

SYSCO

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1.Executive Summary

Sysco Corporation, since its inception in 1969, has taken the grocery wholesale distribution industry by surprise. Sysco is the leading food distributor in not only the United States, but also the world. The company's clients span several fields, including the healthcare sector, the hotel and lodging industry, and other foodservice distribution companies. However, the foodservice industry is dynamic, necessitating incessant technological advancements and other improvements to increase the value offered to customers. Therefore, Sysco must reinforce its strengths and work on its weaknesses to safeguard its position in the industry and increase its profitability.

This case study thoroughly examines the general environment surrounding Sysco, which includes an in-depth evaluation into the external and internal environments. This is done to fully understand the industry as a whole, and Sysco as a specific company. Many important information was attained for this study, which include on a large scale; the industry driving forces, industry key success factors. Other important information that was obtained on a small scale include the company's strategy, organizational structure, the company's resources and capabilities, core competencies, and challenges. Furthermore, this case study also takes into consideration, the company's financial well-being and standing, with comparison to its active competitors in the industry.

Lastly, a classical analysis on the strengths, weaknesses, opportunities and threats surrounding the company is performed in order to fully grasp the strategic position of the company, and to better understand its plans to overcome critical challenges and excel in the industry.

2.0 Company History

The Sysco Company is a global leader in the foodservice business. It markets, sells, and distributes food products to a variety of establishments, including hospitals, restaurants, educational facilities, and other service institutions globally (Sysco, n.d.). Headquartered in Houston, the company is divided into four business groups. The first division, Broadline, focuses on supplying the local 'away from home customers.' The second segment is a group of specialty companies, which provide consumers with specialized or differentiated products such as specialty seafood. The third segment is the Sysco International Group, concerned with exporting products to more than 90 countries. The final division is Sygma, which has centralized functions like working closely with national food chains (Sysco, n.d.). Traded in the New York Stock Exchange, the company serves diverse customer needs by tailoring its products to customer specifications. Additionally, Sysco distributes its products to meet emerging trends in different markets.

2.1 Company Background

Sysco Corporation is an American multinational corporation involved in marketing and distributing food products, small wares, kitchen equipment and tabletop items to restaurants, healthcare and educational facilities, hospitality businesses like hotels and inns, and wholesale to other companies that provide foodservice (like Aramark and Sodexo).

Sysco Corporation, hereafter referred to simply as Sysco, was founded in 1969 by John Baugh, and officially went public in 1970. In 1981, Sysco became the biggest food service

distribution company in the United States. Over the years, Sysco has been making great strides in the industry by acquiring both small and large food businesses and adding it to its armada. By the end of fiscal year 2004, Sysco had amassed a grand \$29 billion in revenues. Sysco had also made a number of notable acquisitions, such as its acquisition of Asian Foods, which was the largest food distributor of Asian foods in North America. Sysco also successfully acquired Pallas Foods, which was the largest food distributor in Ireland (Sysco History, 2020). Today, Sysco is currently the largest food distributor in not only North America, but in the world.

The company has an unlimited product line, including poultry, frozen produce, dairy, vegetables, and baked foods, to mention a few. Furthermore, it distributes food supplies like storage bags, equipment, chemicals, and paper (Sysco, n.d.). In addition, the company continuously adds value to its customers by developing new services and products. For instance, the company has recently launched a 'Cutting Edge Solutions Products.' This is a service intended to equip its customers with strategies to enhance their profits while saving labor.

Sysco has a total of 69,000 employees, with an average employee earning of \$53,128 annually, however the salaries vary from position to position. Sysco has a whopping 600,000 clients whom they serve all over the globe. Sysco also has approximately 330 distribution facilities all over the world, which are used to service the clients. As of 2017, Sysco had \$17.8 billion in assets, and had a total equity of \$2.3 billion by the end of 2020. (Annual reports, 2020).

2.2 Purpose of this Study

The purpose of this study is to analyze the external and internal environments that affect Sysco's business. These environments will be expanded in order to visualize Sysco's position. Furthermore, this study will also explain the driving forces, key success factors, to better

understand its strategic position. In addition, this study will also discover Sysco's challenges, and roadblocks, to understand its current battles. Lastly, this study will offer a strategic recommendation on how to surmount those challenges and roadblocks.

3. External Analysis

The external analysis will discuss the macro-environment surrounding the industry. This part of the study is an objective evaluation of the atmosphere that covers Sysco. An industry's external environment bears an influence in that it can determine the industry's state and organizational decisions. This section will consist of two main parts: the general environmental analysis, as well as the industrial analysis.

3.1 General Environmental Analysis

This analysis is based on the PESTEL framework for assessing the external environment. The framework comprises political, economic, socio-cultural, technological, legal, and environmental factors. The significance of these factors lies in their inherent presence in the external organizational environment. They influence various competitive conditions that a company must consider to have a competitive edge in the market. The general environmental analysis is a strategic analysis of factors that can directly or indirectly impact an organization's results. The general environmental analysis looks into various segments, such as the demographic segment, the economic segment, the political/legal segment, socio-cultural segment, technological segment, and the global segment. Each segment plays a significant role in either boosting or stumbling the organizations performance.

3.1.1 Demographic Segment

One of the biggest impacts to an organization is the population which it serves either directly or indirectly. It is very important for an organization as big as Sysco, to be attentive to the shifts in population and lifestyle changes that go on among its consumers. The increase or decrease in the population of an area can greatly impact Sysco's profitability. In this case, this population includes people of all ages since the food distribution industry serves everyone. Population growth changes impact the industry because expected population growth necessitates more food to fulfill the increased demand, and also more clients to bring in revenue. Similarly, a decrease in the population affects the industry by reducing future demand.

Food is something every human indulges in, and food just so happens to be the primary product that this industry services. That being said, the increase in population can cause an increase in revenue for the organization.

As can be seen in figure 1 and 2 below, the last few decades have seen the U.S and Canadian populations increase steadily across all age groups, a trend that is likely to continue per the 2019 United Nations' projection. Additionally, Canada's population growth rate is approximately 0.71%, while that of the United States is 0.81% (Index Mundi, 2020). The Canadian population is currently close to 38 million and is expected to have grown to 45 million by 2050. Similarly, the U.S. population, currently close to 332 million, is projected to have surpassed 370 million by 2050. These figures indicate a favorable environment for the industry since the positive growth rate and increasing population predicate an increase in institutions like hospitals, lodgings, and educational institutions.

Figure 1: United States Population

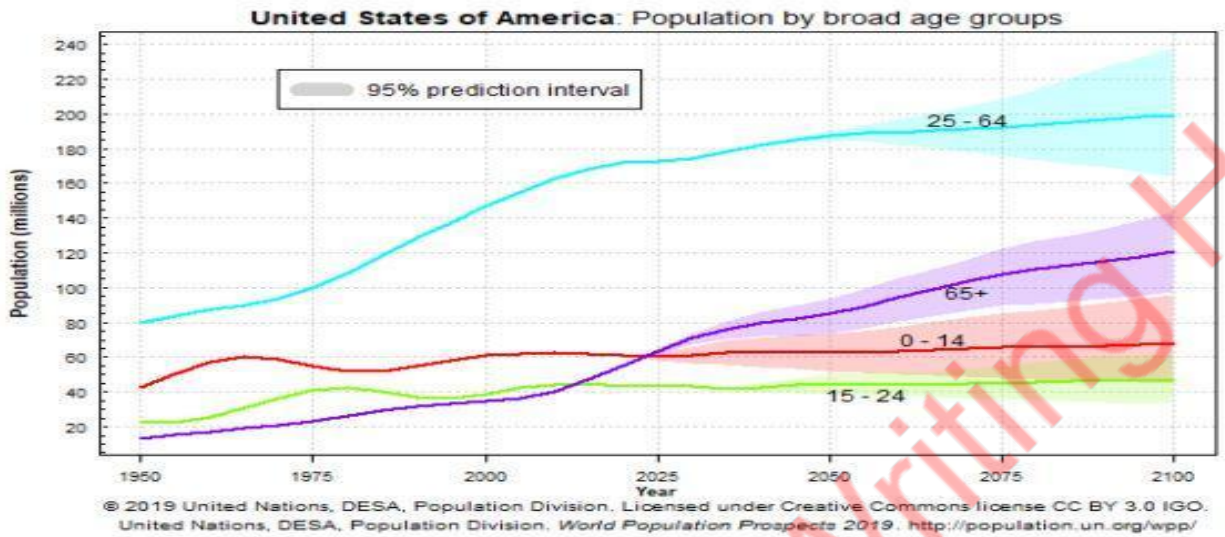
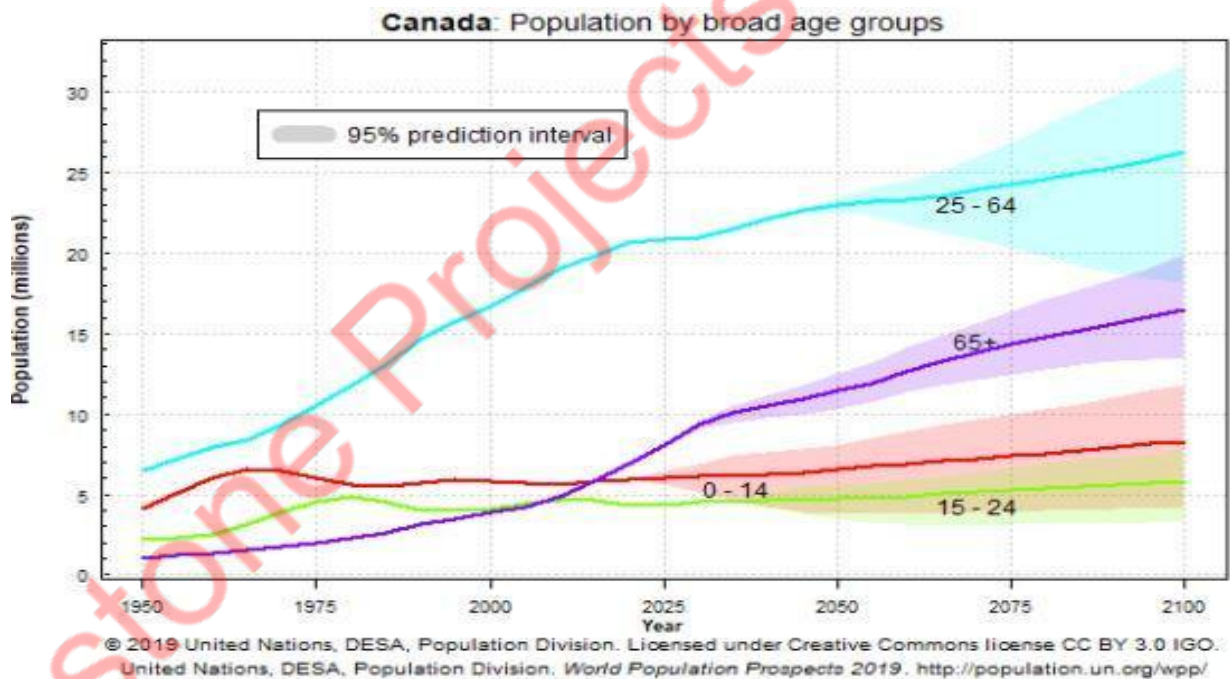


