

■ *MDM Special Report: The Industrial Vending Boom*

SnapVend Aims to Even Playing Field

New AD-supported offering adds a low-cost option to market

As interest in vending has spiked, small and mid-sized distributors are under increasing demand from customers to supply the service. But for some, the cost to begin can be prohibitive. Vending machine and software suppliers have responded to the demand for a lower-cost option to help these distributors serve smaller customers profitably. SnapVend is one of these solutions. The company was developed by a safety supplies distributor, Mallory Safety & Supply, who worked with VendNovation to integrate its cloud-based technology.

Marketing group Affiliated Distributors recently adopted SnapVend as one of its preferred vending suppliers. This article looks at the place of SnapVend in the market, and how distributors are using the vending solution as one part of a total inventory management service offering.

By Angela Poulson

Industrial distributor Rocket Supply in Cincinnati, OH, expects to have 19 vending devices installed in 2013. Greg Losey, general manager, says almost a third of those machines are from a new low-cost vending provider, SnapVend.

The SnapVend offering is new for Rocket, having launched in late summer. Losey says the program has changed the way the company approaches vending. It's opened up new opportunities. "We're able to take SnapVend into customers who couldn't justify a vending expense prior to," Losey says.

Tim Loy, president of safety distributor Mallory Safety & Supply, collaborated with affiliates of marketing group Affiliated Distributors, AD executives and others to create SnapVend. Loy says the idea was borne out of a desire to help independents compete more effectively in vending

against larger national distributors.

More Options

In the past few years, national chains have pushed hard to place vending machines with customers at little to no direct cost to them, a push that Mark R. Higgins, vice president and managing director of Affiliated Distributors' Industrial Supply Division, says has disrupted the market. Higgins says AD affiliates and executives recently began looking for a way to better educate members on the value of vending and to offer them more options for machines.

"I think Fastenal cracked the code a bit by going with free machines, realizing that most buyers can say 'yes' to who they buy from, but can't say yes to a capital purchase," Loy says. Before SnapVend, Mallory was offering a much more robust vending solution at a much higher cost. "We needed something we could afford to put in for customers for free," he says.

Initially, Loy says AD looked for a supplier from which the marketing group could make a group buy. "Ultimately, we realized that our peers within AD could not sign on to a group buy without taking one machine first and really working to formulate a sales strategy. Someone had to proactively sell the solution to other AD distributors and work with them on their sales process for this to take off," Loy says. So Loy, through a separate sales and support arm Mallory created for the purpose, developed a solution called SnapVend.

This summer SnapVend joined CribMaster, which serves the middle to high-end of the market, as a preferred vending supplier for AD. Higgins says reception to the program has been "overwhelmingly

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PERSPECTIVE ■ Commentary by Thomas P. Gale**The Perils of Automating Customer Service**

There is a popular saying in Colorado that is typically directed toward those from the big cities and out of state who come here and explore the many Forest Service back roads through some beautiful mountain country: "Four-wheel drive has gotten a lot more people into trouble than out of trouble."

The same can be said for technology when applied in misdirected ways. Some things are better left not automated, particularly when it comes to certain customer service applications.

Locked out of my online banking account the other day, I called my bank's designated online banking number. After several prompts, the auto-attendant told me I could leave my phone number for a callback – nice touch. But then it followed up and told me the expected time for a callback would be between one hour and 19 minutes and one hour and 59 minutes. Swell.

I was left stranded somewhere between outrage and gratitude for being informed of just how lousy my bank's service really is. Not an uncommon experience with telephone tree systems nowadays. Surely, I thought, the hold time must be more reasonable, so I wound my way back through the prompts to find out – the

exact same timing.

For those in the wholesale distribution industry, this scenario seems inconceivable. Customers will go find a competitor to help them. Yet when you call or visit the websites of many companies, versions of the above happen all the time, around the clock. You may find a contact tab, but often there won't be a clear phone or address, just an html form.

On the other end of the spectrum, whether you call or go to the website, there are companies where it is easy to navigate by phone or other means. On the website the CEO has direct contact information and an invitation to let him know how the company is doing. What a nice touch and how appropriate for a company where a large percentage of its revenues come from face-to-face relationships, not clicks.

Too many companies are trying to automate relationships instead of using technology in targeted ways to make it easier to do business with them. Too often companies let technology damage a distinct level of customer service that sets your company apart from alternative sources of supply. It pays to drive the technology, not the other way around.

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SnapVend

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positive.”

The addition of the SnapVend program “filled a void,” Higgins says. “Tim had the right software people. He found the right hardware people, and he put his own resources together to solve a need for independents and AD.”

SnapVend, which Loy says has a drawer and RFID solution in development, currently offers coil- and locker-based machines. Vending equipment manufacturer Seaga produces the machines, which are powered by a control board that connects the machine to cloud-based software from vending technology provider VendNovation.

Loy says the machines run about 30 percent below market for comparable machines from other suppliers in part due to that cloud-based software. Eliminating the need to attach a computer to the front of the machine, Loy says, avoids complexity and database syncing issues and reduces maintenance needs.

