

Dear Industry Colleague:

We recently interviewed several of our business owner clients who operate in Distribution or related fields to talk about the challenges and opportunities that the last two years have presented – and how they have adapted and flourished. They also talked about the support, accountability and fresh idea flow that they received from their TAB CEO advisory boards during that time.

We compiled the results of the interviews into an Industry Spotlight packed with ideas and inspiration for business owners operating in any industry. From overcoming the fear of raising prices to attracting and retaining talent, we have included some great success stories, told by successful business owners.

I hope you find this enlightening and helpful! If you are a busy entrepreneur who values the input and guidance of other business owners we would like to talk to you!

*~ Vicky Richards, COO, TAB of Central New Jersey
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New Jersey Warehousing and Transportation Companies Thrive in the Face of Market Challenges

A Logistics Industry Spotlight



THE ALTERNATIVE BOARD

Shared Wisdom, Bottom Line Success

PRESENTED BY TAB OF CENTRAL NEW JERSEY



Current marketplace fluctuations have provided numerous challenges, but also growth opportunities for businesses in the logistics, transportation, and distribution industries. Inflation, supply chain issues, labor shortages, and high fuel prices have forced business owners to pivot quickly and get creative to effectively manage cash flows, employees, and profits.

The Alternative Board of Central New Jersey (TAB CNJ) recently spoke with a few of its members to learn how they have adapted and thrived in this business climate. Here are the top issues that they cited and some of their key takeaways.

Labor Shortages Require Business Owners to Get Creative

No business has been able to escape the effect of labor shortages, especially businesses in the warehousing, transportation, and distribution industries. While there are many reasons for labor shortages, the “Amazon effect” has been a major concern for most businesses in the vicinity of an Amazon facility. Amazon’s deep pockets have allowed it to pay higher wages and provide full benefits to its warehouse employees; driving up the costs for any business that relies on hourly labor. Amazon’s move to a \$19 starting hourly rate for warehouse and transportation workers undoubtedly had a major impact.

According to a survey from Modern Shipper, 73% of warehouse operators can’t find enough labor. This is significantly up from 26% in 2021. Theo Contos, President of World Wide Metric, a family-owned business that specializes in the distribution of pipe valves and fittings for the maritime market said, “Positions that we used to be able to fill in two weeks, we now can’t fill in two months.”

TAB business owners have employed a variety of creative strategies to attract and retain employees. Tom Rafael, CEO of Total Warehouse Solutions, a third-party labor provider for managed warehouse solutions, used his TAB Board to problem-solve his staffing issues, resulting in significant cost savings for his company.

“The resources available to me through my TAB Board... have been instrumental in helping my company save money.”

-Tom Rafael,
CEO of Total Warehouse Solutions

Across Boards, TAB members from diverse industries shared and vetted successful tactics that they were using to fill key positions. The exchange of “what’s working” and “not working” across businesses helped each owner make better, real-time decisions.

- Created “Apply Now” QR codes to increase the ease of the application process
- Used LYFT to dispatch parts deliveries as an alternative to temporary drivers
- Made job descriptions more engaging - tailored for today’s workforce
- Added employee benefits and retooled career opportunities
- Highlighted employee culture in job postings
- Increased pay for current employees to increase retention
- Raised entry pay to keep pace with competitors
- Adjusted salaries every six months instead of annually
- Offered off-cycle bonuses

These conversations continue each month as labor needs and market dynamics shift.





Member Spotlight: Tom Rafael, CEO


Total Warehouse Solutions is third-party labor provider for large retail, food service, and import/export businesses. The company specializes in efficient loading and unloading services and operates in twenty-two facilities across the United States. CEO Tom Rafael has been a TAB member for 3 years and values the diversity of thought on his Board.

“When I have issues that I want to bring to my partners, I bring them to my TAB Board first and I get phenomenal responses. My group gives their heart and soul (to each meeting) because they want (all of us) to be successful.”

-Tom Rafael, CEO of Total Warehouse Solutions

Managing Supply Chain and Cash Flow Challenges

Today's business environment has created never-ending supply chain challenges for business owners. Pandemic woes led to labor shortages which led to congested ports; fulfillment times increased, and prices rose. This perfect storm created a nightmare for many in the warehousing and distribution industry. **However, with strategic planning and an emphasis on efficiency, many TAB businesses weathered the supply chain storm and are now reaping the benefits.**



Theo Contos, President of World Wide Metric, took the opportunity to **“double down” on inventory purchases** using cash reserves during the pandemic, instead of pulling back, as many of their competitors in the cruise and maritime markets did. This dramatically improved their competitive market advantage and brought in new customers from industries that were not previously on their radar.

