

## ▶ AN INDUSTRY PARADIGM SHIFT

JACK BAILEY, CEO, IDC-USA

A friend recently reminded me of an old adage, "All progress begins by telling the truth." If we are to follow that advice in industrial distribution, we have to admit that our industry is traditionally one of the last to adopt change. As hard as it is to believe, there are distributors who still rely heavily on fax machines, and I know of a couple who don't utilize any form of a computer in their distribution business. That's hard to believe in a world of ERP systems, mobile devices, wireless warehouse systems, and big-data companies like Amazon and Alibaba.

The truth is industrial distribution is being swept up in technology. Distributors can ask themselves a few simple questions to find out where they are on the curve. Do you have an e-commerce website? If so, does it only feature part numbers and prices, or does it offer content-rich files that provide complete information for end users? Do you order electronically? If so, do you manually place those

electronic orders or are you capable of doing a data dump of your stock orders? Do you receive and send invoices electronically? Do you pay those invoices electronically? Now, ask these same questions in the context of your customers doing business with you.

The only way distributors can remain relevant is to have a complete change in the way they approach their business. No longer can distributors think of themselves as distributors that utilize technology. Sustainability requires distributors to think of themselves as technology companies that distribute product. This paradigm shift will be overwhelming for many because it will force them out of their comfort zone. Distributors must embrace and promote the technology infiltration of our industry. As I often remind others, growth never occurs in a comfort zone.



BAILEY

## ▶ THE REAL MEANING OF PARTNERSHIP

JENNIFER MURPHY, PRESIDENT, NETPLUS ALLIANCE

Technology is no longer just a nice-to-have; finding and keeping the right people is more important than ever, and customers are increasingly consolidating suppliers, looking for a one-stop shopping experience. What's more, distributors have seen their share of ups and downs in the economy this year.

To compete more effectively in this changing environment, independent distributors are turning to buying groups for critical support. NetPlus Alliance has added qualified distributors at a record pace over the past three years, and our total membership today is at 380 industrial and contractor supplies distributors across North America.

Leveraging volume across the group membership, distributors can grow their bottom lines through rebates, improved pricing and competitive payment and freight terms. They also benefit from better access

to new and existing suppliers. Some buying groups, including ours, have added value with product and business training, marketing support, peer and supplier networking opportunities and more, bolstering independents' positions in this fast-changing market.

NetPlus is able to assist distributors without disrupting their business. As one NetPlus distributor put it: "Do it your way," but with help when you need it.

Recently, NetPlus Alliance expanded its focus to help our distributor members leverage the relationships they've built with their suppliers. In that spirit, this year's annual meeting theme was Plan and Grow, and we've developed a joint planning process for our distributors and manufacturers called Growth Plus.

At NetPlus Alliance, we invite our members to take the time to work on

their businesses, rather than in them. To do that, distributors must look beyond the four walls of their businesses and leverage the relationships they've developed in the channel to identify and act on opportunities for growth.

A partner is defined as one or more people who do business together. This is too simplistic. We want the word partnership to mean something more in industrial and contractor supplies markets. A manufacturer and distributor may have different goals, but growth is one they share.

The industry is constantly changing. You can't always control the trends swirling around your business, and you certainly can't control the economy. What you can control is how you respond. Choose to be proactive rather than reactive so that your company is ready for whatever comes its way.



MURPHY

## SEIZE GROWTH OPPORTUNITIES IN SAFETY

MICHAEL SCHUMPP, GENERAL MANAGER, R3 SAFETY

Today's safety market is larger, increasingly complex and more fragmented than ever before. Fortunately, this provides distributors with opportunities to increase their market share, sales and profits when they align with the right wholesale partner.

When distributors expand their existing portfolios of safety products, they can be a:

- One-stop shop for a wide range of safety products
- Safety adviser by providing comprehensive safety knowledge and solutions
- Specialist in niche safety solutions for welding, construction, energy, and other areas.

Since its 2006 acquisition of United American Sales Inc., R3 Reliable Redistribution Resource has been helping our distributor partners grow their safety businesses through R3 Safety. Our customers have access to more than 25,000 SKUs and use R3 Safety's 6,000 stocked

products as their "virtual" inventory to keep their capital investment low and cash flow high.

We have continued to build our capabilities in the safety market by acquiring a strong portfolio of brands that supply head-to-toe personal protective equipment. We are committed to growing distribution partnerships in various channels, such as industrial, safety, welding, energy and construction.

R3 Safety provides a full spectrum of logistics management and customer support solutions, including sales support, advanced technologies, in-depth training and marketing solutions. Our capabilities enable distributors to work with one company to expand their reach. Our depth of product availability, coupled with our national supply chain capabilities, provides distributors with a unique competitive advantage.



SCHUMPP

## JOIN A GROUP THAT OFFERS YOU MORE

ZACHARY T. HAINES, CEO, DPA BUYING GROUP

Joining a buying or marketing group will instantly help an independent distributor purchase better by leveraging the strength of many. But is it enough? What will it really take to gain the advantage over your largest competitors? What value can you bring to your customer that could make all the difference? The answer is simple: product diversification.