Cal Bauer, vice president of marketing for VendNovation, says VendNovation worked with Winona, MN-based industrial distributor Fastenal when it unveiled its own vending program. Fastenal is broadly attributed with sparking the current boom in industrial vending.

“The Fastenal system that they trialed with and launched their program with was actually our controller and our software,” Bauer says. When Fastenal’s machine supplier Apex Supply Chain Technologies developed its own software to use in the machines, VendNovation was cut out, Bauer says. VendNovation partnered with Loy to create SnapVend to “empower” small independent distributors with the same system and quality of technology, Bauer says.

Place in the Market

Brent Scott, technical solutions manager and vending program manager for Martin Industrial Supply in Florence, AL, says a cost analysis is always required when determining where to place machines, no matter the provider. But because the SnapVend solution is less expensive than most, he says, it’s easier to approve placements.

“If you consider that the SnapVend offering is anywhere from a half to a third (the cost) of what we were faced with up until they were introduced, just by the numbers it makes it available to twice as many customers, or more,” Scott says. This has allowed Martin Industrial Supply to become more proactive, he says.

The ease of installation with SnapVend is

another important benefit. Bauer says SnapVend machines’ ability to run in the cloud means they can run anywhere with an Internet connection and troubleshooting can be done remotely. The VendNovation control board in SnapVend machines can also be installed right at the factory. “So we’re able to shorten the supply chain quite a bit with the way our technology works,” Loy says.

Eric Dillon, vice president of industrial distributor Dillon Supply Company, Raleigh, NC, says the shorter sales cycle of the SnapVend solution was a major factor in his decision to add it to his offerings. A start-up company Dillon was working with needed a vending solution fast. “When we identified the products they wanted to put in there, SnapVend seemed like the perfect opportunity, but what really sold that point was the timing – they needed a machine in three weeks.”

Benefits

SnapVend users say although the SnapVend program is new, they expect customers to gain the same general benefits users of other programs enjoy. “Even though it’s a less expensive machine, all of the controls are still there,” Losey says.

Loy, who already has machines in place with Mallory Safety & Supply customers, says several SnapVend customers have already tracked 30 percent or more consumption reduction, among other common benefits like reduced walk time, 24/7 availability and job tracking. “We have found it is hard to get a customer to switch,” he says.

SnapVend also offers the distributors themselves some of the same benefits as those offered by pricier machines.

“You typically pick up additional business when you’ve got a vending system in place,” Losey says. Part of that comes from being in customer facilities more often, and part comes from selling more products to existing customers.

More than once, Scott says Martin Industrial Supply has been able to suggest more items for a new vending machine than what had previously been sold to the customer. “We say, ‘Hey, you’ve got room for 10 more SKUs in the machine.’”

Not wanting to leave the space empty, the customer and rep work together to fill the space. “That’s 10 SKUs that they were obviously getting somewhere else that come into our book of business because we’ve got a store within walk-

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ing distance,” Scott says.

Higgins says at the end of the day, whoever has a vending solution is going to get a preferred look on spot buys and one-offs where there are higher margins.

Part of a Total Offering

SnapVend is not a standalone vending solution, AD’s Higgins says, which is why the marketing group also supports CribMaster. Losey at Rocket Supply says SnapVend doesn’t threaten his company’s relationship with its other suppliers, AutoCrib and SupplyPro, whose solutions Rocket plans to continue to offer moving forward.

“There are a lot of benefits to having them involved in what we’re doing,” Losey says. “They’ve got a very broad product offering and very extensive reporting capabilities.” The other suppliers also can design complex solutions to meet specific customer needs, he says.

Still, those involved with lower-cost options like SnapVend say it changes competitive dynamics in industrial distribution. “Independent distributors have needed a low-cost solution for a while,” Losey says. “We can now compete on an even playing field with the large nationals, and we weren’t able to before.”

■ Vending Case Study: Deco Tool Supply

Documenting Vending’s Value

Distributor: ‘Unless it’s documented & presented, it didn’t happen’

From the time Iowa-based industrial distributor Deco Tool Supply started PRISM – which stands for Process & Inventory Systems Management – in 1998 to focus on its integrated supply business, vending has been included in the offering.

The distributor, which has 10 locations throughout the Midwest, said it picked CribMaster as its vending partner at that time because of the software the supplier had developed to track inventory usage.

Randy Bergstrom, Deco implementation manager for PRISM, says that if distributors’ goals are better inventory management for customers, “you have to have the software that supports the vending machine for the total package.”

The software supports what, for Deco, is the most important component of vending programs: the documentation.

One of Deco’s customers, with the distributor for 15 years, is a good example of the value of documentation to the customer relationship. The customer just extended its contract with Deco for five more years, in part due to the ongoing value the distributor is adding through its inventory management solutions.

Before installing vending for this customer, Deco Tool Supply surveyed usage for the prior 10 months for a product group; the issues from the crib were \$250,000. Ten months after installing vending, the same crib items dropped to \$160,000.

The same machine was put into another cell at the customer. In the same time period pre-

vending, issues were \$120,000; after the machine was put in, usage dropped to \$80,000.

While usage went down, the surprising piece for Deco was that production went up in both cells. “They made more parts with less MRO products being utilized,” Bergstrom says. “That affects your bottom line.”

