

PARTNERS IN THE PANDEMIC FIGHT

DAVID EIDSON, VP, SUPPLY CHAIN LOGISTICS, ORS NASCO

ORS Nasco partners with distributors to provide a single-source wholesale solution focused on driving incremental sales, increasing customer retention and building market share. Our nationwide network of strategically located distribution centers allows for lower transaction, shipping and transportation costs that save you time, money and unnecessary work.

In the age of a pandemic, we're seeing the largest supply chain disruption since WWII. It may be greater considering the inter-dependence of international sourcing that exists today. Demand for Personal Protective Equipment (PPE) and sanitary items has caused many manufacturers to enter the space, while short-term demand in many other mainstay categories has fallen dramatically. As demand begins to normalize, manufacturers have deficits with fully sourced overseas inventory and the raw materials needed to complete finished goods. Plant closures and transportation delays are inhibiting production, disrupting the entire supply chain.

ORS Nasco is continually sourcing alternative items to meet the expectations of customers, especially in the PPE and sanitizing channels. We also continue to work with suppliers on domestic alternatives to meet the demand in our industrial offerings. In many cases, we are simply monitoring our own backlog to effectively communicate to our customers expected lead times and fulfillment.

Wholesale distribution will become more relevant as distributors look to consolidate spend and manage working capital. There will be a substantial movement to strengthen the supply chain domestically and lessen offshore dependence. This may be especially true relating to key medical and pharmaceutical production. However, it will also affect other categories. Key suppliers are moving manufacturing to the U.S. in safety, industrial and tool production.



EIDSON

GENERATING RELIABLE REVENUE GROWTH

BRUCE ZOLOT, PRESIDENT, TRAVERS TOOL

Founded in 1924 and operated these past 96 years as an independently owned and managed business, we understand the challenges faced each day by our distributor customers. Each year along the way, we have made it our purpose to innovate and provide the tools and services that help our partners better compete in an increasingly competitive landscape. Staying on top of the trends and demands of the market including digital tools, web-ordering, marketing material and top-notch service has been our core value added for our partners.

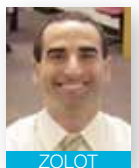
To deliver with a personal and highly competent approach, our dedicated wholesale team strives to anticipate and respond quickly to distributor needs. We recognize the vitality of relationships and, in addition to engaging with a variety of buying groups, we host a number

of distributor peer-to-peer calls that allow the free flow of information between non-competitive distributors (let us know if you'd like to join our next series). These discussions spur new ideas and inform the services we offer. Providing both the operational capabilities and the agility to turn on a dime, we build trust and reaffirm our can-do approach each day. All of our services, from the same-day/late-day shipping of our broad product selection, to our unique marketing solutions, are designed to save distributors time, lower their costs and raise their expectations of what a wholesale supply partner should be.

As a full-line distributor of over 800 brands, including over 15 exclusive high-margin signature brands, our distributor partners increase profits with competitive discounts on our entire inventory. We stock three nationwide distribution centers to eliminate the

need for distributors to meet manufacturer's minimums, and provide fast, same-day blind drop shipping direct to their customers if needed.

In addition to an unparalleled discount structure and product selection, we offer a robust turn-key marketing program designed to help distributors penetrate new markets and grow sales with current customers. Our custom e-commerce websites provide the digital sales engine and presence that help distributors compete with national companies and online superstores. Our custom master catalog and quarterly sales flyer programs ensure distributors remain competitive, increase brand recognition and grow their business with the support of a wholesale partner that truly understands and meets their needs.



ZOLOT

POSITIONING FOR GROWTH IN 2021

DAN JUDGE, FOUNDER OF NETPLUS ALLIANCE

NetPlus Alliance is a family business that started as a machine shop in Lockport, New York, in 1885. My three great uncles inherited this business and incorporated it as a full-line distribution house in 1931 at the onset of the Great Depression. In addition, they endured the Spanish Flu and two World Wars. But they not only survived, they flourished by keeping in touch with what their customers needed in changing times.

Now, as a buying group of industrial and contractor supplies distributors, the same qualities that allowed us to thrive through these ups and downs have provided a strong foundation as we navigate 2020. NetPlus Alliance has taken steps to put itself in a place to forge solid growth for our members in the future.

Even in the midst of national crisis, the distribution community continues to see the benefits of partnering with us. In the first half of the year, the group added 11 new manufacturers and 17 distributors. These are strong and forward-looking companies focused on growing their profitability.

