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TECHNOLOGY

Inside Motion's Shark Tank for Technology Investment

By Mike Hockett

Straight from the company's technology and procurement leader, we explore how the $8 billion MRO and automation distributor built a culture of accountability and collaboration to vet and execute its digital initiatives.

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When Motion's Kevin Stone describes how his company decides which technology projects to fund, the comparison that comes to mind isn't another industrial distributor — it's akin to the reality-TV boardroom of *Shark Tank*.

That's not hyperbole. **Stone**, Senior Vice President of Technology & Procurement for Birmingham-based Motion, explained during a SHIFT 2025 breakout session that the company's initiative-selection process has evolved into a standing, high-accountability forum where ideas are pitched, debated and prioritized — all in public view.

"When we have these planning sessions, everybody brings their ideas to the table," Stone said. "They've already created these hypotheses and now have to tell their story in front of the organization. Think of it like Motion's Shark Tank — everyone's competing for finite resources, and when you do that transparently, it drives rigor and focus."

From Ad Hoc to Accountable

Motion decorated **MDM's 2025 Top Distributors Lists**, ranking No. 2 for Industrial Supplies, No. 23 for Electrical, No. 2 for MRO, No. 1 Power Transmission/ Bearings, No. 3 for Fluid Power, No. 2 for Hose and No. 8 for Safety. A subsidiary of Genuine Parts Company, **Motion** has long been among distribution's largest



(Left) ProfitOptics' Nick Pericle holds a fireside Q&A with (right) Motion SVP of Technology & Procurement Kevin Stone on May 14 during the 2025 MDM SHIFT Conference in Denver. (MDM Photo)

and most sophisticated operators. With more than 600 locations across North America, roughly 9,500 employees and over $8 billion in annual revenue, the company's scale demands discipline.

Stone said that a few years ago, Motion's technology roadmap was cluttered with good intentions but lacked a unified framework for prioritization. "We were just shuffling the deck every week," he recalled. "It was creating disjointed delivery. Anyone who's been in software knows the cost of context-switching — it was eating up productivity."

The "Shark Tank" model emerged from that pain point. Every proposed initiative must now pass a **structured intake** that defines:

- The problem being solved and desired business outcome
- Investment and cash-flow requirements
- Expected return and risk profile
- Timeline and resourcing, and
- Potential regulatory or customer impacts

Each proposal is scored through a repeatable algorithm that removes subjectivity. The scores feed a master list that determines which projects are committed (fully funded and measured) versus attempted (best-effort, conditional on capacity).

"Once we sign up for something," Stone said, "it's measured and reported on a scorecard that's shared throughout the organization. There's no hiding behind 'we delivered software that went to production.' The real question is: Did it achieve the desired outcome? Are we getting traceable, attributable revenue and profit?"

A Culture of Transparent Debate

What happens inside Motion's decision room resembles a cross between a board review and a technical roundtable. About 60 stakeholders — leaders from sales, operations, IT and finance — participate. Ideas are challenged in real time.

"If I pitch something half-baked, someone's jumping on it," Stone said. "It's not punitive. It's how we run our business differently. That open, transparent debate makes us sharper."

The result is a cultural shift toward data-driven accountability. Early sessions were "painful," Stone admitted, but repetition normalized the process. "By the third or fourth time, people came in with sharp pencils. They were ready to defend their proposals and challenge others. If they didn't, random stuff would get through."

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INDUSTRY NEWS DIGEST

Distributor News

SiteOne Landscape Supply acquired North Carolina-based French Broad Stone Yards and CC Landscaping in Florida.

Hardlines distributor **Orgill** added another retail industry veteran to its executive leadership team as a new chief digital and information officer.

Distribution Solutions Group named a former Bluelinx executive to lead its mergers and acquisition strategy.

Graybar named a new VP of its Industrial Automation Business.

Benco Dental unveiled corporate restructuring actions that include the appointment of a new company president.

City Electric Supply Co-CEO Andrew Dawes will retire on April 30, to be succeeded by current operations leader Blair Feidler.

HVAC and plumbing supplies distributor **mSupply** relocated its Vancouver, WA distribution center to a much larger facility there.

Forklift and aerial lift parts distributor **Intella Parts Company** opened a new corporate headquarters and distribution warehouse in Holland, HI.

US Foods and Performance Food Group called off talks about a potential combination, terminating their information sharing process that began in September. News first surfaced in July of PFG's interest in a takeover.

St. Louis, MO-based packaging distributor **Novvia Group** acquired the distribution assets of **Aaron Packaging Inc.** in Sumner, WA.

Private equity firm **Truelink Capital** is set to acquire construction/industrial supplies distributor **SouthernCarlson** from Kyocera Corporation.

Beaumont, TX-based **Hartmann Building Specialties** acquired **Contractors Supply & Equipment** (CS&E).

Cameron Ashley Building Products opened its newest distribution center in Jacksonville, FL, strengthening its ability to serve the North Florida and Georgia coastal markets.

Fastenal inked a multi-year partnership with the NHL's Edmonton Oilers that makes Fastenal the preferred MRO supply partner of the Oilers' home arena.

Private investment firm **Tecum Equity Alpha Management** and the **Armstrong Group of Companies** — which operates businesses in a variety of industries — announced the formation of a new industrial distribution company called **SupplyCo**, which is set to launch with a new name in early 2026.

Privately held electrical wire & cable distributor **Gehr Industries** secured a $15 million revolving credit through **BizCap** — a national commercial finance and advisory firm — to support ongoing growth.

Automotive Color & Supply (Fort Wayne, IN) — a portfolio company of WILsquare Capital — acquired **Smetzer Paint & Supply**.

Pharmaceuticals supplier **Cencora** announced plans to invest $1 billion through 2023 to bolster and expand its U.S. distribution infrastructure.

Sonepar-owned **Codale Electric Supply** (Salt Lake City, UT) appointed company veteran Kent Chadwick as its new President.

Private equity firm **Lindsay Goldberg** will acquire Wisconsin-based **EMCO Chemical Distributors**.

Custom corrugated and value-added packaging products distributor **SupplyOne** acquired **Lamb & Associates Packaging** in Arkansas.

Phoenix-based **Ascent Lifting** acquired Florida's **Brevard Rigging Supply**.

Electrical supplies distributor **QED**, a Sonepar company, opened its largest-ever central distribution center (CDC) in Aurora, CO, just outside Denver.

Rubix — Europe's largest MRO supplies distributor — completed its acquisition ERIKS UK & Ireland and promoted David Morkeberg to Group CEO and as a board member.

Three months after announcing an agreed-to deal, Houston-based industrial PVF distributors **DNOW** and **MRC Global** completed their combination in which DNOW acquired MRC in a deal valued at $1.5 billion.

Watts Steam Store, a distributor of industrial cleaning equipment and pressure washers and a subsidiary of Singer Industrial, acquired **Hotsy of Boulder**.

Off-highway drivetrain components distributor **Palmer Johnson Power Systems** (PFPS) acquired the Los Angeles branch of heavy equipment repair company **WHECO**.

Plumbing, HVACR and PVF supplies distributor **F.W. Webb** promoted Brendan Lilly to VP of eCommerce and Digital.

Fire, life safety & security products distributor **Brooks Safety Solutions** (owned by H.I.G Capital), appointed Garland Williams as CEO and Sean Kramer as President.

Pumping solutions and MRO supplies distributor **DXP Enterprises** acquired Ridgefield, WA-based **Triangle Pump & Equipment**.

Pumps and liquid handling equipment distributor **Tencarva Machinery** promoted EEVP Henry Ritchie to President. Former President Ed Pearce will become Chairman and lead strategic initiatives.

Insulation, commercial roofing and related building materials distributor and installer **TopBuild** announced three newly completed acquisitions — **Insulation Fabrics, Diamond Door Products** and **Performance Insulation Fabricators** — and one pending as **L&L Insulation**.

In its latest bolt-on, **Builders FirstSource** acquired **Lengefeld Lumber**, a family-owned distributor based in Temple, TX.

Motion acquired **Sunset Industrial** in the Los Angeles suburb of Cerritos, CA.

Midwest-based electrical and industrial supplies distributor **DSG** is set to acquire **Quality Pumps** in Madison, WI.

Fastenal appointed former Beko Europe CFO Max Tunnicliff to the same positiion, effective Nov. 10. He succeeds Sheryl Lisowski, who has served as the company's interim CFO since former CFO Holden Lewis departed in mid-April.

Fluid solutions distributor **TIPCO** acquired Portland, OR-based **Gasket Specialties**, a manufacturer and distributor of gaskets and related industrial products.

BlueLinx acquired premium specialty wood products distributor **Disdero Lumber Co.** from privately held Tumac Lumber Company in Clackamas, OR.

Manufacturer News

Private equity firm **Arcline Investment Management** plans to acquire **Novaria Group**, a supplier of engineered aerospace components and specialty processes, from fellow investment firm KKR in an all-cash transaction valued at $2.2 billion.

Parker Hannifin plans to acquire **Filtration Group Corporation** for $9.25 billion in a move that will add a major industrial filtration technologies capabilities to its portfolio.

Power management solutions company **Eaton** is set to acquire the **Boyd Thermal** business of Boyd Corporation from Goldman Sachs Asset Management for $9.5 billion in a boost to Eaton's liquid cooling offering for data centers and other markets.

Association/Buying Group/Co-op/Retail/Service Provider News

NAW filed a motion for a preliminary injunction looking to halt enforcement of Oregon's packaging law fees that extend to producers, which includes distributors by the law's definition.

Longtime **STAFDA** CEO Georgia Foley will step down in January as the association hands off back office management to Frontline Co.

Q3 member purchases from **NetPlus Alliance** suppliers and wholesalers were up 8.1% year-over-year, and 8.2% year-to-date. 63% of member distributors expect 2025 revenues to grow, while 15% expect a decline.

AI-powered growth platform **Proton.ai** and recently launched inside sales consulting firm **Revenue Optics** **have partnered** on a shared mission to solve what the companies say is the distribution industry's outdated inside sales model.

Construction and industrial supply distributor cooperative **Evergreen Supply Network** topped 280 member locations with the addition of NEFCO-owned Big D Tool Center.

Hardlines Distribution Alliance (HDA) will merge with **North American Tool Suppliers** (NATS) with the goal of bolstering HDA's network among the independent channel.

PTDA and the **Bearing Specialists Association** added three new product categories to their PIE Technology Platform — open gearing, enclosed gearing and adjustable/variable speed drives — expand the total platform categories to 35. Elsewhere, PTDA **added three manufacturer members**.

Economic & Regulatory News

September wholesale inflation increased 0.3% month-to-month and 2.7% year-over-year, with core inflation up 0.1% and 3.0%, respectively.

August **U.S. wholesale sales and inventories** were both relatively flat month-to-month.

September **U.S. cutting tool consumption** was up 5.3% vs. August and 14.7% year-over-year.

Only 14% U.S. **metalformed products makers** expect economic activity to increase over the next three months (18% in Oct.), while 35% expect a decrease, while 31% expect an increase in incoming orders (vs. 21% in Oct.).

New orders for **metal cutting, forming and fabricating machinery** continued to show month-to-month volatility with a September decrease but another year-over-year gain.