Figure 2: Canada Population



(U.N., 2019)

Taking a closer view at the U.S. reveals that the states do not grow at an equal rate. For instance, while Idaho has a population growth rate of 2.21%, Texas has a 1.29% growth rate

(World Population Review, 2020). Idaho's fast rate is attributed to the strong job market and affordability, which attracts people to settle there, despite it being the 12th smallest state in the U.S. The high population will undoubtedly lead to more institutions like hospitals, lodgings, and leisure facilities, which will require food distribution services. Hence, while the company serves all these places, it may be beneficial to partner with more institutions in the fast-growing states like Idaho and Nevada.

Furthermore, a shift in lifestyle choices can also cause a change in Sysco's approach as well. An individual's lifestyle choices are dependent on their age, education level, beliefs, and even morals. For example, if more and more people shift to more healthy food choices, or if more people move to a vegan friendly diet, this can disrupt Sysco's service to the consumers, as they would incur more expenses and more losses while trying to accommodate these changes.

The level of education is also a key demographic component that can impact day to day functions in the food distribution industry. According to an article by "the conversation", it states that health scientists have long argued that more educated people are more likely to indulge in healthier food choices (Li, 2016). The school system as early as K-12 has always dedicated a number of courses that advocate for healthier eating styles. This goes to show that anyone who has passed through the school system, has at some point been educated on the benefits of healthy eating, which consists of eating more veggies, greens, protein, and eating less meat or fatty foods. Higher education may lead individuals to identify with a higher social position and want to set themselves apart from others through the adoption of healthy behaviors (Cockerham 2005). These healthy behaviors can impact Sysco's supply of food as they may not get as many orders for meaty and fatty products and might get more requests for greener or more colorful food

products. This can lead to a waste in already acquired products and can cause a loss in revenue for the company.

3.1.2 Economic Segment

There are many economic factors that surround the food distribution industry that could impact its performance, of those factors, one of the greatest is net disposable income. A household that has a higher disposable income is more likely to direct more of its spending into food and grocery. In the same sense, a household that has little to no disposable income is not going to contribute as much to grocery purchases, which directly affects an organization like Sysco. When a household's disposable income increases, that household is presented with more money to spend or save, which then would most likely lead to an increase in consumption. Factors like an increase in disposable income can greatly benefit Sysco. However, according to data and projections from statista.com, U.S. median real disposable household income is projected to decline in 2.6% in 2021 due to the COVID pandemic. Consequently, the decline in household income may lead decline in grocery sales.

Furthermore, another economic factor that can impact the food distribution industry is the unemployment rate. As a result of the ongoing Coronavirus pandemic, the unemployment rate in the United States reached a jaw-dropping 14.8 percent. This means that 14.8% of the United States labor force was unemployed and unable to find work. This percentage, when converted to a number, was approximately 23.1 million people. This showed signs of economic slowdown and caused many organizations to re-evaluate their strategic plans and structure in order to adapt to the abrupt changes. Due to the tremendous loss of jobs, many people were unable to secure other means of funding such as credit, which made it incredibly harder for the economy to

stabilize. As such, this economic factor brought tremendous loss of revenue for Sysco, and other similar companies.

Another economic factor that can affect the food distribution industry is Gross Domestic Product, GDP. In the U.S., the GDP has been less volatile in recent years. As can be seen in figure 3, the GDP dipped significantly in 2008 during the financial crisis. Nonetheless, there has been significant growth ever since. The trend is somewhat similar in Canada (Figure 4), although recent years have seen a steeper downtrend in the Canadian GDP.

Figure 3. U.S GDP growth, 1990-2019



Figure 4. Canadian GDP growth, 1990-2019



(The World Bank, n.d.)

3.1.3 Political/Legal Segment

When it comes to the arena of political and legal factors, Government policy can significantly control the profit or losses of the food distribution industry. The foodservice sector is expected to comply with regulatory bodies like the Food and Drug Administration (FDA) and the Food Safety and Inspection Service agency (FSIS). More complex government policies can affect millions of businesses, Sysco is no different. In addition to the requirements that have existed in the market for a long time, new market trends also necessitate additional regulations. For example, the surge in veganism and organic consumerism will attract additional regulation to level the field across market participants (Risk and Compliance, n.d.).

As a result of the 2020 Elections in the United States, not only is there a new sitting president and members of cabinet, but there is also a new dominating party controlling congress. Depending on their agenda, Sysco could potentially have to spend more money on amending their processes. For example, the controlling party is a big advocate of protecting the earth and a

greener environment. This could potentially influence them in passing laws and regulations regarding big businesses like Sysco, and impose greener ways on the company, or else they might be faced with hefty fines. These factors could potentially cause significant losses for the company if they decide not to follow suit.

In addition to that Environmental regulations could further cripple many businesses like Sysco. Any business in the food industry can be affected by environmental regulations, especially if in efforts to protect the harmful disposal of wasteful raw materials, hazardous materials, as well as expired food products. Environmental regulations can either slow down production, or it might speed it up, depending on how stringent or lax those regulations are.

Some environmental regulations can significantly raise production costs, and lower productivity, by requiring businesses to install and make use of pollution control equipment. Some regulations might even enforce many businesses to drastically change their production processes. All of these regulatory costs can potentially influence the organization's decisions on whether or not to add new plants, and possibly where to place them. Moreover, the issue of climate change has revolutionized food packaging, which requires new regulations to ensure consumers' safety by enhancing transparency. Besides, countries have different regulatory requirements for various industries, which presents a challenge for global distributors like Sysco as they have to comply with the country to which they export their products. These regulations could also cause a shift in productions among currently existing plants, which could add up costs for Sysco and companies alike.

3.1.4 Socio-Cultural Segment

The socio-cultural segment deals with the forces that influence beliefs, and values within a given community. An example of a socio-cultural force could be the level of cultural diversity within a specific region. A region that is more culturally diverse will more than likely have a need for a variety of food products, as opposed to a region that is not as culturally diverse. For example, some cultures believe in having as many children as possible. This then means that there would be more mouths to feed, and therefore more money will be contributed to food and grocery items, which will positively impact Sysco. In the same sense, some cultures support women entering the workforce. This then would cause a delay or postponement in the bearing of children until later dates. This could impact the industry, as it could limit the amount of revenue coming in, compared to the culture that supports the idea of having multiple children. There are many other cultural aspects that could greatly impact Sysco, and the list goes on.

Furthermore, cultural beliefs also influence lifestyle choices. People's values and beliefs can control what food they choose to buy. For example, many Asian, Middle-Eastern, and even African cultures do not believe in the consumption of pork or anything that comes from a pig, swine or hog, as they believe these animals to be unclean. As a result of this, members of these cultures living in the United States (who are in the millions) might deter from purchasing these types of food. This in return can cause a dent on the meat portion of the business that is controlled by Sysco. To maintain a competitive edge, restaurants, lodgings, and other food outlets need to tailor their products and services to reflect the market's growing interest in organic, low-sugar, non-GMO, and low-fat produce (Jin et al., 2017). Consequently, foodservice distributors also need to be cognizant of the changes and adjust accordingly to satisfy their customers. Chronic diseases are becoming increasingly concerning, particularly in the United States. While such conditions result from several factors, lifestyle decisions like the type and

composition of food are major contributing factors. People's lifestyle choices will always impact the surrounding businesses, as their choices have a direct relation as to which businesses they support. I.e Physically fit people for instance make healthier eating choices, and so this shapes the type of demand the consumers make.

Perceived product value is another essential socio-cultural consideration in the industry. Resultant of the consumption experience, consumers are constantly evaluating the benefits of a product from an emotional, social, functional, and epistemic perspective (Jin et al., 2017). This perceived value bears a heavy impact on the level of consumer satisfaction, ergo, their loyalty. With several players and frequent newcomers in the industry, maintaining a customer base is crucial to a food company's sustainability. Companies must consider how their products may influence consumer behavior through their perceived value to remain relevant. The suppliers must ensure they meet these evolving company needs.

3.1.5 Technological Segment

The technological segment talks about the types of technological advancements or structures that can impact the organization. Technology is ever changing and can always make life easier for many businesses, especially large and giant businesses who cater to thousands and millions of clients. One of the most influential technological structures is the internet technology. The internet technology plays a very positive role in the industry. A further advancement in the internet technology is the new use of Blockchain in the supply chain arena. Blockchain enables a distributed consensus mechanism that allows its participating entities to be informed of every event and transaction by creating an irrefutable record in the public ledger (Dutta et al., 2020). Blockchain has an immense potential to transform every step of the supply chain process, from raw materials procurement to distribution to the consumers (Goyat et al., 2019, Babich and

Hilary, 2019). Figure 1 shows some of the benefits of using Blockchain technology in supply chain.

