The Recruiting Game Has Changed

Here’s what distributors need to know about the post-pandemic talent acquisition market.

Recruiting activity has hit the reset button. Gone are the days of hopping on a plane for a job interview, as both distributors, recruiters and would-be employees have come to trust virtual job interviews, according to John Salvadore, managing partner, Global Recruiters Network-Coastal (GRN Coastal). He will highlight how recruiting methods have changed during MDM’s Future of Distribution Summit event on April 13. Salvadore will address key trends within the recruitment landscape across three main areas: culture, career and recruiting. Here’s a sneak peek of some of the topics.

By Mike Robuck

Last year, HR departments and company executives became laser focused on keeping employees safe as they transitioned to working from home, which led to a void in job recruiting.

“Now, more than ever, companies really have to focus on building their brand and their culture, because the leadership is on full display,” Salvadore says. “Candidates really are concerned about how the company and its leadership communicated during the pandemic. How they really treated their employees. “I get so many questions now that are very similar from candidates, whether I’m talking about a C-level position, or even inside sales positions. Everybody wants to know how the employees have been treated, and I think that’s a big deal.”

Thanks to the pandemic, the recruiting paradigm has shifted and one of the biggest shifts is now job candidates are taking a harder look at their would-be employers, according to Salvadore.

“The candidates are actually interviewing the companies as much as the companies are interviewing the candidates,” he says. “What we see is top company leadership is now playing a bigger role when it comes to closing top talent. Quite honestly, if they’re not doing it, they’re probably looking for a job themselves. I’ve seen the best companies with the best leadership that have really embraces this challenge. It isn’t just about the company’s culture anymore. The candidates really want a balance between work, personal and family life.”

Most job candidates also have a full year of remote work under their belts, and many could be reluctant to return to office buildings. Mandating employees to work in office spaces drastically cuts down on the employee talent pool, according to Salvadore. Taking a flexible approach is much more attractive, he says.

While the bandwidth of company executives has been stretched thin during the pandemic, Salvadore says it was important that they put their best foot forward when interviewing job candidates. Job candidates want to be assured that there’s a career path going forward when they interview for jobs, as well as good starting salaries and solid benefits. “The interview team has to be ready to defend that company’s culture,” Salvadore says. “What they’ve done this past year protecting employees and employees’ families. What they’ve done from the perspective of being flexible and showing some compassion to employees.”

While distributors may think there’s a deep pool of talent seeking new jobs, that may not be the case, according to Salvadore. Employees who are still looking for jobs eight months or a year later after the pandemic hit may still be unemployed for a reason. “In the past, I would present four or five candidates and companies would make a decision and the deal was done,” Salvadore says. “Now, they want to see six, seven or even eight candidates because they think there’s just a glut of talent out.

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What Got You Here Won’t Get You There

If you hit the “snooze” button on the pandemic alarm 12 months ago as far as working on your core business model, the alarm just went off again. The news this week that Amazon Business 2020 revenues were $25 billion was not shocking or unexpected. That they openly announced it was. From my perspective, it’s the wake-up call (or cattle prod) of the decade to plan and build a more agile business to deal with pandemic- and marketplace-induced disruption.

For context, the last time Amazon Business revealed revenue figures was in September 2018, reporting that it was on a run rate to surpass $10 billion in 2018. That’s a two-year growth rate of 150% from 2018-2020. That’s a small piece of the $6-trillion U.S. wholesale distribution sector, but there are few other distributors as innovative in their use of data and a customer-centric obsession to slow their continued targeting of specific customer and product sectors.

On a more positive note, we’re at a point going into the second quarter of 2021 where it’s tempting to focus on the positive outlooks for vaccination rates, re-opening and economic rebound. There are even pockets of exuberance, a commodity in short supply the past year.

I’m not going to throw cold water on that, but if ever there was a window of opportunity to make structural changes in your business, it’s hard to think of a better time than now. In fact, a set of distributors pivoted quickly in 2020 from survival to either growth or reset mode. We profiled many examples throughout 2020, and those companies continue to leverage the shifts they made to their business models.

Of course, there is no right answer. For some, it’s a case of blowing up core parts of the business model, the critical constraints (outdated technology) or sacred cows (outside sales) that have held back growth but weren’t painful enough to address until now. For others, it’s re-fining or prioritizing investments into updating ERP or logistics systems, bringing in new talent, or redefining company culture to upgrade productivity, efficiency and customer connection.

As we move through this critical transition period in the first part of 2021, you have a once-in-a-generation opportunity to accelerate growth and strengthen market share by adapting and leveraging the new market conditions and competitive realities. This will define your continued success in spite of the threats, but only if you adapt.

To challenge your thinking and provide new ideas for how to rethink the best path forward that’s less vulnerable to the disruptions of Amazon Business or the next disruptors to emerge, MDM is hosting a one-day virtual Future of Distribution Summit on April 13 (and on-demand for 90 days viewing). Over six hours of presentations and panels, our core theme is innovation and how you can stay relevant to your customers in this decade of acceleration.

