

# D&H

## Over a Century of **INNOVATION, EVOLUTION & TRANSFORMATION**



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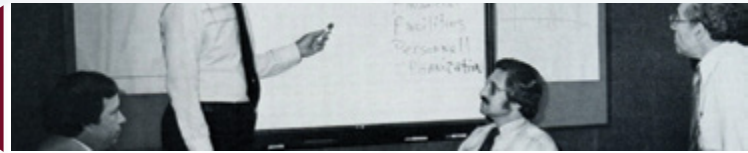
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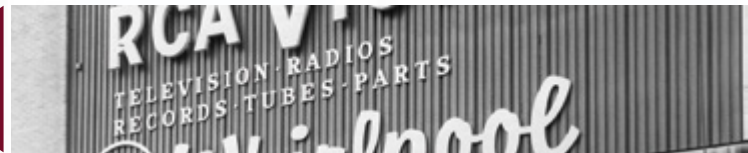
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## Book Dedication

Dedicated to all D&H co-owners and team members who have contributed to the company's growth and success. The commitment, passion, and talent of each and every individual on our team—past and present—has shaped the company's culture and enabled the success and longevity of D&H. We are forever grateful.



THE ECONOMY TIRE & RUBBER CO.  
ESTABLISHED IN WILLIAMSPORT, PA. JUNE 18, 1918  
BY DAVID SCHWAB AND HARRY SPECTOR  
GREW INTO THE PRESENT D & H DISTRIBUTING CO.  
WITH BRANCHES IN HARRISBURG, AND WILKES-BARRE, PA.

*This is an exact reproduction taken from an original photograph*

# ECONOMY TIRE & RUBBER CO.

ESTABLISHED 1918



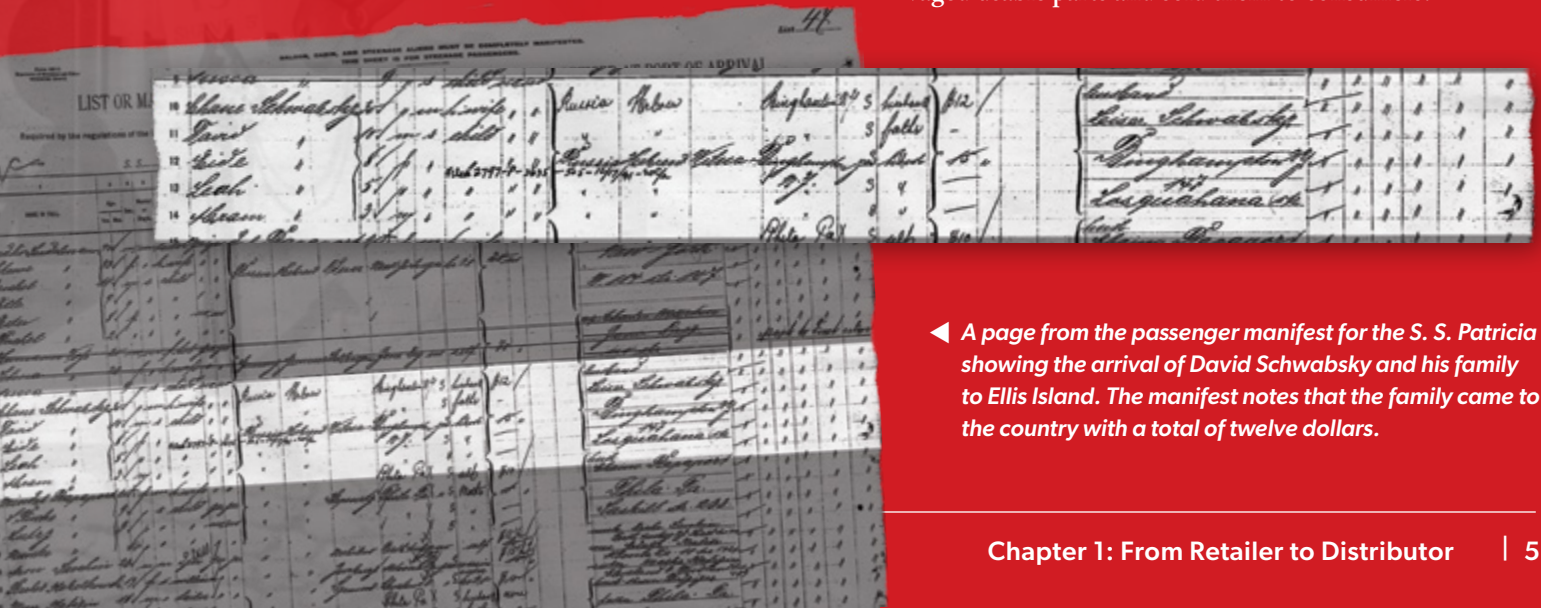


# From Retailer to Distributor

**On March 12, 1906, a ten-year-old boy** named David Schwabsky walked off the S.S. Patricia at Ellis Island in New York Harbor. His family had twelve dollars to their name—a name that, like so many of the other new arrivals, was changed upon entering the United States. The Schwabsky family of Vilna, Russia, became the Schwabs of Binghamton, New York. “Dave” Schwab transformed those twelve dollars into a company that endured, prospered, and innovated, becoming a multi-billion-dollar distribution enterprise by the beginning of the 21st century.

◀ *An artist’s rendering of partners hard at work in the enterprise that would become D&H Distributing.*

In his teenage years, Dave dropped out of school and sold newspapers to support his family. In 1916, Dave met with a friend who had recently visited New York City. During their visit, the two discussed the newest innovation for automobiles—balloon tires. Early autos ran on hard rubber tires, which kept speeds low and driver discomfort high. Air-filled balloon tires gave Dave the inspiration to make his first foray into the business world. By 1918, after selling tires for two years out of Binghamton, he was thinking even bigger. He packed up, moved to Williamsport, Pennsylvania, and set up his first company: the “Williamsport Auto Wrecking Co.” At the time, finding spare parts meant salvaging parts of old, junked cars—replacement auto parts stores did not yet exist. Dave salvaged usable parts and sold them to consumers.



◀ *A page from the passenger manifest for the S. S. Patricia showing the arrival of David Schwabsky and his family to Ellis Island. The manifest notes that the family came to the country with a total of twelve dollars.*



▼ One of Economy Tire & Rubber's first advertisements appeared in Grit magazine on September 1, 1918.



It was not long before Dave saw another opportunity. Early balloon tires were plagued by problems. They punctured easily, so even a small rupture—a real likelihood on the poor roads of the era—meant a wasted tire. The new process of tire retreading, however, offered the chance to fix a tire without replacing it. Dave decided to rebrand his business, changing the name to the “Economy Tire & Rubber Co.” Opened on June 18, 1918, Economy Tire & Rubber not only offered to fix tires but to guarantee its work—a bold move considering that even manufacturers did not guarantee their own tires.

Not long after opening Economy Tire & Rubber, Dave took on a partner, brother-in-law Harry Spector, an advertising copywriter at Williamsport’s local paper. For several years, the two men operated the little business,

As the popularity of automobiles grew, the demand for store-bought replacement parts increased. In cities like New York or Philadelphia, finding the required part was much easier than in Williamsport. There, customers had

**Dave recognized that to grow he needed to keep up with the latest innovations, even if it meant taking his company in a new direction.**

retreading tires and pumping gas from their one-pump service station. But Dave recognized that to grow he needed to keep up with the latest innovations, even if it meant taking his company in a new direction.

to order parts by mail. Dave and Harry decided to take advantage of this weak link in the supply chain by opening another storefront—the “Williamsport Auto Parts Company”—in 1921.



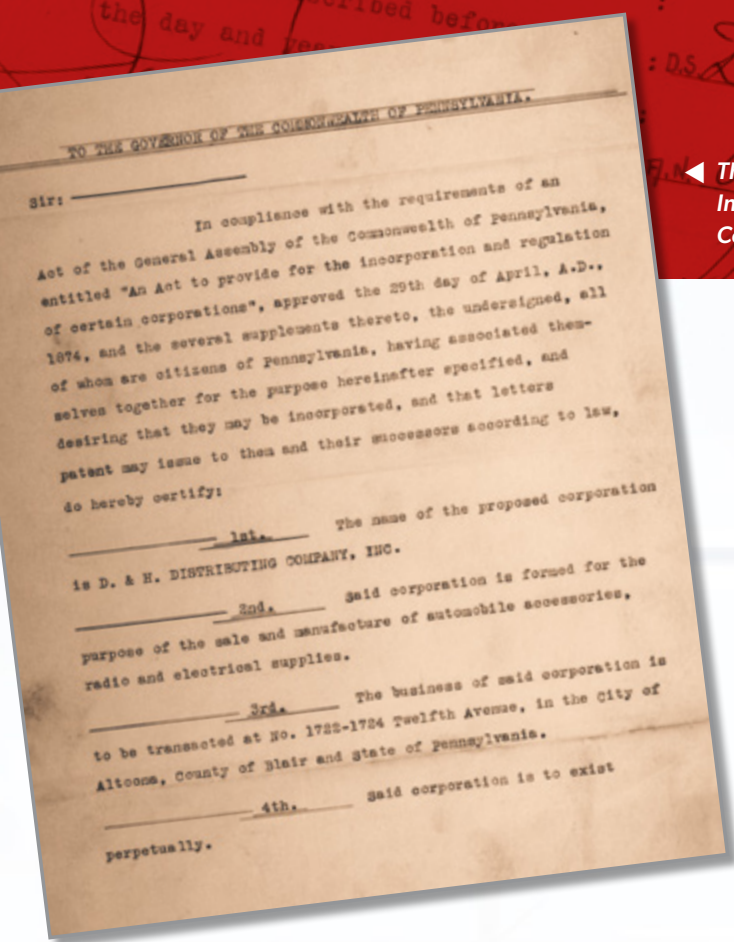
*Staff behind the counter of Williamsport Auto Parts, surrounded by the replacement auto parts so hard to find when the shop opened in 1921.*

The business thrived during the early 1920s, a time when new consumer products were transforming America. By 1926, the latest technological wonder was the crystal set, an early radio receiver. Dave seized on the innovation and expanded his business. Starting that year, customers found radio set parts displayed alongside auto parts in his shop.

The year 1929 proved to be the first major turning point in the young company's history. In a move that began the company's transformation from retailer to distributor, Dave negotiated a deal with Philco, one of the nation's

leading radio manufacturers. From a storefront adjacent to Williamsport Auto Parts, the partners sold Philco's products. In addition, Philco authorized the company to distribute the product—sell wholesale to retailers—in a few counties. Not long after, Dave added new consumer appliances like refrigerators, washers, vacuum cleaners, and ranges to his line card. "Williamsport Auto Parts" hardly fit the business anymore—the company now sold far more than auto parts, and not just in Williamsport, either. Taking the initials from their first names, Dave and Harry incorporated a new company on November 8, 1929: D&H Distributing Company, Inc.





◀ The first page of the Articles of Incorporation for D&H Distributing Company, filed in 1929.

came less of a novelty in the American home, and as a distributor, D&H took part in the new appliance revolution.

Although appliances continued to be an important part of the company's business, it was the Philco distribution franchise that drove growth during the decade. D&H had stumbled upon a product that was virtually Depression-proof. Radio, after all, provided an inexpensive means of escape during these troubled times. In 1929, the year that the company landed the franchise, more than 10 million American households owned a radio set. By 1936, that number had more than doubled. D&H sold so many radios that year that Philco rewarded the company with the right to distribute in new territory: Harrisburg, Pennsylvania.

Though Williamsport Auto Parts continued to operate, the new D&H immediately expanded into a broader,

**Throwing caution to the wind, Dave resigned the Philco line and made a new agreement—for all of central Pennsylvania—with one of its biggest competitors: the Radio Corporation of America (RCA).**

more far-reaching enterprise. Despite the financial hardships caused by the Great Depression, the company did a brisk business distributing appliances like wringer washing machines, electric refrigerators, and ranges. These were the early years of an era when electric consumer goods be-

As he tried to build sales in Harrisburg, Dave soon found that under the new arrangement, adjacent and populous York and Lancaster counties belonged to another distributor. He struggled for two years to make his branch profitable, but by 1938 he had finally had enough.

