

# BUSINESS REVIEW USA

Company Report: Powers Distributing Co.

A Leading Innovator in the Beer Distributing Business

Powers Distributing diversifies its products, stays on top of the beer industry & implements an effective improvement strategy



Written by Michaela McNamara & Produced By Chris Powers | Tue Jan 4, 2011



**Powers Distributing Co.**

## STATISTICS

- Name: Powers Distributing Co.
- Country: United States
- Est: 1939
- Employees: 150
- Revenue: \$100 Million

Website: [www.powersdistributing.com/](http://www.powersdistributing.com/)

## MANAGEMENT

- Co-President: Rob Powers
- Co-President: Gerry Powers
- General Manager, CFO: Gary Thompson

How does a company become an innovator in the beer distribution industry? By diversifying its products, staying abreast of industry trends, and constantly improving its people, processes and performance.

That's exactly what Powers Distributing Company has been doing since 1939. Through a number of acquisitions in its 71-year history, the family-run company now distributes 85 brands in the Detroit, Michigan region. Co-President Gerry Powers says, "We're working hard to

maintain the family and look forward to another 71 years of prosperity.” Though Powers Distributing continues to offer mainstream beer brands such as Heineken, Coors and Miller, the company is now supplying high-end brands with unique flavors, ingredients and panache through its IBC division.

## **DETECTING CONSUMER TASTES**

The International Beverage Company, or IBC, is a subsidiary of Powers Distributing that provides direct selling to hand-selected retailers on specialty products. These specialty beers are consumed for flavor, provide a unique experience and spark conversation.

With the growing popularity of craft beers, which are increasing in sales by 20 to 30 percent year after year, IBC has been an excellent complement to the mainstream marketplace. Gerry, his brother and co-president Rob, and General Manager and CFO Gary Thompson believe that the consumer is now looking for something unique other than mainstream beers, from coffee-roasted and spiced to fruity flavors and beyond. “When there is a special flavor that hasn’t been done before, it may be the next hottest thing in the beer business,” Rob says. In fact, Acai berry and pomegranate are two popular flavors at the moment.

With two fully Cicerone Certified representatives, the IBC division has become the craft go-to group in Michigan. IBC aims to teach people about the nuances of beer and provide knowledge to the marketplace, not only in Michigan but online as well. The information has been well received on the IBC Beer Blog ([www.ibcbeerblog.com](http://www.ibcbeerblog.com)), which has a beer finder, recipe index and offers beer and food pairings. Thompson says, “The beer industry needs this to go forward. Beer has to become more sophisticated, and we want to bring in the specialty part of beer that people will talk about. We’ve really delved into that.”

## **CONTINUOUSLY IMPROVING**

Part of Powers Distributing’s success has stemmed from implementing an effective continuous improvement strategy. “The Powers Distributing mission is to be the best distributor we can be and constantly improve our people, processes and performance. That is the center of our continuous improvement strategy,” Rob says. “If we’re the best we can be and execute effectively, profitability will be the best it can be.”

Purposely excluding profitability from its mission statement, the company believes effectively driving commitment to partnership with suppliers and customers will inevitably deliver the financial success. “If you execute properly in the marketplace, take care of your people, work for a team effort, those profits automatically come. That’s what separates us and makes us different,” Gerry explains.

Constantly increasing the value of assets, lowering liability and increasing stockholders’ equity is what the management team focuses on. “It’s that the improvement of our people, processes and performance that we enjoy. We like to see improvement in execution and excellence,” Rob says.

This has clearly been a recipe for success. Delivering results year after year, Powers Distributing has won numerous supplier awards including the Corona Crown Excellence Award in 2008 and 2009, Presidents Award Winner in 2009 and the Clean Transportation Award in 2009.

## **MAKING TECHNOLOGY A PRIORITY**

Part of that continuous improvement strategy is the investment in new equipment and technology, which has made Powers Distributing an innovator. “We’re quite proud of our technological advances and like to stay abreast of technology because it makes us effective,” Rob says. In fact, Powers has the largest privately owned fleet of hybrid tractors in the US. The vehicles save 53 tons of carbon emissions over the life of the truck, keeping the world a greener and a cleaner place.

The company has also switched its warehouse management to a remote audio order processing system. When a customer calls in an order, it is communicated on headphones to the order builder. The system can check to see how many cases are available then checks with inventory to make sure it’s accurate. “Accuracy has improved because handwriting decreased. At this point, we’re 99 percent accurate on every order,” Rob says.

Along with that, the system tells when replenishment is needed and where the product can be picked up. It prevents the company from making delays when it’s time to replenish orders. Everything has been automated from standard documents to ship notices and beyond.

## **THE BEST IN THE BUSINESS**

The delivery employees of Powers Distributing are a blend of seasoned veterans and men just beginning their careers in the beer business. The talented delivery department has a combined total of 853 years in the business for an average of over sixteen years! What makes them stay so long?

Thompson says, “Rob and Gerry have built a company where the employees share in the success of the company. They are compensated fairly, which stimulates them to treat the company with respect.”

The drivers of Powers Distributing are among the highest paid beer drivers in the country, which allows for very little turnover in the company. There’s also a great 401K plan, an onsite workout center and the opportunity for seasonal flu shots.

The general sales division is a pretty impressive group, too. Much more than salespeople, the team members are trademarked professional beer consultants. They won’t only sell customers beer, but inform them of the best way to lay out their coolers, and if it is a retailer, let them know what the best brands or styles should be on tap. Rob says, “This is to ensure there is good representation of all the styles to capitalize with the consumer and the consumer’s attention on different tastes and flavors.”

## **GOING FOR THE GOLD**

Powers Distributing makes no secret that it has lofty goals and wants to see \$100 million revenue over the next five years. “First and foremost, we need a greater share of the existing marketplace. Secondly, there are a number of beverage suppliers that aren’t in the marketplace yet and we will demonstrate that we are the best choice for them here,” Rob says.

The company is also looking at expanding beyond beer-only wholesalers. People are beginning to sample and drink new products, and Powers Distributing is aiming to stay in touch with those consumers. The company will likely evolve into a beverage distribution network that includes

soda, liquor, wine and beer in one facility. "The beverage business is changing. There are so many efficiencies to be gained by combining those operations into one warehouse," Gerry says.

Thompson says that the company will also continue being an innovator when it comes to new marketing trends. "We expect to expand that effort and driver greater interaction with our consumers," he says. "There will also be a continued commitment to sustainability. It's important to people, us, Michigan and the environment as a whole."