

Distributor Intelligence Report™



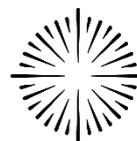
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Technomic®

In-Depth Q&A

This month, we discuss the distributor labor crunch with **Suzanne Rajczi**, CEO of Ginsberg's Foods in Hudson, N.Y.



How would you describe the state of labor in the foodservice distributor community today, and how does that compare with the past few years?

We're a big business and rely heavily on transportation. The situation with the truck driver shortage has certainly impacted our ability to grow our business and has impacted our ability to be as profitable as we can be. As e-commerce retailers like Amazon and others increase their presence in the market, that puts a significant strain on the nation's transportation system, and we are constantly struggling to find drivers. It's an extremely competitive market and it's also competitive from a recruitment standpoint.

It's not just bumping docks—there's a level of physicality in foodservice distribution in the sense that drivers have to unload the product. That doesn't simply mean pulling it off of a truck on a pallet, but can also entail going down into spaces that aren't always easily accessible. There isn't a steady pipeline of new workers coming in, or preparing to come into the

labor market, that are interested in doing that type of work currently.

Can you tell me about how those changes in the labor market are affecting your business specifically and how you're dealing with those challenges?

We have historically low unemployment here in upstate New York. We've also had a huge exodus of the population leaving the state as a result of the cost of living. Our location lacks affordable housing, taxes are high and we don't have the best infrastructure to support growing, thriving families. Foodservice distribution needs solid communities, school districts and municipalities to be successful in order to support our business. It is extremely challenging to find employees, and labor employees specifically, in this market.

To attract potential applicants, we're looking at the rate of pay. We have done some significant enhancements in our investments in our drivers' salaries to ensure that we remain the employer of choice and we continuously

review wages for operational jobs to ensure that we're competitive in the marketplace. We offer flexible work hours for 10-hour shifts, as well as telecommuting and changing the way we operate as a company to offer that flexibility while still providing the service that our customers need.

What are you doing outside of your organization to deal with the labor issue?

We work locally with high schools and our local community colleges to help prepare students early for careers in foodservice distribution. We've also partnered with our local probation department through a work-release employment program that places sponsored graduates here at our company. We've added more helpers to all our Class-A drivers to help them with the physicality of the job.

From a policy standpoint, how do you feel about legislation, such as the DRIVE-Safe Act being considered by Congress, to deal with the labor shortage issue?

I do think the DRIVE-Safe Act is a step in the right direction. People between the ages of 18 and 21 can't get a commercial driver's license, so I do think that is a good initiative. I'm hopeful that in 2019 it comes up for vote and will be able to provide young people with great and positive career paths with distribution facilities. There are great jobs here in the community that can support families. We let people as young as 18 operate military vehicles, but they can't drive for distributors on the highways until the age of 21.

Are there any other solutions out there that have yet to be explored or taken seriously? For instance, driver-assisted systems, or if you're looking even further into the future, autonomous or self-driving vehicles?

We think about those things, but some of them are not realistic. We deliver multi-temperature, perishable products. We deliver products ranging from 50-pound bags of potatoes, to huge boxes of paper towels. When you deliver the product, not everything is uniform and standardized in a brown box. And the product may be refrigerated, frozen or dry.

There are certainly technologies that could be implemented to reduce routes, but as far as assisting with the physical act of delivering products—can that

process be automated? We don't necessarily think that will happen.

Looking to the future, would you say that you are optimistic about the career outlook for young people entering the labor force today and considering a career in foodservice distribution, perhaps as a delivery driver?

It is a great opportunity because becoming a delivery driver could be a path toward eventually doing greater things such as procurement, purchasing, logistics or technology. Foodservice distribution is not just warehousing and trucking. We as an industry have to do a good job of promoting ourselves as an employer of choice and promoting the various types of jobs available and the value of those jobs. Our average compensation is higher than some of our local schools and hospitals, based on the type of work and the professional mix of people that we have. I have former drivers that have had careers that have led them to become Sales Rep of the Year.

We hope that the younger generation recognizes that there are jobs and career trajectories that don't just involve sitting in front of a computer. You can get out, drive across the country and see America. There's a social aspect in the sense that you get to meet people, become engaged and in our case, work

for a family company that incorporates culture and respect and appreciates those values in all of our relationships. I hope that younger folks are interested in that, and that makes me somewhat optimistic.

Do you have any final thoughts to share on the topic?

It's really important for us to make sure that we understand the generational motivators for entering this career. We have a very tenured staff at our company. Some of our best employees are also some of our oldest. The question is, how do we create those career paths, and how do we open up and communicate the opportunities that exist in foodservice distribution with the labor market?

My general concern is that as this transportation and labor shortage continues to put pressure on distribution, the end result will be higher prices. Costs will need to be evaluated. We as a company are looking at our business differently, in the sense that we're not looking to invest in new business but rather looking at evaluating our existing business and the profitability of that business, which is really the first time we have done that. We have always been on a sales-growth mode, but now we're evaluating our business and looking strategically at the best opportunities for the company.

Fine Print



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