► A 1931 Philco “cathedral” radio. The Philco line was good for D&H business for a time, but in the end, Dave found a replacement—RCA.

He tried to negotiate a new deal, but Philco executives refused. Throwing caution to the wind, Dave resigned the Philco line and made a new agreement—for all of central Pennsylvania—with one of its biggest competitors: the Radio Corporation of America (RCA). Now he just had to grow the business.



## The 1936 Susquehanna Flood

In mid-March 1936, the Susquehanna River flooded, killing more than 100 Pennsylvanians. The waters crested more than 33 feet above normal in Williamsport, destroying houses and businesses near the river—including the D&H warehouse. After securing a rowboat, D&H’s founders inspected the damage, only to find their entire stock—\$100,000 worth of radios, appliances, and parts—covered in nine feet of water.

It could have been the end of D&H. Instead, the 1936 flood turned into a moment of triumph. First, Dave negotiated a deal with area manufacturers: the ruined inventory would be replaced at factory costs. Second, he persuaded the banks to continue open credit. With prices slashed and credit assured, D&H—and its resellers—rebounded from the catastrophe quicker than they could have imagined.



It was D&H’s first major disaster, and the company not only survived, it prospered.



**•MAKING HISTORY IN HARRISBURG**

**THIS IS THE FIRST TRUCK LOAD OF ....  
R.C.A. PICTURE TUBES**

**EVER SHIPPED TO ANY DISTRIBUTOR IN THIS AREA  
TO D.&H. DISTRIBUTING CO. 2535 N. 7 ST., HBG.**

**YOUR R.C.A. VICTOR DISTRIBUTOR - T.V. - RADIO - T.V. PARTS - ACCESSORIES**





# The RCA-Whirlpool Years

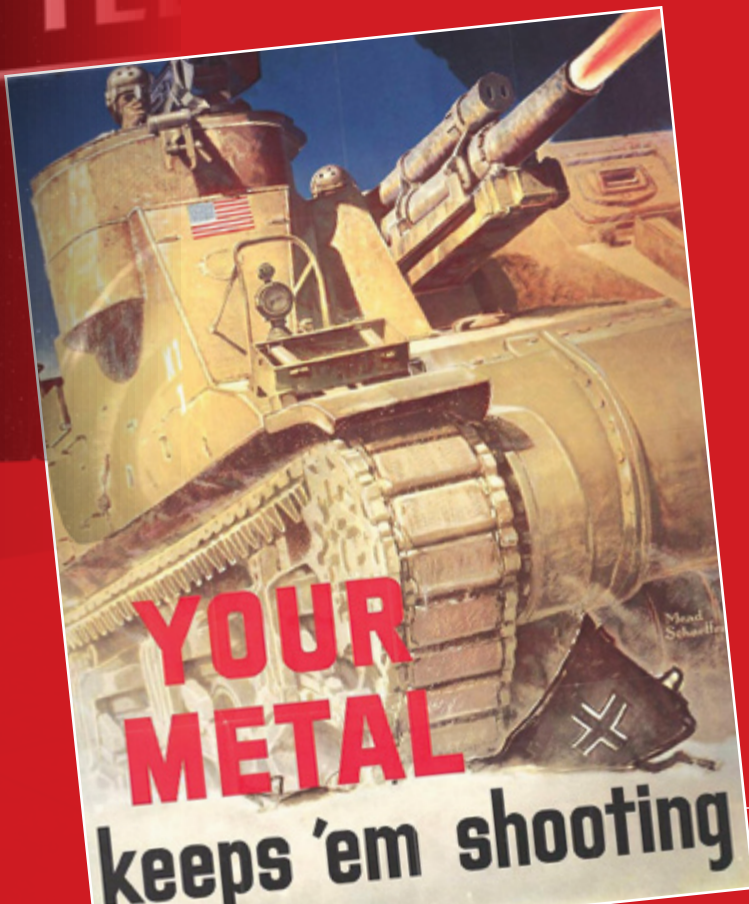
Shortly after D&H made the switch to RCA, a colleague remarked that Dave “might be giving up a suit for a pair of overalls.” Dave replied, “Well, we can sell more overalls then.” Ultimately, the move into RCA meant a dramatic change for the better for D&H, mostly

◀ A historical milestone for D&H Distributing in 1938.

because Dave expertly played his new hand. First, the company convinced every one of its existing dealers to switch from Philco to RCA along with D&H. Second, within only a few years, D&H helped drive RCA into the number one market share position in all of D&H’s granted geographic territory. The future seemed bright for D&H in the early 1940s, but world events interrupted business as usual.

The onset of World War II meant not only sending Americans to fight overseas, but also directing the country’s industrial resources toward victory. As a company that distributed products manufactured from materials now needed exclusively for the war effort, D&H needed to be flexible and adapt to wartime circumstances. Its solution was the creation of a Housewares Division through which D&H began distributing just about anything that was available: pots and pans, paints, kitchen cabinets, glassware, toys, clocks, and many other odds and ends.

◀ When the raw materials for radios, washers, and refrigerators were diverted to the war effort, D&H sold just about anything it could.





*It was good news for consumers—and D&H—when rationed materials once again became available after World War II.*

In 1943, in the middle of the war but with an eye on the future, Dave secured a major expansion of the RCA franchise into Baltimore, Maryland. D&H moved to a new headquarters at the corner of Light and Lee Streets, right near where Inner-Harbor is today. Dave helped underwrite the move—and the position in the postwar market—by selling the Williamsport Auto Parts business.

In the years after World War II, the American economy experienced a boom unrivaled in the country's history, and

D&H joined in the prosperity. By the late 1940s, radios, appliances, and other products were finally being manufactured in large numbers. Equally important, American families, flush with wartime savings, had more money to spend than ever before. In those first postwar years, D&H's revenues exploded, growing tenfold from 1945 to 1950.

As with replacement car parts in the 1920s and radios in the 1930s, in 1947 D&H began offering its dealers the newest technological innovation: television. Although

RCA VICTOR  
TELEVISION  
Sales and Merchandising Program  
BRIGHT - CLEAR - STEADY

► The founders, Dave (right) and Harry (left), sit before the first RCA television in 1947. RCA televisions soon got bigger and better, boosting D&H's bottom line.



they were bulky, expensive, and only featured an hour of programming a day, within a few years, RCA televisions accounted for much of D&H's business. The number of American homes with televisions increased at a staggering rate, from 14,000 households in 1947 to more than

“white goods”—updated versions of the kitchen and laundry appliances it had distributed since the 1920s. During the 1950s, the company received a major boost by securing franchise agreements to distribute two national “white goods” brands known for stoves and washing machines:

**In the years after World War II, the American economy experienced a boom unrivaled in the country's history, and D&H joined in the prosperity.**

10 million in 1951. The RCA Parts Department, opened in 1941 for radios, now began to offer TV parts, outdoor antennas, and signal amplifiers. As had been the pattern for decades, each new leap forward in product innovation brought with it a range of peripherals and services that further solidified D&H's market share.

Although televisions were the hottest consumer product of the day, D&H continued to do a sizeable business in

Hotpoint in 1951 and Whirlpool in 1956. With profits and territory increasing, it was time to invest in new facilities. In 1949, D&H moved its Baltimore office to a larger location on South Liberty Street, now part of the Camden Yards complex where the Baltimore Orioles play. Only six years later, the company set up an even more impressive headquarters at Russell and Worcester Streets along the Baltimore–Washington Parkway. Growth was not limited to Baltimore, however. In 1952, the company opened a





*D&H Baltimore headquarters in 1955. RCA's trademark dog "Nipper," a Baltimore landmark for a generation, now perches on the roof of the Maryland Center for History and Culture.*

new building on 7th Street in uptown Harrisburg, complete with tens of thousands of square feet for warehousing, a showroom for customers to view the latest products, and an area for sales and training workshops. The Har-

By 1959, D&H was distributing in 40 counties in Pennsylvania, plus parts of Maryland, Delaware, and West Virginia. As the company's reach became broader, it increasingly took part in the transformation of the Ameri-

**The Harrisburg building firmly established D&H in a location with easy access to critical road and rail lines for the quick delivery crucial to customer satisfaction.**

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can home, more and more of which contained consumer appliances and electronics that reshaped daily life. In 1955 alone, nationwide sales of radios, televisions, and

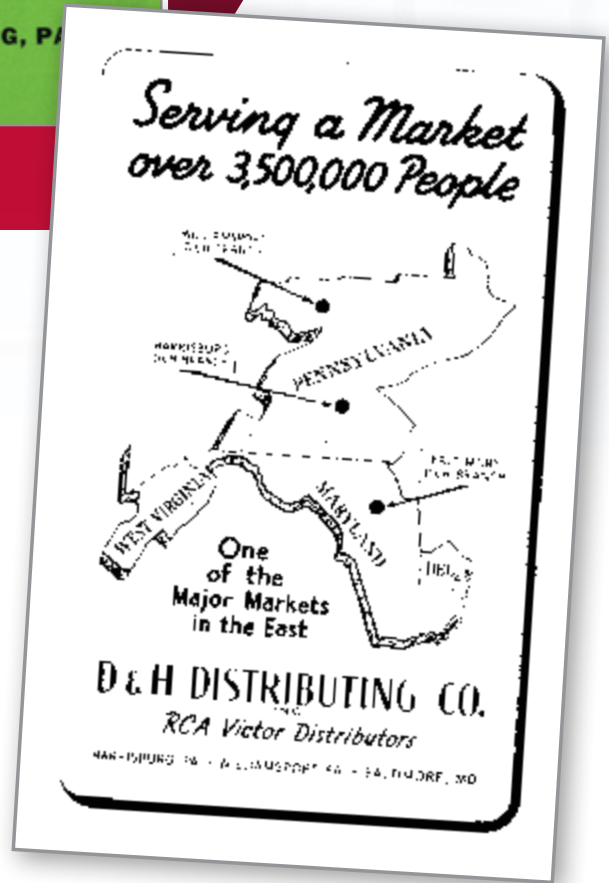


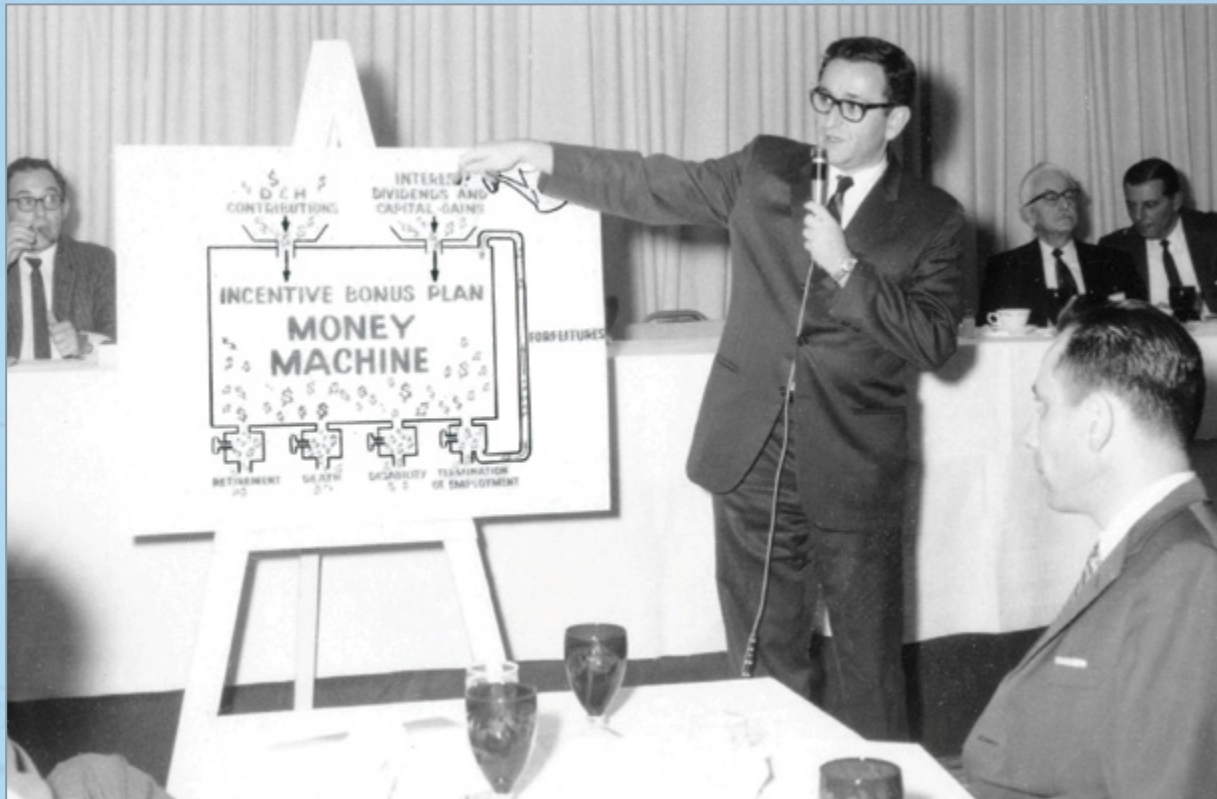
▼ Building upon its RCA franchise, D&H's territory continued to grow during the 1950s.