Our team has also been restructured and reenergized to provide new and exceptional service. Continued development of our people and culture help us identify and act on opportunities for new and

ongoing growth between NetPlus distributors and suppliers.

We've also adopted new tools as work moved virtual this year. Rather than cutting back on distributor training opportunities due to COVID-19, we increased supplier product training to our members. Because no travel was required, more members could participate. As an example of innovation and adaptation, one of our suppliers, Knipex, sent tool samples ahead of the online event so everyone participating had hands-on training.

In September, the NetPlus Academy announced a partnership with learning management system BlueVolt to provide supplier training online to our distributor personnel at their own pace. The NetPlus Annual Meeting will leverage that platform as it moves to virtual this year.

Our members have also adapted their businesses to serve their customers better during the uncertainty of 2020. We've worked with many of our distributors over the past six months as they navigated HR, financial and supply challenges associated with the pandemic.

Our group is more resilient and creative than ever, embracing the relationships we have developed. That has made us stronger as we look to grow in 2021.



JUDGE



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ABOUT GROWTH?



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NetPlus
ALLIANCE

▶ DON'T PUT ALL YOUR EGGS IN ONE BASKET

ZACHARY T. HAINES, CEO, DPA BUYING GROUP

The COVID-19 pandemic has been a tragedy of epic proportion. My heartfelt sympathies and condolences go out to anyone reading this who has been personally affected. There are many lessons to be learned from this humanitarian crisis, but with respect to our businesses, I believe it's become abundantly clear that "we cannot put all our eggs in one basket." Our supply chain is too dependent on China for products and raw materials. Many distributors are far too reliant on a small number of suppliers and customers. Many of our businesses are too tightly bound to a particular market segment or product category. The simple but important solution to all of these challenges is to diversify.

Would your company have been in a better position if you supplemented your existing line card with hand sanitizer, personal protective equipment such as N95 respirators and gloves, or even electrostatic sprayers and disinfecting chemicals? Some of these items may feel like they're out of your comfort zone or expertise,

but DPA distributors and vendors have been among the leading suppliers of COVID-related products across the country. Our members have benefited from having access to over 200 manufacturers and wholesalers in the PPE and cleaning product channels. They've also utilized alternative vendors and approved sources for in-stock industrial items and have been set up almost immediately.

The DPA Buying Group is comprised of over 1,000 distributors in the industrial/contractor supplies, safety, packaging and janitorial markets. Groups like DPA leverage the collective purchasing power of their members to negotiate better pricing, marketing allowances, lower minimums and extra promotions. DPA's vendors (over 220)

include companies like Makita, Werner Ladder, and even wholesalers like ORS Nasco and R3 Safety. DPA does not interfere with your ordering, invoicing, or warehousing, and there are no dues or sign-up fees if approved.



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▶ ADAPT AND GROW

ADAM CREWS, VICE PRESIDENT OF SALES, ALLIANCE DISTRIBUTION PARTNERS

The headwinds distributors are facing in 2020 are unparalleled to anything this industry has ever faced. The disruption COVID-19 caused will leave lasting effects on the economy and will forever shape the way our supply chain operates. Many organizations experienced growth during the pandemic by challenging their status quo to achieve growth. As an example, one distributor found big growth in the safety category during Q2, while experiencing a dip in their traditionally strong fastener sales. They pivoted from a traditional winner in their portfolio to support the current market trend by sourcing a broader range of PPE products.

Now, more than ever, independent distributors must make the same move from status quo to an aggressive growth mode. Sales growth is oxygen for the business, and if you cannot grow, the business is dead. At Alliance Distribution, we took the same advice, finding a formula that led to stronger growth. First, we had to stop following the competition. The fear of missing out

on opportunities is daunting; but it is futile to chase every sales opportunity. Look internally at your current strengths and listen closely to customer needs. Leaning into those strengths and focusing on solving the customer's pain points will lead to a design thinking perspective and take you to where the sharks are not.

A fundamental strategy would be more focused on strategic customers and vendors. Realigning your sales force to a more aggressive inside sales model potentially gives you more reach, and a lower cost structure than the heavy outside sales model. Backing that with e-commerce and other marketing tools to stay in front of the customer will strengthen your position. Alliance Distribution is a mirror-image of the independent market and has built tools to help distributors in these areas. If you want more tools, fewer hassles and what we call a flexibly fast experience, please consider Alliance Distribution as a resource for your Industrial MRO needs.



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