

Reign of Excellence

Delivering beer and wine across the state of Indiana, Monarch Beverage is leading the way with innovative and technologically advanced logistics.

By Heather Landi

Operating in the beer distribution industry today is not without its challenges—perhaps more so than in years past—as SKU proliferation, consolidation and rising costs collide with a sluggish economy, but Indianapolis, Ind., USA-based Monarch Beverage Co. is celebrating several crowning achievements this year. Last month, the company, the largest beer and wine wholesaler in the Midwest, moved into its new US\$50 million world-class, technologically advanced distribution center. Living up to its regal moniker, Monarch Beverage has become a leader in the wine and beer distribution industry by being on the cutting edge of logistics technology and operational efficiency. Delivering 64,000 cases of beer and wine every day to more than 5,000 retail venues throughout Indiana, Monarch consistently lives up to its mission of “efficiently providing an ever-escalating standard of service and responsibly enhancing demand for its products,” every day. For this high standard of quality and service, *Beverage World* named Monarch Beverage its 2009 Beer Wholesaler of the Year.

With annual revenue around US\$270 million, Monarch represents



◀ JOHN XENOS, general manager and Phil Terry, CEO (front row, l to r), help to lead the Monarch team, assisted by (back row, l to r) Fred Dufour, vice president of operations; Scott Shipley, vice president of sales; Dave Rogers, vice president of marketing; Jeremy Cutler, director of wine sales and Natalie Roberts, vice president of human resources and public affairs. Below, Xenos and Terry walk through the new facility.





PHOTOGRAPHY BY TOD MARTENS

more than 500 brands, including beer and wine heavyweights MillerCoors, E&J Gallo and Guinness. Beyond its technologically advanced logistics and selling prowess, Monarch's leadership also is recognized for its efforts to enhance the entire beer industry. Phil Terry, CEO of Monarch, this month completes his term as chairman of the board of the National Beer Wholesalers Association, where he helps to serve the best interests of the beer business.

Craig Purser, president of the NBWA, says, "I am thrilled to see the recognition of Beer Wholesaler of the Year for Phil and the Monarch guys. Phil has been spending a lot of time on his efforts on behalf of the NBWA. They are a leader in a lot of ways. I was with Phil recently in Indiana where I was together with a number of his competitors and it was terrific to see that kind of relationship that he has with those folks when it comes to the marketplace."

Expanded Empire

Founded in 1947 by Edwin T. French Sr., Monarch Beverage grew from its humble roots of six employees and a warehouse the size of a modest home into a leader in the beer distribution industry operating out of a newly constructed, 500,000-square-foot headquarters, warehouse and distribution facility. Now under the third generation of family ownership, Monarch's new facility can hold 1.8 million cases of beer and wine, joining the ranks of some of the largest beverage distribution facilities in the United States. According to Terry, the new headquarters increases efficiencies and allows customers to be served more quickly and economically.

The centerpiece of the new facility is a US\$14 million Vertique automatic sorter, which can sort up to 10,000 cases per hour and is the largest automated material handling system in the nation. Outfitted with conveyors, gravity-fed racks and computer brains to sort

COVERSTORY

and pack orders, the automatic sorter system looks much like an oversized water slide and can pack twice as fast as humans can by hand with a 99.9 percent accuracy.

"This allows us to deliver a perfect pallet to the stores," John Xenos, general manager at Monarch Beverage, remarks. "These machines make an average of one mistake per 50,000 cases so it not only improves accuracy, but also reduces work injuries."

With 1,200 SKUs of beer and 1,200 SKUs of wine products, Monarch executives saw the need to incorporate a system that would improve accuracy rates and allow the warehouse to efficiently handle its increasing SKU count, "unlike a lot of wholesalers who try to reduce their number of SKUs," says Terry.

"Although we do the bulk of our business with the top 20 SKUs," Terry remarks, "you still have this long tail SKU proliferation. Rather than eliminate that, we wanted to figure out a way to manage that effectively with a capital investment to make us a more effective marketing company. If a customer wants a SKU, it's our job as a wholesaler to provide that and to provide choice and value and to make lower vol-



◀ **JD GRIMES**, inventory specialist at Monarch Beverage, stands inside the new 500,000-million cases of alcoholic beverages and includes features such as energy efficient

ume SKUs available. We analyze our SKUs periodically deciding whether to keep products and for products where there is little or no demand for, we do eliminate those SKUs that have a lower threshold than most."

Sitting on a 93-acre site, the new facility has 18,000 square feet of cooler space, 50 dock doors and also incorporates green features such as energy efficient lights that flick off

We Develop State-of-the-Art Distribution Facilities.



Efficient distribution of your product starts with an efficient distribution facility. That's where Duke Construction can help. For more than 36 years we've designed, constructed, and delivered state-of-the-art facilities that streamline the movement and storage of inventory.



Just ask Monarch Beverage Company. Duke Construction delivered their first facility in 1996, and was again selected by Monarch in 2008 to construct a new first-class distribution center.



We are proud of our long-standing relationship with Monarch Beverage Company and congratulate them on being selected "Wholesaler of the Year."

Call 317.808.6000 to learn more about Duke Construction's warehouse/distribution center capabilities and full range of services.





square foot facility in Indianapolis, Ind, USA. The new facility can store up to 1.8 million cases, energy-saving tinted windows and 18,000 square feet of cooler space.

during periods of inactivity, a white reflective roof and energy-saving tinted windows.

Xenos says the new space was necessary as the previous facility layout entailed four different buildings. With a consolidated workforce under one roof, not only does the facility encourage better teamwork, the location of the facility helps the company save a substantial amount of traveling for the

warehouse trucks.