*A new office building—and greatly increased warehouse space—in Harrisburg cut delivery times for D&H customers.*

appliances amounted to almost \$4 billion—more than six times the amount before World War II. In addition to RCA radios and televisions and Whirlpool appliances, company divisions handled electronic parts, RCA records, specialty products, and housewares. The management team shared D&H's success with employees, establishing an incentive bonus plan in 1957.

As the 1950s gave way to the 1960s, D&H stayed true to the business model that had led to its success: provide consistent customer service, increase product lines, and expand territory. In 1968, the year of D&H's 50th anniversary, this meant moving into the Washington, D.C., market with a new distribution center in Cheverly,





## The Incentive Bonus Plan

As a matter of principle, D&H has shared its financial success with its employees. Starting on December 31, 1957, D&H employees began to share in the company's annual profits through the new Incentive Bonus Plan, designed by Dave's son Morrie Schwab. At the end of each year, a contribution was made to the plan's fund, with the proceeds divided among all employees that participated. The longer an employee had been with D&H, the more they received. Participants in D&H's plan even received tax benefits for money they set aside, enabling them to save for retirement. This concept may seem familiar now, but D&H was looking out for its employees' futures

decades before retirement savings accounts became a standard feature in the American workplace.

The Incentive Bonus Plan began in a year when D&H's annual revenue was around \$16 million. Today, through the company's Employee Stock Ownership Plan (ESOP) or Registered Retirement Savings Plan (RRSP) in Canada, D&H employees receive similar profit-sharing benefits based on the success of the company, which now does \$16 million by 3 p.m. most days. In addition, the ESOP has distributed close to \$150 million to co-owners since 2007 alone!





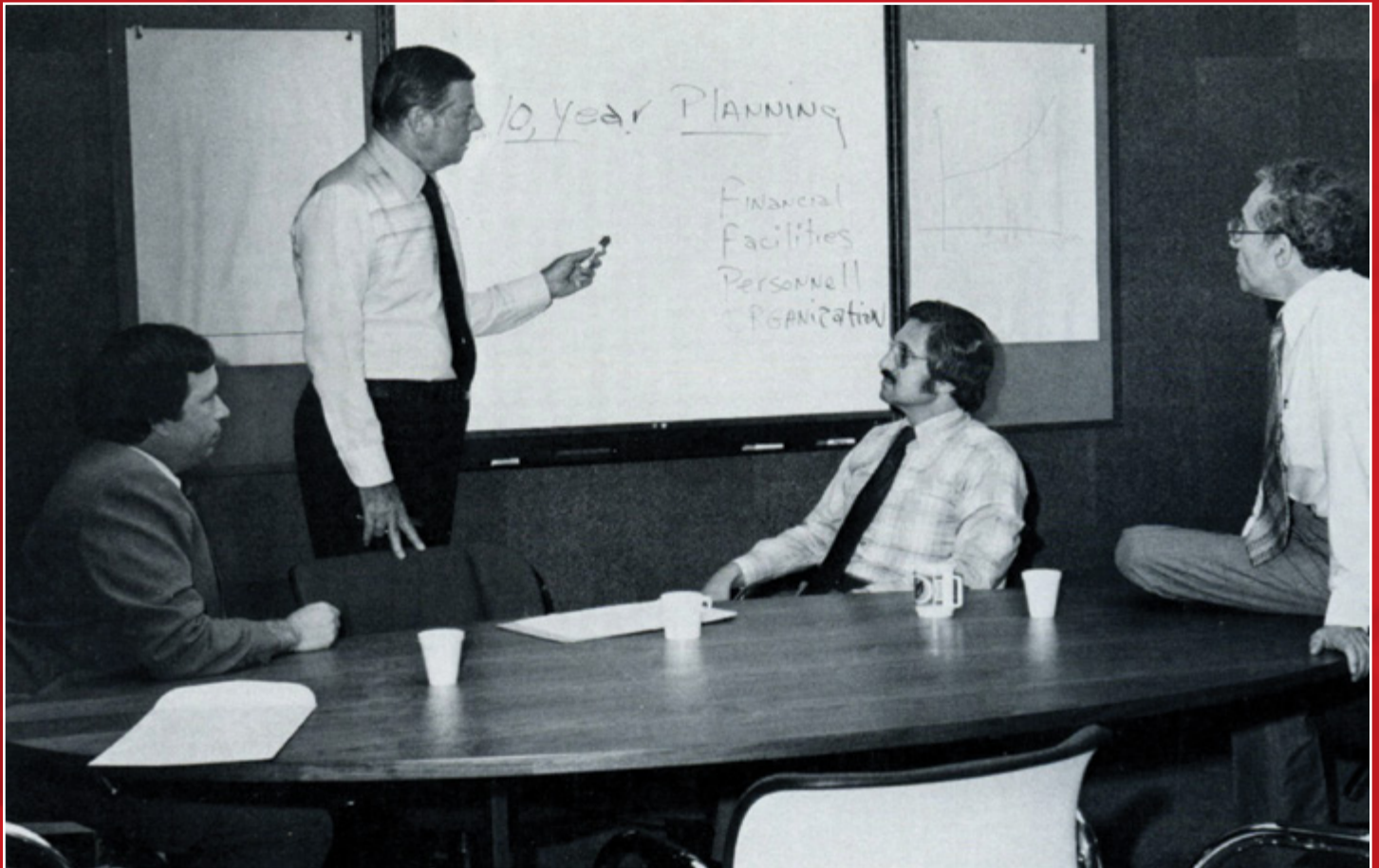
► *Ever-growing territory, product lines, and warehouses required D&H to constantly update its logistics. Computerized inventory was in place by the time this photo was taken in 1968.*



Maryland. It also meant establishing new divisions within the company like the Electronic Products Division, which sold wireless microphones, security systems, and closed circuit televisions.

In the mid-1960s, Dave's son Morrie Schwab decided to tackle the challenges posed by increased operational and logistical demands. Morrie began working at D&H in June 1940 and would continue at the company for 66 years. During this critical period in the 1960s, Morrie had the foresight to implement an automated data processing system to assist in daily business operations—one of the region's earliest computer systems.

Between 1938 and 1972, D&H grew from a small Pennsylvania distribution operation to a major mid-Atlantic enterprise. Dave Schwab lived to see it all before he died on October 15, 1972. His company had kept innovating despite many challenges. There would be many more to come—some that threatened the company's very existence.



▲ Company president Julie Rainess (standing) discusses the future of D&H with (left to right) Izzy Schwab, Morton Spector, and Morrie Schwab in the early 1970s.



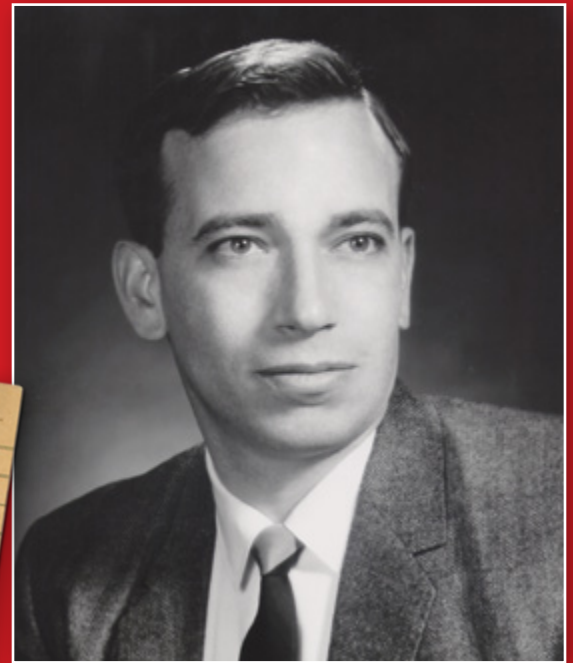
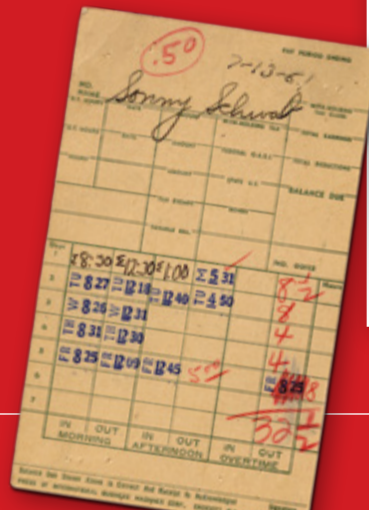
# At the Crossroads

**In the early 1970s, D&H was compelled to** examine its business model and set a strategy for the future. RCA and Whirlpool had driven the company's impressive growth for more than three decades. But now, very different products were beginning to transform Americans' everyday lives. D&H stood at the crossroads, with competing visions among its leaders: follow the familiar path or take a chance on a new direction.

In 1972, the company had more territory, more divisions, more employees, and more customers than ever before. Business in new markets was booming, so much so that the company consolidated its Baltimore and Washington offices into one giant facility in Savage, Maryland. After Dave Schwab's death, the board elected a new company president, Julius "Julie" Rainess, who had joined D&H in

1941 and served previously as vice president and general manager. Rainess and the top management in Savage assumed that the RCA and Whirlpool franchises still held the key to future growth. Others led by Dave's son Israel "Izzy" Schwab were looking for a way to evolve and adapt to new technologies—the same pattern that had brought D&H success since its founding.

- ▶ Izzy (a.k.a. "Sonny") punched his first time card in 1951 as a high school student. Here he is pictured about the time he became supervisor of internal operations for D&H in 1968.







*At work in the Parts Department in 1968. Created to support the RCA radio and television business, the Parts Department opened a path for growth in the 1970s.*

Izzy Schwab first began working at D&H in 1951, sweeping warehouse floors while still in high school. Drafted by the Army in 1954, Izzy was granted a deferment until he finished college at Penn State. He left for basic training at Fort Knox the day after graduating college in June 1957. After finishing his training, Izzy drove all night back to Harrisburg, stopping at the office to see his father. He was asked to pick out a desk and start work right then. Izzy served in a number of positions during the late 1950s and 1960s before becoming vice president of sales in the early 1970s. A self-described “pot-stirrer” with a philosophy of “nothing ven-

for growth lay in another area of D&H’s portfolio, one that had already begun to flourish under the radar: electronics, which fell under the Parts Department.

Opened in 1941, D&H’s RCA Parts Department handled a range of work connected to the radios, televisions, and other products offered in the RCA line. Tasks included tak-



**D&H stood at the crossroads, with competing visions among its leaders: follow the familiar path or take a chance on a new direction.**

tured, nothing gained,” Izzy was concerned about a long-term business approach that relied too heavily on RCA and Whirlpool. From Izzy’s point of view, the opportunity

ing care of warranty issues, fixing or replacing in-warranty products, processing paperwork with the factories, and handling some out-of-warranty parts sales.



