



# ONE EIGHTY

A new perspective for your enterprise performance

May 2011

## Across the Dock

### Upcoming Events

- CAM-I Second Quarter Meeting  
Atlanta  
June 12-15
- ABM Smart Annual Conference  
Chicago  
July 18-19

### People in the News

- Congratulations to Paige Dawson and Rey Rodriguez on their recent engagement
- Congratulations to Louis and Lisa Giuliani on the birth of their second child, Rosa Camille. Congratulations to Papa John the grandfather (that's me)

### Link

- National Association of Wholesale Distributors Website

[Distribution Industry](#)

Stop and think about it. Just about everything you see in a shopping mall, restaurant, grocery store, or even a gas station comes from wholesale distributors.

In the United States, wholesale distribution is a \$4.5 trillion dollar industry comprising hundreds of thousands of distributors who buy goods from vendors, store it, and sell it to customers. Wholesale distributors can have hundreds of vendors and thousands of products and customers.

Wholesale distributors are generally located near major highways and in metropolitan areas. One side of the facility is for incoming goods from suppliers, the middle is for warehousing/storage, and the other side for outbound shipments to the customer: hence the term Across the Dock.

The vast majority of distributors are entrepreneurial family-run businesses with fewer than 500 employees. Some are large publically traded businesses with thousands of employees.

An example is Sysco, the global leader in foodservice distribution. With \$37 billion in annual revenues, Sysco has 400,000 products and 46,000 employees who deliver 1.2 billion cases of food and related products to customers each year.

Gross margins in this industry are thin (12-20%), with net incomes less than a nickel for each dollar of sales.

Financial performance is driven by product selection, inventory turnover, customer requirements, route (delivery) selection, fuel costs, and selling prices.

The industry is a leader in using technology to reduce low value-added labor activities such as order processing, billing, inventory control, and warehouse management. Growth in productivity has consistently exceeded the overall business sector.

Distributors were one of the first industries to use Radio Frequency Identification (RFID) to identify and track inventory and location, software developed by UPS and FedEx to optimize outbound delivery, and software tools to determine the best way to load a truck.

Wholesale distributors are constantly looking for opportunities to provide value added services in order to improve their profitability.

A good example is Lancaster Foods, a distributor of fresh fruits and vegetables. Value added services included packaging fruit and vegetables. You see this in grocery stores that carry bags of oranges or packaged vegetables. They even cut apples and pack them in small plastic bags for sale to schools.

***Wholesale distributors, can't live without them...***  
***John A. Miller***

arkon<sup>as</sup>