Continued from page 2

That mindset — debate grounded in shared purpose — has become Motion's operating rhythm. It's not about one person winning or losing. It's about that elusive third element: what's best for Motion and its customers.



ProfitOptics' Nick Pericle holds a fireside Q&A with Motion SVP of Technology & Procurement Kevin Stone on May 14 during the 2025 MDM SHIFT Conference in Denver. (MDM Photo)

Breaking Down Ivory Towers

Stone's SHIFT discussion spanned far more than funding formulas. Much of it focused on bridging the gap between corporate leadership and the field — a perennial challenge for large, multi-branch distributors.

With its hundreds of locations, Motion hears its share of "another idea from Birmingham." Stone acknowledged that perception with humor but emphasized the importance of trust-based relationships.

"There's no fixed market on great ideas," he said. "The magic happens when you've got field leaders who know their business backward and forward sitting with engineers who can make that dream come alive. But you can only have that conversation if there's high trust."

That trust is cultivated through **Gemba Walks** — defined as leadership visiting operations firsthand rather than relying solely on dashboards or reports, or "leadership by walking around" as Stone noted. He recounted discovering implementation friction only after chatting in a parking lot with a technician who "flinched" when asked about a new shop-floor app. The experience reinforced his conviction that leaders must observe work in context to gauge whether technology is truly helping.

"If you're not making time to walk the floor and see how people are using the tools you built, you're missing the truth," he said. "You have to build those relationships so your people will tell you what's really happening — not what you want to hear."

Shared Accountability, Not "Throw It Over the Wall"

Motion's technology organization doesn't operate in isolation. Each initiative includes a cross-functional team that involves the right influencers early — from operations managers to frontline technicians.

"We don't have a 'throw it over the wall' mentality," Stone said. "It would be arrogant for me to prescribe how to code something, just as it would be reckless for an executive to tell a branch manager how to run their branch. The key is bringing those influencers in and setting expectations: Are you championing this or not?"

That buy-in also neutralizes fear that automation or digital tools threaten jobs. "We tell people, 'This isn't coming for your job. It's going to let you cycle faster and apply your skills to higher-value work.' When everyone stacks hands, we expect them to walk out of the room championing the initiative."

As adoption builds, resistance shrinks. Early pilots may stumble, but revisiting those teams to rebuild trust pays off. Once an initiative hits 90 to 95% adoption, detractors aren't worth much airtime, Stone noted. Before then, if someone's entrenched in their opposition, it's seen as a learning opportunity because something likely was either miscommunicated or missed in the functionality articulation.

From Business vs. IT to "In the Boat Together"

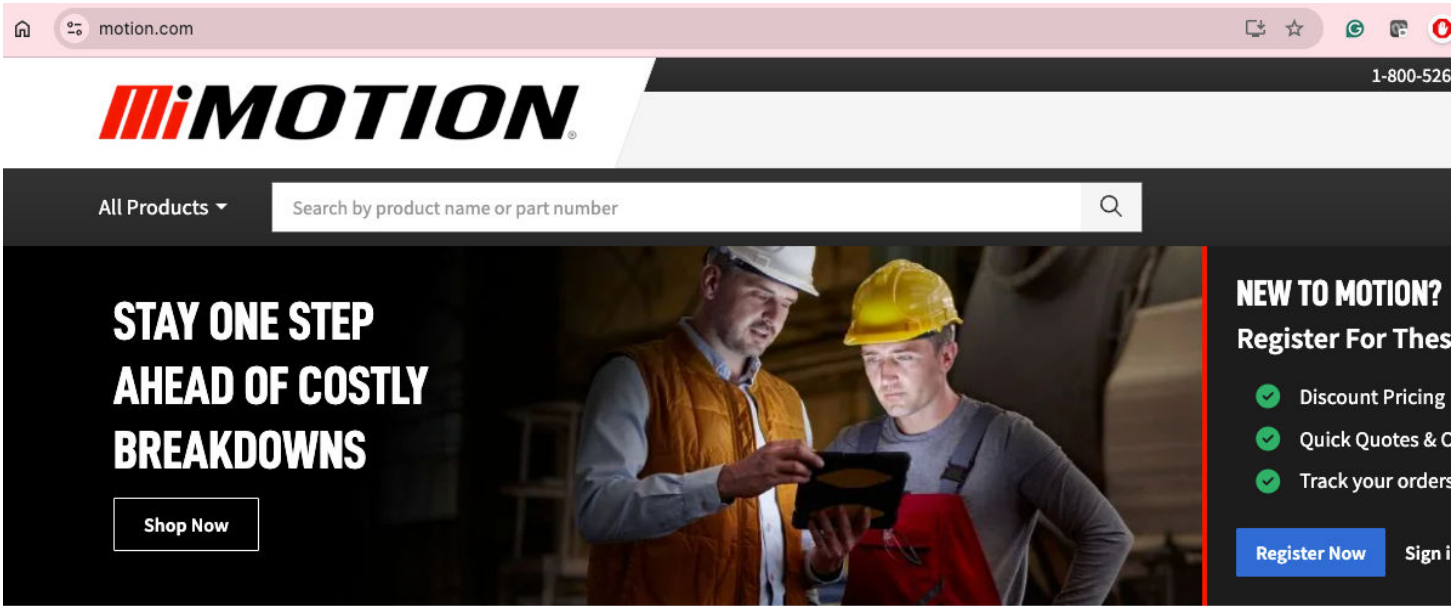
Stone is quick to note that Motion's transformation wasn't about methodology or formal change-management frameworks. It was about embedding accountability and transparency into the culture itself.

"We've worked hard to break down the walls of 'that's finance,' 'that's marketing,' 'that's IT,'" he said. "If you're in the boat, get in the boat and start rowing. Once people realize the positive and negative consequences are shared, it disarms a lot."

Part of that shared understanding comes from helping employees connect their work to business impact. "We had coders who didn't understand what getting five points of margin here or there meant to the organization," Stone said. "When you show them that, you don't need to compensate them more — you've just included them behind the curtain. That shared accountability is powerful."

Building *With* Customers, Instead of Just *for* Them

The same principle extends to customers. Motion increasingly co-designs digital tools alongside end users instead of building solutions in isolation.



SHOP POPULAR CATEGORIES

"Early in my career, I was hesitant to release anything early that was customer-facing," Stone said. "Now I'm probably over-indexed on getting our customers involved. Most would rather move fast and iterate than wait for a perfect solution that never arrives."

Customer advisory boards and digital experience managers regularly gather input by observing how clients interact with Motion's platforms. The goal: to shorten the "pain chain" — every extra click, call or manual process that adds friction for both seller and buyer.

"We're not building large language models or quantum physics," Stone said with a smile. "If we can smooth out how customers gather knowledge, shop, compare and run their business better, we'll do well."

Connecting the Dots: Motion's Broader Transformation

Stone's remarks build on the narrative that then-Motion EVP Joe Limbaugh — now Genuine Parts' Strategic Initiative Execution Leader — **told the 2023 SHIFT audience about Motion's "North Star"** as aligning digital investment with customer value creation. That strategy positioned Motion to modernize its eCommerce, pricing and automation ecosystems while maintaining the relationship-driven service culture that built the brand.

Today, that alignment is operational reality. The "Shark Tank" prioritization sessions ensure every digital dollar maps back to measurable customer or productivity impact. The Gemba Walk discipline keeps leadership grounded in day-to-day realities. And the cultural mantra — "Are you in the boat or not?" — reinforces shared ownership from code to customer.

The result, Stone said, is momentum that feeds on itself. "When you lead by example, it's not about negotiating in the back room," he told attendees. "Technology is one of the most expensive resources in your organization, outside of your people and your inventory. If you're not wielding it with a high degree of intentionality, you're probably wasting money."

The Big Takeaway

Motion's journey underscores a lesson many distributors are still learning: Digital transformation isn't just a tech project — it's a governance and culture project. Creating a transparent, measurable process for initiative selection doesn't just improve ROI; it drives alignment across every level of the organization.

Or, as Stone put it succinctly: "Every organization has its good-old-boy network, and that's fine. But at the end of the day, what matters is that Motion as a whole agrees on what's absolutely best for the customer. When you do that, there's not much you can't overcome."

AI

Here's How Agentic AI Could Transform Procurement and Supplier Onboarding

By Mike Hockett

The launch of new agentic AI-powered software aims to redefine procurement for distributors, automating supplier onboarding and invoices directly inside CRM. The result: simpler tech stacks, faster operations and new opportunities to strengthen supplier and customer relationships. We dive into what's involved and its potential impacts. **Click for web version with original graphics**

In the flurry of announcements coming out of Salesforce's fall product cycle and flagship Dreamforce conference in mid-October, one stood out for its potential to reshape the way distributors think about procurement: Agentforce Supply Chain.

While much of the attention around the CRM giant's agentic AI family has focused on its manufacturing applications, the real breakthrough for distributors may lie in what the company is doing in supply chain and procurement automation. This platform and kind of agentic AI technology — if it performs as Salesforce claims — could fundamentally change how distributors onboard suppliers, manage invoices and approvals and interact with finance systems.

Here, let's unpack what this kind of agentic AI platform can do when it comes to automating supply chain operations like procurement and supplier onboarding; what that means for distributors (and manufacturers) and for the vendors that currently tech tools for those critical (and often extensive) tasks. This isn't meant to be a promo for Salesforce for any other particular software by any means — vendors don't need any help there — it's a look at a potential tech stack overhaul that is too big for innovative distributors to ignore.

A New Kind of Procurement Engine

Agentforce Supply Chain represents Salesforce's first large-scale deployment of agentic AI — autonomous, goal-oriented systems that can execute complex business processes without step-by-step human direction. Via demos at Dreamforce, the company showcased it with Dell Technologies, using Regrello (acquired by Salesforce this past August) to demonstrate a fully automated supplier-onboarding workflow that spanned just a few minutes.

The result was a glimpse at what could become a once-in-a-generation shift in back-office operations. Agents handled every stage of the onboarding process — supplier interaction, documentation, validation and compliance — through conversational voice and text and photo exchanges. It was a hands-off experience that seemed to render large portions of procurement administration obsolete.





Tony Filippone

"Yesterday (Oct. 14) wasn't just a story about media exposure. Salesforce launched a powerful agentic technology shot across the bows of procurement and finance software companies," HFS Research's **Tony Filippone wrote about Dreamforce's main keynote**. *"They demonstrated how Salesforce agents can engage suppliers to onboard them. … This move would ultimately eliminate the need for thousands of internal and external F&A and Procurement BPO FTEs and immediately antiquate the invoice automation market."*

For distributors, that possibility should command attention. Supplier onboarding and invoice reconciliation are often the most fragmented, time-consuming parts of their operations — typically handled through a patchwork of ERP modules, third-party procurement systems and manual approvals. If those workflows can be executed seamlessly inside the same CRM platform already managing customers and sales, the implications for cost, speed and system simplicity are enormous.

Check out the supply chain portion of the main Dreamforce keynote here, where Salesforce Executive Advisor Mulcahy demos this agentic supplier onboarding process in just a few minutes.

A Streamlined Tech Stack

The vision behind agentic AI applications in supply chain operations is to collapse the distance between front-office and back-office functions. Rather than requiring separate software for sourcing, supplier management and finance approvals, providers of such tech are pitching a single intelligent layer where agents coordinate tasks across the enterprise.