The RCA franchise had resulted in decades of revenue for D&H but also placed heavy restrictions on what other items the company could distribute. “When the RCA rep came in, the first thing he did was walk around to make sure you didn’t have any competing products,” Izzy re-

called. “If there was a component that RCA didn’t make, that was okay. If RCA was in that business, you couldn’t carry that.” Out of these exclusivity restrictions, a business philosophy and culture—the true D&H DNA—took hold. The only way D&H could grow its business was to

### “A Very Valuable Account”

Beginning with Dave Schwab’s tire repair guarantee, D&H has devoted itself to customer service. As Dave’s son Israel “Izzy” Schwab recalled, “From day one, it was all a relationship business.” D&H salespeople developed a special, close working relationship with their resellers. “The only way we’ll be successful is if we make our customer successful,” said Dan Schwab, Dave’s grandson and D&H’s future co-president.

Even in its early days, D&H not only helped its customers succeed; it helped them get started. “If there was a town and there was no radio dealer, you had to find somebody, put them in the business, and help them get some credit,” remembered Izzy. “When the goods came, your salesman probably had to go there and unpack, then help them write an ad or promotion and work his floor to help him sell the product.”

D&H still puts a premium on anticipating customer needs—“keeping them informed so that they’re aware



of the latest and greatest things going on in the technology world,” as former D&H president Gary Brothers put it. D&H provides a dedicated representative to every account, regardless of size, and customer service roles are never outsourced. “Small businesses are no less sophisticated in their needs than their larger counterparts,” Dan noted. His brother and co-president Michael Schwab added, “How would we want to be treated if we were in their shoes? They each deserve to be treated like a very valuable account.”



either find new customers or help its current customers sell more. It was D&H's responsibility to ensure that the company's customers were steadily and successfully growing. That philosophy was, and still is, the core of D&H's customer intimacy business model.

In 1973, the Parts Department began to offer a few consumer products permitted under the RCA franchise agreement, starting with Bearcat police scanners, Cobra CB radios, and Pioneer car stereos. By 1979, however, the division was deliberately identifying the latest products and finding ways to distribute them. The department

by 1978. The next year, he moved to Harrisburg to lead the Parts Department during a key period of transformation.

"Our first big adventure in that department was into the video game business," recalled Brothers. Starting with Atari products in 1979, the Parts Department followed up in the early 1980s by making deals to distribute Mattel and Activision game systems and cartridges. Video games naturally led to the next wave of emerging technology: home computers. Halfway through the decade, the Parts Department line card included computers and software manufactured by Commodore, Texas Instruments, Atari, and Corona.

**It was D&H's responsibility to ensure that the company's customers were steadily and successfully growing.**

was now under the management of Gary Brothers, who joined D&H in 1973. Brothers worked sales during his early years at D&H, moving up the ranks to management

The business continued to expand. By 1987, D&H had secured major deals to distribute Packard Bell computers, Panasonic printers, and General Instruments





◀ Among the many early computers sold by D&H was this 42-pound 1985 Corona Portable, used by Michael and Dan Schwab at school.

satellite dishes and receivers—all within a department in Harrisburg originally intended to handle parts and warranties for RCA products. Izzy, Gary, and others in Harrisburg began to view the Parts Department, rebranded as the Electronic Specialty Products (ESP) Division, as the division with the most potential for growth. They were willing to take a chance on new technology and develop a nationwide business model. “Izzy more so than anybody realized that the day of regional distribution was not going to be forever,” recalled Brothers. “If we wanted to survive long term, we needed to figure out how to create a national footprint.”

But an older generation of leadership remained in Savage, Maryland, now led by company president Skip Lavine. For this group, sales of RCA and Whirlpool still represented the past, present, and future of D&H. “We were scratching for volume,” said Izzy, “hampered by the mentality of the RCA-Whirlpool group, which dominated the company.”

Despite predictable resistance, Izzy took the first step toward a national model. In 1987, he assembled a five-person team to establish a sales branch in North Canton, Ohio—the company’s first venture to expand beyond the Mid-Atlantic territory. Selling Panasonic printers and General Instruments satellite dishes in the Midwest proved successful, so the following year the D&H team decided that an even bigger investment was warranted—setting up warehousing in addition to sales.

D&H closed the North Canton operation and moved to the larger market of Chicago to open D&H’s first comprehensive sales and warehousing branch. In the next few years, similar branches in San Francisco, Los Angeles, Boston, and Dallas followed. Brothers remembered that “with a few key products and a core group of vendors, we were able to go out there and start expanding.”

While the D&H sales organization was gaining traction across the country, the warehouse operations were also going through major enhancements and transitions. The



*The Board of Directors in 1988 as D&H was taking its first steps to nationalize its business. Left to right are Julie Rainess, Morrie Schwab, Mort Spector, Skip Lavine, and Izzy Schwab.*

company followed a national warehouse model perfected by Jim Schwab during this period of territorial transition. Jim, Morrie Schwab's son, began working for D&H in May 1972. When he died in 2009, he was serving as D&H's vice president and treasurer, having worked at the company for almost 40 years.

Coming from an RCA and Whirlpool business practice, the warehouses had to adjust to a new business model where the quantity of products dramatically increased, but many were smaller in size, and inventory changed much more frequently. To accommodate this new phenomenon, D&H moved from a warehouse management system grouped



▶ *Compelling promotions have always been an important part of the company's marketing and sales motions. To celebrate and announce its arrival to new territories, D&H offered an "Expansion Sale" to its customers.*

by vendor to a much more sophisticated model that was tracked by bin location. Radio frequency picking systems and intelligent conveyors were installed over the coming decades at a significant cost but brought tremendous productivity enhancements.

The back-office operations, particularly accounts receivable and accounts payable, also adapted to the changing business landscape. The D&H customer credit department had built a sound floor planning approach to support RCA and Whirlpool sales, however many of the new computer products customers required open account terms. This dramatic shift in credit risk required very different expertise, and D&H built a new credit business model. The evolution from managing a few large, well-established manufacturers to an assortment of smaller and sometimes even start-up companies required a monumental strategy

shift in accounts payable business processes. A manual invoice matching and debit memo system would no longer support the exponential increase in product receipts and program claims, so a more automated accounting system was implemented. These changes culminated in a dynamic and robust back-office operating system, with vastly improved inter-connections to the distribution centers.

By the end of 1988, D&H had a presence with offices, warehouses, or sales representatives in 17 states around the country. It was an experiment, but one that seemed to be succeeding. D&H gained not only experience, but also a foothold in national distribution that soon became significant.



Arnold T. Valencia  
Vice President and General Manager  
Eastern Sales and Distribution

317 267 6600  
FAX: 317 231 4132

RCA



Mr. S. E. Lavine  
D&H Distributing Co.  
8220 Wellmoor Court  
Savage MD 20763

January 31, 1989

Dear Skip:

This is to confirm our conversation today at which time I advised you that we have completed evaluating our distribution system. As you know, our business has not been profitable for quite some time and it is essential to our survival that action be taken to remedy the situation. We have concluded that it will be impossible for us to be profitable in the markets you serve unless we sell our products directly to dealers rather than through a distributor. Therefore, as I advised you, we have reaffirmed our decision not to renew D&H's Distributor Appointment Agreement when it expires on March 31, 1989.

We want to thank you for your years of service as a distributor of RCA products and wish you well in the future.

Very truly yours,

/jas

Thomson Consumer Electronics  
Sales and Marketing Company

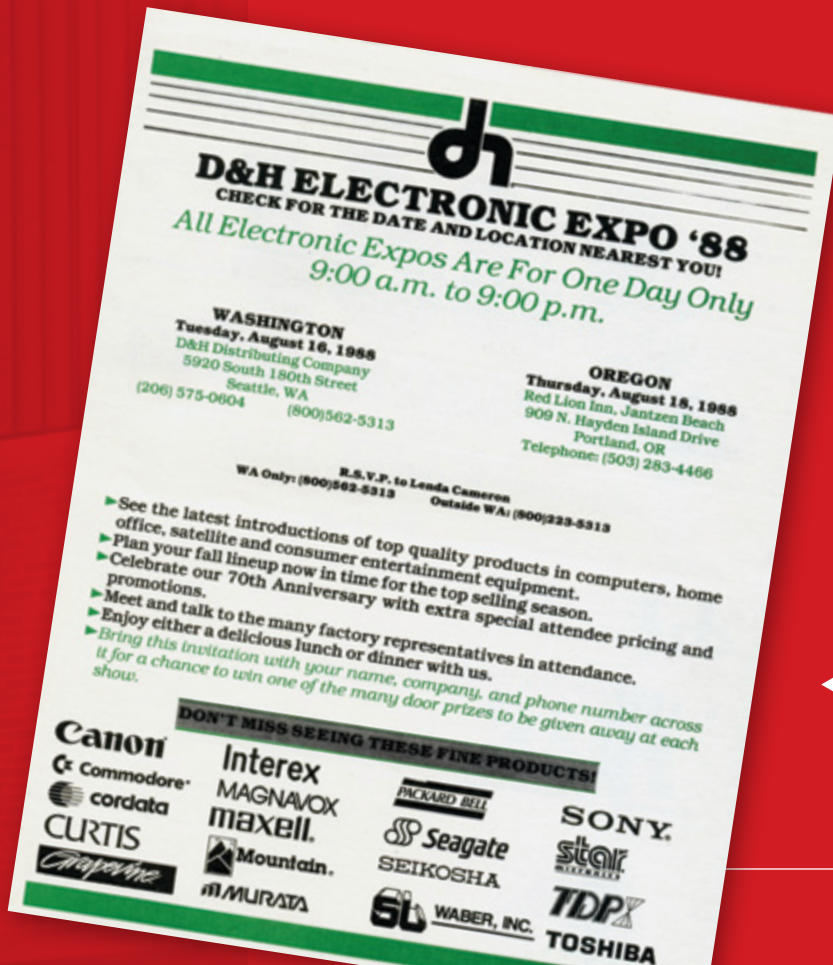
▲ Few documents mark a break with the past as clearly as this letter from RCA to president Skip Lavine confirming cancellation of the franchise agreement.

# A Vision for the Future

By the late 1980s, RCA was struggling, having made a series of bad business decisions. “They lost their edge,” said Izzy. “They were the best and then all of a sudden they weren’t.” At the end of 1988, the former radio and television giant canceled all of its regional franchise agreements. Forty-eight out of 50 RCA distributors went

out of business, but D&H had a way out. After 50 years, the company began to transition away from its old lines of business into new ones. The result: hundreds of millions of dollars in new revenues by the end of the 1990s.

Thanks to Izzy’s ventures in 1987, D&H had taken steps toward expansion that now proved necessary to survival. Brothers recalled that instantaneously losing 50 percent of the company’s business with the RCA loss “just made us run harder and faster in what we were trying to do in order to generate revenue, gobble up a little bit more territory, and open another facility more quickly.” In 1989, Izzy became president of D&H. With Izzy setting the policy and Brothers implementing it, D&H began to emerge from its “territorial cocoon” with a plan to move into the Computer Products sector. Izzy’s oldest son, Michael Schwab, joined the company as an outside sales representative in Philadelphia in 1991, just as the plan began to gain traction. He remembered the philosophy at the



◀ The ESP Division grew from a new venture to the basis of a new company on the strength of agreements with world-class brands.



◀ A 1987 agreement with PC-maker Packard Bell helped D&H expand beyond the Mid-Atlantic territory pioneered in RCA days.



While D&H expanded its geographic territory in the late 1980s and early 1990s, it was also growing its line card of vendors and the types of technology products it carried.

time as “let’s maximize future opportunities, even if short term profitability isn’t going to be as we want it, because we know we need to invest in the future.”

The Electronic Specialty Products Division, renamed the Computer Products Division, served as the focus of this investment in the 1990s. D&H opened more national sales/warehouse branches—a total of eight by 1992—distributing products from 25 key vendor lines like Minolta, Panasonic, Star Micronics, Seiko, and Sharp. In addition to these vendors, D&H capitalized on the exclusive, nationwide computer distribution deal made with Packard Bell in 1987, one of the largest PC manufacturers at the time.