The distributor is also able to track the average cost of items per employee on the factory floor with the CribMaster software. The distributor has also tracked metrics such as product per employee per day and cost per process hour. Deco has developed reports to help it analyze a customer’s inventory and document and discover where problems may lie.

“We need to prove to the customer on the documentation that it’s not costing them money to do business with us,” Bergstrom says. “... I’ve always been a big fan of documentation.”

Because of its focus on documentation, Deco has been better able to uncover challenges and test new approaches with its customers.

For example, one customer was losing track of band saw blades, a challenge because “it’s not something someone will take home and use in their garage,” Bergstrom says. The customer needed to control usage and track who was using the blades.

So the distributor designed a hybrid vending station for the blades with scales and RFID. They tagged band saw blades with RFID tags and found a way to dispense them so that to get a blade, the customer could come to the machine, scan his badge or type in a code, and the

door would open.

While this approach worked, the distributor and customer found that employees were still taking the wrong blades. To fix this, they simply added colored dots tied to the machine and department on the RFID tags and put a legend on the outside of the machine.

No matter how effective a distributor is at delivering a solution that helps the customer, “unless it’s documented and presented, it didn’t happen,” Bergstrom says.

“I can go to a customer and tell him in six months that we know we saved you money. If you said that as opposed to here are signed-off documents from your engineering department based on the analysis we ran and you have saved \$150,000 – which one do you think will have more weight?”

And while documentation is important, it’s just as important to listen to the customer,

Bergstrom says. That’s the only way to uncover what the customer wants to accomplish with an inventory management program, whether that is with a vending machine or another service.

Documentation helps Deco continuously tweak customers’ programs to better meet those goals. The distributor focuses on finding the right solution for the company’s needs, designing systems from the ground up “to give the customer what he doesn’t even know he wants yet.”

“We have about 150 different vending installations, and out of those, the only thing that’s common is they’re all different,” Bergstrom says.

The focus is on finding and eliminating the biggest bottlenecks. “Our biggest thing is we don’t like to add to complexity. We like to keep things simple. It’s our culture.”

-Lindsay Konzak

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■ Vending Case Study: Machine Tools Supply

Understanding Customer Needs Critical

Design vending programs with customers’ unique needs in mind

Mutual benefit should be the goal of any vending and inventory management program, says George Ponce, president of industrial distributor Machine Tools Supply in Costa Mesa, CA. Distributors want to profit from the services they provide; customers want to reduce costs in their supply chain. To achieve that goal, according to Ponce, start with understanding.

“From a higher level, ultimately it’s all the same. You have a customer that consumes goods. They want them in an automated vending process,” he says. “But what really makes a program successful is being able to sit with a customer to understand any unique requirements they may have in the plant, understand from a historical perspective how a plant has evolved, its tribal knowledge.” Once you understand that, those nuances can be used to customize a comprehensive program that meets a customer’s specific requirements.

Gaining that deep understanding from the start makes it easier to evolve as needs and product mixes change, Ponce says. And if you’re providing this type of service, think long-term if you want to be profitable, he says.

“These programs are very expensive to implement and to execute in the beginning, so if you’re not committed to providing your custom-

er a solution that’s going to ensure you’re there for the long-haul, you’re going to be making these investments over and over and over and not realize the opportunity to be profitable.”

Taking the time to understand a site’s supply chain needs can open the doors to new customers. Three years ago, Machine Tools Supply met with officials at a large Department of Defense site. The initial meeting was to discuss the benefits of using AutoCrib vending equipment to address their supply chain problems.

“As we learned more about what their issues and problems were, we quickly recognized that a lot of the issues they were having were due to how the supply chain was being managed at that time,” Ponce says. “In sharing ideas with them, they encouraged us to get involved with the contract bidding process to provide supply chain services for their point-of-use program.”

In the first six months of the program with the Department of Defense site, consumption declined by 20 percent while production increased. In three years, the program has grown four-fold to become one of the largest vending program installations today.

To have a successful inventory management service offering, a distributor can’t approach the

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market defensively “to hold onto a customer that’s started talking about it,” Ponce says. “If you do things proactively, you can learn to drive cost out of them; if you do things reactively, you’ll always be doing things outside of your normal business practices that increase your cost of operations.”

Developing the necessary understanding needed to build a successful program for a customer of any size requires two things, according to Ponce.

First, “you have to really pay attention to detail when you’re designing the program with a customer.” Distributors need to develop a program that will meet the customer’s objectives without allowing the list of requirements to become unmanageable and almost impossible to implement. Often this means the conversation will evolve into one that includes other inventory management components, even if it started with vending, Ponce says. “We really view vending as the beginning of a comprehensive inventory management program for the customer.”

The second requirement is “good internal insight,” he says. You have to build internal efficiencies and keep a close eye on your investments in the programs to make sure your inventory costs don’t spiral out of control.

“If you can keep your eye on those two sides, you can be successful at the customer level and also make yourself more profitable without having to add resources incrementally that continue to increase your cost of operations,” he says.

As a midsized distributor, maintaining a successful vending and inventory management program in a market dominated by multibillion-dollar distributors such as Fastenal or MSC Industrial Supply can be difficult. “When you’re one of the majors in this industry, you have huge inventory resources that a smaller or midsized distributor doesn’t have,” Ponce says.