That convergence could finally deliver what many distributors have long sought but struggled to achieve: a simplified, integrated tech stack that connects procurement directly to customer demand signals. Imagine an agent that detects a surge in orders, automatically initiates supplier onboarding for a new vendor, validates compliance documents and triggers purchase orders — all within a CRM workflow.

Such capability could not only reduce administrative overhead but also redefine how distributors create value. Freed from the mechanics of manual procurement, teams could focus on supplier strategy, customer partnerships and proactive sourcing — areas where human insight truly matters.

As Bart Tessel, Chief Innovation Officer for the National Association of Wholesaler-Distributors (NAW), explains:


Bart Tessel

"Agentic AI like Salesforce's Agentforce isn't just another tool; it's a signal that the rules of engagement in the supply chain are changing. Distributors who see this as a threat are missing the bigger opportunity: the same technology that lets manufacturers be more efficient can also help distributors deliver smarter, faster and more personalized service than ever before. The real risk is standing still."

From Complexity to Clarity

Every distributor executive knows the burden of software sprawl: multiple systems for supplier management, accounts payable, invoice automation and compliance tracking — each requiring maintenance, integrations and human oversight. The promise of agentic automation isn't just efficiency; it's clarity.

This agentic AI approach — using intelligent agents that can interpret natural language, reason through workflows and trigger downstream systems — suggests a future where distributors could manage procurement from a single dashboard. Supplier onboarding, invoice validation and even payment scheduling could occur autonomously, with humans intervening only for exceptions.

That means fewer platforms to maintain, fewer silos between departments and a significantly lower cost of ownership. It also opens the door for midsize distributors, which often lack large procurement teams, to operate with the sophistication of much larger competitors.

A Wake-Up Call — and a Competitive Edge

When viewed in the broader context, Salesforce's move signals something bigger than a product launch. It marks the beginning of a new phase in enterprise automation — one where agents, not users, become the primary operators of business processes. Other major and/or industry-specific CRM vendors are certain to follow, bringing agentic procurement capabilities to their ecosystems. Meanwhile, it also figures to light a fire under ERP and financing software providers that stand to risk losing value proposition for a process distributors have typically relied on them for.

For distributors, that's both a challenge and an opportunity. The challenge lies in rethinking procurement not as a set of systems to maintain but as an ecosystem of outcomes to automate. The opportunity is to get ahead of the curve — to use agentic AI to cut friction, strengthen supplier relationships and improve cash-flow visibility.

"We're entering an era where the value distributors provide will be measured by how intelligently we use data and automation to solve customer problems," Tessel says. "An initiative like Agentforce is a wake-up call: distributors who don't leverage these tools risk being sidelined by those who do."

The key will be strategic implementation. Agentic procurement should not be viewed as a head-count reduction exercise, but as a capacity-expansion tool. The distributors who win with AI will use it to elevate their people — turning procurement specialists into data interpreters, relationship builders, and innovation scouts.

Beyond Manufacturing and Toward Intelligent Supply Chains

Other AI-powered software providers may have introduced the brand to the world — with retail/B2C and then manufacturing being the first adopters, as has been the case with nearly every major technology interaction — but agentic AI appears to be where true cross-industry potential lies. For distributors, this is not about copying manufacturers' digital transformations; it's about taking ownership of the same tools to serve customers faster and smarter.

By adopting these systems early, distributors could reposition themselves as indispensable partners in a data-driven ecosystem — the ones who can integrate, automate and orchestrate value across every transaction layer.

Tessel believes that mindset shift is the real competitive differentiator:

"Distributors have always thrived by adapting to change — this is no different. The winners will be those who use agentic AI to deepen relationships, streamline operations, and create new value for customers, not just defend old territory."

The Final Word

Process-specific agentic AI may prove to be a turning point not just for Salesforce and other CRM vendors, but for the distribution industry's approach to procurement. If it lives up to its promise, it could eliminate redundant software, collapse process silos and redefine what "efficiency" means in a modern back office.

The potential to onboard suppliers, process invoices and reconcile payments directly within a CRM environment isn't simply an IT upgrade — it's a business-model evolution. Distributors that embrace it early will be positioned to operate with unprecedented speed and clarity, while those that wait will face the same disruption from competitors who automate first.

Agentic AI isn't replacing what distributors do; it's rewriting its their system.

ECONOMIC TRENDS

MDM Forecast: November 2025 Update

By Mike Hockett

The latest Census Bureau figures - delayed by the government shutdown - resulted in a considerable downward revision for both 2025 and 2026 industry revenue outlook, though still above historical averages. As always, results vary across 19 different product sectors. Get your sector-specific outlook here. **Click for web version with original graphics**

The latest monthly MDM Forecast reflected a considerable downward revision for U.S. wholesale distribution revenues in 2025 and 2026 — largely driven by sizeable weakness in the industry's two largest product sectors.

Nonetheless, we expect 2025 annual growth for 14 of the industry's 19 sectors that the Bureau identifies, followed by growth in all but one sector in 2026.

As always, the key value in the MDM Forecast is the sector-specific forecasts it provides.

The MDM Forecast model uses the U.S. Census Bureau's revenue data but strips out the broader inclusions of agents and brokers, manufacturers' sales branches and offices, importers and exporters — focusing exclusively on wholesale distributors. The MDM Forecast utilizes the baseline economic forecast modeling from analysis firm Moody's Analytics and applies wholesale distribution government data to it. The bureau data always trails the current month by two months, so our November forecast reflects industry activity through August 2025.

The Big Picture

Our overall November outlook for 2025 U.S. wholesale distribution sunk by 110 basis points down to 4.4%. This is atypical, as the forecast typically tightens as the year progresses, so revisions of more than 50 bps late in the year are uncommon. Even so, that 4.4% outlook is still above the industry's long-run average of low-single digits. For context, the industry saw 2.0% growth in 2024 and a 1.9% decline in 2023.

The industry's two largest sectors both had considerable downsteps in our November update that pulled down the overall figures.

Further out, our updated 2026 growth projection likewise had a 100-point decline to 4.6%. Again, still historically healthy, but a large movement for November. Oil & Gas and Pharmaceutical were again the biggest drivers, but they weren't alone, as all but two sectors had a month-to-month decline.

Key Context

The overall industry revenue forecast should always be taken with a grain of salt since the broad numbers are heavily influenced by those two largest sectors — Oil & Gas and Pharmaceuticals — which combined represent north of one-fourth of the industry's total revenue.

The much bigger value of this forecast is the industry-specific outlooks as a more granular gauge for your markets.

November's 2025 Month-to-Month Differences

Our November forecast for 2025 revenues were considerably impacted by a -210 decline in Oil & Gas and a 70-point slide for Pharmaceuticals, with Electrical & Electronics (fourth largest sector) also showing a 150-point decline. Elsewhere, Metal Service Centers was the biggest monthly mover at -350 points, followed by Apparel & Piece Goods at -280. Overall, 17 of the 19 sectors showed a month-to-month decline in outlook.

November's 2026 Month-to-Month Differences

Further out, Oil & Gas (-200 bps) and Pharmaceutical (-90) likewise dragged down the industry's overall figure, but 15 other sectors also moved more pessimistically. Like with 2025, Metals Service Centers was the biggest monthly mover at (-430).

Revenue Scenarios

Here is our latest projection for alternative revenue scenarios in U.S. wholesale distribution, reflecting scenarios for baseline, optimistic, pessimistic, baseline high and baseline low.

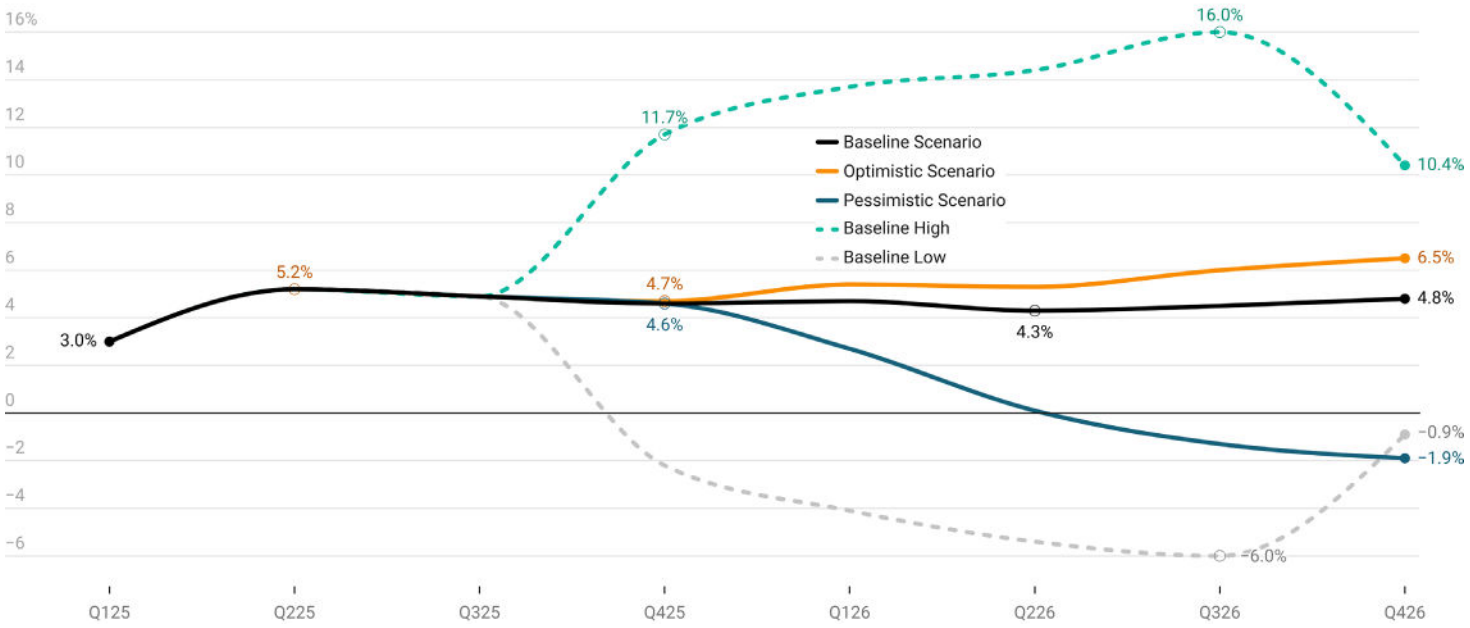
November U.S. Wholesale Trade Revenue Forecast

November 2025 MDM Forecast: U.S. Wholesale Distribution Revenue Expectations by Sector