In this critical period, each part of D&H’s management worked toward distinct but complementary goals. For Izzy, it was to “build a self-sufficient business that wasn’t dependent on one manufacturer.” Brothers’s goal was “to figure out how to drive revenue and make the Computer Products Division a bigger contributor to the company.”

Brothers also transformed D&H’s inside sales team from a passive organization to an active force that spent more time dialing out than waiting for calls to come in.

As the newly promoted vice president of merchandising, Michael had another objective. In the early 1990s, there were more than one hundred distributors in the IT sector. Michael saw that D&H needed “to be more relevant to our customers from a product selection standpoint.” His responsibility was to persuade manufacturers to see D&H’s value by increasing the number and types of products they distributed. Michael remembered, “We immediately wanted to have more computer lines, more peripheral lines, more monitor lines, more printer lines, more networking lines, and more component lines. Give our salespeople more things in their bag to sell.” Michael also led a cost-cutting plan when the struggles of losing RCA and Whirlpool were most prominent. These two



*D&H raised its profile in the early 1990s with advertisements like these, developed in-house by the marketing department.*

companies and their exclusive territories led D&H to maintain unnecessary costs that were not sustainable in a more competitive national marketplace.

As more consumers bought computers for their homes, vendors began to offer an array of entertainment and educational software products that required new hardware. After reaching agreements with companies like Creative Labs and Media Vision in 1992, D&H began to distribute millions of bundled kits containing CD-ROM drives, sound

**In the final quarter of 1992 alone, D&H signed 17 software vendors to its line card. The result: revenue jumped 30 percent from the previous quarter.**

cards, graphics cards, modems, and software. In the final quarter of 1992 alone, D&H signed 17 software vendors to its line card. The result: revenue jumped 30 percent from the previous quarter. D&H expanded its role in the computer


▼ As computers became ever more versatile in the 1990s, bundled software and hardware kits became some of D&H's most important products.



technology boom at a critical moment. By 1993, almost a quarter of American households contained a computer, up from 8 percent in 1984.

These moves brought a timely boost to company revenue, because at the end of 1993, Whirlpool also canceled its decades-old agreement with D&H. RCA and Whirlpool alone had once provided D&H with 90 percent of its revenue. But thanks to the diversification efforts, D&H emerged from the Whirlpool cancellation stronger than

ever before. In 1994, it appeared for the first time on the list of top distributors in the country. IT products now comprised 85 percent of D&H's business, with the new software/multimedia portion contributing 40 percent of that.



The year 1995 proved to be a landmark for D&H. First, the company launched an Education Division, developed by Izzy's younger son, Dan Schwab, who had joined the company the previous year. Despite being a Schwab, Dan did not receive a special welcome his first day at D&H. "HR barely knew I was coming," Dan recalled. "There was no place for me to sit. I had to go to the warehouse and find some old, used furniture and carry it myself to an office. It doesn't matter what your last name is. Everybody started on the ground floor."

Initially built around an agreement to distribute Texas Instruments calculators to school districts around the country, the Education Division expanded to the college bookstore market in 1997. D&H broke into this market using a loss leader approach. "You can't raise the margin if you don't win the business," Dan explained. "We slowly built that business up," he recalled, "to the point where in the early 2000s, we were the largest distributor of computer products and technology products to college bookstores in the United States." The \$2 million a year in calculators in 1995 turned into \$100 million a year in technology products by 2001.



## Lightning Strikes: Landing Microsoft

An opportunity that proved to be worth tens of millions almost did not happen. With a presentation arranged at the Microsoft headquarters in Redmond, Washington, a small group of D&H execs led by Izzy and Gary (pictured above, on right) prepared to make the pitch. They boarded a plane to Seattle, carrying meticulously prepared artists' renditions of sample Microsoft product displays. After changing planes in Chicago, the group realized they had left the poster tubes on the first flight. The plane had already gone, but the airline promised to send the tubes on. Skeptical their documents would be returned, they planned to make copies in Seattle upon arrival.

As the plane took off from Chicago, Brothers recalled, "all of a sudden, we hear this loud BOOM." The plane had been struck by lightning. "Now we're saying to ourselves, this is an ill-fated expedition that we're on." Then came the landing—or landings—the first was aborted with a steep climb just short of the runway due to congestion. Arriving in Seattle with jangled nerves, they found a copy shop, made suitable replacements, and went to bed.

The next morning, D&H's luck changed spectacularly. Waiting for the group at the front desk were their original posters. The team shook off the harrowing night before, headed to Redmond, and landed the Microsoft account.

► Time and again, D&H anticipated which digital products would transform consumer tastes. The Diamond Rio, picked up by D&H in 1998, was a forerunner of the iPod. Sony's Mavica, first sold a year later, was among the very first digital cameras.

D&H also secured a multi-million-dollar distribution agreement with Microsoft in 1995, its biggest vendor deal since the 1938 contract with RCA. The Microsoft deal “let the world sit up and take notice, that maybe these guys really are for real,” said Brothers. “It gave us the cred we truly needed in order to be able to start separating us from all the other little guys.” The timing was good. The agreement was inked just weeks before Microsoft launched Windows 95, the graphical operating system that drew home users into the PC market and became the industry’s most successful launch up to that time.

In the late 1990s, D&H continued to acquire additional vendors, including top-tier enterprises like Intel. This enabled D&H to play a larger role in the growing system builder market, in which computer resellers assembled customized computer systems, component by component. If consumers

**“It gave us the cred we truly needed in order to be able to start separating us from all the other little guys.”**

wanted to custom-design computers with genuine Intel processors or Microsoft software, there were only a few distribution companies that they could deal with. By joining this elite group, D&H became a top-tier company as well. Michael recalled that by the late 1990s, “If you needed 13 components to build a computer, you could call D&H and get it done.”



D&H experienced more ups than downs during the 1990s, but 1998 was tough. In that one year, Iomega, Seagate, and Microsoft canceled their contracts with D&H. “The big distributors were twisting vendors’ arms to reduce the number of their distributors,” recalled Dan. “A lot of the manufacturers succumbed to that pressure.” Those three vendors took about 20 percent of revenue with them, but D&H kept building despite the slump, adding additional IT vendors. In the end, all three big companies returned to D&H within three years. “They were missing the markets that we could deliver for them,” concluded Dan. “That was a big, big victory for us.”

Even in this tough year, D&H kept repositioning itself for the future, selling its Kitchen Division and its Savage, Maryland, headquarters to focus on IT and consumer electronics. At the end of this restructuring, D&H established an Employee Stock Ownership Plan (ESOP) in which employees would now be “co-owners” of the business and share in its





◀ After the creation of the Employee Stock Ownership Program (ESOP), an all-important new line was added to the company name at headquarters.



During the pivotal digital technology revolution of the late 1990s and early 2000s, D&H was under the leadership of (left to right) CEO Izzy Schwab, VP of Purchasing Michael Schwab, VP of Marketing Dan Schwab, President Gary Brothers, and VP and Treasurer Jim Schwab.

annual profits. D&H and the Schwab family felt all along that the key to their success was people. Making D&H an ESOP cemented the family culture and gave all employees a chance to share in the company's success. When it began, the ESOP owned 6 percent of the company; by 2012, the ownership percentage had climbed to 36 percent.

With the growing popularity of the World Wide Web, D&H recognized the importance of having an online presence. In October 1999, D&H launched its first website,

ent manufacturers by the end of the year. By the end of the decade there were more American households with a computer than without one. D&H took part in this surging worldwide growth of digital technology linked with the Internet. PCs—from companies including AT&T, AST, Bondwell, Leading Edge, and Leading Technolo-

**D&H established an Employee Stock Ownership Plan (ESOP) in which employees would now be “co-owners” of the business and share in its annual profits.**

www.dandh.com. The site was one of the earliest full-service online distribution resources. D&H had registered the domain name years earlier, in mid-1995, but took the time required to set up a consumer-friendly website where users could browse and order all D&H products.

D&H continued to secure agreements with top-tier companies in 1999, carrying products from 140 differ-

gy—and “peripherals” like scanners, printers, modems—from U.S. Robotics and Hayes—and PDAs including the Palm Pilot made up most of the company's business, supplemented by consumer electronics, educational products, and home security products. Well diversified in customers and product categories after learning lessons from the RCA/Whirlpool experience, D&H was poised for further growth.

JOIN THE LEGION  
OF ESOP HEROES

ESOP



### All in the D&H Family

D&H has always valued and recognized its people, and the result has been a remarkably stable workforce. The Schwabs believe the associates and colleagues that comprise D&H should be treated the way they want their family members to be treated—as fellow “co-owners” of the business.

Employee ownership is a term for any arrangement in which a company’s employees own shares or the right to the value of shares in their company. It can take many forms, most commonly in the U.S. is the Employee Stock Ownership Plan (ESOP) with approximately 6,500 U.S. companies having an ESOP.\*

There are many reasons for D&H’s success, longevity, and strength, but the bond established by D&H’s ESOP has played a significant role since 1998. Employee ownership has helped attract and retain employees, provide long-term wealth building, and support a highly involved work culture where employees are empowered to think and act like the owners of a family business. After 90 days at D&H, an employee becomes a co-owner and attends a 45-minute presentation where Michael or Dan share information about the roots of the company, what the ESOP is, and the benefits of working for D&H. As co-owners, D&H employees benefit when the organization prospers.

\*credit: National Center for Employee Ownership <https://www.nceo.org/what-is-employee-ownership>





▲ *Speed equals service on a D&H warehouse conveyor.*



# Evolutions

**Entering the new millennium, D&H** found itself facing both the familiar and the unfamiliar. As in the past, the company continued to demonstrate adaptability and innovation, reshaping the business to align with emerging technology. With distribution hubs around the country and an ever-expanding list of products from marquee brands, D&H's yearly revenues inched ever closer to \$1 billion. By adhering closely to core values and established business practices despite its explosive growth, D&H would soon put even the \$1 billion mark in the rearview mirror.

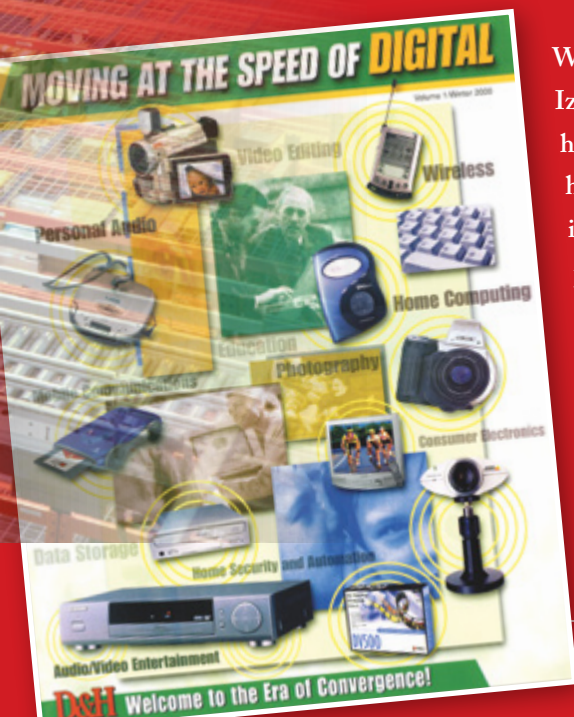
from renting to buying buildings, we increased the automation of our technology, and we put a solid warehouse management system in place." None of these investments put a dent in earnings.

To maintain the company's trajectory, D&H also strengthened its marketing efforts. Dan Schwab, promoted to vice president of marketing in 2001, dramatically increased the advertising budget to make D&H's growing role in the distribution world more visible. D&H representatives attended more events and trade shows, sent out more press releases, and participated in more media discussions than ever before.