Figure 1

Benefits of blockchain in SCs	Details
Data management	<ul style="list-style-type: none"> - Enables calibration of data located across diverse SCs. - Improves security of data stored. - Real time capturing of all information is done
Improves transparency	<ul style="list-style-type: none"> - Helps track status of an item during a process - Automates data analysis activities - End to end transparency based on permission level via hierarchy
Improves response time	<ul style="list-style-type: none"> - Creates a dynamic and real time SC with better utilization of its resources
Smart contract management	<ul style="list-style-type: none"> - Customized and individual contracts can be defined for each function and can be coordinated with each other - Helps in process design for business operations - Improves visibility and eliminates the need of intermediary
Operational efficiency	<ul style="list-style-type: none"> - Improves end to end speed of SC process - Identifies bugs and issues in the beginning to make the process robust

Note: – This table shows the benefits of Blockchain technology in Supply Chain.

From (Chang et al., 2019a, Narayanaswami et al., 2019, Saberi et al., 2019, Shamout, 2019, Surjandy et al., 2019a, Wang et al., 2019a)

Aside from blockchain technology, there are emerging technologies in food preservation. Distribution companies like Sysco must ensure their warehouses are adequately equipped to maintain the integrity of the food until it reaches the final consumer. Food preservation

technologies aim to enhance food quality in terms of nutritional value without affecting the safety component. Even so, as Amit et al., 2017 contends, consumers are moving more towards fresh vegetables and fruits. In developed economies like the United States, this development will impact the demand for processed foods. Distribution companies like Sysco can prepare themselves by establishing a supply chain in countries like China that produce fresh fruits and vegetables on a large scale.

Furthermore, another technological impact that could better assist Sysco's efforts is the emergence of high consumer protection software. There have been many times in previous years where customers have done business with an organization and ended up having their identity stolen or ended up losing a significant amount of money due to third party hackers. Whenever these accidents would happen, the company in question would lose millions and billions of dollars by either having to compensate the victims, paying fines, a huge loss in customer base, and/or having to significantly fortify their security firewall and network. These days, there have been a tremendous amount of new software and tools that prevent such disasters from ever reoccurring. An example is the use of the chip and pin payment form in cards. These payment security mechanisms create a single one time use code that can virtually be impossible to replicate by hackers, and so, create a safer avenue for payment by customers.

When consumers feel safe with a company, they do not hesitate to do business with them, because they know that that company has done its due diligence in protecting their identity and privacy.

3.1.6 Global Segment

This global segment talks about the factors that can impact a firm's global reach and initiative. A big impact that can promote Sysco's global operations is the increase in global trade and international production. Due to many changes in the global trade landscape, businesses are either positively or negatively impacted. For example, the China-US trade war was an ongoing economic battle between both super countries, as both countries began imposing high tariffs on each other, and that stumbled trade. Those actions by both governments strained trade relations and led to an avalanche of other problems. In the United States, the actions cause higher prices for not only suppliers, but also consumers and resulted in a lot of financial hardship for farmers, as they were unable to sell their products internationally as they usually did. US businesses and agricultural companies have suffered a tremendous loss from these issues, and so have many companies like Sysco. Governments will continue to do what they feel is best for their citizens, unfortunately, what benefits one citizen, might destabilize the other citizen. In the same sense, what benefits one organization, might destabilize the other organization. There are constantly changing foreign trade policies in the world, and with each changing policy, there are bound to be winners and losers.

The grocery wholesaling industry so far has a low level of globalization since, by definition, it operates exclusively within a domestic scope. The value of any grocery imports and exports are accounted for at the manufacturing level instead of the wholesale level. Wholesalers are generally domestically owned and operate within the US market. Industry operators do sometimes source products from abroad because some regional products from across the world are popular to US consumer tastes. Still, these products account for only a small share of total industry products.

However, with more and more economic activities in between different countries over the world, and multi-cultures background in the U.S., globalization could possibly become more important for the industry in the future. Such industry players would try to penetrate to international market to expand their business and rely on importing goods to gain competitive advantage. A push towards increasing friendlier foreign trade policies, and increasing globalization of businesses, could mean reducing trade barriers, and providing less restrictive borders. All of these efforts could boost foreign operations in the food distribution industry tremendously.

3.1.7 Summary of General Environmental Analysis

The general environmental analysis discussed the different factors that could, and that have, influenced Sysco's impact over the years. The growing population in the demographic segment shows that Sysco has a chance of increasing revenue, as the population continues to steadily increase. The economic segment showed that the higher disposable income people have, the greater the chances are for Sysco to boost their profit. The political and legal segment discussed the changes that could impact Sysco when there are constant changes in legislation by law makers and political parties in congress and in the white house. The socio-cultural segment showed the potential decrease in revenue that could happen as a result of the different cultures in a region, which directly affect consumers lifestyle choices, which includes their dietary preferences. The technological segment discusses the significant impact of the advancement of internet technology, blockchain technology and consumer protection that have emerged over the years, and how they could positively impact Sysco's book of business. Lastly the global segment discussed the impact of the trade wars going on between countries like the United States and China, and also discussed how less restrictive trading barriers could positively impact Sysco. All

of these environmental factors have a significant role to play in the rise or fall of the grocery wholesaling giant.

3.2 Industry Analysis

This portion of the study will talk about the description of the industry that Sysco belongs to, the emergence and development of the industry, the major players in the industry, and lastly the economic value of the industry in terms of sales revenue.

3.2.1 Description of the Industry

Sysco categorically belongs to the Groceries and Related Products, Not Elsewhere Classified according to the Standard Industrial Classification (SIC CODE 5149). In terms of the North American Industry Classification System, Sysco belongs to the “Other Grocery and Related Products Merchant Wholesalers” arena (NAICS CODE 424490).

This industry comprises establishments primarily engaged in the merchant wholesale distribution of groceries and related products (except a general line of groceries; packaged frozen food; dairy products (except dried and canned); poultry products (except canned); confectioneries; fish and seafood (except canned); meat products (except canned); and fresh fruits and vegetables).

Included in this industry are establishments primarily engaged in the bottling and merchant wholesale distribution of spring and mineral waters processed by others. (NAICS, 2020).

Food distributors, like Sysco, are fortified to market and wholesale the products they carry to food service operators, like restaurants, cafeterias, or anywhere food is sold to consumers. In most cases, food service operators purchase foods from distributors because it eliminates the need to go work with individual manufacturers (producers, factories, farmers,

livestock owners, growers) to procure individual products. The industry has grown tremendously as more and more food service operators emerge.

Some of the major players of the industry include; Sysco, that controls about 14.6 percent of the market, C&S Wholesale Grocers Inc, that controls about 12.4 percent of the market, UNFI, that controls about 11.8 percent of the market, US Foods, that controls about 10.7 percent of the market, PFG, that controls about 10.1 percent of the market, Wakefern Food, that controls about 8.5 percent of the market, and other companies that control the remaining 31.9 percent of the market (Thomas, 2021).

The global food and grocery retail market size was valued at USD 11.7 trillion in 2019 and is expected to grow at a compound annual growth rate (CAGR) of 5.0% from 2020 to 2027. In the United States, the grocery wholesaling industry brings in approximately \$213 billion annually in revenue as of 2020 (Thomas, 2021). That annual number is expected to grow up to \$239 billion in the next 5 years (Thomas, 2021).

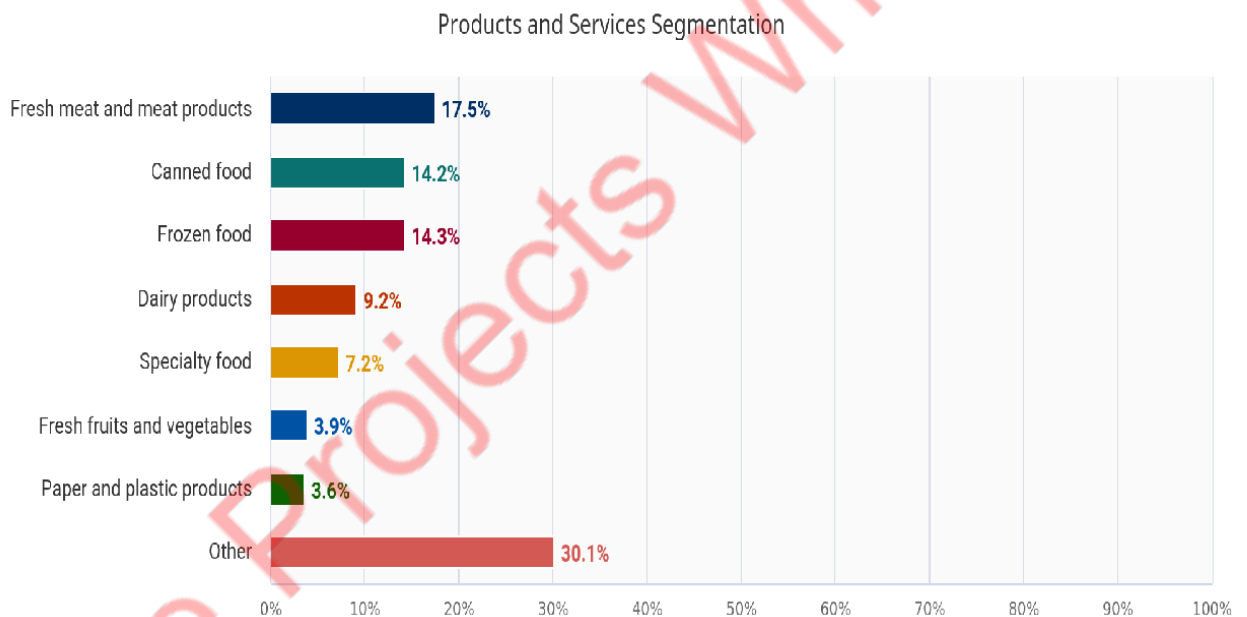
3.2.2 Industry Dominant Economic Features

The food service business has been on a rise for many years due to the emergence of many new restaurants, businesses, cafeterias, and other food related companies. The industry has amassed a hefty \$213.1 billion as of 2020 alone and is projected for increased growth as the economy stabilizes again. A slight increase in demand at the local market level has a direct impact in demand at the wholesale level. Industry economic features are required to determine the industry's structure in terms of market size, growth rate, the geographical coverage of the industry, and the demand and supply conditions.

3.2.2.1 Market Size

There are several companies in this industry including Sysco, and US foods. These companies contribute greatly to the market size of the industry. The annual foodservice distribution industry sales revenue as of 2017 was \$215 billion. That number jumped to \$219 billion at the end of 2018 and climbed even further to \$224 billion at the end of 2019 (Thomas, 2021). The foodservice distribution industry operates 153,000 total vehicles, employs 131,000 drivers and impacts more than 1 million jobs nationwide.