Click on the chart for a hi-res version

Industry Sector (large to small)	2023	2024	2025	2026
Oil & Gas Products	-11.5%	-5.1%	-5.1%	-0.2%
Pharmaceutical	12.6%	8.2%	10.2%	9.4%
Grocery & Foodservice	0.9%	3.8%	5.1%	4.0%
Electrical & Electronics	-0.7%	11.4%	13.6%	7.3%
Industrial Supplies	5.2%	0.6%	2.7%	0.2%
Motor Vehicles & Parts	8.5%	5.3%	0.1%	5.5%
Miscellaneous Durable Goods	-8.9%	0.7%	7.2%	3.3%
Other Consumer Products	-5.5%	-3.8%	4.0%	4.3%
Computer Equipment & Software	-8.4%	6.3%	14.5%	3.5%
Commercial Equipment & Supplies	1.2%	5.5%	1.7%	3.7%
Agricultural Products	-10.9%	-12.1%	-0.6%	10.0%
Metal Service Centers	-11.1%	-10.1%	2.0%	5.9%
Building Material & Construction	-13.6%	-2.7%	-0.4%	1.5%
Hardware, Plumbing & HVACR	-0.3%	6.1%	6.5%	1.7%
Beer, Wine & Liquor	-1.5%	-1.5%	-0.1%	8.1%
Apparel & Piece Goods	-9.3%	3.6%	1.7%	5.5%
Chemicals & Plastics	-6.9%	-2.0%	0.9%	0.0%
Furniture & Home Furnishing	-4.9%	-1.8%	-0.4%	1.8%
Office Product & Paper	-7.0%	-2.1%	0.0%	1.3%
Total U.S. Wholesale Distribution	**-1.9%**	**2.0%**	**4.4%**	**4.6%**

November 2025 U.S. Wholesale Distribution Revenue Growth Scenarios



MARKETPLACES

What Amazon Business' New Gen-AI Tools Mean for Distributors

By Mike Hockett

Amazon Business has unveiled a new suite of generative-AI tools designed to help organizations better manage spend, automate purchasing and uncover savings. We cover the key details, how they align with broader tech vendor trends and what's important for distributors to keep in mind for their digital commerce strategy. **Click for web version with original graphics**

Out of its two-day Reshape conference, Amazon introduced a set of new generative-AI tools for its B2B buyers and sellers via Amazon Business.

Key capabilities include:

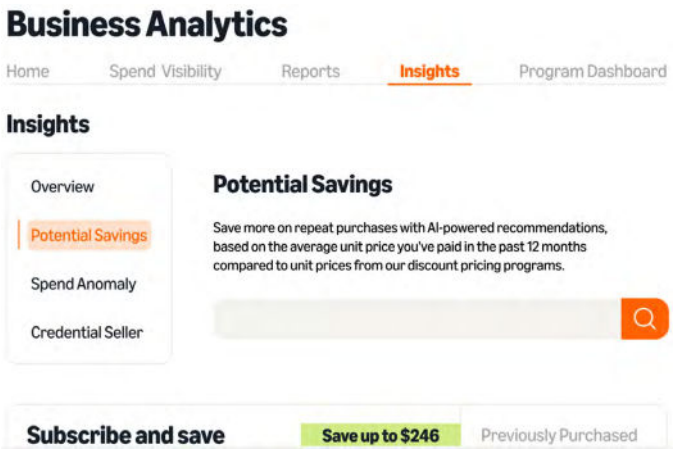
- **Amazon Business Assistant** – A conversational, AI-powered assistant built on Amazon Bedrock (and underlying AWS infrastructure) that appears directly in an Amazon Business account, offering recommendations on how to buy more efficiently (based on past purchasing history), account configuration support and interactive guidance.
- **Savings Insights** – An AI-enabled dashboard (available soon to U.S. Business Prime members) that analyses buying patterns, pricing, account settings and suggests cost-savings opportunities (e.g., quantity discounts, alternate pack sizes, bulk buys) via the Amazon Business Analytics module.
- **Spend Anomaly Monitoring** – For Business Prime Enterprise customers, this feature triggers alerts when purchasing behavior diverges from norms (rare categories, unusual daily spend, splits to avoid thresholds) so administrators can spot irregularity without heavy upfront controls.
- **Industry-Specific AI Sourcing & Supply Chain Tools** – In partnership with Deloitte, Amazon Business and Amazon Web Services (AWS) will deliver targeted AI solutions for manufacturing and utilities: a solution for industrial manufacturing that forecasts parts and inventory disruptions (early 2026) and one for utilities focusing on asset replacement and vegetation management tied to procurement fulfillment.

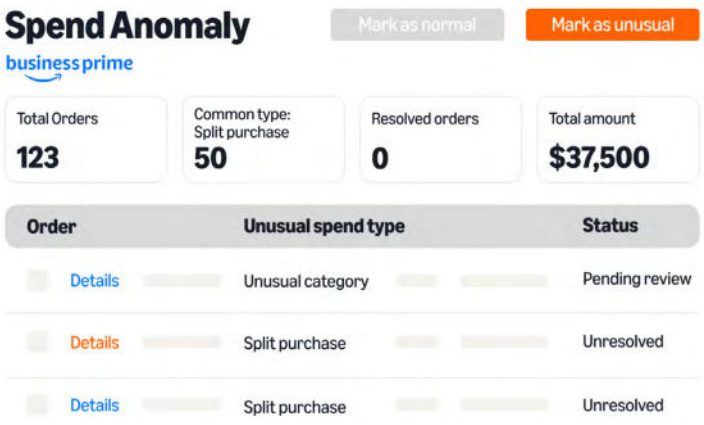
Amazon emphasized that the tools are intended to shift buyers from reactive to predictive decision-making, and to help organizations of all sizes — from small businesses to large enterprises (it serves 97 of the Fortune 100) — gain deeper control and smarter buying.

Context for Distribution & Digital Commerce Leaders

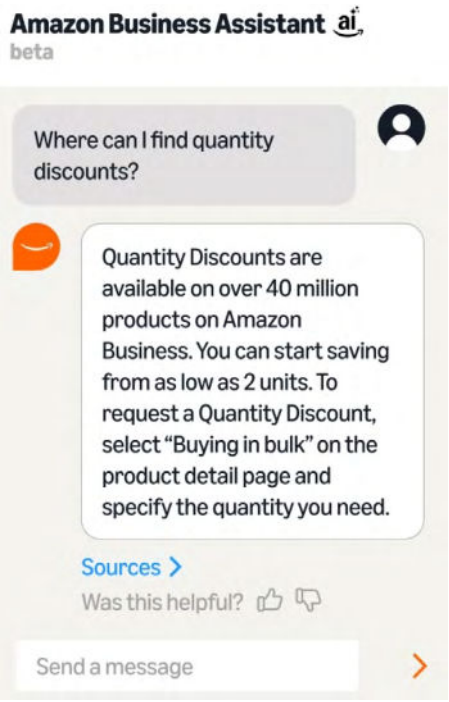
This move by Amazon Business underscores a broader theme now playing out in digital commerce and distribution:

- AI is rapidly becoming embedded in seller and procurement interfaces — not only in direct-to-consumer retail, but in B2B business buying environments. For example, the reforms shift buying workflows from manual review, static dashboards and ad-hoc sourcing to conversational and insight-driven automation.
- For distributors and sellers, this means the platforms they engage with are increasingly equipped with intelligence that can surface savings opportunities, identify anomalous spend or inefficiencies, and suggest adjustments. As such, digital commerce participants (suppliers, marketplaces, distributors) will need to think about how they surface value in that environment: being visible, being competitive on unit economics and being integrated into a smarter procurement ecosystem.
- From a strategic vantage point, Amazon's use of Bedrock + AWS + Deloitte is a clear example of infrastructure + enterprise AI + domain-expert consulting coming together to deliver value in distribution supply chains





(manufacturing parts, utilities, MRO). This suggests that digital commerce players can no longer treat AI as "nice-to-have" but increasingly as a competitive enabler.
- For MDM's audience of distributors and digital commerce leaders, the key question now becomes: how do you respond? Do you have the internal data, analytics and workflow automation in place to compete when your procurement counterpart is using AI-enabled buying guidance? Are you ready to embed your SKU, contract, spend and margin data into platforms that will increasingly push automation and insight? Those who lean into smarter commerce ecosystems may gain advantage — and those who don't may risk being relegated to commodity supplier status.



This past August, Amazon Business shared that it had **surpassed 8 million customers** on the B2B marketplace. It also reiterated that it had surpassed $35 billion in gross merchandise volume transacted through the platform — a stat it **first shared in April 2023**. Various estimates indicate that GMV figure is north of $50 billion today.

The Final Word

Amazon Business' announcement is more than a product update — it represents a tipping point in the B2B commerce world where generative AI, conversational assistance and predictive analytics are being baked into procurement platforms at scale. For distributors, digital-commerce platforms and MRO/industrial sellers, the alarm is: your buyer may now have intelligence you don't. The imperative is clear: evolve your digital commerce experience, data capabilities and margin engine — or risk being optimized out by platforms that can.

MDM's newest free whitepaper tackles this head-on, taking a deep dive into how distributors can compete in the age of Amazon Business.

STRATEGY

Optimas Charts Aggressive Growth Path After Multi-Year Transformation

By Mike Hockett

Fasteners supplier Optimas Solutions has growth in its sights for 2026 and beyond. Here, COO Mark Korba tells MDM about the company's roadmap, strategic priorities and market opportunities, and how its hybrid distributor-manufacturer model and digital investments position it for scalable success. **Click for web version with original graphics**

After three-plus years of transformation, fasteners distributor and manufacturer Optimas Solutions is entering what its Chief Operating Officer **Mark Korba** calls a "value creation stage." During September, Korba emphasized that the company is now in growth mode, backed by a three-year roadmap focused on organic expansion, operational efficiency and diversification into emerging markets.

The 2025 International Fastener Expo — held Sept. 15-17 in Las Vegas — was a fitting event for Optimas to voice its intentions and priorities going forward. While Optimas hosted an evening reception there, Korba emphasized the company's vision, and I followed up with him on that in an interview at the company's expo booth.

> ***"We've exited our transformation stage. We're ready to go. We've poured the concrete, and the foundation is solid. Let's start building some more value." – Mark Korba, COO of Optimas Solutions***

With a background in logistics, Korba joined Optimas in mid-2021 as Vice President of Supply Chain & Business Intelligence, became Chief of Staff in April 2023 and was **promoted to COO this past August**.

From Repositioning to Acceleration

Optimas' recent history has been defined by a comprehensive transformation aimed at modernizing its operations. Over the past several years, the company invested heavily in technology upgrades, process improvements and talent acquisition. This groundwork was essential for scaling without inflating costs — a critical priority as Optimas pursues accelerated growth.



Mark Korba

"We launched this year a pretty aggressive three-year growth plan," Korba told me. "It includes everything from new customer growth, existing share-of-wallet growth, tapping into different industries and verticals and upgrading talent in our sales group."

On **MDM's 2025 Top Distributors Lists**, Optimas was No. 32 for Industrial Supplies and No. 8 for Fasteners on the strength of $635 million in 2024 revenue. The company had about 1,400 employees serving more than 5,000 customers globally.

Optimas' strategy is rooted in efficiency: leveraging process improvements to ensure expansion doesn't come with disproportionate overhead so the company can grow without scaling the costs. That's where all the efficiencies the company has been working on lately come into play.

A Hybrid Advantage

Unlike most fastener distributors, Optimas operates not-quite equally as both a manufacturer and distributor — a dual role that Korba views as a competitive advantage.

"Manufacturing is definitely a differentiator for us," he said, comparing to other major fastener distributors. "It gives us flexibility, especially when you look at geopolitical stances, on-shoring opportunities, tariff avoidance and risk mitigation."