Our speakers and panels will share the latest on business model transformation, productivity in the new workplace, culture shift and talent management. I hope you’ll join me to think hard about what success looks like for your company in the future.
there, but there really isn’t. A lot of the people that have been laid off for months still can’t find a new job, and there might be an underlying reason behind that. The people that are still employed — the truly top talent in the marketplace — are getting calls from everybody. Everybody knows who they are, and they have choices.”

With a smaller, pickier pool of job candidates, Salvadore says distributors needed to move fast to close out the hiring process. Candidates are no longer willing to wait four or five weeks to land a job. For the most part, distributors already know who the top talent is in their various sectors, and if they don’t move quickly to hire them someone else will. “Timing does kill all deals,” Salvadore says. “If a client is dragging their feet, if they can’t get themselves organized, they’re going to lose out on the top people.”

First step: Hire from within
Distributors with job openings would do well to look from within their own employee ranks first. Salvadore says the first question he asks his clients who are looking to hire him to help with their recruiting efforts is whether or not they have already looked internally for job candidates. Recruiting companies don’t want to spend several weeks searching for job candidates only to have their clients come back and say they’ve hired someone internally.

More importantly, Salvadore says promoting employees internally helps foster loyalty and retention. “It’s a good feeling among all of the people in the company when they see someone get promoted from within,” he says. “Especially for high-visibility jobs; that’s really important. The other thing is, companies have to be looking at their internal employees and seeing if they can add different skillsets to the high performers that makes them qualified for promotions, maybe in a different aspect of the company.”

Death of the outside salesperson?
During April’s Summit, Salvadore says he will also talk about how the pandemic has impacted the role of the outside salesperson. Instead of contacting an outside salesperson who is juggling multiple accounts, customers now want to make direct contact with someone when they have technical problems. With last year’s shelter-in-place policies and quarantines, the outside salesperson was, in some cases, locked out of his or her own facilities. “The role of the outside salesperson has really diminished in the eyes of the customer,” Salvadore says. “Relationships are important, but the customer is looking more toward their inside salesperson and the technical support people much more because those folks are there. The value of an outside salesperson has kind of fallen off in importance.”

Salvadore has also seen a growing trend where previously high-rolling salespeople who took a bath on their commissions last year are now more open to premium-only plans that give them more guaranteed money with fewer commissions. “I also see more people looking for bigger sign-on bonuses,” he says. “The big trend is people are really digging in on a very granular level on the benefit packages and associated costs. People are very concerned about their career paths and upward mobility, especially now that so many companies have restructured. They want to see a vision of what their career path will be if they take the job. Not to put the cart before the horse, but they want to be able to project within their own mind where they’re going to be three or five years from now, if they make the move.”

As part of defining their career paths, job candidates are looking for coaching in their new positions, whether they’re senior-level positions or mid-level jobs. As part of the candidates interviewing distributors in regard to job openings, applicants want to know who their bosses will be if they do decide to take the jobs. “Can they learn from this person? I see a real thirst for continued learning and training,” Salvadore says. “People want to get better, and they want to become more valuable for the longer term with their companies. From that standpoint, the person on the other side of the table, again, is being interviewed as much as the candidate.”

Now, more than ever, he advises distributors to focus on building their brands and cultures because leadership is on full display when it comes to recruiting new employees. “A lot of the key executives are a little bit worn out right now because it’s been difficult,” Salvadore says. “Instead of management walking around and seeing people personally, they have had to adapt to the changes of virtual meetings. A lot of these folks have virtual meeting burnout, but their stamina in the battle is really very important right now. Candidates are looking at the person who’s interviewing them, and they’re judging that person. Leadership has to rise above. They have to show that poise and confidence under pressure, especially when they’re sitting across the table from a candidate. The ones who do, they win the battle on talent.”
How to Dominate the Future

NAW fellow Mark Dancer shares how distribution companies can adapt to a post-COVID-19 world.

Mark Dancer is less concerned with offering distributors best practices but rather helping them “see over the horizon, develop foresight and implement business model innovation.”

By Eric Smith

And that’s exactly what he plans to do during his session at MDM’s Future of Distribution Summit, held virtually April 13. Dancer, the CEO of Network for Business Innovation, will deliver a keynote address, “Pandemic Innovations and the Future of Distribution,” designed to help distributors act on the lessons learned across distribution during the last year of COVID-19 — and prepare them for the post-pandemic economy.

“I’m more about the long view, the big trends, and how can distributors think about those trends now,” he told MDM in a recent interview. “The distributors will start to act on them — and those are the companies that will dominate the future.”

The Future of Distribution Summit will be held April 13 from 10 a.m. to 5 p.m. EDT. Visit mdm.com/future-of-distribution-summit/ to register. Here is the rest of what Dancer shared with MDM in advance of his upcoming presentation.

MDM: Has anything in recent history impacted the future of work quite like COVID-19?

Dancer: There are a lot of analogies with the 2008 financial crisis, or, in our world of distribution, disruptive trends like Amazon Business or digital transformation that have had a long-term effect. But those comparisons miss the point. The pandemic is a very human crisis. Those other crises were not. This has been about our health, our welfare, our isolation. Everybody across the world has been impacted by it.