Similar to World Wide Metric, TAB member Glenn Morreale, CEO of C&M Automotive Warehouse, increased unit order quantities and also created **new vendor relationships**, adding diversified options for inventory procurement. This strategy kept C&M relevant and competitive in a crowded marketplace. “Instead of ordering the usual 10 units, we may now order 40 units. I wasn’t worried about the extra expense (from increasing units ordered) because demand is so high,” said Glenn.

Morreale also found that instituting a **standard vetting practice** to identify the best vendors mitigated supply chain issues. Beyond negotiating pricing deals, his vetting strategy included interviewing vendors’ customers, calling references, and inquiring about the product quality of specific vendors.

Theo’s brother George Contos, who is the CEO of the family-run World Wide Metric, shared that through the use of **data analytics** they were able to gain a better understanding of customer buying needs and ultimately assess profitability at the customer level, leading to the adoption of minimum order requirements, which improved their margins.



Member Spotlight: Glenn Morreale, CEO

C&M Automotive Warehouse is a wholesaler supplier of truck and auto parts servicing independent, regional, and national repair shops, dealerships, government, and fleets throughout Central New Jersey and Bucks County. Glenn describes his company as delivering what customers need to “keep America running.” The company’s stellar customer service record is exhibited every day in the 700 to 900 orders that are delivered within 45-minutes of the order being placed.

As a busy business owner, Glenn looks forward to his TAB meetings,



“I feel like a thousand-pound weight is lifted off my shoulders (after each meeting)... there is always somebody who has figured out a solution and is willing to share.”

-Glenn Morreale,
CEO of C&M Automotive Warehouse

Tom Rafael of Total Warehouse Solutions, focused on **improving technology** within his company to help with inventory management. By building a proprietary database he was able to improve tracking and reporting which led to more informed purchasing and even staffing decisions.

C&M Automotive has also made **internal communication and cash flow** higher priorities. The team meets once a week to help balance cash flow and inventory needs. Purchasing and Accounting have worked closely to reprioritize workflows and are able to manage customer orders efficiently without the delay that many businesses faced with lower inventory.



TAB CNJ members implemented many strategies to deal with supply chain and cash flow issues and vetted them with their Boards; here are a few that worked well:

- Strategic inventory investment in addition to general replenishment
- Efficiency and productivity enhancement to free-up capacity and cash flow
- Greater use of technology for inventory management and forecasting
- Increased and improved customer communication to manage expectations and to forecast demands
- Greater use of extended terms to support cash flow
- Expanded vendor lists and vetting

Congestion at the Port

While port congestion has begun to improve, other shipping and transportation issues continue to challenge businesses that support the warehousing industry. In an effort to meet rising demand, many companies now find themselves with excess inventory as inflation and fuel prices drive consumers to consume more cautiously. Mike Baicher, CEO and President of M&H Warehouse and West End Express, described how this turn of events has affected his transportation and warehousing company.

“During COVID when people were working from home, they started buying stuff like crazy; furniture, appliances, upgrading their homes, our customers (who include Amazon, Crate and Barrel, Wayfair, and other home goods stores) could not keep up with the demand. As this demand has slowed due to inflation, warehouses have become overcrowded. Now when we unload containers and deliver them to warehouses, we are often turned away because there is no room for the product. This creates excess containers at the ports, which in turn creates a new kind of congestion.”

-Mike Baicher, CEO and President of M&H Warehouse and West End Express

This new type of congestion has led to shipping containers being used as mini-warehouses when companies do not have the space to offload products. While the cost of holding onto containers and the chassis for short-term storage have been at all-time highs, it is still negligible compared to the cost per square foot to rent warehouse space; **Baicher reports a 70% to 80% increase in the cost of warehouse space compared to four years ago.** This cycle creates a lack of shipping containers for return trips and contributes to a logistical nightmare for shippers and warehouse providers. Mike frequently turned to his board for strategies to manage client expectations in the face of chassis and storage shortages.

Member Spotlight: Mike Baicher, CEO & President

Since 1964, the Baicher family has owned and operated M&H Warehouse and West End Express. The company specializes in the transportation of overseas shipping containers and provides warehouse storage as a 3PL for select clients. As a 12-year TAB member, Mike has leaned on his group for advice on everything from budgeting to exit strategy plans. The diversity of thought has been invaluable to Mike.