Figure 5. Products and Services Segmentation



2020 INDUSTRY REVENUE

\$213.1bn

Grocery Wholesaling
Source: IBISWorld

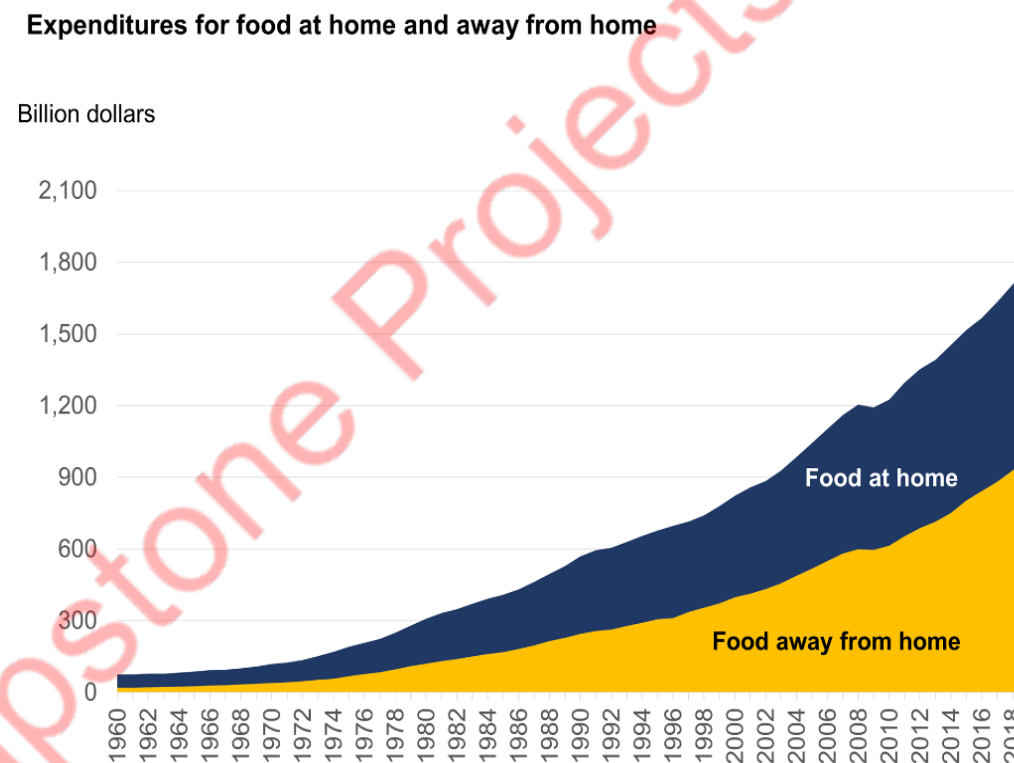
Selling in bulk is the best way for a distributor to make money. Foreign trade is usually done in bulk because the transfer of the products takes a lot more work than a domestic transfer.

Globalization has led to changes in the type of food orders, customers' geographical location of customers, and the cost of doing business. Globalization has increased cultural awareness, and

most people are interested in learning about the different cultures through their food products. It has created an opportunity for the food distribution industry to exploit the market based on clients' cultural preferences. Most customers are located in different countries and have different tastes and preferences, which the company has to consider when making strategic decisions.

Globalization of this industry is pretty extensive, as it involves establishing several distribution centers abroad, since many food items are perishable and may not last, or be as fresh as possible, as they are being transported from the United States to other countries. Nonetheless, the global market size of the food distribution industry is still at a ginormous \$1.77 trillion as of 2019 (Grandview Research, 2020).

Figure 6. Sales made by the food industry



Source: USDA, Economic Research Service using data from the Food Expenditure Series (FES), nominal expenditures.

There have also been many other regions besides the United States that take significant market share of the industry, such as Asia and other Pacific regions, which conquered the market for food and grocery retail in 2019 with more than 45% share of the global revenue. Key markets in that region include China, Japan, India, and Indonesia (Grandview Research, 2020). Other areas that are witnessing increased growth are Africa and the Middle East, as they experience a strong transition from old retail styles to modern retail structures in coming years.

3.2.2.2 Market Growth Rate

The industry has grown significantly in recent years and is projected for more growth in the future. As of 2017, the industry recorded a total of 4,718 establishments. That number grew to 4,838 establishments at the end of 2018, and further grew to a total of 4,847 establishments at the end of 2019. The industry took a hit in the number of establishments, primarily due to the Corona virus pandemic and ended up at 4,282 establishments at the end of 2020. The amount of sales revenue in the industry was also affected by the pandemic and caused the annual sales revenue for 2020 to be \$213 billion, which was a 4.80 percent decrease from its 2019 sales revenue mark of \$223 billion (Thomas, 2021).

Figure 7. Historical performance data

Historical Performance Data										
Year	Revenue	IVA	Estab.	Enterprises	Employment	Exports	Imports	Wages	Domestic Demand	Consumer Spending
	(\$m)	(\$m)	(Units)	(Units)	(Units)	(\$m)	(\$m)	(\$m)	(\$m)	(\$b)
2011	178,598	13,737	5,212	4,735	129,926	N/A	N/A	8,558	N/A	10,844
2012	182,819	13,472	5,217	4,656	138,365	N/A	N/A	8,536	N/A	11,007
2013	181,279	13,841	5,181	4,645	139,492	N/A	N/A	8,403	N/A	11,167
2014	181,339	13,423	5,270	4,738	138,123	N/A	N/A	8,346	N/A	11,497
2015	201,080	15,622	5,314	4,733	145,229	N/A	N/A	9,188	N/A	11,921
2016	198,925	15,589	5,511	4,913	145,965	N/A	N/A	9,024	N/A	12,248
2017	215,797	16,625	4,718	4,285	154,871	N/A	N/A	9,719	N/A	12,567
2018	219,931	16,872	4,838	4,379	156,981	N/A	N/A	9,835	N/A	12,945
2019	223,821	16,266	4,847	4,382	159,575	N/A	N/A	9,999	N/A	13,280
2020	213,094	15,401	4,728	4,282	154,873	N/A	N/A	9,668	N/A	12,615

Table 1. Sales revenue and Number of companies (Food distribution industry)

Year	Sales revenue	Number of companies	Number of employees
2017	215.8bn	4,718	154,871
2018	219.9bn	4,838	156,981
2019	223.8bn	4,847	159,575

As the economy continues to fight through the pandemic in an effort to stabilize, the growth rate of the industry will slowly begin to ascend. It is projected that by the end of 2025,

the annual sales revenue will be somewhere at the \$239 billion mark, \$26 billion higher than it was at the end of fiscal year 2020. As far as employment, the industry had approximately employment in units of 154,873 as of 2020, however that is projected to climb up to 157,064 at the end of 2021 and climb even higher to 160,421 at the end of 2022. At the end of 2025, that number of units is expected to reach 168,912 (Thomas, 2021).

Other significant changes that have recently happened is the decline in consumer spending, as a result of the pandemic. As of 2019, consumer spending was at an all-time high of \$13,280 billion, however, that number dropped down to \$12,615 billion by the end of 2020. As the economy continues to fight its way to stabilization, consumer spending is targeted to go back up to \$13,024 at the end of 2021, \$13,563 at the end of 2022, and by the end of 2025, that number is expected to be somewhere around \$14,881 billion (Thomas, 2021).

Figure 8. Performance outlook data

Performance Outlook Data

Year	Revenue (\$m)	IVA (\$m)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Exports (\$m)	Imports (\$m)	Wages (\$m)	Domestic Demand (\$m)	Consumer Spending (\$b)
2020	213,094	15,401	4,728	4,282	154,873	N/A	N/A	9,668	N/A	12,615
2021	216,977	15,655	4,731	4,280	157,064	N/A	N/A	9,812	N/A	13,024
2022	223,111	16,087	4,746	4,287	160,421	N/A	N/A	10,036	N/A	13,563
2023	229,209	16,525	4,757	4,290	163,596	N/A	N/A	10,249	N/A	14,058
2024	234,157	16,904	4,743	4,271	166,165	N/A	N/A	10,422	N/A	14,498
2025	239,108	17,271	4,786	4,305	168,912	N/A	N/A	10,604	N/A	14,881

3.2.2.3 Industry Trends

As the industry constantly grows and adjusts, there have been some notable changes that have impacted it. Some of those changes include the following.

Customers' Preferences: Recently the trend in the industry has been of change of customers' preference and taste. Customers want to consume healthy foods, and most of them want to determine the source of the ingredients used to make the food they consume. A study showed that 65% of the customers want to know how the products were produced, while 47% of them were interested in determining the ingredients used. The study also found out that 32% of the customers forecasted to reduce their consumption rates if the ingredients used are not natural. It also indicated that 56% of customers would stop frequenting the restaurants if the food sources are not disclosed (Fallon, n.d.). This has a significant impact on the food distribution industry since most buyers will have to meet their customers' demands. The industry players will have to ensure that the food products they distribute are natural to meet their customers' needs.

Merger and Acquisitions: There has been a tremendous amount of consolidation in the industry by major players such as Sysco, and US foods. Sysco alone has successfully made 43 acquisitions of both smaller and large companies to help aid its effort in distributing food worldwide. US Foods has, to date, made approximately 23 successful acquisitions of both small and large companies to aid in its efforts and accomplish its goals. These acquisitions have boosted these companies to high margin market shares than they were prior to the acquisitions. As a matter of fact, in December of 2013, Sysco attempted to acquire US Foods for an economical enterprise value of \$8.2 billion. This merger would have united two of the biggest food service distributors in the country together, giving them a dominating market advantage in the industry and essentially crippling any other competition in the national landscape. Unfortunately, due to Antitrust regulations by the Fair-Trade Commission, this attempt was

given an injunction by a Federal District Court Judge in the District of Columbia, which was not appealed by either parties. This attempt showed the growing effects of consolidation in the industry.