When you think specifically about the impacts for distribution and how distributors responded — not just protecting their own business, but especially in helping customers — you have to look for sort of human implications associated with that.

MDM: What lessons did distributors learn from the past year of COVID-19 about the future of work, and what lessons should they have learned?

Dancer: There are a couple of major impacts. One, there’s a lot of discussion about how customers’ willingness to buy online jumped ahead by years in a matter of weeks. If you look at the observable behaviors, distributors that had strong e-commerce platforms and promoted them saw their sales improve significantly. But that’s just the tip of the iceberg. This is a crisis where we were all in it together — distributors’ employees, their customers’ employees. Everybody was affected.

What customers gave distributors was grace during this period of the pandemic. They gave goodwill around innovations, transformations. It’s not just that customers embraced distributors’ websites. They said, ‘Hey, this is really big, and I’m willing to give you a grace period where you can try different things, you can innovate.’ And some distributors did that.

The phrase I heard often was, ‘We leaned in.’ And ‘lean in’ is not a phrase that’s common in distribution. Leaning in means acting without hesitation when an opportunity or crisis happens. Distributors with a strong e-commerce platform; really what they had was a strong culture around digital. Yes, they promoted their websites and saw increased sales, but they also charged forward with other things that leverage digital technology.

Beyond Zoom calls, which were reactive, some distributors found the opportunity to create special virtual events that would not have happened otherwise. It’s been about this grace period to transform and innovate and then lean in by acting without hesitation.

MDM: Did most distributors lean in?

Dancer: No. In January, I did a lot of interviews, including in-depth interviews with about 30 distributor executives, for an NAW [National Association of Wholesaler-Distributors] report called “Distribution Leans In: Stories of Resiliency and Innovation During the COVID-19 Pandemic.”

One of the things I found was — as the former CEO of Intel said during times of crisis — “good companies survive, and great companies get stronger.”
I found that to be true with distribution. Those that just survived are the weak distributors. Those that saw their e-commerce sales improve are the good distributors. But those that leaned in and used their digital capabilities and culture to do things they hadn’t done in the past are the great distributors.

MDM: When we think about the difference between those types of companies, what does the future look like for them? Are we going to start to see a real inflection point among those distributors?

Dancer: Yes, I think, but I don’t talk about it in terms of, ‘If you haven’t invested in digital technology, you’re going to be left behind.’ There’s probably some truth in that statement, but that statement was around before that pandemic. What distributors need to thrive, and to lead, is foresight. If you have strong foresight, if you can talk compellingly about the future of your markets, you’re among the distributors that are best positioned to succeed going forward.

For them, it’s a little bit like the ball rolling downhill. They will continue to innovate. One of the other lessons of the pandemic is the growing importance of culture. A lot of distributors watch GDP because they don’t want to get too ahead of inventory, but leaning in cuts very much against that grain.

The companies that will succeed in the future are the companies that, more and more, over and over, have strong foresight, have a culture of innovation, have a focus on serving customers, and have a willingness to take action because they want to capitalize on opportunities.

MDM: Can you expand on that notion of better serving customers?

Dancer: Part of it is about building digital technologies, like artificial intelligence, so you can run your business better. But that’s the inside view. Real success is about finding new ways to bond with your customers. Just like innovation, it happens slowly, and then it happens overnight. Customer relationships are like that, too. If you responded well during the pandemic and your customers noticed it, then you can keep that momentum going. Over time, those are the companies that are going to build unbreakable customer loyalty.

MDM: Will these trends continue or is the industry doomed to return to pre-pandemic realities and norms?

Dancer: I think every year that goes by, what it takes to be a successful, leading distributor ratchets forward and we can’t go back. The pandemic has created a few ratchets. What I see happening is that there are three big ideas emerging about a distributor’s business models. All three relate to running our business as a front-end business.

For the longest time, distributors defined their business model by the back end, which meant their ability to run an efficient warehouse. If you asked them what their business is about, they would start with their line card — “I carry these brands and these products.” That’s a back-end business model. That’s an ante now, or table stakes. The business models that are emerging are revolutionary because they’re about distributors winning on the front end of their business.

MDM: How do distributors shift that focus from the back end to the front end?

Dancer: The three emerging big ideas for business models are:

1) Customer experience. What that means is, instead of managing a portfolio of products, I have a very well-defined portfolio of experiences that I create with my customers. That can be as simple or as obvious as moving from VMI to supply chain visibility.

2) Data. Today, distributors are using artificial intelligence primarily to improve their own operations, to get the best margin when they can, to cross-sell products, to put information in front of their salespeople so that they can drive sales forward. The extension of that, as we move forward, is how do you use artificial intelligence to actually benefit your customer? Not to drive results for your business, but to drive results for their business. Not your margins, their margins.

3) Community. Thirty years ago, distributors were local businesses. And because they were local, it helped the customers with the risk of supply. A customer would trust their distributor because they had the inventory needed right across town, because they lived in the same marketplace, because they could call on their distributor with problems. That was the definition of local that created trust in the past.

Today, it’s about serving communities, and that’s not limited to a local marketplace.