"The beer business is not expected to grow in terms of case equivalents, so wholesalers are now charged with becoming operationally efficient. If we can save 2 to 3 percent on the front of the house, then we get more efficiency on the sales side," Xenos says.

Crown Jewels

Over the past two decades, much of Monarch's growth has been built through a combination of acquisitions of smaller distributorships, gaining new brands as well as territory. In 1995, the company bought Schembre Beverage Co., which distributed about 40,000 brands throughout the state. Jim Schembre, the former owner of Schembre Beverage, came on board at Monarch and saw an opportunity to set up an operational system to focus exclusively on micro, craft and import brands. Called World Class Beverages, the division now distributes statewide, represents about 100 breweries and sells close to 300,000 cases of beer a year.

"When I came over to Monarch, I could see the growth of Monarch was great for big brands, but small brands didn't



Congratulations to *Phil Terry, John Xenos, Fred Dufour* and the entire team at

Monarch Beverage Company

for being named

Beverage World's 2009

Beer Wholesaler of the Year.

**First
Beverage
Group**

Real Estate Solutions
Investment Banking
Debt Advisory
Private Equity
Venture Capital

www.firstbev.com

COVERSTORY

do so well. The salespeople couldn't get their hands around them," Schembre remarks. Selling craft and specialty beers is much like selling wine, as emphasis is placed on the beer's flavor characteristics and the passion behind the brewing, therefore, the selling approach for microbrews and craft beers is different than with mainstream beers, he adds.

"My belief was that we could grow market share at higher

margins through a mission that was simple—make people beer passionate through distribution and education," he says. "Consumers out there want variety and choice and we just have to figure out a way to get it to them."

World Class Beverages has now morphed into a national distributor network that uses a consistent system for selling specialty beers that focuses on categorizing beers by style.

Congratulations Monarch Beverage!

Monarch Beverage
partnered with
PDC on the design
of their new
distribution center.

Precision Distribution Consulting, Inc (PDC) is an independent consulting firm specializing in the design of engineered solutions for our clients' warehouse and distribution facilities and operations. Our projects range from reducing costs within existing operations, expansion planning, to greenfield warehouse designs. In support of consolidations or new facility design PDC offers warehouse location analysis. In recent years PDC has successfully executed over 150 beverage warehouse projects in 17 countries; including 35 warehouse design projects for beer distributors. We have provided support to beverage companies ranging from 1 million cases to 100 million cases. We provide solutions that are based on comprehensive analysis, sound first hand operational principles and an unsurpassed level of detail. PDC includes on site operational support and training with each design. *All of our clients are available for references.*

PDC

Precision Distribution Consulting, Inc.

96 South George St. • Suite 200 • York, PA 17401
T: 717.718.3234 • F: 717.718.3235 • www.pdcinc.us

Congratulations Monarch Beverage Company 2009 Wholesaler of the Year!

Find out how CEO Phil Terry
improved his bottom line
through a Workplace
Health Services Onsite
Employee Medical Clinic.

With rising healthcare costs
and challenging economic
times, now is the time to
evaluate how Workplace Health
Services will help you meet
your cost savings goals too!

Call 317-965-4166 for more
information today or visit
[workplacehealthservices.org!](http://workplacehealthservices.org)

 **WORKPLACE**
HEALTH SERVICES
Employee Healthcare at Work



THE THREE LOOSE SCREWS DIVISION OF
DON SEBASTIANI & SONS

Congratulates
MONARCH BEVERAGE on being named
Beverage World's 2009 Wholesaler of the Year.





◀ **MONARCH BEVERAGE** distributes beer and wine across the state of Indiana.

The World Class network currently includes 18 beer wholesalers with 35 getting set up to join, Schembre says.

As part of this effort, the distributor network relies on its website, worldclassbeverages.com, which features beer descriptions and Beer Spy to help users find specific beers and packages. Now covering the entire state of Indiana for some of its brands, Monarch must now rely on growing volume and sales of its existing brands rather than territory growth or future acquisitions to grow its revenue.

Monarch's culture is built around following 15 principles, including a commitment to continuously improving quality and accountability. For instance, as part of the company's sales philosophy, district managers have to be in the market with employees four days a week to ensure proper supervision and to make the sales organization as effective as possible, Terry says.

With 630 employees now on staff, the company is known for having a progressive cost-effective, self-insured health care plan that includes wellness facilities, an on-site fitness center and an on-site health clinic. Employee health initiatives such as smoking cessation programs, weight loss programs and flu shots help to promote employee's preventative care and further cuts down health care costs, Natalie Roberts, vice president of human resources, notes.

From its disciplined culture to its operational efficiencies, at the end of the day, the Monarch team can rest assured that the company will continue to lead the beer distribution industry into future growth. **BW**

Advertisement

DUKE CONSTRUCTION

Duke Construction is a nationwide contractor that develops high-quality distribution facilities for its parent company, Duke Realty Corporation, as well as for third-party clients. Duke had successfully built Monarch Beverage Company's first facility in 1996, and Monarch was confident that Duke again could deliver a state-of-the-art facility. Monarch moved into its new Duke-constructed 525,000-square foot distribution facility in August 2009.

BEVERAGEWORLD.COM

Integrated Beverage Line



Packaging Solutions that Mean Business

WRAP IT...



MULTIPACK



TRAY PACK

PACK IT...



SHRINK WRAP



PALLATIZE AND STRETCH WRAP

SHIP IT!



Booth No. C-1000

ARPAC L.P. 9511 West River Street

Schiller Park, IL 60176 USA

P 847 678 9034 • F 847 671 7006

www.arpac.com