.S. Total: \$7.7 billion

Market demand for test instruments in the U.S. was \$7.7 billion as of February 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 test instruments by Region, \$Millions (2020)



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

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

End User	Estimated Consumption
1731 Electrical Work	\$947,600,505
4911 Electrical Services	\$533,610,500
1542 General Contractors-Non-Res Bldgs, Other Than Industrial & Warehouses	\$269,315,775
1521 General Contractors-Single-Family Houses	\$248,415,145
1711 Plumbing, Heating and Air-Conditioning	\$247,492,487
2621 Paper Mills	\$235,876,774
8062 General Medical and Surgical Hospitals	\$213,629,192
1623 Water, Sewer, Pipeline and Communications & Power Line Construction	\$157,707,495
3651 Household Audio and Video Equipment	\$132,623,066
3812 Search, Detection, Navigation, Guidance, Aeronautical & Nautical Systems and Instruments	\$101,589,705

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.