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It’s a shift from segmenting, targeting, selling and pipeline view of customers to, “We’re in it together.”

MDM: Many distributors have shown a keen sense of resilience in the pandemic. Do you think the pandemic has made them resilient for another disruption of this magnitude?

Dancer: In Innovate to Dominate [Dancer’s “Facing the Forces of Change” book from NAW], the first chapter says a distributor’s best path to a good future is to help your customers get to the future. If you do that, you’ll figure out your own business model. I think of resilience that way, too. Distributors have long provided resilience to their customers with things like payment terms. We act as a bank. And we did things like that during the pandemic, too. We relaxed and changed our payment terms, depending on the industry. But we did that to help the customers with their resilience.

There are examples of how distributors have done more about helping customers with their resilience during the pandemic. Distribution’s future is about doing business as humans for humans. Things like empathy, and emotional intelligence, and being able to be a data wrangler — which is to help your customers wrangle their data and take advantage of their data, not just yours — all those kinds of human skills are about resilience. It’s about having empathy and the willingness to commit to helping your customers move forward. That’s a core competency for distribution going forward.

MDM: So distributors need to be more of a trusted adviser and less of a transactional vendor?

Dancer: It’s about trust, in general, and helping your customers. Amazon Business, in my humble opinion, is many things but they’re not here to help. Distribution is here to help. Distribution has the opportunity to measure customer relationships not in terms of which account is more profitable, not in terms of retention, not in terms of growth. Those things are important, but what’s more important is measuring their customer relationships in human terms. Do they trust me? How do I measure that? Where big tech has stumbled, distribution has the opportunity to say, “Hey, I’ve always been here. And you trust me because I’m here to help.” Measuring customer relationships is hard, but it’s an opportunity for distribution.

Learn more from NAW Fellow Mark Dancer at MDM’s “Future of Distribution Summit,” held virtually April 13 from 10 a.m. to 5 p.m. EDT. Visit mdm.com/future-of-distribution-summit/ to register.
Crafting New Talent Pipelines for Gen Z

Distributors are rethinking how they recruit, develop and retain employees and the ways they frame their companies in the process.

Distributors would do well to implement several new practices and methods, such as modernizing titles, implementing effective internships and defining career paths, according to Bharani Nagarathnam, associate director and master of the Industrial Distribution Program for Texas A&M University.

By Mike Robuck

In general, the Gen-Z demographic has a different mindset when it comes to seeking and keeping jobs. Nagarathnam will speak about how distributors can take this mindset into account as they build their next generation talent pipelines during MDM’s Future of Distribution Summit virtual conference on April 13.

Nagarathnam says the Industrial Distribution Program at Texas A&M graduates about 300 to 350 students each year. “Our students go into many sectors, but mostly distribution. If you take a 20-year-old, or a 21-year-old, job titles mean something to them. They may not mean a whole lot to me, but saying, ‘I’m an inside sales rep with a distributor’ is not very appealing or sexy to them.”

Re-thinking job titles in a manner that is more appealing to Gen-Z prospects should be coupled with defined career paths for prospective employees. Nagarathnam says the old-school approach of “work hard and good things will happen” doesn’t resonate with Gen Z. They want to know that a job is providing them a defined career path with attainable goals in place. Defining the steps of a career path helps prospective employees envision where they might be with a company five years down the road.

“We have seen companies, when they come to recruit, showcase their career path,” Nagarathnam says. “That immediately opens the eyes of young people.”

While the pandemic has made it slightly worse, Nagarathnam says finding entry-level talent has been an ongoing challenge for some time because distributors compete with other industry verticals, such as manufacturing, for talent.

“Companies are saying it is hard to find good talent. That’s No. 1,” Nagarathnam says. “And No. 2, it’s hard to keep good talent, especially in the first five years, and especially in distribution. We see that there are certain roles that have a very high turnover rate. Warehouse associates and drivers are in high demand and some companies have high turnover rates.

“All of the distributors are looking for good sales professionals, both entry-level sales professionals and experienced sales professionals. We see that as a challenge that’s been slowly growing, and now it has reached a point where if you don’t have a clear plan and a differentiated approach to building a talent pipeline, then it’s going to be hard to staff your needs.”

Talent recruiting is everyone’s job

Just as customer service and safety are everyone’s job, talent acquisition is not just the job of HR. Nagarathnam says HR departments play a key role in setting up career fairs and making sure people go through the correct steps en route to being hired, but leadership needs to be out front by engaging with Gen-Z prospects.

“Talent acquisition and talent development is every manager and every leader’s job,” he says. “If you say that it’s HR’s job to staff my needs, then the organization is not going to be very satisfied.

“Putting together talent acquisition strategies and processes and getting involved in recruitment is a very important job responsibility for every manager. It could be a branch manager, or it could be a leader in another area.”

Craft an employee value proposition plan

Nagarathnam also plans to speak about the importance of distributors creating an employee value proposition (EVP) plan during his April 13 presentation. An EVP plan outlines why Gen-Z candidates should come work for a distributor, beyond providing them with salaries. With Gen Z going to companies’ websites or LinkedIn to view available opportunities, Nagarathnam says distributors might consider looking beyond just providing job titles and descriptions as part of their EVP plans.