This hybrid model allows Optimas to offer rapid supply capabilities and maintain tighter customer relationships. The company also took advantage of IFE to **announce its new QuickShip program** that alleviates inventory shortages and stockouts for OEMs and distributors by slashing lead times from a traditional 8 to 16 weeks to just 1 to 4 weeks.

That hybrid model also positions the company to respond more nimbly to supply chain volatility, a lesson reinforced by the new normal of constant disruption.



Optimas manufactures more than one billion parts annually and has a network of approximately 4,000 local, regional and global suppliers.

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Optimas manufactures more than one billion parts annually and has a network of approximately 4,000 local, regional and global suppliers.

Optimas at a Glance

- **Headquarters:** Wood Dale, IL
- **Core Business:** Global distributor and manufacturer of fasteners and supply chain solutions
- **Differentiator:** Hybrid model combining manufacturing and distribution for greater flexibility and customer integration
- **Recent Investments:**
  - ERP and data integrity initiatives to enable AI and automation
  - Manufacturing plant upgrades for capacity and efficiency
  - Sustainability programs, including EcoVadis certification
- **Strategic Focus:** Organic growth, diversification into EV, renewable energy and semiconductor markets



Agility in a Volatile World

Korba stressed that Optimas' sourcing strategies and supplier partnerships have been designed for adaptability, setting a foundation for that through all of the company's sourcing strategies.

One of Optimas' recent internal improvements was the **addition of multi-sourcing functionality** within the company's SO99+ ToolsGroup Platform, which involved consolidating supplier data through automation and AI to streamline the supply network. Testing ensured the solution met performance, accuracy and reliability standards, and ultimately integrated risk mitigation strategies into Optimas' operations.

Those enhanced dual-source options and supplier management mean that if something becomes too expensive, Optimas can pivot quickly.

Nearshoring and onshoring remain central to Optimas' approach, particularly amid tariff uncertainty and shifting global trade dynamics.

"It comes down to having Optimas set up to be agile and efficient," Korba noted. "We're to ebb and flow with the tide instead of going into panic mode."

Digital Transformation: Data First

While AI is a buzzword across industries, Korba emphasized that Optimas' focus has been on data integrity — often a prerequisite for leveraging advanced technologies like machine learning and robotic process automation.

"For any AI tool to be effective, you have to make sure your data is solid," he said. "We've spent the last several years cleaning up and honing our database to put us in a position where we can take advantage of emerging technologies."

This digital foundation also supports smarter demand forecasting and inventory management, helping Optimas optimize capital-intensive operations.



Sustainability and Customer Expectations

Sustainability is increasingly shaping customer requirements, particularly in Europe, where ESG questionnaires and traceability demands are common. Optimas maintains an EcoVadis rating and employs a global sustainability lead to drive initiatives such as renewable energy adoption.

During December 2024, Optimas announced that it had already **achieved the emission reduction goals** it had initially set during 2023 to accomplish by the end of 2025.

"We put a lot of focus on sustainability as a corporation," Korba said. "It's about having the processes and foundation so you can adapt as regulations and expectations change."

Growth Opportunities: EV, Renewable Energy and Semiconductors

Looking ahead, Optimas sees significant potential in sectors aligned with macro trends: electric vehicles, renewable energy and semiconductors. These markets represent a strategic diversification beyond the company's heavy-duty truck stronghold — a segment that has seen cyclical downturns.

"We've been exploring a lot with EV," Korba said. "Renewable energy is still untapped, and the semiconductor market is ready to take off in North America. Those are major areas we're focusing on."

Roadmap: Prioritize Organic Growth

While mergers and acquisitions remain a possibility, Optimas' near-term focus is on organic growth. This includes deepening relationships with existing customers, expanding into new verticals, and optimizing inventory strategies to improve turns and reduce capital exposure.

> ***"We've put a lot of work and capital investment into technology and facilities and to get our manufacturing plant ready for additional growth. Now it's about executing." – Mark Korba, Optimas COO***

The Final Word

Optimas' evolution underscores a broader trend in the fastener industry: the shift from transactional distribution to strategic, technology-enabled partnerships. As Korba put it, "We're excited about what's ahead. The foundation is set, and now it's time to build."

QUARTERLY BAIRD-MDM SURVEY

Recession Fears Top Distributors' Risk Concerns for 2026

By Vesna Brajkovic

Recession, tariffs, intensifying competition... see which risks distributors indicated are their concerns for 2026 based on the latest Baird-MDM survey. **Click for web version with original graphics**

Wholesale distributors, manufacturers and others in the industrial supply channel are bracing for potential economic turbulence in 2026, with recession and broader macroeconomic conditions emerging as a primary concern, according to exclusive MDM research.

Nearly three in ten respondents (27%) of the 3Q25 Baird-MDM Industrial Distribution survey — conducted in early October — ranked recession or macroeconomic instability among their top three risks for the coming year. Among approximately 300 executives, 23% also ranked passing tariffs/pricing among their top three, followed by intensifying competitive behavior (17%).

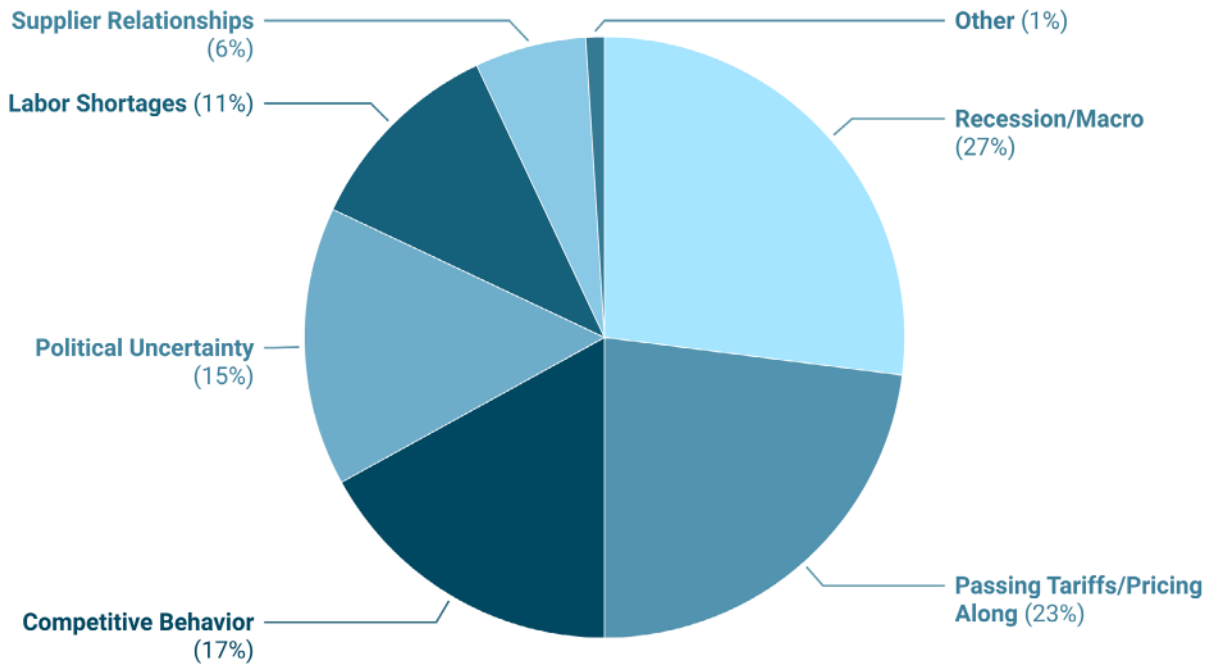
"2025 has been unnecessarily difficult — more so than it needed to be," one electrical distributor noted, pointing to headwinds from government and presidential administration decisions. "I expect 2026 will bring new and unexpected challenges, and without proper checks and balances in place, the degree of difficulty may only increase."

Approximately 60% of our respondents identified as representing distributors; 30% for manufacturers and 10% for Other (manufacturers reps, buying groups, consultants, etc.)

Multiple distributors cited broad frustration with policy unpredictability and inconsistent economic policy, forcing businesses into a reactive posture.

Rank the Top 3 Concerns in 2026

The 3Q25 MDM/Baird Industrial Distribution Survey, conducted in early October, asked distributors, manufacturers and suppliers to rank their top three key risks they are concered about for 2026. This chart shows the weighted share of concerns.



"This has little to do with politics or whether I/we agree with policies and more to do with the constant changes," wrote another electrical distributor operating in the South. "If we can get some certainty over the environment and rules in which we're going to be operating, we can be more decisive and also spend our resources on executing strategy vs. reacting to the policy of the day."

One international pool & spa distributor noted that tariffs function as both fiscal and psychological burdens: "Are they going to reap benefits? If so, when? In the meantime…all we see is increased material costs."

General political uncertainty captured 15% of responses, with one electrical distributor in the Midwest observing that "uncertainty is causing hesitation in the marketplace" and called for stability "for the market to settle into a consistent growth trajectory."

Labor shortages ranked fifth at 11%, while supplier relationships garnered only 6% of responses.

The results paint a picture of an industry seeking clarity and consistency as much as growth — where the ability to plan strategically is undermined by economic uncertainty.

More Research Commentary

Below is a selection of additional distributor comments from the survey:

Passing Tariffs/Pricing Along

- "The tariff situation has been a big talking point all year. Even though we've been able to pass along, it's created a lot of extra work for us to track everything and to try and minimize the impact on our customers." — Industrial and OEM fastener distributor with $10-25 million in annual sales
- "Tariffs don't just raise the cost of imports, they also act as a fuel for domestic producers to raise their own prices. This erodes the natural competitive balance of the marketplace, leaving consumers and American businesses footing the bill. Tariffs are proving cover for domestic manufacturers — look at what happened to pricing within six weeks after aluminum and steel tariffs went into play." — Lumber distributor with $101-$250M in annual sales
- "Customers are shopping around more and putting increased pressure on pricing. We are forced to absorb tariff increases, as many are threatening to go out to tender or switch suppliers. This dynamic is likely to have a significant negative impact on our profit margins." —Electrical, datacomm and safety with $101-$250M in annual sales

Competitive Behavior Intensifying

- "Competitors have taken a much more aggressive pricing approach, forcing us to reduce prices in order to keep full wallet share; tariff impacts are still not flushed through to the consumer and when this happens in late 2025 and into 2026, consumer confidence could deteriorate and consumer spending reduced." —International distributor with $51-100 million in annual sales
- "Construction recession in 2026 with increased competition." — Electrical distributor with $51-100M in annual sales
- "Market seems to be holding up. Competitive pressures have really intensified and do more when slowdowns happen. Combined with Tariffs we get squeezed on both sides having to pound cash into inventory to hold prices due to competition." — Plumbing distributor with less than $10M in annual sales

Labor Shortages

- "Our services business is growing quickly and we may need to add 50 people over the next year," commented one safety distributor who lists labor shortages as its top risk for 2026. "It is hard to find that many people with the necessary skills who are willing to work where we need to work done. If it were not for that specific issue, this [labor shortages] would probably be No. 3 for me, as overall it seems to be getting a bit easier to hire talent right now." — Canadian safety distributor with $101-$250M in annual sales

Change in Supplier Relationships

- "With the consolidation of so many suppliers, the landscape with master distributors is changing drastically. Purchase minimums are increasing, as well as freight free shipment amounts making it more difficult to assemble orders at predictable intervals." — Metalworking/cutting tools, OEM fastener and safety distributor with less than $10M in annual sales

Get Involved with our Research

We're always looking to increase the value of our quarterly Baird-MDM Industrial Distribution Survey by increasing our respondent pool. By participating, you'll make your voice heard and contribute to this valuable research, while remaining anonymous. Plus, our respondents are the first ones to see the survey results. Reach out to **editor@mdm.com** and let us know you'd like to be added as a respondent for our next edition.