To compete, distributors like MTS have to have a deep understanding of how customer requirements affect their own internal operations, as well.

“If I’m doing my job correctly as an inventory manager, I’m able to correctly determine what inventories I need for a customer and manage the supply chains for those inventories in a profitable manner so I’m not investing in excessive costs to compete,” Ponce says. “I’m focusing my investments specifically to the customer and providing them with a solution that is designed specifically for them.

“If I do that, I can compete with anybody.”

-Jenel Stelton-Holtmeier

New to Vending, Distributor Hones Approach

Stauffer Glove & Safety, a fifth-generation family-owned distributor of safety products, introduced vending as part of its offering close to two years ago in part due to the trend in the market and the push by larger distributors. Stauffer, based in Red Hill, PA, quickly discovered the value vending programs can bring to its customers and itself when approached correctly.

The distributor offers SupplyPro helix and locker vending solutions, focused on both high-turn items where there might be waste and higher-dollar items that warrant control. The latter includes cut-resistant gloves, respiratory equipment, filters and more. “It’s a great way to keep those items under a lock and key and still have them available to employees around the clock,” Randall Stauffer says.

In its initial years, Stauffer says the distributor continues to hone its approach. For example, rather than introduce too many options to customers for structuring a vending program, Stauffer has simplified its pitch and now manages more than 90 percent of each vending relationship, including replenishing the machines and tracking usage.

Stauffer has also found that it has to communicate clearly what the customer’s role is in making it work as intended. For example, customers have to effectively manage their employee data and respond to the usage trends and other data that result from vending to see the savings they want. Vending equipment and software solutions can provide valuable data and control that can help customers shift employee culture away from hoarding supplies and taking home product.

While distributors can expect to see a decline in usage, and therefore sales, when they introduce a vending program at a customer’s location, Stauffer says distributors who view that as a negative aren’t seeing the whole picture. “We see it as an investment in our own customers that we’re showing them that we’re looking for solutions and truly partnering with them for their greater benefit,” he says. “... It’s not a defensive move as much as we want to reinforce the relationship and partnership we have with existing customers.”

-Lindsay Konzak

MDM 3Q13 Pricing Trends Report

Third-quarter inflation trends by product group

These select product groups provide a snapshot of inflation trends based on the Producer Price Index from the U.S. Bureau of Labor Statistics. This report, with graphs for all of the products listed here, is available online at this issue in pdf format at www.mdm.com.

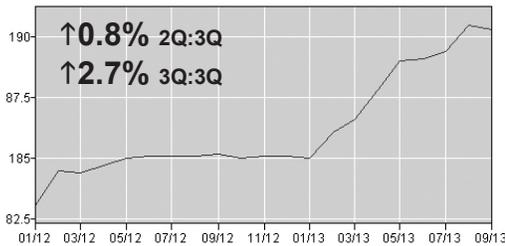
Key

↑X.X% 2Q:3Q (2Q '13 with 3Q '13)

↑X.X% 3Q:3Q (3Q '12 with 3Q '13)

Industrial

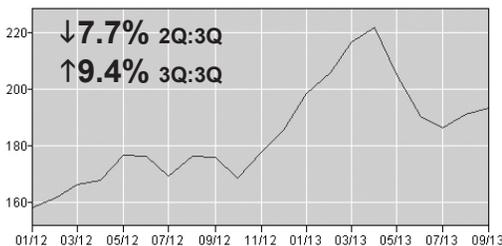
Abrasives



Product Group	2Q:3Q	3Q:3Q
Adhesives/Sealants	-0.4%	1.6%
Pumps & Compressors	0.1	2.2
Ind. Mat Handling Eqmt	0.0	1.1
Rubber & Plastic Belts & Belting	-0.1	1.9
Rubber & Plastic Hose	0.7	3.6
Industrial Rubber Products nec	-0.3	-1.6
Personal Safety Eqmt & Clothing*	1.2	3.5
Metal-Forming Machine Tools	0.6	3.1
Metal-Cutting Machine Tools	0.9	3.7
Metal Valves (not FP)	1.0	3.4
Steel Mill Products	0.0	-4.6

Construction

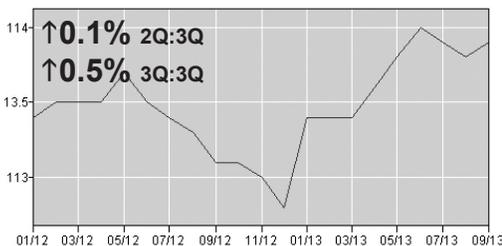
Softwood Lumber



Product Group	2Q:3Q	3Q:3Q
Plastic Construction Products	-0.7%	-0.1%
General Millwork	0.1	2.6
Gypsum Products	-1.7	14.8
Hardboard, Particlebd, Fiberbd	-12.4	-0.4
Hardwood Lumber	4.1	15.8
Plywood	-5.2	1.4
Wd Ties, Siding, Shingles, etc.	0.7	2.7