“It involves highlighting your employee value proposition,” he says. “It’s things like your culture. Your work environment. The growth opportunities and the team environment. You should showcase and highlight that, especially on LinkedIn, but on other platforms as well.

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“What you’re doing is you’re opening a window for future employees to look inside your company. Of course, whenever you have a job opening you post that [information], but are you highlighting your employees? Are you showcasing your employee development activities and your community activities? All of those things are what we call the employee value proposition.”

“It’s time distributors rethink and modernize their practices. In the long term, that’s going to yield dividends. The speed at which they grow is only dependent on their people. Focusing on getting people is going to help them achieve their business plans.”
— Bharani Nagarathnam, Texas A&M

In addition to LinkedIn, Gen-Z candidates will also check out a company’s culture by looking at reviews and comments on employment sites such as Glassdoor and Indeed.

“People go and write bad reviews, mostly about their managers,” he says. “Before anybody thinks of applying to your job, they check out your website. They check out your LinkedIn and other social media. Having a plan for a digital recruiting is very important.”

Nagarathnam says he’s starting to see some companies engage in passive recruitment of Gen-Z employees by engaging with them on LinkedIn and other social media sites even before they have job openings for them.

“You are connecting with them on LinkedIn and they begin to see information about your company,” he says. “You’re engaging with them and then two, three years down the line, you’re hoping that they see you as a good fit. When the time comes, they apply to your company.”

Designing project-based internships
Another way of building a sustainable talent pipeline is through internships. Internships shouldn’t be viewed as free labor in the short term, but rather an opportunity for the interns and the employers to kick the tires on full-time jobs once the internships end.

“An internship is a much cheaper and more effective way to build a sustainable pipeline for entry-level positions,” Nagarathnam says. “The reason that I say that is if you don’t have an internship program, and if you recruit for entry-level positions and invest in the individual, for one year, 18 months, or two years, and they leave, you have spent upward of $100,000 and lost an employee.”

The key to successful internship programs is a “try before you buy approach” for both sides. Employers are evaluating the students on whether or not they have a good work ethic and the skills needed to succeed in their companies. The students are evaluating the employers to see if they’re a good cultural fit and working environment for them.

“You have two advantages,” Nagarathnam says. “No. 1 is you have pre-boarded them already, which means their onboarding and getting to productivity is going to be much faster. And No. 2, you’re going to be able to retain them much longer because they have tested out your company and they decided to come work for you.”

Project-based internship programs help distributors build sustainable talent pipelines, and company managers are key to those programs.

“Do you know what happens when students have a good internship experience? They go and tell all of their friends about it. Do you know what happens when they have a bad experience? They tell a lot more people about it,” Nagarathnam says. “Don’t use the interns as help. Use them on a project to provide them with experience in the hopes that you can convert some of them to an entry-level employee.”

Due to promoting from within, distributors need to open up their talent pipelines in order to continually fill in the gaps for entry-level positions.

“No one small thing is going to make a significant difference, but a small improvement in many of these areas is going to create a difference in your talent acquisition practices,” Nagarathnam says. “My message to [distributors] is, you are competing with everybody for talent. You’re competing with everybody to recruit that person.

“It is time that distributors re-think and modernize their practices. In the long term, that’s going to yield dividends. The speed at which they can grow is only dependent on their people. Focusing on getting people is going to help them achieve their business plans.”
Watsco to Acquire HVAC Distributor in Chicago

HVAC distributor Watsco Inc., Miami, has agreed to acquire Temperature Equipment Corporation, Chicago, expanding the distributor’s footprint into the Midwest. Financial terms of the deal weren’t disclosed.

Founded in 1935, TEC posted 2020 sales of $291 million. The company serves around 10,000 customers from 32 locations in Illinois, Indiana, Wisconsin, Kansas, Michigan, Minnesota and Missouri. Its product offering includes various brands of residential, light-commercial and applied HVAC equipment made by Carrier as well as complimentary systems, parts, supplies and accessories sourced from approximately 1,200 vendors.

TEC will operate as an independent business as an addition to the joint ventures between Watsco and Carrier. Watsco will own 80% of TEC and Carrier 20%. “TEC is one of the most iconic, entrepreneurial, long-standing family businesses in our industry,” said Albert H. Nahmad, Watsco’s chairman and CEO. “Skip Mungo and his team have built a great company and they will continue TEC’s focus on growth with their name, identity and unique culture in what will be new markets for our company. We look forward to supporting their growth with capital, ideas, technology and our industry relationships to build on their historical success. We are pleased to become part of the TEC family.”

Added Mungo, TEC’s president and CEO: “We are excited to become a member of the Watsco family and provide the catalyst for growth in the Midwest. Partnering with Watsco will enable us to think bigger while retaining our unique culture and approach to the market. We look forward to launching their innovative technology platforms over time to support our customers, complementing the historical capabilities and customer focus that is at the heart of TEC’s culture.”