When Gary Brothers succeeded Izzy Schwab as president in 1999, he realized that D&H did not have the infrastructure to support its staggering growth, so he expanded the logistical side of the business. As Brothers recalled, "Everything about the operational side of our business was constantly changing. We went

In addition to infrastructure and advertising, D&H's management expanded the company's Internet presence. During the decade, the Web enabled D&H to double its revenue without adding salespeople. It also figured heavily when, in November 2002, D&H signed a major order fulfillment deal with Amazon.com. D&H agreed to become Amazon's first technology

◀ *In the 2000s, as computers got faster and D&H got deeper into the business, advertising became an ever higher priority.*





◀ *A strong position in both information technology and consumer electronics helped D&H become a leader in the emerging “convergence” market.*



◀ *Expanding upon D&H’s North American service model, D&H Canada became a quick success and now does well over \$600 million in sales.*

“drop-ship” partner. That same month, the company also launched a new Gaming Division after reaching exclusive, nationwide distribution agreements for Xbox and PlayStation consoles and games.

As computers became closely integrated with consumer electronics like game systems, televisions, and digital cameras in the early 2000s, D&H became a participant in the growing “convergence” market, hosting trade shows highlighting the new “digital home.” According to Michael, D&H’s philosophy had always been “if the product plugs in or has a battery, we want to carry it.” With the explosion of connected products like digital video editing software, game consoles that could play DVDs, and TVs that could access the Internet, this strategy became ever more critical. Since the 1920s, D&H had played a role in shifting household trends by selling consumer products that made Americans’ lives easier. Now, D&H helped to popularize electronics that increased the ordinary American household’s technological capabilities.

In 2004, with IT, gaming, and education divisions booming, D&H became a billion-dollar company—a consid-

erable achievement given that 90 percent of its former business had evaporated between 1988 and 1994. But clearing this hurdle did little to slow down D&H leadership, still thinking hard about positioning the company for the future.

Growth snowballed as D&H entered the ranks of the nation’s top distributors. In 2005, the company landed its most significant client since Microsoft when Cisco signed on with D&H. Cisco’s management team recognized that D&H could reach more small businesses than any other company in the nation. Dan observed that the Cisco authorization set an important precedent: “It was the first time an enterprise-level vendor validated that if you want to get to small businesses, you have to do it through these guys. That opened the door for us to talk to what would become key strategic partners such as HP and Lenovo.” D&H signed Lenovo in 2006 and HP in 2007.

Smart investments and big agreements in the mid-2000s allowed the company to take the long-contemplated leap of opening its first international branch, D&H Canada, in 2007. Led by industry veteran Greg Tobin, the branch grew



◀ *The company's 90th birthday coincided with a deep recession. Although this ad encouraged customers to "exit" for the anniversary, D&H itself kept moving full speed on the profitable high road.*

by 600 percent in less than two years. That same year, Brothers quietly gathered D&H's senior management together to break the news that he was retiring. He had been a great and selfless leader, but he believed that others could take the

company even further. "I'm not leaving because I'm unhappy," he insisted, "but because I think it's the best thing for the company." The leadership team worked on a transition plan for more than a year, ensuring that it would inconvenience

### **Cisco Sends the Signal: D&H as the Top SMB Distributor**

When D&H reached its landmark deal in 2005, it was the first distributor Cisco had added in more than a decade. The news, which VARBusiness called "the biggest story of the year," sent a clear message to vendors around the country that D&H offered something other large distributors could not: relationships with thousands of small- to medium-sized businesses (SMBs).

Cisco's area of expertise was in selling to large enterprises with thousands of employees. But small businesses still employed most people in the United States, and large manufacturers like Cisco were not necessarily structured to accommodate the SMB markets. D&H's connections to SMBs, therefore, were "like a hidden gem," Michael Schwab recalled. "A small business end-user, a real estate firm, a law firm, a medical practice, a flower shop, doesn't have the capacity or aptitude to buy direct from HP or Cisco. They want someone to be locally present, recommend solutions, and treat them as a valuable customer." As one



industry writer put it, "Most distributors simply can't profitably sell to the microbusiness segment. For D&H, dealing with these VARs is part of the company's DNA."

The Cisco relationship highlighted D&H's capabilities to both commercial and consumer product manufacturers. During the late 1990s and early 2000s, Dan and Michael helped sell the D&H value proposition of demand generation in order to sign critical new vendors that propelled D&H's success for the next three decades, including HP, Lenovo, Samsung, Acer, HP Enterprise, LG, Dell, Google, NVIDIA, and many more.



► *The third generation: Michael Schwab and Dan Schwab became co-presidents in May 2008.*



neither vendors nor employees. “It was very orderly, because we don’t like revolutions,” said Michael. “We like evolutions.”

On May 1, 2008, Dan Schwab and Michael Schwab became co-presidents of D&H, with Dan handling marketing and sales while Michael focused on purchasing and finance. “We decided on the co-president role, mainly because we had complementary skill sets,” Dan said. But there was also a conscious strategy in the new leadership plan. Listing Microsoft, Yahoo, Google, and Apple as ex-

amples, Dan noted, “Of the ten best companies in the last ten years, the common denominator is that they had two people working together in the senior executive roles.”

The company’s cumulative experience proved to be invaluable when the global economy ground to a halt in late 2008. After 90 years in business, this was not D&H’s first

## D&H Cares

In July 2008, D&H Distributing announced the formation of D&H Cares, a foundation established by D&H employees independent of corporate management. D&H Cares provides the company’s co-owners the ability to contribute to and volunteer for worthy causes, which co-owners select and D&H embraces for their missions, visions, and focus on diversity, equity, and inclusion. D&H believes that their co-owners are a powerful source for positive change in communities and encourages participation in charitable endeavors, providing paid time off for employees to volunteer their time to charity.

Whether through a financial donation or an investment of time, D&H co-owners represent what the collective power of generosity can do. D&H Cares has supported dozens of local and national organizations including the

United Way, the American Cancer Society, Habitat for Humanity, Big Brothers Big Sisters, and the Central Pennsylvania Food Bank. The employee-run foundation also has a strategic relationship with the Make-A-Wish Foundation, with employees taking an active role in Wish Reveals.



As part of its 15th anniversary celebration in 2022, D&H Canada launched the D&H Canada Cares Foundation. It is also managed by D&H employees and focuses on supporting local charitable organizations, including Youth Without Shelter and Easter Seals Ontario, which aid youth facing homelessness and children with disabilities, respectively.



*The Atlanta facility can expand by another 250,000 square feet if necessary, includes 2.5 miles of conveyor, and a shipping sorter that can travel at 684 feet per minute, sorting up to 9,000 cartons per hour.*

recession, and the company was in a better position to survive it than ever before. Having learned from its history with RCA, Whirlpool, and others, D&H had ensured that no single manufacturer or customer made up too significant a percentage of its overall revenue. There were challenges but never any questions about D&H's financial position. In fact, the company helped its own customers make it through the hard times, spearheading initiatives like its Business Assurance credit program for D&H's independent reseller community.

"D&H zigged when everyone else zagged," said Dan. "We tripled our advertising budget in 2009. We hired more salespeople. We increased downstream credit. We helped our

up in a 2008 interview: "D&H historically has a saying: 'We decline to participate in any economic downturn.'"

In 2009, despite the Great Recession, D&H hit \$2 billion in revenues. Continuing to invest in infrastructure, the company also opened its biggest distribution center ever, 476,000 square feet outside of Atlanta. The company gained industry recognition accordingly. In 2010, Cisco named D&H its Worldwide Distributor of the Year. In 2011, D&H won the National ESOP of the Year award for Communications and was named Central Pennsylvania's Business of the Year. In 2012, the company celebrated a host of anniversaries: 60 years in its Harrisburg headquarters, five years of operations in Canada, and a special landmark for CEO Izzy

**Of the ten best companies in the last ten years, the common denominator is that they had two people working together in the senior executive roles.**

employee co-owners rebuild their nest eggs." While other distributors made cuts, D&H kept investing. This strategy proved highly successful—although U.S. distribution shrank by 10% overall in 2009, D&H grew 20%. Dan summed it

Schwab—55 years at the company founded by his father. More than 100 years after Dave Schwab landed in New York City, the small company he founded had evolved into a distribution powerhouse with nearly \$3 billion in revenues.

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# Rising to the Top

**By the time D&H celebrated its 95th anniversary in 2013, it had become one of the leading technology distributors in North America. Over the next decade, D&H continued to experience explosive growth, cementing itself as one of the continent's top three IT and electronics distributors. Throughout this decade of growth and change, D&H remained true to the values that have helped the company succeed for more than a century—forward thinking, flexibility, collaboration, and putting people first.**

◀ *A popular and unexpected feature at the U.S. HQ in Harrisburg, PA is the red corkscrew slide—the “Main Street Express”—that takes riders from the second floor of the building to the center of the lobby, commonly referred to as Main Street.*

In the early 2010s, a major shift was taking place in computing. From Gmail and Netflix to Microsoft 365, cloud computing was becoming ever more prevalent in everyday life. To illustrate the shift, Michael noted, “You could have been the number one manufacturer of buggy whips in the world, and then the automobile is introduced, and what good is your buggy whip? It sort of felt that way—that if we didn’t have a presence in the digital delivery of software, we wouldn’t be in the software business.” D&H transformed accordingly, offering cloud-based software, security, infrastructure, and storage through its new Cloud Solutions program. Despite their popularity, cloud products were never considered a replacement for D&H’s hardware products. “It doesn’t matter what happens in the cloud, you will always need devices,” Dan explained. “In fact, we try and sell hardware, cloud, and services together to help our partners offer the best solution.”

The company saw cloud-enabled products as particularly helpful for SMBs, allowing them to lower costs and scale more easily. To help partners take

◀ *Early on, the D&H Cloud Solutions program centered on Microsoft’s productivity suite.*





◀ *Partners look to D&H for strategies to drive sales growth in emerging markets. Pictured is a VAR Premier Track discussion panel from the 2016 Mid-Atlantic Fall Tech Conference.*

▶ *Beginning in 2013, D&H helped its partners capitalize on government-funded programs and incentives designed to accelerate EdTech adoption by schools across the U.S.*



advantage, D&H provided education on digital technology. “A core tenet of our belief is helping our partners grow their business, and we do that via training,” said Dan. D&H began offering training webinars through its Solutions Lab, which proved highly popular. The company also launched a Solutions Specialist team in 2013, allowing resellers to receive one-on-one guidance from D&H’s subject matter experts.

D&H stayed ahead of emerging trends like mobility products, wearable devices, and smart home devices. Investing early in a lineup of products like tablets, smart watches, health trackers, and app-controlled home devices propelled growth for D&H. Sales of these products rose consistently as it became common for people to use a host of WiFi-enabled devices in their homes and businesses. In 2016 alone, sales of smart home and office devices increased by 77 percent. Just as it had with radios and early computers, D&H had helped extend the reach of technology into new aspects of everyday life.

The Education Division similarly thrived, as government programs called for increased use of technology in classrooms. After expanding into the college bookstore market, “the next phase was helping our resellers sell into schools themselves,” Dan explained. The company launched new initiatives to support education resellers in 2014 and 2015, including an education web page, training webcasts, market-

ing materials, and a “K-12 Opportunity” booth at trade shows. These programs helped resellers profit by selling into a complex vertical that is often difficult to navigate without guidance.

Recognizing that D&H was poised for even greater growth, Dan and Michael hired new executives that could help the company get there. “We started to see that technology was taking a ubiquitous role in everyone’s lives and that wasn’t going backwards. We saw that we had the potential to grow for many years, if not decades,” said Dan. Realizing this potential meant bringing in experienced talent.

“We were able to identify a number of folks that came from the industry and had a great business to business selling background, who were more mature in that business than we were,” Michael explained. In 2015, D&H brought on additional leaders with decades of experience leading large IT and distribution companies. With these and other key additions to the team, D&H was positioned to continue its upward trajectory.

To help chart the course forward, D&H also looked to its customers. In 2016, D&H began conducting feedback sessions at its events and trade shows, where resellers could discuss their challenges and needs. Insights



*How the West was won: In 2017, D&H Canada added a distribution facility near Vancouver to better serve its customers in the western provinces.*

from these sessions led to the development of multiple new programs, including D&H's Cloud Marketplace. D&H's efforts to identify and meet customers' needs contributed to a 7 percent increase in its reseller customer base in 2016. Recognizing their value, D&H soon added other advisory groups for the K-12 vertical, cloud solutions, and ProAV/digital signage.