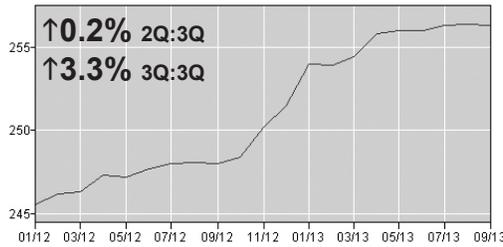
Electrical

Electrical Machinery & Eqmt*



Product Group	2Q:3Q	3Q:3Q
Electronic Components & Accs.	-0.2%	0.0%
Integrating/Measuring Instrumts	0.4	2.7
Motors, Generators, etc.	0.1	1.1
Wiring Devices	0.3	1.0
Transformers/Power Regulators	-0.4	-0.4
Switchgear, Switchbd, etc. Eqmt	0.4	2.0
Communications/Related Eqmt	0.4	0.9
Electric Lamp Bulbs and Parts	0.4	-5.0
Fab. Ferrous Wire Products	0.4	1.0
Nonferrous Wire & Cable	-1.0	-3.4
Lighting Fixtures	0.1	1.3

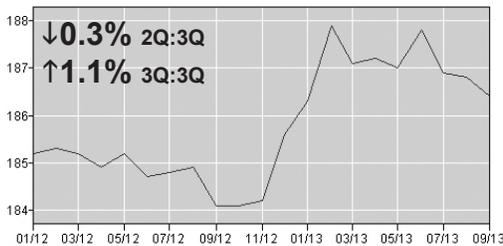
*Category includes products in table to right

Power Transmission/Bearing/Fluid Power
Mech. Power Transmission Eqmt*


*Category encompasses first three (PT) products in table.

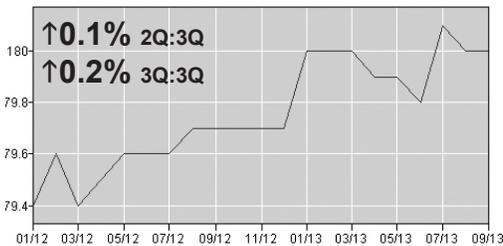
Product Group	2Q:3Q	3Q:3Q
Ball & Roller Bearings	0.4%	1.5%
Plain Bearings & Bushings	-0.2	3.9
Speed Changers/Drives/Gears	0.3	3.7
Fluid Power Equipment	0.3	1.5
Fluid Power Valves	0.3	1.8
FP Hose & Tube Fittings	0.3	1.3
FP Cylinders, Actuators, Accum.	0.2	1.1
Fluid Power Pumps & Parts	0.4	2.0

Get graphs for all product groups on pages 7-8 online in the current issue at mdm.com.

Fasteners
Nuts, Bolts, Screws, Rivets, Washers*


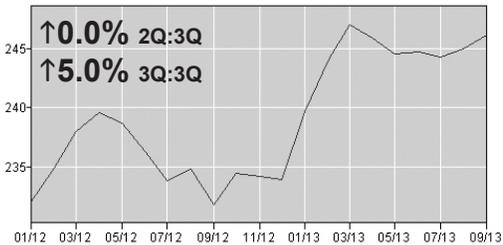
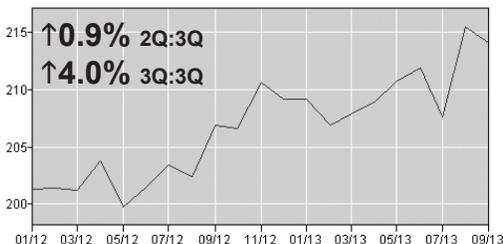
*Category encompasses products in table above **Excludes aircraft fasteners.

Product Group	2Q:3Q	3Q:3Q
Aircraft Fasteners	-0.6%	2.1%
Externally Thread. Fasteners**	-0.3	-0.3
Internally Thread. Fasteners**	0.0	0.3
Nonthreaded Metal Fasteners**	0.0	-0.2

Tools
Cutting Tools & Accessories*


*Category encompasses some of the products in table.

Product Group	2Q:3Q	3Q:3Q
Hand & Edge Tools	0.6%	2.6%
Power-Driven Hand Tools	1.9	2.8
Precision Measuring Tools	0.0	0.1
Small Cutting Tools	0.1	0.3
Tools, Dies, Jigs, Molds, Fixture	0.0	1.3

Other
Plastic Resins and Materials

Industrial Gases


Product Group	2Q:3Q	3Q:3Q
Hardware*	0.2%	1.1%
Builders Hardware	0.2	0.4
Air Cond. & Refrigeration Eqmt	0.7	2.9
Heating Eqmt	0.3	1.6
Plumbing Fixtures & Fittings	1.1	2.4
Plastic Products (overall)	0.1	2.9
Pkgng Products from Plastics	0.6	3.6
Welding Machinery & Eqmt	0.2	1.2
Office Supplies & Accessories	0.2	2.3
Pulp, Paper & Allied Products**	0.5	2.3
Boxes	2.6	7.3
Sanitary Paper Products	0.0	-0.3

*Category includes builders' hardware

**Category includes boxes, sanitary paper products & office supplies

Despite Slowness, MSC Stays the Course with \$4B Goal

When MSC Industrial Supply, Melville, NY, announced its plan to reach \$4 billion in annual sales by 2016, executives expected its compound annual growth rate to continue along its historical trajectory of 14 percent. The fiscal year 2013 had different plans, with annual sales growing only 4.3 percent over fiscal 2012.

