Embracing Change

Jensen Distribution Services Has Been Serving Customers in the West for 125 Years

O.C. Jensen left Denmark as a young man seeking his fortune in the West. He settled in Washington state and with his partner, Henry Brooke, founded a hardware business in 1883 to serve the needs of the homesteads.

THE FLEDGLING COMPANY THAT started out as Jensen, Brooke & Company has undergone a great deal of change over the past 125 years. But the principles that helped the company adapt to the frontier world still hold true today—provide the highest-quality products and services to customers and don’t be afraid to change.

In 1896, the hardware operation merged with the firm of Wolverton and Byrd and moved to Spokane, incorporating under the name of Jensen-King-Byrd. After a few years of expansion, it settled in its current location on Riverside Avenue. J. Scott and Alvin Jensen, sons of O.C., purchased King’s interest in 1925 and changed the name to Jensen-Byrd Co.

Several acquisitions took place over the years that followed including the purchase of the Spokane branch of Marshall Wells in 1958 and the 1981 purchase of Pacific Marine Schwabacher, which was the largest wholesaler in the Northwest at the time. This important deal expanded the firm’s territory by six states including Alaska and Hawaii, and the company has serviced 11 Western states since then.

The third generation of the family, Stanley Jensen, started working in the warehouse in 1940 and later served as president beginning in 1978. Mike Jensen, fourth-generation family member, has continued in the founder’s tradition and business spirit while expanding the business at record levels. He currently serves as chairman and CEO, with 41-year company veteran Doug Miller serving as president.

Jensen-Byrd built a state-of-the-art, 252,000-square-foot distribution center in 1987, but as the company continued to grow it quickly outgrew this space. In 2004, 130,000 square feet of warehouse space was added and soon after 130,000 square feet of additional space was built adjacent to the existing facility. The latter expansions brought total warehouse space to 570,000 square feet.

The wholesaler had become an owner/member of Liberty Distributors in the early 1950s and continued this commitment through Liberty’s merger with Sentry in 1991, forming Distribution America (DA). It continues to operate as an owner/member of DA. With change taking place in the company and within the hardware industry, Jensen-Byrd Co. became...
Jensen Distribution Services in 1995 to demonstrate the true nature of the organization—a complete distribution services company.

Jensen Distribution Services plans to celebrate its 125th anniversary during its Fall Dealer Market Sept. 18-20 in Spokane. Hardware Retailing interviewed Mike Jensen and Doug Miller to see how the company has adapted to a changing industry over the years and positioned itself for future growth.

HR: What are the keys to the company’s survival over the years in the face of widespread consolidation among independent distributors?

Jensen: There are several keys to our survival in the face of the consolidation that has taken place. One of the most important of which was the transition we made to a “retail mentality” in our approach to the business. By approaching our programs and offerings with our retailers’ needs foremost in our thought process, we have created a much stronger bond with them.

Flexibility in our programs has been another strong key to our success. We offer what we feel is the highest level of flexibility in our programs of anyone in the wholesale hardware industry. We have flexible freight programs, flexible pricing programs, multiple freight options, custom retail pricing programs, custom advertising and custom assortments, all supported by our national account and independent sales divisions.

Jensen Distribution Services also prides itself in its relationships with our vendor partners. We have built long-term relationships and business plans with our vendors and are fierce supporters of name-brand products on their behalf.

Two additional areas that have contributed to our success are the length of service of our employees and the integrity with which they all work for our customers and vendors. The average length of service in our distribution center is over 10 years, a number that is nearly unheard of in our industry. The customer service department has an average of 22 years of service with very diverse backgrounds including work in our purchasing department, distribution center as well as retail backgrounds. Our management staff is experienced and professional and has been quick to create new programs and business practices in the face of the constant changes that take place in the retail environment our customers compete in. In summary, we have not just survived, but thrived by taking care of our customers, being flexible and making change a part of our business plan.

HR: What major changes has the company undergone in the past 10 years?