Since its launch in 2007, D&H Canada had thrived, achieving double digit revenue increases every year. Coinciding with its 10th anniversary in 2017, D&H Canada opened a new distribution center in Vancouver, expanding the company's footprint from east to west. By that time, D&H Canada had consistently increased its customer base and achieved more than \$300 million in sales due to its industry-leading service and focus on SMBs.

Near the end of the decade, the economy began to shift toward an "as-a-service" model. Rather than purchasing products outright, consumers started buying subscriptions to everything from software to music and groceries. As usual, D&H swiftly



DEDICATED | PASSIONATE | EXPERIENCED  
COLLABORATIVE | PRODUCTIVE | DRIVEN

## **"All In:" D&H DNA**

What does it mean to talk about "D&H's DNA"? A company's culture can be difficult to describe, but 105 years in business has provided time to consider the qualities that have led to success. The different strands of D&H DNA are captured in words like "dedicated," "passionate," "tenured," "collaborative," "productive," and "driven." But they are more than just words. As Michael put it, "It is something that's ingrained in you that transcends the organization. For us, there are two things that define our culture. The first is that we treat our employees as a valuable asset, not as an expense. The second would be the focus on customer service."

According to Dan, members of the D&H family are "All-in." They've got a passion for the business. They treat it like it's their own business, because it really is. It's like when you have bad service in a restaurant, you want to speak to the manager. Imagine if everyone's the manager, what good care they would take of the customer. That's what you get at D&H." Dan continued, "And at D&H, it is not just service to our customers. It also is incredible service and flexibility to help our vendors hit their objectives, plus internal customer service to other co-owners—that is critical to a successful organization and liking what you do. We don't allow silos or politics at D&H—we all win or lose together."





► *Co-owners celebrate the centennial year of the company in front of the HQ on 7th St. in Harrisburg, home to D&H for 67 years.*



adapted to the changes, launching its Device-as-a-Service (DaaS) program in April 2017. DaaS provides computing devices via monthly subscriptions, bundled with services like installation and maintenance. “Our light bulb moment was realizing that what we’re changing here is the consumption model, not the solutions. We’re not outside our comfort zone in terms of the products we’re selling. What we’re doing is advancing the delivery model,” Michael recalled.

anniversary, Michael said, “I looked at that moment in time and said we really did build something special here. The employees felt a sense of pride and ownership that they worked for a company that took care of them, prioritized their well-being, and had a vision.” For Dan, the anniversary “was a reminder that we built this incredible foundation, with all these

**“The employees felt a sense of pride and ownership that they worked for a company that took care of them, prioritized their well-being, and had a vision.”**

Similar to the DaaS program, D&H also began offering software, infrastructure, communications, and security-as-a-service. This new delivery model was especially favorable for small businesses—they could now undertake hardware refreshes more easily and affordably, with the option to scale up or down as needed. D&H’s quick adoption of this model proved advantageous, as the “everything-as-a-service” market grew by double digits each year.

incredible co-owners. Most importantly, it made us take a step back and say, are we making the right bets for the long term to ensure we’re here for decades to come?”

In 2018, D&H entered its centennial year. The company marked the milestone all year long, with monthly employee events and quarterly giveaways for partners. Reflecting on the

Just as it always had, D&H focused on finding new ways to support partners and help them grow their businesses. Beginning in 2018, D&H’s trade shows transitioned into educational events featuring vendor presentations and advisory board meetings. The company also launched its Professional Services program to help resellers accommodate more complex projects without adding new personnel. Through the program, D&H experts work with resellers to complete



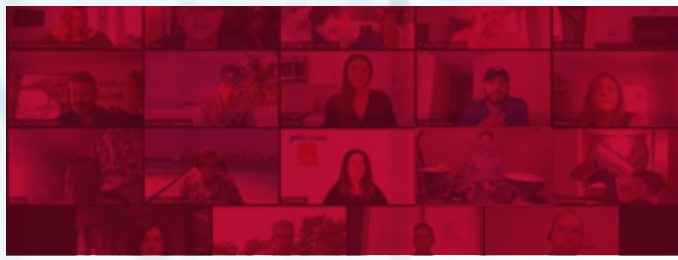
*Ushering in a new era for D&H, co-presidents Dan Schwab and Michael Schwab unveil the D&H sculpture outside the main entrance at the new HQ on Tech Drive in Harrisburg, PA.*

projects ranging from cloud migrations to security assessments, helping them meet the needs of their end-users.

In early 2019, D&H launched two new business units created to help D&H and its partners better capitalize on the digital transformation of the marketplace. Having created its Cloud Business Unit, D&H relaunched its Cloud Marketplace platform with new features based on reseller feedback, including the ability to bundle cloud solutions with hardware and a partner's own professional services. "We needed a much stronger presence and a platform that would support software sales of the future, not just the software sales that we presently knew," Michael recalled. D&H also launched its ProAV Business Unit to support growing sales of digital signage, unified communications, collaboration, video walls, and audio/visual solutions. The creation of the ProAV Business Unit contributed to a 111% revenue spike in ProAV categories in D&H's 2019 fiscal year.

Having experienced so much growth, D&H began to outgrow its headquarters. But with such deep roots in Harrisburg, Dan and Michael were determined to stay in central Pennsylvania and not disrupt the D&H family of co-owners. They fortuitously found an expansive property for sale only a few miles from D&H's current building, which would accommodate decades of future expansion.

"This facility, it's 250,000 square feet of office on 50 acres. It looks like a community college," Dan quipped. The D&H team transformed the property to fit the company's personality, adding a slide in the lobby, outdoor walking trails, creatively themed conference rooms, collaborative huddle spaces, and multiple service centers for employees. As a finishing touch, "We put a 14-by-10-foot D&H logo out front," Dan recalled. "It weighs over a ton. The cool thing about it is the day it was installed, we found out it was actually fabricated in



Williamsport, where D&H was founded 100 years earlier.” D&H moved into its new headquarters on Tech Drive in October 2019.

Just a few months after this milestone, D&H was faced with the greatest challenge of the decade—the COVID-19 pandemic. Across the world, businesses closed and millions of people lost jobs, triggering one of the largest economic crises in a century. D&H worked quickly to adjust, relying on its years of experience navigating previous challenges. The company prioritized the safety of its staff, transitioning hundreds of employees to a remote work environment in just three days. To keep warehouse employees safe, D&H adopted distancing and cleaning protocols. Dan and Michael worked to maintain D&H’s close-knit culture through weekly email updates, monthly videos and newsletters, and virtual events.

D&H then turned its attention to supporting partners. Just as it had during the Great Recession, D&H extended millions in credit increases to customers. As telecommuting became essential and students began learning from home, D&H saw a tremendous increase in demand for technology. The company sprang to action to help partners meet the demand and navigate the crisis, holding its first virtual conference in March 2020, developing training webcasts, and working with manufacturers to increase availability of

*Leveraging insight from sales engineers and solutions experts at D&H and its vendor partners, D&H TV and Solutions Lab videos and webinars provide customers with product knowledge and technical training.*

the most in-demand products. Through these efforts, D&H helped partners and the customers they serve remain operational despite the challenges posed by the pandemic.

By 2021, many businesses had acclimated to remote or hybrid work arrangements. D&H helped accommodate this major shift, resulting in substantial growth for the company. In the second half of 2020, D&H’s reseller customer base grew by 25 percent, with a 14 percent increase in overall sales. In 2021, D&H surpassed \$5 billion in revenues and landed at #84 on Forbes’ List of America’s Largest Private Companies, ranking among the top 100 for the first time. For Michael, this growth demonstrated that “D&H has been more than resilient, we’ve been proactive, creating new ways to engage partners and deliver enhanced support.” For Dan, the success was “a testament to D&H’s ability to meet demands in a complicated market through our customer-centric service model.”

D&H made other significant investments to further its momentum in 2021. The company launched its BFG campaign, which stands for “Built for Growth, Giving, and Generations.”





◀ *D&H was a pioneering sponsor of Pennsylvania's first collegiate varsity Esports program, the Harrisburg University Storm. D&H helped the Storm obtain and implement the technology they needed to launch their championship-winning teams, including their Overwatch team that won the inaugural ESPN Collegiate Esports Championship in 2019.*

These words capture D&H's dedication to helping partners grow, putting people first, and maintaining its legacy as an industry-leading technology distributor. In April, the company launched a new Gaming & Components Business Unit. The potential growth of gaming had been on D&H's radar since 2017, when it became an early supporter of Pennsylvania's first collegiate Esports team. "When you see trends in the marketplace, we tend to be early adopters," said Dan.

Over the course of 2021, an effort was made to hire over 150 new employees at the Harrisburg headquarters, representing a 150% increase in sales reps focused on emerging

**D&H became one of the top three technology distributors in North America, while maintaining its focus on providing exceptional, individualized customer service.**

technologies. These key additions to the team complemented D&H's tenured group of co-owners and highlighted the company's status as a major destination for industry talent. D&H didn't just hire people in Harrisburg, however. The company now has what Michael calls "centers of excellence" in Tampa, Florida, and Buffalo, New York—groups of over 50 employees that support D&H—in addition to the D&H Canada team.

The year 2021 was marked by a major shift in the distribution industry—two of D&H's largest competitors merged, taking the market from four leading distribution companies to three. This change "created an opportunity for us in the marketplace unlike anything we've ever seen," said Dan. With the merger, D&H became one of the top three technology distributors in North America, while maintaining its focus on providing exceptional, individualized customer service—which sets D&H apart from its larger competitors.

In 2022, D&H opened a new, state-of-the-art distribution center in Harrisburg with triple the capacity of its previous warehouse. The 745,000 square foot distribution center has five times the amount of configuration space to accommodate the increase in D&H's integration services. D&H Canada opened its own new headquarters and distribution center in Toronto in 2023, going from 90,000 square feet of space

to more than 250,000. In true D&H family fashion, Amy Silfen, sister of Dan and Michael, helped orchestrate these successful projects along with the renovations and move to the new U.S. headquarters in 2019.

D&H launched its Modern Solutions Business Unit in May 2022, created to help partners deliver end-to-end solutions to their customers. This new business unit



encompasses software-, infrastructure-, and security-as-a-service, plus collaboration technologies to address all the needs of a modern, hybrid office environment. “We were ahead of the curve in putting together this Modern Solutions go-to-market strategy,” Michael noted. “We’ve got a team now of 160 people who are trained across applications, security, infrastructure, and collaboration to build out solutions on behalf of our customers.”

Going into its 105th anniversary year, D&H continued to implement new programs designed to provide partners with additional personalized services. D&H’s new marketing agency, TechDrive Creative Studios, launched in 2022. It provides customizable marketing services to partners, including marketing campaign toolkits, digital marketing and sales assets, and media production and design. In addition, D&H launched its SCALE program in 2023, which offers supply chain management services to partners looking to scale their businesses up or down. SCALE is designed to meet the needs of individual manufacturers and vendors, allowing them to “optimize supply chains and consolidate inventory sources, making the process far easier to manage, in addition to avoiding extra costs,” as Dan explained.

Between 2013 and 2023, D&H adapted to multiple evolutions in the IT distribution industry, navigated a global



*The company’s logo may have evolved many times in 105 years, but D&H’s commitment to its customers and employees never has.*

pandemic, and nearly doubled its revenue. “Never before has technology played such an intrinsic role in people’s lives and workplaces,” Dan acknowledged, adding, “This change has resulted in tremendous growth for D&H, which we will continue to build on.” Michael asserts “there’s so much opportunity, I believe, in focusing on our core competency. And that is distribution, whether it be through services, electronic distribution of software, as-a-service model, hardware, or all of the above. I’m excited to see what the future brings.”