The distributor reported sales for the fiscal year ended Aug. 31 of \$2.5 billion.

"Our organic growth rate since fiscal 2011 ... has been lower than anticipated, due to the impact of softness in the metalworking sector this past year," said Erik Gershwind, president and CEO, in the conference call to discuss the fiscal 2013 results. "Clearly we've not been operating in a moderate growth environment."

But, Gershwind said, that doesn't mean that MSC is changing its goal. To reach \$4 billion by 2016, the company would have to achieve a CAGR of just under 15 percent in the next three years. "We remain on track," he said, "although we will need to see an improvement in our organic growth rates to achieve that goal."

The company expects to see that improvement, "assuming the metalworking and manufacturing environments return to growth," even though fiscal 2014 is expected to start slow, as well. The company expects sales for the fiscal first quarter 2014 to be between \$662 million and \$674 million. At the midpoint, average daily sales growth, excluding Barnes Distribution North America, is expected to be around 3 percent.

The company will focus its growth in three key areas: continued share gains, accelerated industry consolidation and "the prospects of a renewed manufacturing renaissance in North America," Gershwind said.

MSC reported profit for fiscal 2013

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Distributor News

Atlanta-based **HD Supply Holdings Inc.** reported sales were \$720 million in August, \$690 million in September and \$885 million in October. The fiscal 2013 year-over-year monthly net sales growth was 6.5 percent, 8.1 percent and an estimated 6.5 percent in August, September and October, respectively.

The Fastenal Company of Winona, MN, reported sales for October of \$310.9 million, an increase of 7.7 percent compared to October 2012. Daily sales averaged \$13.5 million, an increase of 7.7 percent versus last year.

Graybar, St. Louis, MO, third-quarter sales were \$1.5 billion, a year-over-year increase of 7 percent. Profit grew 43.1 percent to \$29 million. Nine-month sales were \$4.2 billion, up 4.6 percent. Profit fell 26.1 percent to \$58.5 million.

Houston-based **DXP Enterprises Inc.** reported third-quarter sales of \$329.7 million, a year-over-year increase of 13.7 percent. Profit increased 25.2 percent to \$16.4 million. For the first nine months, sales were \$927.8 million, up 15.4 percent. Profit increased 17.3 percent to \$43.3 million.

Summit Electric Supply, Albuquerque, NM, acquired **Central Electrical Supply**, Bryan, TX.

Hydradyne LLC, Fort Worth, TX, agreed to acquire **Action Hydraulics**, Houma, LA.

Birmingham, AL-based **Motion Industries**, a subsidiary of **Genuine Parts Company**, acquired **AST Bearings LLC**, a supplier of high precision bearings and related products, with two locations in Montville, NJ, and Irvine, CA.

EIS Inc., a subsidiary of Genuine Parts Co., Atlanta, GA, acquired **Tekra Corp.**, New Berlin, WI. Tekra is a coater, converter and distributor of specialty plastic films and adhesives.

International distribution and outsourcing group **Bunzl plc** acquired **Wesclean Equipment & Cleaning Supplies Ltd** in Canada.

BlackHawk Industrial, Broken Arrow, OK, acquired two Chicago businesses: **Chicago Hi-Speed Tool & Supply** and **Quaker Tool Grinding**.

Purvis Industries, Dallas, TX, acquired the Bates family of companies, consisting of **Bates Sales Co.**, **The Mine Supply Co.**, **IMSCO of Albuquerque**, **Design Mfg & Equipment Co.**, **St Louis Vibrator Products**, **Conveyor and Drive Equipment Co.**, **C&L Gear & Machine** and **Munroe Material Handling**.

ERIKS NV, a Netherlands-based industrial distributor, acquired **C&C Industries Inc.** in Houston, TX, and **CCTX Flow Products Inc.** in Alberta, Canada.

Anixter International Inc., Glenview, IL, reported third-quarter sales of \$1.6 billion, down 3.2 percent from the same period a year ago. Profit was \$53.7

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News Digest

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million, compared to \$19.8 million a year ago. For the first nine months, sales were \$4.6 billion, down 2 percent year-over-year. Profit increased 19 percent to \$142.2 million.

Airgas Inc., Radnor, PA, reported sales for the second quarter ended Sept. 30 were \$1.28 billion, up 4 percent over the prior year. Profit increased 17 percent to \$95 million. For the first six months of the fiscal year, sales were \$2.56 billion, up 3 percent year-over-year. Profit grew 5 percent to \$179.7 million.

WESCO International Inc., Pittsburgh, PA, reported sales for the third quarter of \$1.9 billion, a year-over-year increase of 16.6 percent. Profit increased 9.1 percent to \$69.2 million. For the first nine months, sales were \$5.6 billion, up 14.2 percent. Profit increased 24.6 percent to \$218.4 million.