“When you are stuck doing your day-to-day job it’s hard to focus on the long-term and being a business owner can be a lonely job. With TAB I have somewhere to unload problems and get solutions. I never feel alone.”

-Mike Baicher, CEO and President of M&H Warehouse and West End Express

“I Was Afraid to Raise Prices”

Warehouse woes and supply chain challenges have been coupled with rising costs across industries and sectors. Manufacturing, parts, fuel, and labor have all contributed to escalating costs for business owners. Businesses have grappled with how to pass on the increases to their customers.

TAB leader Vicky Richards told her group, “Everyone is raising their prices now, you don’t want to be the last one in line to ask for an increase.” Member Mike Baicher found this advice invaluable. “I was afraid to raise prices for fear of losing customers. TAB was instrumental in coaching me on how to be diplomatic and on how to create a gradual plan.”

Theo and George Contos, of World Wide Metric, also were hesitant to raise prices for their customers but found that “...doing it incrementally was better. Businesses that waited (to raise prices) had to pass on too much of an increase all at once.” The Contos brothers found advice and support through their TAB group as all members, even those from different industries, were facing the same challenges. The fear of increasing prices for customers was a common theme. Talking through the challenges offered diverse perspectives which led to a variety of strategies to contemplate.

Fear, panic, and dread are common feelings among owners and operators as they face the daunting task of relaying increases. Many have avoided the task or thought it would be best to wait out the storm. However, many have learned through their TAB leaders and group discussions, the best way to implement price changes was to face the fear head-on.





Theo and George Contos have been members of TAB since 2008. When first presented with the idea of joining TAB, Theo was hesitant; his work schedule was hectic and he didn't feel like he had a minute to spare. However, after attending an introductory meeting, where he received valuable feedback on an issue he presented to the group, he was convinced that he needed TAB in his life. Theo told his brother,

“I have to join...I'm getting feedback that I need; I'm not getting (this kind of business advice) in other parts of my life because I am not associating with any other business owners. I need this.”

-Theo Contos,
President of World Wide Metric



Member Spotlight: Theo Contos, President and George Contos, CEO

World Wide Metric is a family-owned distribution company that specializes in pipe valves and fittings for the maritime market.

Managing over 50,000 SKUs and four distribution hubs. World Wide Metric strategically manages its inventory procurement to ensure products are available for its customers when a specific need arises.

George Contos appreciates having the time at each TAB meeting to go deeper into issues. **“I go into a meeting thinking one thing and come out with a completely different point of view. My group helps me see what I thought was the issue, was not really what I needed to be addressing. Having a peer group to validate strategies has provided an effective checks and balances system; they keep me on track!”**

“I go into a meeting thinking one thing and come out with a completely different point of view.”

-George Contos, CEO of World Wide Metric

Looking Forward

TAB members are managing the upward movement in the warehousing and transportation industry through increased focus on key areas of their businesses, all of which are being discussed monthly in TAB board meetings:

- People, Engagement, and Culture
- Operational Efficiency
- Data Analytics
- Vendor Management
- Cash Flow
- Strategic Planning

All TAB members interviewed echoed a similar sentiment; the resources provided through TAB membership have contributed to their current success. Warehousing and transportation businesses that are prepared and flexible will be positioned to thrive in the coming years, and a board of your peers will help you get there faster and smarter.

TAB Members Say It Best

“These people are in the trenches with you and they understand what you are going through. They celebrate your wins with you as if they were their wins and when you have an issue, they want to help you solve your issue. Problems are problems, we all have the same ones no matter what type of business you own.”

- Mike Baicher, CEO & President, West End Express and M & H Warehouse

“Not one business in my TAB group has failed. They all have thrived, even in tough economic times because of the TAB network. TAB is an investment that pays dividends.”

- George Contos, CEO, World Wide Metric

“If you are not getting independent business advice (family, friends, significant others do not count!), joining TAB should be a no-brainer for you.”

- Theo Contos, President, World Wide Metric

About The Alternative Board

The Alternative Board™ (TAB) helps business owners improve their companies and achieve their vision. After working with TAB you will make better decisions, have a clearer vision for the future, and enjoy an unbiased sounding board to get you there.

Would you be interested in tapping into the resources that a professional network of business owners can offer? If so, a TAB board may be a perfect fit for you.

We are saving a seat on The Alternative Board just for you!

Learn more at www.tab-cnj.com or contact:



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