Distributor

Würth Industry North America, Indianapolis, and its subsidiary Northern Safety & Industrial, announced the acquisition of Louisville, Kentucky-based ORR Safety, a privately held safety distributor with revenues of $125 million.

Recently merged janitorial supply, equipment and foodservice distributors Brady Industries, Las Vegas, and Individual Foodservice, Bell, California, announced the acquisition of Elkins Wholesale, which operates two branches in Mississippi.

Houston Wire & Cable Co., Houston, announced that it completed the sale of its Southwest Wire Rope business in an asset transaction for $5 million.

Ferguson PLC, Wokingham, United Kingdom, reported sales of $10.3 billion for the first half of fiscal year 2021, up 4.2% compared to the same period a year ago. Trading profit of $875 million marked a 12% increase from the year-ago period.

Electrical, communications and data networking products distributor Graybar, St. Louis, reported 2020 sales of $7.3 billion, a 3.4% decrease compared to the previous year. Net income of $121.8 million marked a 15.7% decrease compared to 2019, primarily due to a non-cash pension settlement charge of $27.7 million that the company recognized in 2020.

Amazon Business said that in 2020 it “reached $25 billion in worldwide annualized sales, more than half of which are from third-party sellers.” Its parent company, Amazon.com, doesn’t break out the division’s sales in its quarterly earnings reports.

Amazon.com Inc., Seattle, announced plans to open a 1 million-square-foot fulfillment center in Amarillo, Texas.

Winsupply Inc., Dayton, Ohio, announced it has opened Winsupply of East Tennessee in Seymour, Tennessee.

Dakota Supply Group, Plymouth, Minnesota, announced plans to open a new branch in Watertown, South Dakota, in April.

MRO distributor Motion Inc., Birmingham, Alabama, named James Howe as EVP – e-commerce, sales excellence, strategic pricing and corporate accounts; and it named Joe Limbaugh as EVP – supply chain, operations support, marketing and enterprise excellence, effective April 1.

The board of directors of Houston-based industrial distributor SBP Holdings announced the appointment of Craig Osborne as the company’s next president and CEO.

Dakota Supply Group, Plymouth, Minnesota, has appointed Julianne Turk as CFO.
Winsupply Inc., Dayton, Ohio, has completed the acquisition of Discount Drainage Supplies, an Akron, Ohio-based waterworks distributor. Each of its three locations in Akron, Columbus and Reading have been renamed, effective immediately, to Winwater of Akron, Winsupply of N.E. Columbus and Winsupply of Reading.

Economic
Total industrial production fell 2.2% in February, according to the Industrial Production and Capacity Utilization Report, released by the Federal Reserve.

U.S. cutting tool consumption totaled $152.2 million in January, according to the U.S. Cutting Tool Institute (USCTI) and The Association For Manufacturing Technology (AMT). This total, as reported by companies participating in the Cutting Tool Market Report collaboration, was down 21.8% when compared with the $194.8 million reported for January 2020 and down 3.2% from December 2020’s $157.3 million.

Led by declines in indicators related to production and personal consumption and housing, the Chicago Fed National Activity Index (CFNAI) fell to –1.09 in February from +0.75 in January. Two of the four broad categories of indicators used to construct the index made negative contributions in February, but all four categories decreased from January. The index’s three-month moving average, CFNAI-MA3, decreased to –0.02 in February from +0.46 in January.

Privately owned housing units authorized by building permits in February were at a seasonally adjusted annual rate of 1,438,000, according to the U.S. Census Bureau and the U.S. Department of Housing and Urban Development. This is 17% above the February 2020 rate of 1,438,000 and 10.8% below the revised January rate of 1,886,000.

The combined value of distributive trade sales and manufacturers’ shipments for January, adjusted for seasonal and trading day differences but not for price changes, was estimated at $1,568.5 billion, up 7.1% from January 2020 and up 4.7% from December 2020, according to the U.S. Census Bureau.

Wholesale trade improved in January compared to the same month a year ago and with December, according to the latest report from the U.S. Census Bureau. January 2020 sales of merchant wholesalers, except manufacturers’ sales branches and offices, after adjustment for seasonal variations and trading day differences but not for price changes, were $531.7 billion, up 5.9% from the revised January 2020 level and up 4.9% from the revised December 2020 level.

NAW Partners with NFL

The organizations work together on mass COVID-19 vaccination sites.

The National Association of Wholesaler-Distributors (NAW) and distributors across the country announced a partnership supporting mass vaccination sites at multiple National Football League stadiums. Companies will donate personal protective equipment and other items, including gloves, sanitizer, pumps, masks, shields and wipes.

The first mass vaccination sites to receive donations were the Detroit Lions’ Ford Field and the Pittsburgh Steelers’ Heinz Field. NAW is currently sourcing items for additional teams including the Atlanta Falcons, Carolina Panthers, and Seattle Seahawks.

“As our country moves to a new phase in our pandemic recovery, it is no surprise that wholesaler-distributors are delivering by donating needed supplies to mass vaccination sites across America,” said NAW President and CEO Eric Hoplin. “NAW and wholesaler-distributors across the country are proud to help NFL teams and vaccination sites because we know how important it is to safely get more shots in arms as we seek to put the COVID-19 pandemic in the past.”