Figure 8. Mergers and Acquisitions in the Food Distribution Industry

Acquirer	Purchased	Date (month/year)	Sector	Deal Value
Bayer	Monsanto	June 2018	Seeds & Agrichemicals	\$63 billion
ChemChina	Syngenta	May 2017	Seeds & Agrichemicals	\$43 billion
Southern Wine & Spirits	Glazer's (merger)	July 2016	Distribution	\$17 billion
Amazon	Whole Foods	August 2017	Grocery	\$13 billion
Sysco	Brakes	July 2016	Distribution	\$3.1 billion
J.M. Smucker	Big Heart Brands	February 2015	Pet Food	\$5.8 billion
Ferrero International	Kellogg's cookies and fruit snacks division	July 2019	Packaged Goods	\$1.3 billion

Source: (Mayer, 2019)

Technology: Nearly 72% of retailers are digitizing their supply chains to enable real-time visibility through tools like automation, sensors and analytics, according to research released by Logistics Trends & Insights, Atlanta, and American Global Logistics, Atlanta. Many retailers are turning to outside expertise to help fuel their digital innovation, spending \$50.7 billion on third-party logistics providers in 2018. Many types of different technological advancements have been

made and adopted by food service distributors to streamline their operations. Some of those developments have been in sophistications of Internet technology such as the adoption of IoT (Internet of Things), or blockchain technology, which could aid almost 79% of all operator purchases be made through a centralized purchasing organization (Mayer, 2019). Other developments have been in areas such as packaging. Many organizations are adopting the use of recyclable containers for packaging such as polyethylene terephthalate (PET) plastic bottles, as they are less harmful to the environment, and also in an attempt to prove their global citizenship efforts. Other technological changes are moving towards advancements that could simplify processes for customers, and aid them in selecting, processing, and delivering food to them.

3.2.3 Five Forces Analysis

There are many forces that shape the competition surrounding a particular industry. Those forces include threat of new entrants, power of suppliers, power of buyers, power of substitutes, and intensity of rivalry. There is not only competition from industry key players (internal competitors), but there is also competition from outside industries as well (external competitors). Figure 2 depicts a visual image of Porters 5 force model (Gao et al, 2019).

Figure 2



Note : ADAPTATION OF PORTER'S FIVE FORCES MODEL

Source: Defense AR Journal, Jul2010, Vol. 17 Issue 3, p375-388, 14p, 2 Color Photographs, 4 Diagrams, 1 Chart, 2 Graphs. Diagram; found on p378

3.2.3.1 Threat of New Entrants

Even though the amount of competition in the industry is relatively elevated, there are still many enterprises looking to tap into the potential of a successful food service distribution business. Some factors that can encourage a new business to enter the industry is when there is low brand loyalty in players of the industry. If the consumers do not trust the brand of their suppliers, they will constantly be on the search for other suppliers or distributors, which can entice a new business to enter the industry. Furthermore, In the food service industry, if there is a low initial capital investment that must be available by new entrants, this slightly encourages the entry of new entrants. New entrants will also be motivated to enter the industry if there is also access to suppliers and distribution channels. In the industry, it is relatively easy to find new clients, as the number of supermarkets in the US is around 38,000, but there are other businesses that are in need of food service distributors, such as restaurants, school district cafeterias, hospital cafés etc. These factors can encourage a new entrant to enter the industry. Another

factor that can encourage new entrants to enter the industry is the fact that clients are usually long term. This can create a steady and constant flow of income for the new business once they are able to get the clients on contract.

Furthermore, factors that can prevent new entrants from entering the industry are high initial investments that are required before a new business can launch. These investments can be extremely pricey, and this in turn will dissuade the new business from pursuing the industry. Other factors that can prevent a new business from entering the industry is strong government regulations. Strong government regulations can greatly prevent a new business from entering the industry, especially if violation of these regulations is subject to hefty fines.

In summary, since the industry is mature, new entrants would only take part of sales from competitors, there is no surge in demand or sales that new entrants could possibly absorb. As the increase in demand and sales revenue is considered low at around 2%, which it is not very attractive for new entrants to enter the industry. There is almost zero increase in number of companies in the industry, which indicates that new entrants are either acquired by other players in the industry or there is less likely to see new entrants to the market. Since the major players of the industry control a great portion of the market, they have the power to almost dictate their terms to the clients without any opposition to them, and as such, the threat of new competition is low.

3.2.3.2 Power of Suppliers

The food distribution industry relies on several other industries in order to properly operate. Some of those supporting industries include the farming and agriculture industry, the fishing industry, the livestock and dairy industry, the bread and bakery industry etc.

These various industries are all very important to our focal industry, and as such, have certain influences and authorities that they possess. One factor that can increase that authority or power is when that particular supplier has a good working relationship with the particular industry or firm. Once a supplier has maintained the necessary roles in their contract for several years, and is now deemed as reliable by a firm, that supplier's authority to make demands can increase. This is because many firms in our focal industry would rather meet the demands of a reliable supplier, than having to go back to the drawing board and search for another one that may or may not be as reliable. Another factor that can increase the power of a supplier is if there is no other supplier for the same product available. When there is only one main supplier of a given product in a region, that supplier's power increases dramatically, as the firm that demands the product have little to no room for finding competitors that supply that product.

In the same sense, there are also some factors that can weaken the power of suppliers in our focal industry. One factor is if there are readily available substitutes of a particular product in the area. When the substitutes are readily available, a firm in the industry can quickly replace a demanding supplier, especially if their demands are un-meetable. Another factor that can weaken the bargaining power of a supplier is when the demanding firm already has an efficient chain with multiple suppliers of the same product. Some big firms require multiple suppliers of a particular product, and when one of those suppliers become unreliable or demanding, that firm can easily remove them from their supply chain without worry. Furthermore, a supplier's power can also become dampened if that supplier's business solely depends on the firm. If a supplier's big-ticket client is a firm, that firm takes over the power to make demands from the supplier. This is at least until the supplier can locate another big-ticket client that can take over the place of the demanding firm.

All in all, the overall power of suppliers in our focal industry is relatively low, as many suppliers depend on the business of big food distributors to keep their revenue coming the way they would like.

Table 2. List of the leading suppliers in the industry

	Company	Headquarters	Business Activities	Year Founded
1	New Direction Foods	Huntington Beach, CA	Manufacturer, Custom Manufacturer	--
2	Monogram Foods	Memphis, TN	Manufacturer	2004
3	Dutt and Wagner of Virginia, Inc.	Abingdon, VA	Manufacturer, Distributor	--
4	Culinary Specialties, Inc.	San Marcos, CA	Manufacturer	1996*
5	John E. Koerner Co.	Jefferson, LA	Distributor, Manufacturer	1907
6	Diversified Foods and Seasonings LLC	Covington, LA	Manufacturer	1984*
7	Ajinomoto Foods North America	Ontario, CA	Manufacturer	1909*
8	Ascot Valley Foods	Cuyahoga Falls, OH	Manufacturer	1964
9	Kellogg NA Co.	Battle Creek, MI	Manufacturer	1906
10	AppetizersUSA	Scottsdale, AZ	Manufacturer	--

Source: (Thomas, n.d)

3.2.3.3 Power of Buyers

In our focal industry, buyers are constantly requesting a variety of products, and in a variety of sizes. For centuries, buyers have long believed that they have the power to demand, and it shall be supplied unto them, this has not changed. The buyers of our focal industry include supermarkets, hypermarkets, restaurants, cafeterias, healthcare facilities, hotels, resorts, real estate facilities, home improvement facilities, and even school districts etc. Essentially, any business that has the ability to demand food supply in bulk can be a potential buyer of our focal industry.

These buyers hold a certain power that gives them the ability to bargain and request certain items, under certain conditions. One factor that can increase a buyer's ability to make demands in our focal industry is if that buyer is a big client of the industry. For example, Walmart is a big client of our focal industry, as it contributed approximately \$523 million in revenue to the industry in 2020 (CSI Market Report, 2020). If Walmart was to make a demand, regardless of how big or small, our focal industry would have to strongly consider it. Another factor that might increase the power of buyers is the presence of readily available suppliers. If there are plenty of reliable suppliers in the industry, the buyer has more power to request a particular business meet their demands, or else they would easily take on a different supplier.

In addition, there are also factors that might weaken the buyer's bargaining power. One of those factors is if a particular supplier is rapidly innovating new products. Buyers love to have options, and new innovations is a major way of captivating the interest of a buyer, and so, if a supplier has mastered this strategy, the buyer's bargaining power decreases, as they might not have as many options with other suppliers. In other words, new products will certainly lessen the deflection of existing customers to competitors.

Based on the factors stated, the overall power of buyers in our focal industry is moderate, as buyers do retain a strong percentage of power to make reasonable bargains here and there, especially depending on how much that buyer contributes to the industry.

Table 3: The buyers in the industry

Type of Customer	2019	2018
Restaurants	62%	62%
Education, government	9	8
Travel, leisure, retail	9	8
Healthcare	8	9
Other ⁽¹⁾	12	13
TOTALS	100%	100%

Source: (Sysco, 2019)

3.2.3.4 Power of Substitutes

Every industry has a competing industry that it can be substituted by consumers for at any given time for any given reason, our industry is no different. Some substitute industries are membership wholesalers, which include Sam's club, and Costco, farm to table restaurants, even online outlets like Amazon (which are on the rise).

Many customers are aware that it is highly risky to rely heavily on one distributor, because when they do, that distributor's power to bargain increases, and so, they like to keep

their options open by having multiple distributors, some who even sell the same or substitute products. This reason alone gives power to the substitute distributors to enter the market.

Other reasons that could give substitute suppliers power is the low cost of switching. If a main distributor is being dishonest with their dealings towards a consumer, and another substitute supplier is readily available and does not charge a high switching cost, that consumer will most likely switch. Another supporting reason that can give power to substitutes, is if the distributor is offering or rendering bad service, in any capacity, to the consumer. Bad service in this industry can result in a loss of revenue for the consumer, and in this type of business, that can be very costly. As a result, many consumers will generally not hesitate to switch to substitute suppliers when they are receiving bad service from their current suppliers.