Lawson Products Inc., Chicago, IL, third-quarter sales were \$68.2 million, a year-over-year increase of 0.4 percent. Profit was \$601,000, compared to a year-ago loss of \$1.3 million. For the first nine months, sales were \$203.8 million, down 2.3 percent. Net loss for the period was \$2.2 million, compared to a year-ago loss of \$64.3 million.

Avnet Inc., Phoenix, AZ, reported sales for the first quarter ended Sept. 28 were \$6.3 billion, up 8.1 percent over the same period a year ago. Profit increased 20 percent to \$120.6 million.

Avnet named Michael Buseman as chief global logistics and operations officer effective Nov. 1. Buseman succeeds Gerry Fay, who was promoted to global president for Avnet electronics marketing.

L&W Supply reported sales of \$331 million in the third quarter, a year-over-year increase of 10 percent. Operating profit was \$3 million, compared to a year-ago operating loss of \$10 million. For the first nine months, L&W sales grew 8 percent to \$863 million. Operating profit was \$2 million, compared with a year-ago operating loss of \$23 million.

L&W's parent company **USG Corp.**, Chicago, IL, reported third-quarter sales of \$925 million, up 12 percent year-over-year. Profit was \$23 million, compared with a year-ago loss of \$29 million. For the first nine months, sales were \$2.7 billion, up 10 percent. Profit was \$50 million, compared to a year ago loss of \$113 million.

Huttig Building Products Inc., St. Louis, MO,

Calculation of MDM Inflation Index for September 2013

	BLS	BLS	BLS		Weighted	%	%	
	Price	Price	Price	%	Indices	Change	Change	
	Indices	Indices	Indices	Sales	Sept '13	Sept '13	Sept '13	
	Sept '13	Aug '13	Sept '12	Weight	(1)X(4)	Aug '13	Sept '12	
1136	Abr. Prod.	564.9	565.5	550.7	19.1	107.90	-0.10	2.59
1135	Cutting Tools	488.1	488.1	487.5	18.9	92.24	0.00	0.11
1145	Power Trans.	800.7	801.0	775.4	15.4	123.31	-0.04	3.26
1081	Fasteners	503.4	504.5	496.4	9.0	45.31	-0.21	1.41
1149.01	Valves, etc.	953.2	941.1	926.3	7.6	72.44	1.29	2.90
1132	Power Tools	355.6	355.6	346.3	6.5	23.11	0.00	2.69
1144	Mat. Handling	567.4	566.8	559.6	6.2	35.18	0.10	1.38
0713.03	Belting	860.4	855.6	834.7	6.1	52.48	0.56	3.09
1042	Hand Tools	774.1	775.8	749.9	8.1	62.70	-0.22	3.23
108	Misc. Metal	476.6	477.2	474.1	3.1	14.77	-0.12	0.54

"New" Sept. Index 328.9 Sept. Inflation Index 629.45 0.13 2.29

"New" August Index 328.4 August Inflation Index 628.61

Sept. 2012 Inflation Index 615.36

New index reflects 1977-100 base other #: 1967 To convert multiply by .52247

third-quarter sales were \$153.3 million, a year-over-year increase of 9 percent. Profit decreased 16.7 percent to \$3 million. For the first nine months, sales were \$426.7 million, up 7.9 percent from a year ago. Profit increased 56.5 percent to \$3.6 million.

Sales for all **AD Affiliates** across divisions grew 4 percent in the first three quarters of 2013 to \$21 billion, according to Affiliated Distributors. AD independents hired 1,808 new employees and opened 108 new locations during the nine-month period.

Houston-based **MRC Global Inc.** third-quarter sales declined 9.5 percent to \$1.31 billion. Profit for the quarter was \$38.8 million. For the first nine months, sales were \$3.9 billion, down from \$4.3 billion in the same period a year ago. Profit was \$128 million.

Arrow Electronics Inc., Englewood, CO, reported third-quarter sales of \$5 billion, a year-over-year increase of 1.7 percent. Profit fell 6.6 percent to \$96.8 million. For the first nine months, sales were \$15.2 billion, up 1.3 percent from a year ago. Profit decreased 20.2 percent to \$264.6 million.

Atlanta-based **BlueLinx Holdings Inc.** reported third-quarter sales of \$558 million, a year-over-year increase of 12.3 percent. The building materials distributor had a net loss of \$3.2 million for the quarter, compared with a profit of \$3.1 million a year ago. For the first nine months, sales were up 13.5 percent to \$1.67 billion. Net loss was \$38.2 million, compared with a year-ago net loss of \$11.7 million.

Stock Building Supply Holdings, Inc., Raleigh, NC, reported third-quarter sales of \$328.5 million, up 28.4 percent year-over-year. The company recorded a net loss for the period of \$5.5 million, compared to profit of \$40,000 a year ago. For the first nine months, sales were \$891.8 million, up 29.2 percent year-over-year. Stock recorded a loss for the period of \$7.6 million, compared with a loss of \$10.8 million a year ago.

Praxair Inc., Danbury, CT, third-quarter sales were \$3 billion, up 9 percent from the same period a year ago. Profit increased 3.5 percent to \$445 million. For the first nine months, sales were \$8.9 billion, up 5.8 percent year-over-year. Profit increased slightly to \$1.3 billion.