Jensen: The past 10 years have seen rapid expansion in several areas of our business. First of all, our customer base has expanded greatly in the past 10 years. New customers have been added at a record pace in both our independent retail customer base as well as our national account customer base. This expansion has come from our existing geography as well as our expansion into other states such as California and Arizona. As our customer base has expanded so has our product mix. With over 58,000 unique SKUs, we are able to offer a broad range of products to meet the needs of our diverse customer base.

Jensen Distribution Services at a Glance

Year Founded: 1883
# Retail Customers: 2,000
States Served: 11
Distribution Center: 570,000 sq. ft.
# SKUs: 58,000

Left: Doug Miller is president of Jensen Distribution Services.

Right: Mike Jensen, chairman and CEO of Jensen Distribution Services, is the fourth generation of his family to run the business.
SKU counts in our distribution center have shown our customers the commitment we have made to carry the name-brand products the retail consumers in the West are asking for. Increased SKU count has created the need for additional space. We have now completed two major expansions in our distribution center and own over 50 acres of adjacent land.

Increased customers, geography and SKU count have also demanded an expanded sales force. We now have territory managers from Alaska to Southern California assisting our retailers with the profitability of their businesses as well as an expanded staff of national account managers that offer the flexibility needed by each of our national account customers.

2007 brought the addition of an entirely new customer base and sales staff in the professional lawn and garden area. We purchased the assets of the DF Marks Company in Bothell, Wash., and hired a team of lawn and garden specialists to serve this new customer base. Lawn and garden is now our largest department in terms of SKU count in our distribution center as we continue to expand our services in this important area.

HR: What are the major advantages does Jensen Distribution Services have as an independent, regional wholesaler?

Miller: Knowing our region of the country better than any of our competitors is a huge advantage. Our entire staff is located in this region and this has helped us create a level of product knowledge relating to the West that is a critical part of our advantage. Our management structure is very flat and streamlined so the decision making process is quick and precise, another huge advantage of being very close to our customers. Once again the flexibility we have built into our programs has created the best environment possible for our retailers and our growth has shown us we are on the right track.

HR: What are the major challenges facing the company and how do you plan to address them?

Jensen: One of our biggest challenges is keeping up with the growth we continue to experience. With 10 percent compound growth over the last 10 years the amount of space required to efficiently stock and distribute products has grown rapidly. We have already begun the planning process to expand again as our growth continues.

The other challenge is staying on top of the needs in our information technology area. We have hired an outside consulting firm that has helped us map out a plan to transform our entire legacy computer system to a modern platform that will allow us to continue to be flexible to the needs of our customers.

HR: Do you have any plans to expand into new categories, new businesses or new markets?

Jensen: We have just begun an exciting expansion in the import seasonal categories of merchandise. Our expanded customer base has asked for unique offerings in this area and we are sourcing hundreds of new products directly to satisfy this demand. We have staff members with strong experience in this area and we see it as a great new addition to our business. In terms of other business opportunities, we are always looking for opportunities to expand our business in ways that will continue to strengthen our offering. We have purchased several other distributors over the history of the business, one of which was larger than our own business was at the time.

HR: What are some of the retail tools/programs you offer your retail customers to help them improve their businesses?

Miller: One of the core programs we use is the Retail Profit Management (RPM) program. This program has been used with hundreds of retailers across our region and the results have been outstanding. The RPM program addresses eight key areas of any retail operation from target customer identification, to retail pricing, product selection and advertising.

We have used RP² (Right Product, Right Price) as our theme for the last few years knowing that the core of the retail business comes down to having the right products at the right prices. We perform extensive market audits to assist our retailers in their product selection and pricing to maximize their profitability while helping them improve their price image. Custom retail prices are maintained in our system for every item we stock, for hundreds of our customers. This program has proven to be an important part of our effort to help our customers be more profitable.

Our online custom advertising program has given our retailers the option to quickly and efficiently build their own ads online while incorporating their own unique identity and individual product mix. This program drives home the key points of being an independent retailer carrying the name-brand products that his or her customers are looking for.

Top Left: The company built a state-of-the-art distribution center in 1987 that has since more than doubled in size. About 58,000 SKUs are stocked for customers.

Top Right: Jensen Distribution Services has expanded its distribution center twice since 2004, bringing total warehouse space to 570,000 square feet.