In addition, one reason that can weaken the power of substitutes in the industry is when the current supplier or distributor is service oriented, and not just process oriented. Suppliers that are strictly process oriented are not the best suppliers to work with, because they usually do not tend to conform to the specifications of the consumers, i.e., they do not tailor to the individual needs of their consumers. As a result of this, many distributors are becoming service-oriented, in an attempt to conform to the individual needs of the consumers and create long lasting relationships with their consumers. When a distributor has successfully done this, they will weaken the power that substitute industries have. Another reason that can weaken the power of substitutes is when the current distributors have high switching costs for consumers. As stated earlier in the section, revenue in this business is very important, and so anything that can strain or reduce that revenue is usually frowned upon. Therefore, consumers that have to pay high switching costs to switch will most likely think twice before doing so.

Taking all these factors into consideration, the overall power of substitutes in our focal industry is seemingly low to moderate. This is due to the strong relationships that many consumers have with their current distributors, high switching costs, and a limited substitute base.

3.2.3.5 Intensity of Rivalry

In our focal industry, there is seemingly a large number of competing companies, however, there is a large dominance among the major companies. The food service distribution industry is comprised of approximately 16,500 companies. The dominating companies include Sysco (14.6 percent market share), C&S Wholesale Grocers (12.4 percent market share), United Natural Foods Inc (11.8 percent market share), US Foods Holding Corp (10.7 percent market share), and Performance Food Group Company (10.1 percent market share). These five companies alone comprise of almost 60 percent of the total market share in the industry.

Despite the number of large companies, a lack of differentiation between the companies can increase the intensity of rivalry in the industry. If all companies offer the exact same products, with no differentiation, the intensity of rivalry will increase, as consumers can easily pick and choose who they want distributing their products to them with ease. Another factor that can significantly increase the intensity of rivalry is if the companies sell their products at similar prices. This factor can also cause the industry to become strongly intense, as there is no competitive advantage that one company might have against the other.

However, if one company or multiple companies were to build a sustainable differentiation in their products, this would decrease the intensity of rivalry, as that company(ies) will definitely have the upper hand. Another factor that can weaken the intensity of rivalry in the

industry is if the competitors begin to consolidate among themselves, as this would increase their market size and presence. When this happens, the size of the competition begins to gradually shrink, and so does the intensity of rivalry. For example, the antitrust laws blocked the merging of Sysco with US Foods in 2015, because this would have virtually given them control of the market and essentially bully off any competitor or rivalry in the market.

Lastly, due to the fact of a high number of major competitors in the industry, who are essentially offering the same products at almost similar prices, the overall intensity of rivalry in the industry is moderate.

Figure 9. Leading companies in the food distribution industry



- 14.6% SYSCO Corporation
- 12.4% C&S Wholesale Grocers Inc.
- 11.8% UNFI
- 10.7% US Foods
- 10.1% PFG
- 8.5% Wakefern Food
- 31.9% Other

Grocery Wholesaling
Source: IBISWorld

3.2.4 Summary of Industry Analysis

The food distribution industry in the United States is a large revenue generating business that approximately generated \$213 billion in the year 2020, alone. This industry is comprised of about 16,000 businesses but is only truly dominated by approximately 7 businesses. As a result of this, the only room for growth in the food distribution industry is only when that growth is taken from other companies. The industry is truly attractive in terms of revenue and profit, however, in order for a company to achieve that growth in this industry, they have to have a strong competitive advantage that almost no other company in the industry possesses and hold steadfast to it.

Table 4. Summary of Porter's Five Force analysis of food distribution industry.

FORCES	PRESENT	FUTURE
<i>Threat of New Entrants</i>	Low	Low
<i>Power of Suppliers</i>	Low	Low
<i>Power of Buyers</i>	Moderate	Moderate
<i>Power of Substitutes</i>	Low to Moderate	Low to Moderate
<i>Intensity of Rivalry</i>	Moderate	Moderate

According to the five-force model analysis done on the focal industry, there is enough competition in the industry to prevent new entrants from entering the industry. The power of suppliers is also relatively low, as they are plenty of other suppliers who they can be easily replaced with. The power of buyers is currently moderate, as they generally do have some type of bargaining power against the distributors, as they still reserve the rights to demand good

quality, and a great experience at a considerably reasonable price, and if that is not met, they can leave unreasonably. Furthermore, the power of substitutes is also relatively low to moderate, as consumers prefer long stable working relationships with distributors, and therefore do not tend to switch easily, but will do so if absolute necessary. Lastly the intensity of rivalry is currently moderate, as there are a high number of distributors, however they do offer almost similar products at almost similar prices. However, in the future that situation might change, as many distributors are beginning to become more innovative in their offerings and begin to truly fortify their competitive advantage among other competitors, which will increase the intensity.

3.3 Industry Driving Forces

This section will talk about the driving forces in our focal industry. Driving forces are described as the general causes of change in the industry or the competitive environment.

3.3.1 Brief Summary of 3.1 and 3.2

The general environment showed the demographic, political/legal, socio-cultural, technological, global, and economical environment surrounding our focal industry. The factors like population, level of education, disposable income, unemployment rate, governmental policies, environmental regulations, cultural diversity, difference in lifestyle choices, increase in internet technology use (such as block chain technology), safer consumer protection technology, and trade barriers, global trade and international production, all play a great deal in shaping the nature of the industry. Furthermore, the industry was further evaluated by analyzing the market size, share, and the competitive forces surrounding the industry. The industry is ever changing, and growing in size, and so is the competitive nature. In this next section, the driving forces that cause changes in the industry will be discussed.

3.3.2 Industry Driving Forces

There are several driving forces that change the nature of our focal industry; of which one of the most important is consumer spending.

Consumer spending is the amount of resources that consumers have to spend on our focal industry. This is one of the most important driving forces because without consumers willing to spend on the industry, the industry would cease to exist. As the population tends to increase, the amount of consumer spending climbs, and when the population tends to decrease, the amount of consumer spending falls. Consumer spending is extremely paramount in the food distribution industry, as there will be no food distribution, if there is no consumer spending. Many other driving forces can influence consumer spending, such as lifestyle, level of education, cultural diversity etc. These other sub-factors should not be neglected by the industry, as they directly and indirectly influence the spending nature of consumers. The way consumers spend their money tends to determine what goods are produced, what services are offered (Baxter, 2003). Consumer expenditures grew, about 3.4 percent a year, in the twenty years before 2000 (Baxter, 2003). Furthermore, the average increase in personal spending on food and beverages from 2000 to 2010, grew an annual percentage of 2.3 percent (Baxter, 2003). Consumer spending is said to be the major driving force for the economy, and for almost any industry. Any purchase can lead to a demand in that particular industry, which could potentially satisfy many needs and wants in the economy.

Another driving force that shapes the strategies of food distributors are the changes in consumer tastes and preferences. The main aim of conducting a business is to ensure that the customers' needs are satisfied, and the business is profitable. As a result, all firms should ensure that their products and services meet customers' needs. Recently, most customers have been concerned with the source of the food products they consume and if the products are natural. Most customers want to consume natural food products sourced local. A study done indicated that 56% of customers in restaurants are most likely not to return if they do not disclose their products' source. This change affects the food distribution industry since restaurants account for 62% of their sales. The restaurants will want to meet their customers' needs and request to know the source of products and only accept natural products' supply (Fallon, n.d). Suppose firms in the industry fail to consider such issues, they may run out of business. Restaurants, hospitals, and other buyers will only buy goods from suppliers who disclose the source and provide natural products. Sysco should incorporate such changes in its strategic decisions. The company should ensure that most of its products are natural and sourced from local producers. Doing so will enable the company to remain in business and meet its customer demands. The company can also carry out vertical integration, which will allow it to obtain its suppliers. Control over suppliers will enable the company to determine the quality and type of products produced, allowing it to have quality products at lower costs.

3.3.3 Summary of Industry Driving Forces.

The food distribution industry is affected by many forces. However, the main forces include consumer spending, and the changes in customer tastes. Companies should ensure these factors are included in their strategic decisions since failure to incorporate them will result in the

firm making poor strategic decisions. Poor decision-making will result in failure to achieve set goals due to high costs or lack of adequate customers causing the firm to incur losses and finally shut down.

3.4 Competition Analysis

This section will discuss the different competitors in our industry, their organizational structures, their market size, their market share, and their strategies. This will present a clearer analysis of the food distribution industry. The food distribution industry is one of the economic sectors heavily affected by the COVID 19 pandemic. The reason is that those institutions and businesses that they supply to were closed down. Closures ranged from schools to hotels, and even the banning of social events had an impact. However, the industry's retail market saw a surge due to the need for people to stock up their food supply in anticipation of stay-at-home restrictions and even self-care not to get infected with the virus. Therefore, the pandemic may have affected the industry significantly; hence growth rate would be minimal in the 2020 financial year, but the sudden rise in food prices due to demand pressure may help even out the situation (IBIS World, 2021).

3.4.1 Industry Competitors

The industry consists of many major players, as these players hold a large portion of the market share in the industry. These major players, excluding Sysco, are C&S wholesalers Grocers Inc., US Foods Holding Corp., United Natural Foods Inc.

C&S Wholesale Grocers Inc.

C&S Wholesale Grocers was founded in 1918 and is the largest privately owned company in the Grocery wholesaling industry. It is also ranked the twelfth largest private company by Forbes (Thomas, 2021). It is based in Keene, NH, but operates in the New England area, as well as the Mid-Atlantic area. This business holds 12.4 percent of the total market share. The company has an estimated 7,700 supermarkets chains, clubs, military bases under its belt. It also has about 50 centers in 15 states. This business gives the power of management to the teams and has a self-management approach, as the company believes that this is an incentive for better performance. C&S is also known to have successfully completed several acquisitions, like its purchase of a big Houston based company called “Grocers Supply Inc”. The company also acquired FreshKO Produce Services Inc, Edsung Foodservice Company etc. The Company is currently bringing in an annual revenue of about \$26 Billion as of 2020.

United Natural Foods. Inc.