Donated items already in use include more than 300,000 medical gloves, thousands of gallons of sanitizer and sanitizer pumps, thousands of face masks and shields, and thousands of disinfectant wipes.

Participating companies, as of March 25, including Benco Dental, Bunzl USA, Concordance Healthcare Solutions, Grainger, HD Supply, Henry Schein, Hillyard Inc., Imperial Beverage, Kimball Midwest, MSC Industrial Supply Co. and Patterson Companies Inc.
January 2021 | Monthly Wholesale Trade Data

Wholesale revenues in January were $531.7 billion, up 5.9% over January 2020 and 4.9% over December 2020. January sales of durable goods were up 4.9% over last month and up 9.7% from a year ago. Sales of nondurable goods were up 4.9% over December and up 2.5% from last January.

Inventories were $661.7 billion at the end of January, up 1.3% from the revised December level and up 0.6% from last year. January inventories of durable goods were up 1.2% from last month and down 1.9% from a year ago. Inventories of nondurable goods were up 1.5% over December and up 4.4% from last January.

Sales and Inventories Trends: January 2021

<table>
<thead>
<tr>
<th>NAICS Code</th>
<th>Business Type</th>
<th>Sales $Millions</th>
<th>Inventory $Millions</th>
<th>Stock/Sales Ratio</th>
<th>% Change Sales 12/20-1/21</th>
<th>% Change Sales 1/20-1/21</th>
<th>% Change Inventory 12/20-1/21</th>
<th>% Change Inventory 1/20-1/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>42</td>
<td>U.S. Total</td>
<td>531,726</td>
<td>661,736</td>
<td>1.24</td>
<td>4.9</td>
<td>5.9</td>
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<tr>
<td>423</td>
<td>Durable</td>
<td>258,387</td>
<td>392,035</td>
<td>1.52</td>
<td>4.9</td>
<td>9.7</td>
<td>1.2</td>
<td>-1.9</td>
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<tr>
<td>4231</td>
<td>Automotive</td>
<td>43,389</td>
<td>62,593</td>
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<td>2.1</td>
<td>13.0</td>
<td>1.2</td>
<td>-5.7</td>
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<tr>
<td>4232</td>
<td>Furniture &amp; Home Furnishings</td>
<td>8,555</td>
<td>12,362</td>
<td>1.45</td>
<td>12.7</td>
<td>2.2</td>
<td>0.0</td>
<td>-6.4</td>
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<tr>
<td>4233</td>
<td>Lumber &amp; Other Construction Materials</td>
<td>16,073</td>
<td>21,504</td>
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<td>3.5</td>
<td>26.2</td>
<td>2.7</td>
<td>8.7</td>
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<tr>
<td>4234</td>
<td>Prof. &amp; Commercial Equip. &amp; Supplies</td>
<td>48,591</td>
<td>51,552</td>
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<td>9.9</td>
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<td>42343</td>
<td>Computer Equipment &amp; Software</td>
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<td>4235</td>
<td>Metals &amp; Minerals</td>
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<td>4236</td>
<td>Electrical Goods</td>
<td>47,143</td>
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<td>4237</td>
<td>Hardware, Plumbing, &amp; Heating Equipment</td>
<td>14,593</td>
<td>29,444</td>
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<tr>
<td>4238</td>
<td>Machinery, Equipment &amp; Supplies</td>
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<td>100,541</td>
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<td>4239</td>
<td>Miscellaneous Durable</td>
<td>25,175</td>
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<td>1.19</td>
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<td>424</td>
<td>Nondurable Goods</td>
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<tr>
<td>4241</td>
<td>Paper &amp; Paper Products</td>
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<td>10,084</td>
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<td>1.1</td>
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<td>Drugs</td>
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<tr>
<td>4243</td>
<td>Apparel, Piece Goods &amp; Notions</td>
<td>12,237</td>
<td>23,655</td>
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<tr>
<td>4244</td>
<td>Groceries &amp; Related Products</td>
<td>60,214</td>
<td>41,800</td>
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<td>1.7</td>
<td>1.0</td>
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<tr>
<td>4245</td>
<td>Farm-product Raw Materials</td>
<td>21,904</td>
<td>31,601</td>
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<td>5.0</td>
<td>38.6</td>
<td>2.5</td>
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<tr>
<td>4246</td>
<td>Chemicals &amp; Allied Products</td>
<td>10,566</td>
<td>12,125</td>
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<td>1.4</td>
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<tr>
<td>4247</td>
<td>Petroleum &amp; Petroleum Products</td>
<td>54,052</td>
<td>21,120</td>
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<tr>
<td>4248</td>
<td>Beer, Wine &amp; Distilled Beverages</td>
<td>15,906</td>
<td>19,043</td>
<td>1.20</td>
<td>20.4</td>
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<td>4249</td>
<td>Miscellaneous Nondurable Goods</td>
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<td>-0.4</td>
<td>3.2</td>
<td>-0.7</td>
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</table>

U.S. Bureau of the Census, Current Business Reports, Monthly Wholesale Trade, Sales and Inventories Series: MDM compilation and analysis. Adjusted for seasonal and trading day differences. Figures for sales and inventories are preliminary adjusted estimates.
New Orders for Durable Goods Down

Advance report shows drop of 1.1% in February

New orders for manufactured durable goods in February decreased $2.9 billion, or 1.1%, to $254 billion, according to the U.S. Census Bureau.