Across more than a century of history, D&H has survived world wars, depressions, recessions, pandemics, and floods. It has grown from two employees to more than 1,600 “co-owners.” At one point, it lost nearly all its business, only to emerge stronger than ever. Time and time again, D&H has demonstrated its ability to evolve, innovate, and anticipate the next big thing.



◀ *Integration and White Glove Service Centers allow D&H partners to add a variety of profitable, turnkey solutions such as laser etching, asset tagging, and device configuration for their clients.*

The leaders of the company have gathered a number of lessons from D&H's past. According to Michael, "When you think about what makes D&H successful over time, it's always been the willingness to adapt, embrace change,

and move with the times to maintain our relevancy, but also to maintain that culture where the employees feel valued and energized." As Dan sees it, "D&H's success is built on its solid company culture, which is rooted in our collective

## An Essential Business

During the COVID-19 pandemic, D&H played a vital role in keeping businesses running, providing technology to the healthcare sector and supplying students with needed equipment. "We were fortunate that we were deemed critical by all the states in which we operate," said Michael. "Getting technology products to market was not only saving people's lives in the healthcare world, but it was certainly keeping the education programs intact."

D&H helped healthcare environments adopt new telemedicine technology. "The CEO of Microsoft reached out to us because the University of Washington medical system was going to telemedicine," Dan recalled. "Within 48 hours, they needed to get webcams and headsets for their physicians. Microsoft sells these products, but they couldn't get it to them that fast," so they relied on D&H. The company fielded dozens of similar calls in the pandemic's early days.

D&H's experience in the education market proved significant when lockdowns forced schools to close. D&H worked with solution providers to outfit entire school districts with Chromebooks and software for distance learning. "We got a call from the mayor of Boston saying they



needed 22,000 Chromebooks within a few days," Dan recalled. "Our team worked over the weekend to get the devices to them." Over the course of the pandemic, D&H provided millions of Chromebooks and laptops to students and teachers.

The expertise and dedication of D&H staff also helped smooth the transition to remote work. By helping navigate the myriad of supply chain disruptions throughout the pandemic, D&H was able to deliver critical video collaboration technologies through its reselling community to workers across North America who were no longer able to meet in their offices. "I think our employee co-owners took a lot of pride in D&H's ability to deliver these essential solutions, especially our front-line DC team members who weren't able to work remotely but ensured our partners were prioritized." Michael said.



► *B.F.G. is a mindset at D&H, focused on three commitments: to help partners evolve and grow their businesses by expanding supportive teams of sales specialists and technical experts, give time and financial support to worthy causes in the community, and lay the foundation for sustainable long-term success for the company and its partners.*



**BFG**  
D&H BUILT FOR GROWTH. GIVING. GENERATIONS.

beliefs about family, working hard, having a good time, and always innovating.” Izzy’s credo is more succinct: “Organizations and infrastructure may be important, but that doesn’t mean a damn if you don’t have the right people.”

Since assuming leadership of D&H in 2008, Dan and Michael have stayed true to their vision of where to take the company. They prioritized flexibility and innovation, ensuring that success did not mean complacency. “We’ve always got to be looking for new and innovative ways we can differentiate ourselves,” Dan said. Echoing this sentiment, Michael believes the key is “finding the catalyst for the next growth engine, and giving autonomy to the people who are our feet on the street, the ones who see all the trends.” Geographic expansions, new divisions, different categories of products—all are fair game. Some things, however, are sure to stay the same, like D&H’s family-oriented culture and willingness to go above and beyond for partners.

Where will D&H go from here? “We see immense opportunity,” said Dan. “I think our model and our focus on service is winning out. One of the vendors called us the Rock of Gibraltar—like we’re just not going anywhere.” As Michael understands it, the key to D&H’s future as well as its past is “identifying the next great opportunity that’s developing.

The ability to look around the corner and see what’s coming.” It is likely that whatever appears “around the corner” during years to come, D&H will see it first.

The company’s ability to endure for 105 years is a testament to the former employees and the current dedicated co-owners who demonstrate daily a passion for its business, its partners, and for each other. The Schwab family has always focused on developing trusting relationships, delegating authority, and empowering individuals, while never losing sight of the fact that their talented team members are their most valuable asset no matter how the business evolves. Today, they are proud to state that D&H is a 4th generation family- and employee-owned business, inclusive of Michael Schwab’s two sons, Brett and Brandon, who now both work for the company. The family is humbled and honored to lead such a resilient and family-focused organization, hopefully for generations to come.

D&H has been many things: a merchant wholesaler, a marketing and sales company, a logistic and fulfillment company. In the future, the products will change. The vendors will change. The ways to market will change. But as it has always done, D&H will change too, innovating and evolving to meet the needs of those it serves.



## Awards & Recognition

D&H's meteoric rise has captured the attention of many business partners, publications, and associations, which have recognized the company's growth and commitment to its employees with a steady stream of accolades. A partial list of these awards includes:

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|---|--|
| <p><b>2004</b> Microsoft Excellence in Operations Award<br/><i>Received every year from 2004–2017</i></p> <p><b>2009</b> 1st appearance on Forbes America's Largest Private Companies List, ranked #242<br/><i>Received every year from 2009–2022</i></p> <p><b>2009</b> The ASCII Group Top Benchmark Survey Broadline Distributor<br/><i>Received every year from 2009–2022</i></p> <p><b>2009</b> Cisco Small Business Distributor of the Year</p> <p><b>2010</b> Central Penn Business Journal #1 Top 100 Private Companies<br/><i>Received every year from 2010–2022</i></p> <p><b>2010</b> Cisco Global Distribution Partner of the Year</p> <p><b>2011</b> ESOP Association Annual Awards for Communication Excellence (AACE) First Place for Total Communications Program</p> <p><b>2011</b> Central Penn Business Journal Business of the Year</p> <p><b>2012</b> The ASCII Group ASCII Cup Distributor of the Year<br/><i>Also received in 2013 and 2014</i></p> <p><b>2013</b> ESOP Association Pennsylvania/Delaware Chapter ESOP Company of the Year</p> <p><b>2014</b> Millenium Micro Group Outstanding Growth Partner</p> | <p><b>2015</b> Intel Highest Data Center Growth Performance Award</p> <p><b>2017</b> Redmond Channel Partner Best SMB Distributor</p> <p><b>2017</b> TMC Tech Culture Workplace Excellence Award</p> <p><b>2018</b> Channelnomics Innovation Award – Specialist Distributor of the Year</p> <p><b>2018</b> Intel Distributor Innovation Award</p> <p><b>2020</b> Harrisburg University Business Partner of the Year</p> <p><b>2020</b> Samsung Digital Signage Award for Top Distribution Percentage Growth<br/><i>Also received in 2021 and 2022</i></p> <p><b>2020</b> Central Penn Business Journal Best Place to Work<br/><i>Also received in 2021–2023</i></p> <p><b>2021</b> Forbes America's Largest Private Companies List, Top 100 <i>Also received in 2022</i></p> <p><b>2022</b> Insight Enterprises Distributor of the Year</p> <p><b>2023</b> HP Partner of the Year Award: U.S. Personal Systems Distributor of the Year</p> |
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# D&H Culture

**From its humble beginnings as a two-person family business, the company culture at D&H** has been honed for more than a century and is built on the strength of generations of employees and co-owners. As the business grew, D&H leadership prioritized scaling the company's unique culture which remains centered on traditional, people-first values. Because as Dan Schwab asserts, "when you get bigger, you don't always get better." These values can be further refined into three fundamental beliefs: relationships, integrity, and compassion.

## Relationships



**A people-centric approach begins by establishing strong relationships. D&H maintains a family atmosphere by treating its partners and employees with the utmost support and respect. It's why many within the organization refer to their colleagues as their D&H Family. Communication is an important component of every healthy relationship, and D&H emphasizes this through:**

- A regular cadence of updates, including weekly emails from the D&H Co-Presidents, monthly light-hearted videos featuring Dan and Michael and related to the brand or a timely initiative, and quarterly, in-depth business updates.
- Employees at all levels are encouraged to provide feedback and share ideas for improving the business—after

all, they are co-owners. Executive leadership meets and interacts regularly with employee co-owners through surveys and feedback forums that include 30- and 90-day meetings and town hall Q&As. After a year at D&H, employees have "Pizza with the President," where they can discuss their thoughts over lunch with Dan or Michael. "We always want transparency," says



Dan, adding, “Tell us what you think we don’t want to hear! We want to push decision-making and responsibility downstream.” The result is that D&H’s employees set the direction for the company’s leaders, not the other way around.

- Employee empowerment through Cornerstone, an online database of on-demand training resources, an enhanced performance review process, and leadership development program to develop future business leaders within their own ranks.

- Celebrating the collaboration and unity among D&H employees is a big part of the company’s culture. Most events are family-friendly, such as the annual family picnic—often held during a Harrisburg Senators game, the local minor league baseball team—and seasonal employee appreciation events that occur monthly at the DCs and corporate offices.
- D&H purchases ticket plans to several sports and concert venues, giving area employees weekly opportunities to participate in free raffles for those tickets.



- Employees and co-owners at all levels are encouraged to engage in open communication with each other and their supervisors, as well as D&H partners. Transparency leads to trust, trust leads to respect, and respect leads to accountability.
- Leaders are urged to manage with a “bottom-up” mentality, incorporating feedback and recommendations from those reporting to them. This approach is embraced by Co-Presidents Dan and Michael.
- Sharing success through the Employee Stock Ownership Plan (ESOP) in the U.S. The ESOP is a benefit plan that

- gives employees an ownership interest in the company through shares of stock, effectively making employees co-owners of the business.
- Recent improvements to the company’s facilities forced decision-makers to explore new locations for distribution centers and headquarters across North America. In each case – the U.S. corporate HQ in Harrisburg, PA, Mid-Atlantic DC in the Harrisburg-area, Vancouver-area DC, Toronto-area DC, and Canadian corporate HQ – the choice was to relocate near the previous facility and retain the local teams of employees and co-owners.

## Compassion



D&H and its family of employees and co-owners firmly believe in the power of putting people first, especially when there's an opportunity to lift others up and improve the lives and environments within the communities we are a part of. Examples include:

- Encouraging participation and contributions through the D&H Cares and D&H Cares Canada charitable foundations. These employee-run committees conceive fundraising drives, identify worthy organizations, and ensure they align with D&H values before coordinating donations or activities.
  - D&H offers a bonus PTO day to allow employees to participate in an act of community service.
  - Work/life balance is important to D&H, as well as keeping both on-site and remote workers engaged and partner-focused. The hybrid work structure at D&H is known as their Flex Forward plan which seeks to harmonize the flexibility of working from home with the accessibility and face-to-face interaction that D&H partners expect.
  - Environmental responsibility is a focus for D&H at its facilities to reduce its eco-footprint, including on-site recycling, conservative lighting and automation, and the installation of solar fields at their previous U.S. HQ in downtown Harrisburg and again at their new campus on Tech Drive.
  - The HR department is committed to developing new benefits and programs based on co-owner feedback, such as continual improvements to its wellness program, increasing coverage of mental health benefits post-pandemic, expanding their DEI&B efforts, investment in an online learning curriculum with more than 5,000 courses, and the creation of three unique, instructor-led leadership development programs, allowing employee co-owners the opportunity to grow their skills so they are prepared for future career opportunities.
- Expanded DEI&B efforts include:
- A committee of employee co-owners from across the organization who meet regularly to prioritize initiatives, topics, and plans.
  - The committee received approval to add a floating holiday that provides a paid day off for celebrations and observances that are important to each individual employee co-owner that are not currently paid holidays at D&H.
  - Ongoing lessons added to the company's "Learning @ D&H" curriculum—an online database of training tutorials that includes continual, mandatory training for all employees covering important topics such as recognizing, preventing and reporting harassment and discrimination in the workplace.
  - Increased visibility throughout company-wide email communications such as Doings and Happenings, the company's monthly newsletter; a regular cadence of weekly emails called Friday Fives, short continual improvement videos focused on productivity, business skills, and leadership that often feature DEI&B themes; and highlighting diverse observances and holidays, raising awareness and mindfulness about days and traditions that are significant to colleagues.

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