The DPA BUYING GROUP ([www.DPABuyingGroup.com](http://www.DPABuyingGroup.com)) is dedicated to increasing the sales and profits of its 700-plus member distributors and 200-plus preferred suppliers. What makes DPA unique is that we offer competitive programs across not just one, but five unique product segments: Industrial Tools, Fasteners, and Equipment; Safety Equipment and Clothing; Janitorial/Sanitary Supplies; Industrial

Packaging Products; and Restoration/ Remediation.

If you are a distributor, joining DPA will help you save on your current purchases with vendors such as Makita, JPW Industries, Newell-Rubbermaid (Irwin/Lenox), United Abrasives, ORS Nasco, Louisville Ladder and many others. However, you will also see doors open that were previously closed. Whether power tools, abrasives, gloves, hearing protection, safety vests, brooms, mops or toilet paper, DPA offers its members greater opportunities to grow and acquire new business.

We also help our preferred manufacturers gain new distribution through DPA's annual conferences and marketing opportunities, such as our website, quarterly promotions, and buyer's guide.

Distributor Partners of America (DPA) was formed in September 2000 by 67 independent high-volume distributors. From DPA's inception, members wanted to establish a high caliber and selective organization to increase their sales and profits with DPA preferred suppliers. The group's preferred suppliers provide discounts and marketing allowances (rebates) to distributor members to help them save money and grow their sales. DPA also negotiates better pricing, lower minimum order requirements and better prepaid freight policies. To become more profitable, visit [www.JoinDPA.com](http://www.JoinDPA.com) or call (800) 652-7826. Membership is free for approved distributors.



HAINES

## MEETING DISTRIBUTOR NEEDS

RIC PHILLIPS, PRESIDENT, ORS NASCO

ORS Nasco is a North American-based wholesaler of industrial supplies focused on meeting the needs of our distributor customers, who in turn sell to their end user customers. Our company offers access to more than 600,000 products from more than 600 brands used in the industrial, welding, energy, safety, electrical, construction, HVAC, MRO, PVF, plumbing, janitorial and rental equipment markets.

We are focused on delivering on the needs of our distributor customers by providing a broad assortment across a nationwide distribution network that provides asset-light reach for them. This network is surrounded by customer support through our sales team, marketing solutions, digital capabilities and customer care team. The objective is to leverage a wide product set, strong supplier partnerships, a cost-effective national fulfillment network, and the capabilities of our people to create value for our distributors.

Our distributors can quickly and efficiently get what they need to meet their customer needs by leveraging our fulfill-

ment network to reduce their working capital by stocking less. We procure and hold local inventory on thousands of products and provide non-stocked access to hundreds of thousands of additional products.

Additionally, our support teams launch new products to our customer base by leveraging marketing, sales, and ongoing supplier training for our customer care and sales team. This knowledge transfer allows us to better service our customers with product information, technical support and cross-sell opportunities. We are continually improving our digital capabilities to provide an enhanced customer experience. This, coupled with our full-service marketing solutions, including traditional print materials, digital marketing applications, and email campaigns, continue to benefit our customers and allow them to diversify to new and existing customers. Our company's customized B2B marketing approach to end users allows our distributors to market their business and products cost-effectively.



PHILLIPS

## STAYING AHEAD OF THE CURVE

JACK TEMPLIN, PRESIDENT, AD INDUSTRIAL DIVISIONS

We are living in an ever-changing world, and while rebates are as important as ever, independent distributors need to continue to innovate to compete and grow. That is why we at AD are never satisfied with the status quo.

As part of a \$32 billion network, AD members not only benefit from increased buying power and 100 percent rebate distribution, but our size affords us the resources to make investments in innovative programs to help our members compete today and tomorrow.

One innovative program is our member-led AD eCommerce Solutions, which offers comprehensive, cost-effective options for eContent,

WebStore fronts and consultative services to help you win in the digital world.

eCommerce can be financially prohibitive for an independent. But by leveraging our scale, AD members pay pennies per SKU, compared to the \$2 to \$5 they would need to spend per SKU if they went it alone. Plus, in 2016, we have aggregated and normalized more than 2.3 million SKUs, and plan to add another 2.2 million SKUs to our portal in 2017.

Another innovative new AD program is AD HR Services, which provides best practice-sharing and best-in-class HR services that are competitively priced or that might otherwise not be accessible to our

members on an individual basis. We believe that people can be a true differentiator in the market place, and by helping our members recruit, develop and retain top talent, they will continue to build strong teams, take share and have a bright and successful future in years to come.

When I take the stage at the AD North American Meeting and look out in the audience, it inspires me to see growth-oriented independent distributor members, of all sizes, and our best-in-class supplier partners. They are leaders who truly understand that as strong as we are individually, together we are stronger.

Together, we win.



TEMPLIN