This decrease, down following nine months of increases, followed a 3.5% January increase. Excluding transportation, new orders decreased 0.9%. Excluding defense, new orders decreased 0.7%. Transportation, down following five consecutive monthly increases, led the decrease, $13.1 billion, or 1.6% to $83.6 billion.

Shipments of manufactured durable goods in February, down following five consecutive monthly increases, decreased $9.1 billion or 3.5% to $250.9 billion. This followed a 1.7% January increase. Transportation equipment, also down after five months of increases, led the decrease, $7 billion or 8.2% to $78.6 billion.

Unfilled orders for manufactured durable goods in February, up two consecutive months, increased $8.4 billion or 0.8% to $1,082 billion. This followed a 0.2% January increase. Transportation equipment, up following eleven consecutive monthly decreases, led the increase, $5 billion or 0.7% to $711.1 billion.

Inventories of manufactured durable goods in February, up following two consecutive monthly decreases, increased $2.8 billion or 0.7% to $427.3 billion. This followed a 0.3% January decrease. Transportation equipment, also up following two consecutive monthly decreases, led the increase, $0.9 billion or 0.6% to $146.6 billion.

Nondefense new orders for capital goods in February increased $4.2 billion or 5.6% to $79.6 billion. Shipments decreased $2.2 billion or 2.9% to $74.5 billion. Unfilled orders increased $5.1 billion or 0.9% to $592.1 billion. Inventories increased $0.3 billion or 0.2% to $192.2 billion. Defense new orders for capital goods in February decreased $1.6 billion or 10.6% to $13.5 billion. Shipments decreased $0.1 billion or 0.9% to $13.1 billion. Unfilled orders increased $0.3 billion or 0.2% to $180.2 billion. Inventories increased $0.2 billion or 1% to $21.4 billion.

Revised seasonally adjusted January figures for all manufacturing industries were: new orders, $509.2 billion (revised from $509.4 billion); shipments, $512.2 billion (revised from $513.3 billion); unfilled orders, $1,073.6 billion (revised from $1,072.8 billion) and total inventories, $696.8 billion (revised from $696.3 billion).

Calculation of MDM Inflation Index for February 2021

<table>
<thead>
<tr>
<th></th>
<th>BLS Price Indices Feb '21</th>
<th>BLS Price Indices Jan '21</th>
<th>BLS Price Indices Feb '20</th>
<th>Weighted Indices Feb '21</th>
<th>% Change Jan '20</th>
<th>% Change Feb '21</th>
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<tbody>
<tr>
<td>1136</td>
<td>Abr. Prod.</td>
<td>658.7</td>
<td>642.4</td>
<td>636.2</td>
<td>19.1</td>
<td>125.82</td>
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<tr>
<td>1135</td>
<td>Cutting Tools</td>
<td>538.8</td>
<td>539.6</td>
<td>536.6</td>
<td>18.9</td>
<td>101.83</td>
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<tr>
<td>1145</td>
<td>Power Trans.</td>
<td>896.3</td>
<td>891.6</td>
<td>882.9</td>
<td>15.4</td>
<td>138.03</td>
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<td>1081</td>
<td>Fasteners</td>
<td>599.3</td>
<td>590.9</td>
<td>573.1</td>
<td>9.0</td>
<td>53.93</td>
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<tr>
<td>1149.01</td>
<td>Valves, etc.</td>
<td>1176.9</td>
<td>1118.7</td>
<td>1089.9</td>
<td>7.6</td>
<td>89.44</td>
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<td>1132</td>
<td>Power Tools</td>
<td>409.7</td>
<td>404.8</td>
<td>400.1</td>
<td>6.5</td>
<td>26.63</td>
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<tr>
<td>1144</td>
<td>Mat. Handling</td>
<td>661.1</td>
<td>656.8</td>
<td>652.5</td>
<td>6.2</td>
<td>40.99</td>
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<td>0713.03</td>
<td>Belting</td>
<td>971.5</td>
<td>970.2</td>
<td>969.5</td>
<td>6.1</td>
<td>59.26</td>
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<td>1042</td>
<td>Hand Tools</td>
<td>861.9</td>
<td>855.8</td>
<td>840.8</td>
<td>8.1</td>
<td>69.82</td>
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<tr>
<td>108</td>
<td>Misc. Metal</td>
<td>514.7</td>
<td>507.9</td>
<td>503.1</td>
<td>3.1</td>
<td>15.96</td>
</tr>
</tbody>
</table>

"New" Feb Index 377.1  February Inflation Index 721.70  1.44  2.72
"New" Jan Index 371.7  January Inflation Index 711.47
February 2020 Inflation Index 702.60

New index reflects 1997-100 base other #: 1967 To convert multiply by 52247

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