United Natural Foods Inc, UNFI, began its operations in 1976, and is currently the leading distributor of natural, frozen foods, organic foods, including meat, dairy products, vegetables etc. UNFI was founded in Spokane Valley, California, however, the company has its headquarters located in Providence Rhode Island. It has 28,300 workers currently employed. The company also has 11.8 percent of the current market share. As of the end of its fiscal year in August 2020, the company generated a total revenue of \$26.5 Billion. The company is presently focusing on Mergers and Acquisitions to increase the revenue and market share (Thomas, 2021). In 2018, the company acquired SuperValu, a company that changed the way UNFI’s customer base and market reach was. However, the company began to incur high acquisition and restructuring costs which reduced its overall yearly profit. This company also took a hit from the ongoing pandemic, which resulted in a large decrease in restaurant activity.

US Foods Holding Corp.

US Foods was founded in 1989, and has a headquarters in Rosemont, Illinois. The company has approximately 10.7% market share under its belt. This is due to its large client base, and its adequate supply of fresh, dry, frozen foods. The company works with approximately 6,000 suppliers and has roughly 300,000 customers. US Foods employs 28,000 workers to service their clients. As of 2019, US Foods was reported to have brought in approximately \$25.9 billion in annual total revenue (Thomas, 2021). The company is also a huge supporter of acquisitions, as it acquired Broadline Food Service Distributors, and Dierks Waukesha Foods in 2015 alone. The company also acquired All American Foods, F. Christiana & Co. and Thompson company in 2017. In 2018, the company acquired Services Group of America. Sysco made an attempt to acquire US Foods in 2015, however due to antitrust regulations, that deal did not go through, as it would have given the company way too much power in the market.

3.4.2 Rivals Anticipated Strategic Moves

C&S Wholesale Grocers.

C&S Wholesale Grocers is currently focusing on bringing innovative technological solutions in order to assist its client base shop comfortably and with ease. This is a big part of their competitive advantage, as they believe that a strong technological force in this industry will enable their independent retailers to maintain a strong level of competitiveness again. The company also entered into a strategic contract with DUMAC Business Systems, which is a leading business in innovative point of sale (POS) software and hardware. Technology has pushed the grocery wholesale industry a long way and will continue to be a key driving factor in

the industry. As a result of this, the company plans on focusing on incorporating more technology into its business in the near and distant future.

United Natural Foods Inc (UNFI)

UNFI processes and delivers plenty of food in the highest of standards to its clients. The company has seen an increase in demand for a more healthy, fresh and locally grown food products. The company has chosen to take on this initiative to be the nation's most reliable source of healthier food options. The natural and organic food industry is booming, and the company has made it a long-term goal to meet the growing needs of that department. While focusing on delivering more healthy products to customers, the company also has a strong agenda of building significant supply chain networks, this way, the company is never short of anything for its customers. The company's 50 distribution centers all over the United States and Canada are all working at an efficient capacity in order to better serve the clients far and near. This approach will ensure the company a steady flow of revenue, and a propelled acceleration to the top of the market.

US FOODS INC

Over the years, US Foods has increased gradually to a very dominant position in the market. This has been due to several initiatives in the company to scale its efforts in a more grandeur way. US Foods announced its three-year strategic plan in March 2018. The strategy is summarized into four words: "great food made easy" (US Foods, 2018). Objectives are technology, growth of the company, innovation, and concentration on improving organizational productivity. The company has also been focusing on organic products in order to meet the growing demand effectively. In addition, the company has been working on its geographic

expansions through acquisitions of smaller chains in new regions. One of the biggest initiatives that US Foods is taking is creating more business with chains, and other multi-unit operations. Partnerships have been made with over two hundred and fifty thousand restaurants in the United States (US Foods, 2018). They believe that the level of business that is being done with independent businesses is slowly declining and want to stay ahead of the business by switching its focus to more chain operations.

3.4.3 Summary of Competition Analysis

The industry is every changing, and it is very important for any company in this field to be very much in tune with the changes. This way, they can plan accordingly and ensure that their company will not go under. A strategic map shows the overall strategy summary of significant players in the food distribution industry. A focus on customer experience is the first common denominator that is noticed from the competitor analysis. The companies are trying to build loyalty and satisfaction for their customers and deploy methods to achieve this objective.

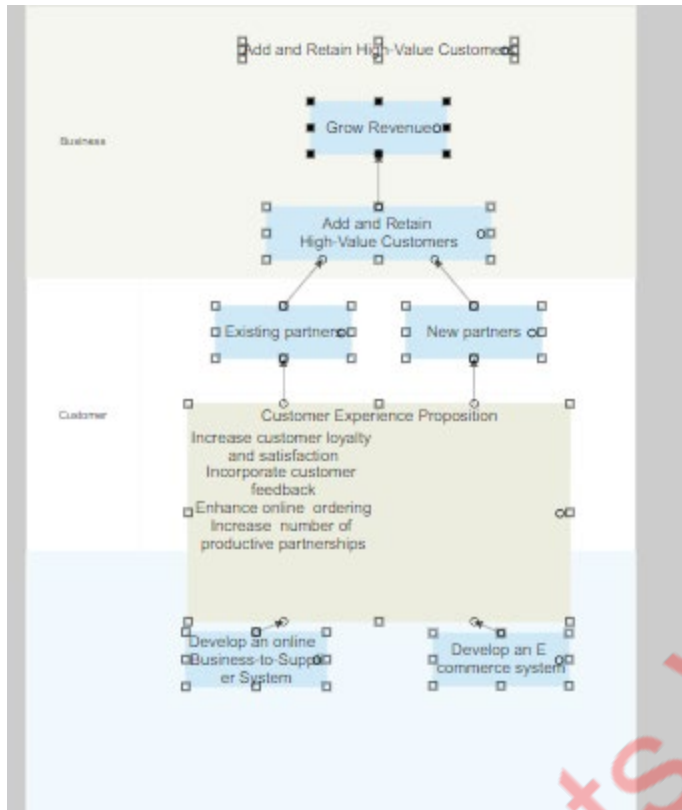
The second strategy adopted by companies in the industry is to grow their distribution channel. Partnerships with various stakeholders are formulated with a rapidly increasing frequency. Objectives of forming agreements with other entities are geared toward improving players' market share in a fiercely competitive industry. Corporate restructuring through acquisition has also been used via the purchase of Reinhart by Performance Food Group.

Reinhart's market's share of three percent, when combined with that of PFG, would theoretically increase the latter's market share to twelve percent.

The first two strategies are facilitated by the development of online purchase systems whose target is to benefit the company's suppliers. How an organization in the industry leverages, technology will determine the level of satisfaction of its customers. Gordon's strategy of using cloud space for its portal can arguably be concluded as the most efficient. The argument is that the time for order execution for the system is comparatively less than those of other competitors.

The customer feedback aspect is another vital aspect that industry players strive to achieve. Engagement in corporate social responsibility and the online portals are the primary methods through which the data is obtained. US Foods has adopted public education and training forums to attain this objective. C&S Wholesale Grocers has a fix feature in its business-to-supplier portal that incorporates feedback in a record time of approximately four hours. Updates to the system are also regular to these companies' online portals, with the more prominent players such as US Foods developing and managing theirs In-house.

Figure 10. Strategic Map



The map above shows a strategic roadmap for the food distribution industry. It is a summary of the strategies that sector players have adopted. The bottom-most level summarizes the internal company strategy of developing portals where end consumers and suppliers can make orders. The upper level is the customer strategy, where customer experience is the focal point. At the topmost level is the overall business outcome of company strategies of adding and retaining customers.

3.4.4 Industry Key Success Factors

There are several key success factors that will propel a business, either new or old, to excel in this industry. These factors must be taken seriously and must be adequately mastered.

Having Meaningful Partnerships within Key Markets.

The name of the game is “connections”! It goes with the popular saying that “your network is your net worth”. If a business wants to succeed in this industry, they must have good working relationships with the key markets, especially in their targeted region. Trust is a critical component, especially from your suppliers, as they are expected to supply quality products. Carrying out due diligence on potential partners along the supply chain should be done before agreements are made and legalized (US Foods, 2018). Implementation of total quality management by all partners also ensures a player's success in the industry and generally would improve the product quality of the organizational supply chain.

This will ensure a long lasting and fruitful, mutual business relationship that will continue to yield revenue for both parties in the long run.

Having a Cost-Effective Distribution System

A main part of this industry is the distribution aspect. The industry would fail if it is not able to distribute the food products to the customer base. As a result of this, any company in this industry must be sure that not only is its distribution system reliable, but also cost effective. It will not do the company any benefits if it has a system that costs a lot of money and yields a high and expensive price tag on it. If a company is not able to curate its costs and keep it to a minimum, it is destined for doom. Companies looking to succeed in the market must be sure that they have efficient warehouse and distribution mechanisms in order to optimize its profits.

Effective Quality Control

Any company looking to tap into the grocery wholesaling distribution current must be fully aware that quality must always be at par. This general rule goes with any and every industry. Quality checks and quality teams must be in place in order to make sure that only the

best products are being delivered to the customers. If there is even any indication that a product is not up to par, or is behind standards, that product must immediately be discarded. If a restaurant loses customers because of poor quality food, the management is likely to shift to other suppliers, probably wholesalers or retailers. Therefore, any food distributor that wants to remain relevant and profitable in the industry must consistently provide quality products to meet the customers' needs. Quality is very important in this business, as the products of this business are made primarily to be ingested by client bases, and so if a product is behind quality standards, that product could potentially harm the client and result in both legal and branding issues with the company. Operations must be certain that shipments are made on time, are shipped properly and accurately, and most importantly, that they are not damaged in transit.

4. Internal Analysis

This section focuses on the internal environment to facilitate an understanding of Sysco's position against the background of the identified external environment. This section will delve into the company's financial status, organization, capabilities, and resources.

4.1 Organizational Analysis

Having entered the market in 1969, Sysco has recently celebrated its golden jubilee anniversary, also known as its 50-year anniversary. It has undoubtedly faced several challenges and undergone numerous changes during this period, yet continues to go from strength to strength. According to the company's 2020 annual report, it currently serves customers in close to 625,000 locations and accrues close to \$52.9 billion in sales annually.

This section will consider Sysco's primary components, including the vision, mission, products, and services offered, organizational culture, leadership, competitive strategy, and structure.

4.1.1 Corporate Vision and Mission

Sysco's vision is: "to be our customer's most valued and trusted business partner".

Sysco's mission statement is: "to market and deliver great products to our customers with exceptional service".