ECOMMERCE

Benchmarks: Here's How Much Distributors Really Spend on eCommerce

By Mike Hockett

Distributors increasingly want to know whether their eCommerce investment is too high, too low or right on target. The latest Baird-MDM survey breaks down eCommerce SG&A spend across all respondents, distributors and manufacturers — including insights by distributor revenue band and commentary that adds context behind the numbers. **Click for web version with original graphics**

As more distributors push digital channels from "nice-to-have" to "must-have," the obvious question is: ***what should we actually be spending on eCommerce?***

A question in the latest Baird-MDM Industrial Distribution Survey put numbers to that benchmark. Conducted in early October, we asked distributors, manufacturers and other industrial supply channel partners:

"What percentage of your company's annual selling, general and administrative (SG&A) spend is specifically allocated to eCommerce operating expenses?"

Responses spanned from "no eCommerce operations" to more than 40% of SG&A, and when segmented by company type and revenue size, the results give distributors a clearer sense of whether they're under-investing, over-investing or roughly in line with their peers.

Our survey garnered 220 total responses across distributors (131), manufacturers (69) and other (manufacturers reps, buying groups, consultants, etc. – 20).

Accounting for the spectrum from respondents who have no eCommerce element to those that are entirely eCommerce-based, we gave respondents the following spend ranges to pick from:

- N/A — No eCommerce spend
- 1-10%
- 11-20%
- 21-30%
- 31-40%
- More than 40%

Why This Matters

Having benchmarking insight on operational spend can help you determine if you are under-spending or outspending vs. the rest of the industry or right on par with it. But an industry-wide view isn't good enough, as a $20 million revenue distributor is likely going to prioritize eCommerce differently than a $2 billion dollar distributor. Much more valuable is how your spend compares with peers and competitors of similar size. That's what we did with the results of this survey question.

Let's dive in.

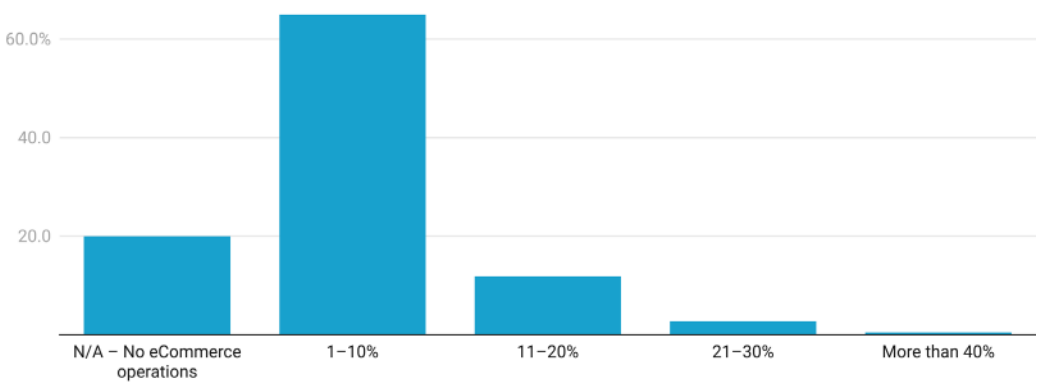
All Respondents: Most Spend a Sliver of SG&A on eCommerce

Across the full sample, eCommerce remains a relatively small sliver of SG&A for most companies:

- About two-thirds (65%) reported eCommerce SG&A in the 1-10% range
- Roughly 12% are in the 11-20% band
- Only about 3% reported 21-30%
- Just one single respondent said more than 40% of SG&A goes to eCommerce
- Notably, one in five respondents (20%) indicated they have no eCommerce

All Respondents: eCommerce Spend as % of Total SG&A

This chart shows what percentage of all respondents (vertical axis) chose each eCommerce spend option (horizontal axis).



This overall view suggests that, even amid B2B buyers' shift toward digital-first preferences, the greater industrial supply channel — which is predominantly comprised of small- to mid-sized firms — is still allocating a modest SG&A share to eCommerce, and a meaningful cohort hasn't stood up eCommerce operations at all.

Commentary from respondents underscores that gap between intent and execution:

- One distributor respondent with $101M-$250M in annual revenue described their digital program as "a nominal investment in eCommerce" and added that while they ***"would like to substantially improve in this area,"*** it remains a low priority for 2026.
- Another distributor with $51M-$100M revenue simply summarized their experience as: "Invested much with little ROI. A black hole."

Taken together, the all-respondent view suggests that eCommerce is widely present but often under-capitalized and still struggling to prove its return in some organizations.

Distributor Respondents: Modest Spend, but Fewer Without eCommerce

When we isolate distributors, the results narrative shifts slightly, with fewer companies operating without eCommerce and a slightly tighter clustering in the 1-10% band:

- About 71% of said their eCommerce SG&A is in the 1-10% range
- Roughly 11-12% fall into the 11-20% band
- Just over 2% reported 21-30%
- About 15% indicated no eCommerce operations, a lower share than the overall sample

For distributors, this confirms what we often hear anecdotally: most have stood up an eCommerce capability, but they're keeping SG&A spend relatively lean. The 1-10% band is the "center of gravity," with only a small minority pushing past 10% of SG&A.

Distributors by Revenue Size: How the Benchmarks Shift

Where this data becomes especially valuable is when we break out eCommerce SG&A by distributor revenue size. That's where a CFO or digital leader can look at a peer set that actually resembles their own.

To visualize that, we converted each spend band to a midpoint (for example, 1–10% becomes 5.5%, 11–20% becomes 15.5%) and calculated the average eCommerce SG&A percentage by revenue band.

Key patterns that emerge:

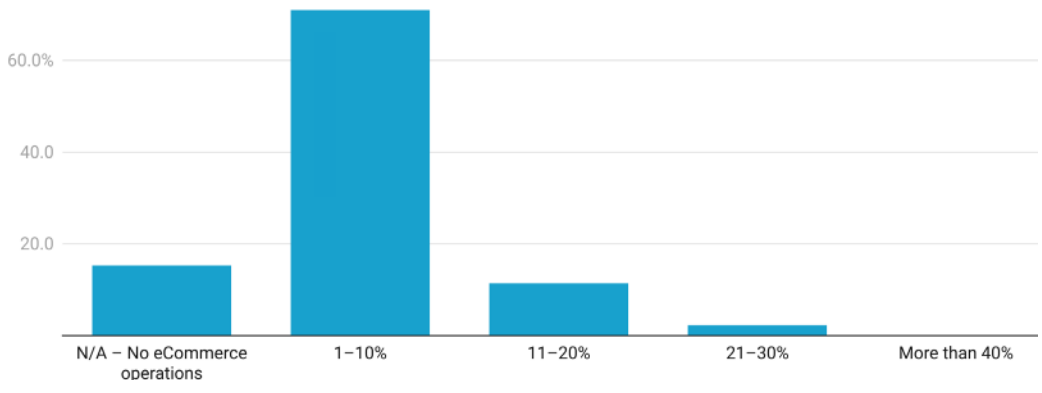
- **Smaller distributors (<$10 million):**
  - More than one in five respondents in this group still report no eCommerce operations
  - Among those that do invest, most cluster in the 1-10% band, with a meaningful minority reaching 11-20%
- **Core mid-market ($10–250 million):**
  - Most companies in these bands report 1-10% eCommerce SG&A, with around 3–9% of respondents stepping up into the 11-20% band depending on size
  - There is still a non-trivial slice with no eCommerce operations – often in the mid-teens to low-20s percentage of respondents in each band
- **Upper mid-market and large ($251 million to >$3 billion):**
  - Larger distributors skew strongly toward 1-10% eCommerce SG&A
  - In the $1-3 billion revenue band, all respondents reported eCommerce spend in the 1-10% band
  - In the >$3 billion band, all respondents are in the 1-10% or 11-20% ranges – again, with all indicating some form of eCommerce spend involvement

For benchmarking purposes, the takeaway is:

- If you're a small or lower-mid-market distributor with little or no eCommerce SG&A, you're at real risk of falling behind peers who are consistently putting 1–10% — and sometimes higher — behind digital channels
- If you're a large distributor, you're likely in line with peers if you're investing in that 1–10% range – but the data also suggests there aren't many large players aggressively pushing above 20% of SG&A into eCommerce yet

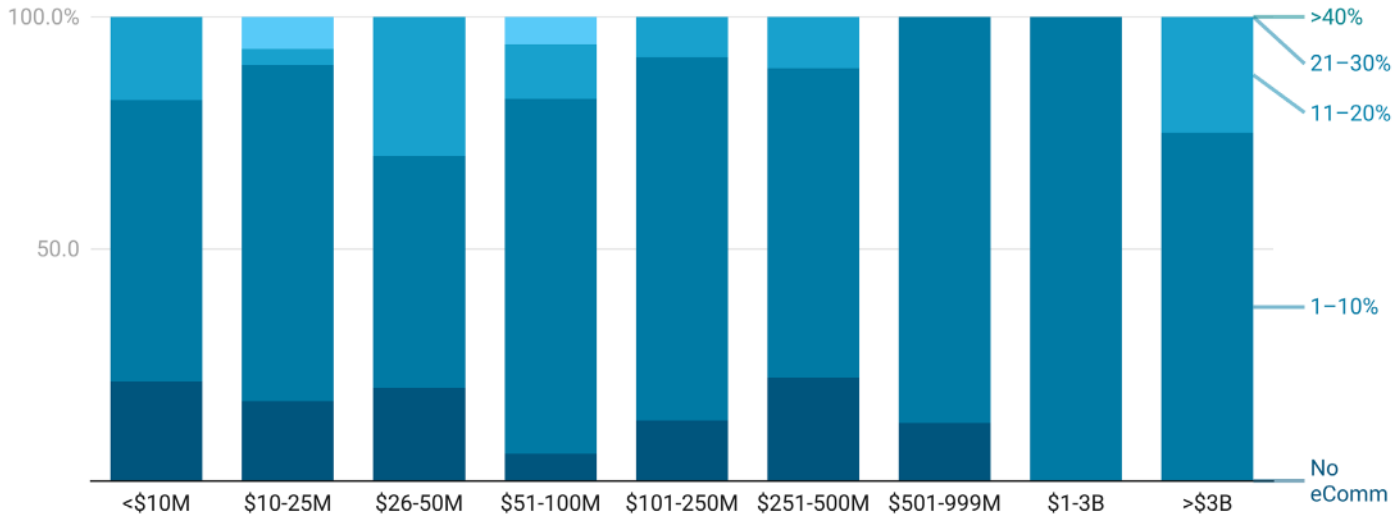
Distributors: eCommerce Spend as % of Total SG&A

This chart shows what percentage of our 131 distributor respondents (vertical axis) chose each eCommerce spend option (horizontal axis).