Current Praxair Canada President Matt White

will succeed Jim Sawyer as senior vice president and CFO of Praxair effective Jan. 1, 2014.

Applied Industrial Technologies, Cleveland, OH, reported sales for the first quarter ended Sept. 30 of \$605.3 million, a year-over-year decrease of 0.9 percent. Profit fell 9.2 percent to \$26.8 million.

Kaman Industrial Technologies, Bloomfield, CT, third-quarter sales were \$273 million, a year-over-year increase of 5.7 percent. Operating income for the segment increased 13.5 percent to \$14.7 million. For the first nine months, sales were \$800.4 million, up 4.8 percent year-over-year. Operating income decreased 16.3 percent to \$33 million.

Parent company **Kaman Corp.** reported third-quarter sales of \$423.7 million, a year-over-year increase of 3.4 percent. Profit increased 28 percent to \$19.2 million.

Dayton, OH-based **WinWholesale Inc.** opened a new regional distribution center in Middletown, CT.

Tacoma Screw Products, Tacoma, WA, is building its third Idaho branch in Idaho Falls, according to a report in the Idaho Business Review.

The CEO of Beloit, WI-based **ABC Supply Co. Inc.**, David Luck, will retire as CEO Dec. 31. ABC Supply's board of directors elected Keith Rozolis, ABC Supply's current president, to succeed Luck.

Beacon Roofing Supply Inc., Herndon, VA, appointed Brendan P. Daly executive vice president and chief supply chain officer and Patrick G. Murphy as executive vice president, business improvement.

F.W. Webb Co., Bedford, MA, opened a new location in Falmouth, MA.

Grainger, Chicago, IL, launched a new feature for its iPhone app, LiveChat with Photo. Customers can send a photo of a product to a Grainger customer service representative during a live chat.

Economic News

Construction spending in August was \$915.1 billion, 0.6 percent above the revised July estimate of \$909.4 billion, according to the U.S. Census Bureau. The August figure is 7.1 percent

above the August 2012 estimate. During the first eight months of 2013, construction spending was \$581.9 billion, 5.9 percent above the same period in 2012.

The manufacturing sector expanded in October for the fifth consecutive month, with the Purchasing Managers Index increasing 0.2 percentage points to 56.4 percent, according to the latest **Manufacturing ISM Report On Business**.

Wholesale prices fell 0.1 percent in September, seasonally adjusted, according to the U.S. Bureau of Labor Statistics. Prices for finished goods rose 0.3 percent in August and were unchanged in July.

Industrial production increased 0.6 percent in September following a gain of 0.4 percent in August, according to the Federal Reserve. For the third quarter as a whole, industrial production rose at an annual rate of 2.3 percent. **Capacity utilization** for total industry moved up 0.4 percentage point to 78.3 percent.

New orders for manufactured durable goods in September increased 3.7 percent to \$233.4 billion, according to the U.S. Census Bureau.

Wholesale trade revenues in August were \$428.4 billion, up 0.6 percent from the revised July level and up 5.6 percent from August, according to the U.S. Census Bureau.

Construction employment rose by 20,000 in September and the industry's unemployment rate fell to a six-year low of 8.5 percent, while construction spending increased for the fifth consecutive month in August, according to an analysis of government data by the Associated General Contractors of America.

European industrial producer prices in September rose by 0.1 percent in both the euro area (EA17) and the EU28 compared with August, according to estimates from Eurostat. Compared with September 2012, September 2013 industrial producer prices fell by 0.9 percent in the euro area and by 0.5 percent in the EU28.

Manufacturer News

The Timken Co., Canton, OH, third-quarter sales were \$1.1 billion, a year-over-year decrease of 7 percent. Profit decreased 35.5 percent to \$52.2 million. For the first nine months, sales were \$3.3 billion, down 16 percent from a year ago. Profit decreased 50 percent to \$210.1 million.

3M, St. Paul, MN, third-quarter sales were \$7.9 billion, a year-over-year increase of 5.6 percent. Profit increased 5.9 percent to \$1.2 billion. For the first nine months, sales were \$23.3 billion, up 3.5 percent from a year ago. Profit increased 3 percent to \$3.6 billion.

Reliance Steel & Aluminum Co., Los Angeles, CA, through its wholly-owned subsidiary **American Metals Corp.**, it acquired **Haskins Steel Co. Inc.** in Spokane, WA.

Carlisle Companies Inc., Charlotte, NC, agreed to sell **Carlisle Transportation Products** to **American Industrial Partners** of New York, NY, for \$375 million.

Carlisle Companies reported sales for the third quarter of \$968.8 million, a year-over-year increase of 6.4 percent. Profit increased 10.2 percent to \$76.6 million. For the first nine months, sales were \$2.8 billion, up 1.4 percent from a year ago. Profit decreased 37.1 percent to \$140 million.

Actuant Corp., Milwaukee, WI, agreed to sell its electrical segment to **Sentinel Capital Partners** for \$258 million in cash.

MSC

Continued from p. 1 of this section

of \$238 million, down 8.1 percent from fiscal 2012.

Sales for the fourth quarter were \$673.8 million, an increase of 6.1 percent compared to the same period a year ago. Profit decreased 18.2 percent to \$56.4 million.