Distributors: eCommerce Spend by Revenue Size

This chart shows which eCommerce spend % of SG&A option (right vertical axis) our distributor respondents chose, sorted by their annual revenue range (horizontal axis). For example, on the far left, 60.7% of distributors with less than $10M in annual revenue indicated their eCommerce spend is between 1-10% of SG&A.



What Distributors Are Saying About Their Spend

Distributor comments add color to the numbers and reveal some of the tension between ambition, customer behavior and ROI:

- Several noted that they want to spend more on eCommerce but struggle to drive adoption:
  - ***"We would like to spend more but our customers have been resistant to using our eCommerce platform." — <$10M distributor***

- Others are re-tooling for the next phase of digital:
  - ***"We are resetting our eComm strategy for explosive growth and will look to invest much more going forward." — $251M-$500M distributor***
  - ***"This will change with new management. I anticipate they will take that to above 20%." — <$10M distributor that picked 1-10% spend***

- And some highlighted the tension between digital and the way customers actually use the site:
  - ***"eCommerce is 1-5% of our sales. The website is often used to find information and not drive business. Thus we don't invest as much into it." — <$10M distributor***

This commentary reinforces that the "right" eCommerce SG&A percentage isn't just about the number itself, but about how effectively distributors convert that spend into adoption, order flow and margin impact.

Manufacturer Respondents: More Without eCommerce and a Similar Spend Profile

Our manufacturer respondents show a similar overall spend profile to the full sample, but with a higher share reporting no eCommerce operations:

- About 61% report eCommerce SG&A in the 1-10% band
- Roughly 13% fall into the 11-20% range
- Around 26% — more than one in four — say "N/A – No eCommerce operations."

This reflects the different role eCommerce often plays for most manufacturers compared to distributors. Many are still focused on supporting channel partners' digital initiatives rather than driving direct eCommerce at scale — something distributors hope remains the case in a time when it's easier than ever for manufacturers to sell direct to end customers.

Their comments make that distinction clear. Several manufacturers emphasized that eCommerce is not a direct-to-customer priority:

- ***"eCommerce, in terms of direct, is not a strategic imperative for us as a manufacturer."***
- ***"We sell through distribution. Our eCommerce is to serve our distributors."***

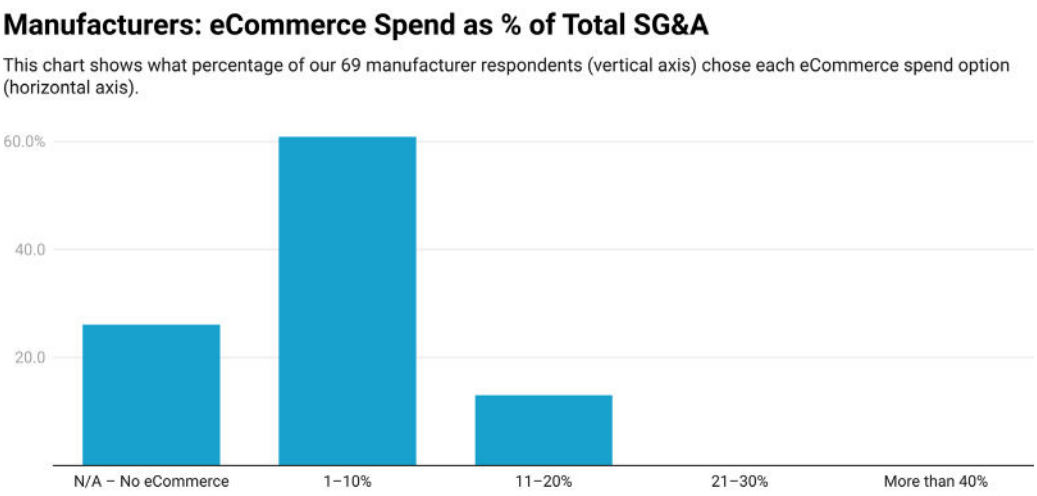
Even so, others acknowledged that digital is now moving up the priority list:

"We have historically had limited activity and spend on e-Commerce activities but it has become a top priority for 2026."

Meanwhile, a handful noted strong recent growth and emerging focus areas:

"Our eCommerce site has grown tremendously in the past 2 years and looks to double in 2026."

"Order activity through web portal and EDI continue to trend upward. AI will be the next area of focus."



For distributors, these manufacturer responses matter because they signal how quickly suppliers are building the digital plumbing that underpins distributor eCommerce — from EDI/API connectivity to self-service portals and digital content.

How to Use These Benchmarks

Industry benchmarks like these are most powerful when they're applied with context:

- **Start with company type:** Our distributor vs. manufacturer results here matter. The economics and objectives of eCommerce are very different if you're selling directly to end customers vs enabling channel partners.
- **Compare against your revenue band:** For distributors in particular, the averages by revenue size give a better sense of what "normal" looks like for peers operating at similar scale.
- **Look beyond the percentage:** A distributor spending 5% of SG&A on eCommerce with strong adoption and order flow is in a much better position than one spending 10% without clear ROI.

For distribution leaders, the core question is:

"Given our size and strategy, is our eCommerce SG&A spend aligned with where we want digital to be in 2-3 years?"

If the answer is "no" or "we're not sure", then comparing your own percentage to the bands in this survey is a useful starting point for the next budgeting and strategy conversation.

Other Context to Consider

Unfortunately, there is no perfect way to benchmark this eCommerce spend question. Why? It's because there is no definitive list of what qualifies as spend. The list of what's included in that spend can vary by which technology leader, chief financial and operating officer you ask. Here's an incomplete list of what could be included:

- Licensing
- EDI connections
- ERP connections
- PIM connections
- Website integration
- Help desk
- Data management tools
- Product recommendations tool(s)
- Annual contract for development, maintenance and version upgrades
- Payment gateway
- Translation tool
- Customer-specific catalogue sites
- Internal IT and marketing staff

That list could very well double in length depending on how you define eCommerce spend. So, because there is no perfect apples-to-apples way to capture this, we opted for eCommerce as a percentage of total SG&A spend to best level the playing field.

MERGERS & ACQUISITIONS

November M&A Roundup: 4Q Activity Momentum Continues

By Mike Hockett

Building Materials/Construction continues to rack up frequent deals, while all of November's activity was comprised of small, tuck-in transactions. **Click for web version with original graphics**

With more secure economic footing, dealmaking activity in wholesale distribution has considerably improved over the past five months compared to the first half of the year when the industry was trying to make sense of the barrage of tariff policy updates.

MDM tracked 27 new distributor M&A transactions during November — either pending or completed — that involved companies primarily in the building materials, industrial or commercial hardgoods sectors. It tied July for the second-most active month of 2025, only behind October's robust count of 35.

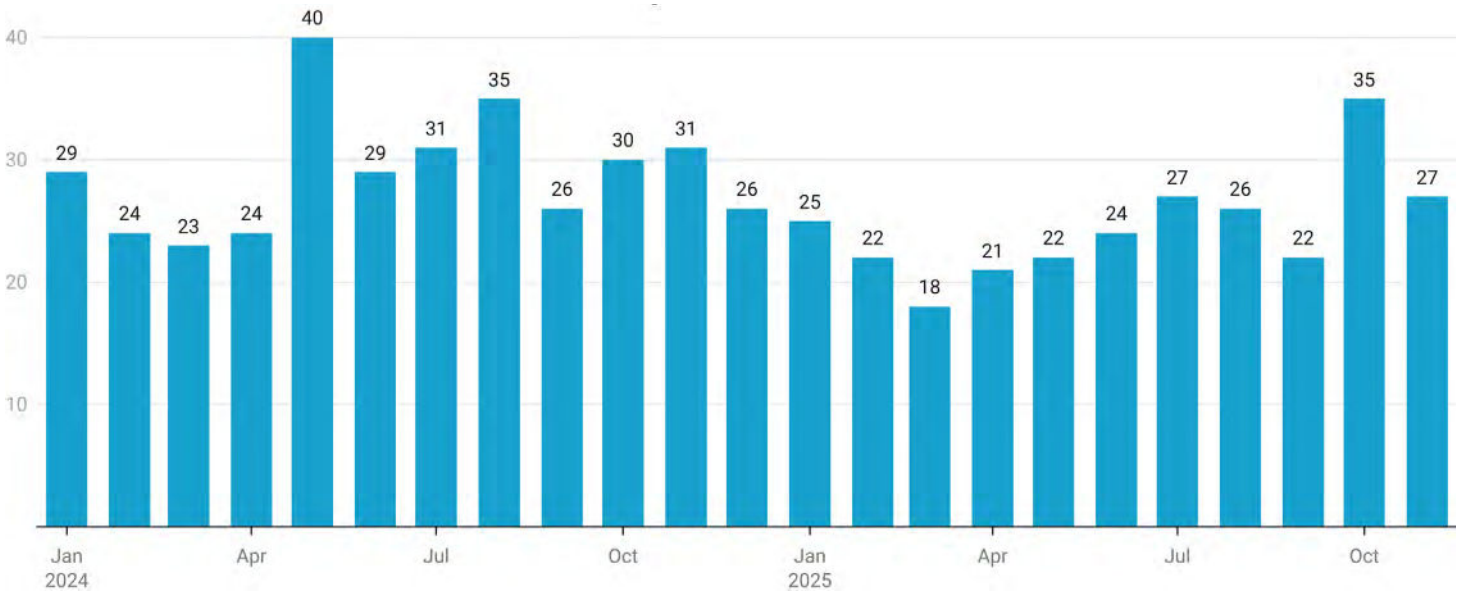
November pulled our 2025 monthly M&A average count up to 24.5. That's still well behind 2024's 29.3/month total, but closer to the industry's longer-run average.

Overall, November's activity suggests the industry has gained confidence in M&A investments throughout the year despite continued macro- and microeconomic uncertainty — largely driven by U.S. tariff policy.

Year-to-Date Deal Count by Product Category

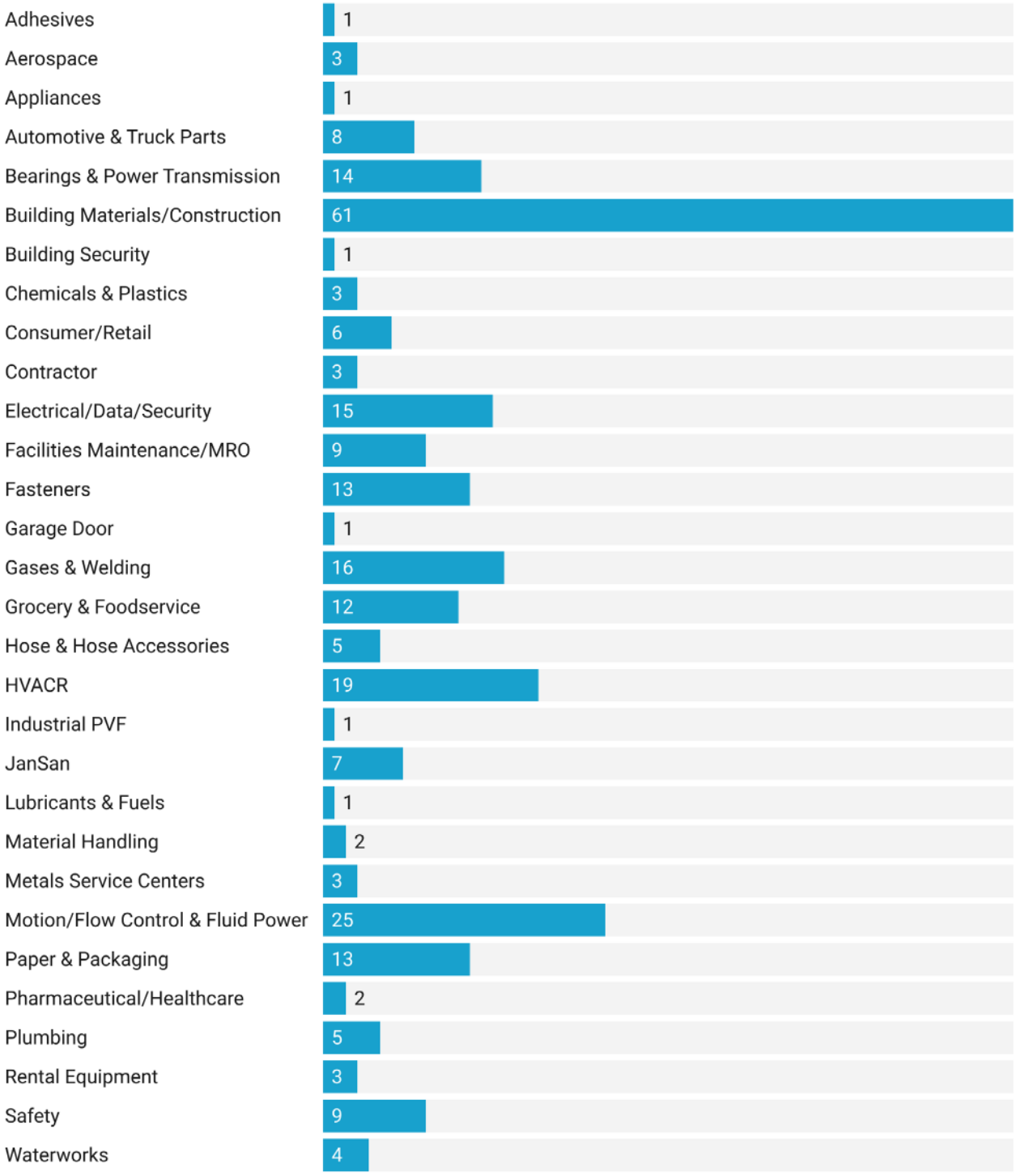
As has been the case all of 2025, Building Materials/Construction led the way as the industry's hottest M&A category for November, accounting for 12 of the month's 27 deals. On that front, TopBuild added a quartet of companies, while SiteOne Landscape Supply and Sweden-based Beijer Ref each added a pair. Notably, we saw no deals in the month valued at more than $100 million, with BlueLinx's acquisition of Disdero Lumber the largest with a $96 million purchase price.

Distributor Deals Published Per Month by MDM



2025 Year-to-Date Distributor M&A Count by Product Category

The chart below shows MDM's 2025 year-to-date count for announced M&A deals involving at least one distributor in industrial, commercial and building supply product verticals through November 2025. MDM counts deals that have been announced as pending or completed, but won't count them in each instance to avoid counting the same deal twice.



MDM's November 2025 Distributor M&A News Coverage

Find our rundown of November distributor M&A news below, mostly in reverse chronological order.

(click links to view news briefs)

SiteOne Landscape Supply acquired North Carolina-based French Broad Stone Yards and **CC Landscaping** in Florida.

US Foods and Performance Food Group called off talks about a potential combination, terminating their information sharing process that began in September. News first surfaced in July of PFG's interest in a takeover.

St. Louis, MO-based packaging distributor **Novvia Group** acquired the distribution assets of **Aaron Packaging Inc.** in Sumner, WA.

Private equity firm **Truelink Capital** is set to acquire construction/industrial supplies distributor **SouthernCarlson** from Kyocera Corporation.

Beaumont, TX-based **Hartmann Building Specialties** acquired **Contractors Supply & Equipment** (CS&E).

Automotive Color & Supply (Fort Wayne, IN) — a portfolio company of WILsquare Capital — acquired **Smetzer Paint & Supply**.

Private equity firm **Lindsay Goldberg** will acquire Wisconsin-based **EMCO Chemical Distributors**.

Custom corrugated and value-added packaging products distributor **SupplyOne** acquired **Lamb & Associates Packaging** in Arkansas.

Phoenix-based **Ascent Lifting** acquired Florida's **Brevard Rigging Supply**.

Rubix — Europe's largest MRO supplies distributor — completed its acquisition ERIKS UK & Ireland and promoted David Morkeberg to Group CEO and as a board member.

Three months after announcing an agreed-to deal, Houston-based industrial PVF distributors **DNOW** and **MRC Global** completed their combination in which DNOW acquired MRC in a deal valued at $1.5 billion.

Watts Steam Store, a distributor of industrial cleaning equipment and pressure washers and a subsidiary of Singer Industrial, acquired **Hotsy of Boulder**.

Off-highway drivetrain components distributor **Palmer Johnson Power Systems** (PFPS) acquired the Los Angeles branch of heavy equipment repair company **WHECO**.

Pumping solutions and MRO supplies distributor **DXP Enterprises** acquired Ridgefield, WA-based **Triangle Pump & Equipment**.

Insulation, commercial roofing and related building materials distributor and installer **TopBuild** announced three newly completed acquisitions — **Insulation Fabrics, Diamond Door Products** and **Performance Insulation Fabricators** — and one pending as **L&L Insulation**.

In its latest bolt-on, **Builders FirstSource** acquired **Lengefeld Lumber**, a family-owned distributor based in Temple, TX.

Motion acquired **Sunset Industrial** in the Los Angeles suburb of Cerritos, CA.

Midwest-based electrical and industrial supplies distributor **DSG** is set to acquire **Quality Pumps** in Madison, WI.

Fluid solutions distributor **TIPCO** acquired Portland, OR-based **Gasket Specialties**, a manufacturer and distributor of gaskets and related industrial products.

BlueLinx acquired premium specialty wood products distributor **Disdero Lumber Co.** from privately held Tumac Lumber Company in Clackamas, OR.

What'd We Miss?

Of course, the list above doesn't include every M&A deal announced during November for relevant distributors. There will always be deals that weren't on our radar. If you don't see one here you think should be included, please let us know at **editor@mdm.com**.

MDM's Quarterly and Monthly M&A Reports

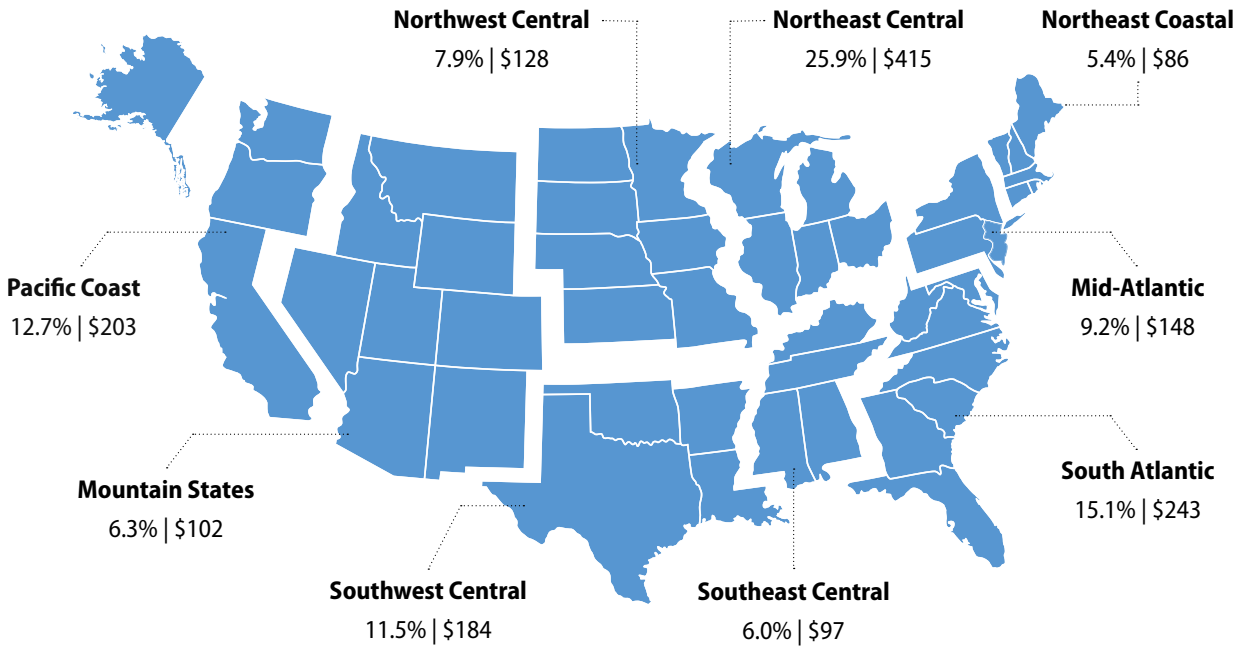
- **Here's our 3Q25 M&A Report**
- **Here's our 2Q25 M&A Report**
- **Here's our 1Q25 M&A Report**
- **Here's our M&A Playbook**
- **October 2025 M&A Roundup**
- **September 2025 M&A Roundup**
- **August 2025 M&A Roundup**

U.S. MARKET PROFILE

MACHINE TOOL ACCESSORIES

The estimated demand for machine tool accessories in the U.S. in 2025 is $1.606 billion, according to MDM Analytics data. Estimates are end-user demand, in U.S. dollars, including distributor margin.

U.S. END-USER MARKET DEMAND FOR MACHINE TOOL ACCESSORIES BY REGION, $ MILLIONS (2025 EST.)



mdmanalytics

U.S. END-USER MARKET DEMAND FOR MACHINE TOOL ACCESSORIES: TOP 10 END MARKETS

Industry Sector	Customer Type	Estimated Demand	% of Total Demand	Accounts
Other Motor Vehicle Parts Mfg.	Manufacturing	$134.55M	8.4%	6,092
Aircraft Engine & Parts Mfg.	Manufacturing	$119.76M	7.5%	1,356
Plumbing & HVAC Contractors	Construction	$92.36M	5.8%	194,369
Electrical & Contractors & Other Wiring Installers	Construction	$79.61M	5.0%	114,104
Machine Shops	Manufacturing	$63.57M	4.0%	21,812
Construction Machinery Mfg.	Manufacturing	$54.77M	3.4%	3,839
Automobile & Light Duty Vehicle Mfg.	Manufacturing	$52.58M	3.3%	1,496
Farm Machinery & Equipment Mfg.	Manufacturing	$49.90M	3.1%	3,137
Aircraft Mfg.	Manufacturing	$40.26M	2.5%	2,354
Other Aircraft Parts & Auxiliary Equipment Mfg.	Manufacturing	$35.97M	2.2%	3,438

This market profile and segmentation was compiled by MDM Analytics, Niwot, CO. Learn more about MDM Analytics at **www.mdm.com/analytics**.
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