Sysco's Vision is in line with its current operations, as it is truly a valued and trusted business partner with its customers. Every initiative that it takes, bears in factor this vision, and it is the corner stone of the company's principles. Its mission to market and deliver great products with exceptional service is also a very important part of Sysco's day to day operations. Sysco is currently the leader of food distribution in the world, and they have successfully garnered a very loyal customer base due to their high-class service.

4.1.2 Products and Services

Sysco encompasses four business groups which include broadline, SYGMA, Specialty companies, and international (Product Categories, 2021). Broadline holds the largest segment of the Sysco company and it's entitled to distribution of a variety of both food products and non-food products to independent restaurants, chain restaurants, healthcare facilities, and educational facilities. Additionally, Sysco is set apart from other companies by providing hands-on customer service to the locals. The specialty companies which include guest supply, supplies on flies, specialty produce, European imports, and specialty meat and seafood ensure that customer's

specialized and differentiated product needs are met. They meet the needs for differentiated products by providing niche, exotic and exclusive products such as fresh seafood and produce. Sysco has international operating companies in Ireland, Bahamas, Sweden, Belgium, Panama, France, Luxembourg, United Kingdom, and Costa Rica to ensure that the international customers receive a unique customer experience. SYGMA works closely with corporate purchasing systems of national chains to ensure a variety of non-food and food products are distributed to chain restaurant's customer locations.

According to Sysco's Annual 10-K report, Sysco distributes food and related products to restaurants, healthcare and educational facilities, lodging establishments etc., with operations in North America and Europe (Annual 10K-Report, 2020). The company delivers not only food supplies, but also utensils, cleaning supplies, kitchen equipment, cookware (pots, pans), tableware, and paper products. Fresh and frozen meats comprised of 19 percent of the company's products. Canned and dry products comprised of 16 percent of the company's products. Frozen fruits, vegetables, and bakery comprised of 15 percent of the company's products. Poultry and dairy products comprised of 20 percent of the company's products. Its distribution centers that deliver these products are referred to as operating companies.

Sysco's customer base comprised of restaurants, that take up 62 percent, Healthcare, that takes up 9 percent, Education/government, that takes up 8 percent, Travel/Leisure, that takes up 7 percent, and others, that take up 14 percent. The top products shipped to these customers are fresh and frozen meats, canned and dry products, and frozen fruits, vegetables and bakery. These products have brought a recurring stream of income to the company for many years and will continue to be a leading source of income for years to come. As the years go on, the company has indicated that it has every intention of adding or removing items in its product line, in order

to not only meet the demands of its customers, but also to create differentiation and increase its competitive advantage.

Aside from products, Sysco also has various services. The services empower businesses with ideas to increase their profits and reduce their operational costs. The services comprise consultations, and third-party partnerships that cater to a variety of customer needs depending on the business (Sysco, n.d.). For example. The consultations include services such as developing training material and service ideas. Sysco's services are as broad as their products. The company also offers culinary specialists, category specialists, and menu solutions in addition to the consultations and partnership packages. The specialists work with the company's customers to sample their menus, provide new ideas and product guidance. The menu solutions also include a self-service app in addition to the team of experts, which enable clients to develop cutting-edge menus to fulfill their customer needs (Sysco, n.d.). The solutions also include menu analysis, menu design, and menu engineering.

As with the products, Sysco's services are tailored to specific customers' needs. The company provides food products and the necessary services to give the customers the required resources to excel in their ventures. Per their mission and vision statement, the product and service lines are designed to focus on the customer. Additionally, they provide opportunities to forge long-lasting and valuable relationships with the customers by ensuring a mutually beneficial and sustainable relationship.

4.1.3 Leadership

Organization leadership is defined as a management approach in which leaders help set strategic goals for the organization while motivating individuals to successfully achieve them through successfully carrying out smaller goals (Tokar, 2018). As with other successful businesses, effective leadership is essential to drive the company towards its strategic direction. The company's top management comprises an 18-member executive team that oversees the crucial leadership decisions. Sysco believes that the talent and dedication of its workforce is the foundation of its success, and as such, it's leadership team must exemplify that notion. Sysco's leadership team includes the following.

Kevin Hourican (President and Chief Executive Officer): Hourican became the president and CEO of Sysco as of February 1, 2020. He has about 20 plus years of experience in driving growth for large organizations and was an external hire from CVS Health. He has managed over \$85 billion in retail business and has overseen the welfare and progress of 200,000 employees. Hourican holds a B.A in economics, and a master's in supply chain management from Pennsylvania State University. (Sysco, 2020).

Aaron Alt (Executive Vice president and Chief Financial Officer): Alt is an external hire and served as CFO for Sally Beauty Holdings before joining the company. He has experience in finance, operations and transformation due to his previous senior roles at Target Corp, Sara Lee Corp and North American Retail and Foodservice. He holds an MBA from Northwestern University, a Juris Doctorate degree from Harvard Law School, and a B.A from Northwestern University. (Sysco, 2020).

Tom Peck (Executive Vice President and Chief Information Officer): Peck leads Sysco's Technologies organization. Prior to his current role, he served and Chief Information and Digital Officer at Ingram Micro. He carries 20 years of technology leadership experience. This includes

digital commerce, cybersecurity, analytics and digital transformation. He has held prior roles at AECOM, Levi, and MGM Resorts. He is also a graduate of the U.S Naval Academy, in which he served as Captain and Financial Management Officer. (Sysco, 2020).

Judith Sansone (Executive Vice President and Chief Commercial Officer): Sansone is in charge of Sysco's commercial efforts, which includes marketing, sales, customer loyalty, merchandising etc. She carries over 30 years of experience in the retail field. She held prior roles as Chief Merchandising Officer at CVS Health and was in charge of \$20 billion of store front business. She is also in charge of the company's profit and loss strategy. (Sysco, 2020).

Marie Robinson (Executive Vice President and Chief Supply Chain Officer): Marie began her role at Sysco on March 30, 2020. She was previously Senior Vice President of operations and Transformation at Capri Holding (parent company of Michael Kors, Jimmy Choo, and Versace). She has also served at various senior leadership roles with ToysRUs, The Great Atlantic & Pacific Tea Company, Smart & Final Stores, and even Walmart. She launched her career as a Logistics Officer in the United States Army. (Sysco, 2020).

Table 4

EXECUTIVE	ROLE
Kevin Hourican	President and Chief Executive Officer
Aaron Alt	Executive Vice president and Chief Financial Officer

Tom Peck	Executive Vice President and Chief Information Officer
Judith Sansone	Executive Vice President and Chief Commercial Officer
Marie Robinson	Executive Vice President and Chief Supply Chain Officer

Majority of the members of the management team are external hires and bring a diverse skill set to the company. They all have come from a variety of industries, many of which have been serviced by Sysco before. This enables them to bring forward valid and useful contributions as to how the company can improve in its business with its very diverse customer base. Every member of the management team has accumulated many years of service and leadership experience and are duly competent in their job functions.

Furthermore, Sysco is founded on diversity, equity, and inclusion. This is ensured through recruiting a workforce that is diverse and reflects people from all walks of life and different communities. Additionally, Sysco commits to ensuring that they have an inclusive work environment that allows people from different communities to work which in turn allows business growth, customer loyalty, and quality customer service. Sysco empowers and encourages the success of its workforce through different pieces of training, open dialogues, ongoing education and initiatives as well as diversity, equity, and inclusion programs. The leadership has created a conducive environment for work where everybody is respected, valued, and treated with dignity.

Leadership style is defined as A leader's characteristic behaviors when directing, motivating, guiding and managing groups of people. Sysco operates on a transformational leadership style. This style consists of innovative, empathetic and motivational leaders. This is evident by the company's approach to its customers, stakeholders and shareholders. As leadership is more than the top management position, the company also ensures the management is in harmony with the rest of the employees and the associates. In 2018, the company was recognized as part of the global world's best employers by Forbes magazine (Sysco, n.d.). Sysco is consistently pushing for innovative changes that would positively shape the nature of not only the organization, but the world. Sysco has allocated \$13 million to renewable energy, energy efficiency and clean transportation. It has also allocated \$185 million to Aquatic conservation and food security. In addition, Sysco has supported several other innovative initiatives through charitable giving, animal welfare, responsible sourcing and sustainable agriculture (Annual 10K-Report, 2020). These initiatives prove Sysco's mission to transform the food industry and that of the community.

4.1.4 Organizational Culture

Organizational culture is defined as the underlying beliefs, assumptions, values and ways of interacting. Or simply "the way things are done around here".

Sysco's primary growth strategy was the acquisition of other companies. The founders used this method to expand their reach in the country. Consequently, the organization culture comprises a mix of cultures from the acquired organizations. As Savovic (2017) contends, acquisitions can affect the organizational culture positively or negatively depending on the

different cultures. An organization's culture determines the individuals' social standing in the organization, which impacts their viewpoints and assumptions. As a result, individuals from the same organizational culture have similar value systems and behaviors. As different organizations have different cultures, acquisitions can result in conflicting cultures, hindering the organization from moving forward successfully.

Nonetheless, Sysco is continuing to grow significantly, however its organizational culture has done a good job of staying consistent. Sysco has a strong decentralized culture premised on integrity, reliability, and autonomy. Sysco also has an inclusive culture, as it provides its employees with company shares to strengthen the bond between the company and employees. Sysco states in its website that it strives to increase diversity in the workplace, by reflecting the communities that it serves at every level in the organization. It also commits to supporting and sustaining an inclusive work atmosphere that engages and enables its workers to drive customer service and business growth. However, despite its advocated culture, there are some reports on Glassdoor.com that state that it could perhaps adjust its culture to be more inclusive to women, especially in the warehouse, and also work on improving its turnover rates as this lowers the morale in the company. The majority of the employees rated its leadership from the CEO, executive team to its managers with a C+ compared to similar companies. Most of the employees seem to be satisfied with the compensation they receive for the job done at Sysco. These issues could potentially be remedied by including more women driven initiatives in the lower chains of the organization, and by empowering workers through promotions and incentives instead of layoffs and turnover. Sysco is committed to providing a conducive environment for their workforce to be competitive through providing those competitive benefits, pay, equity and stock. About 65% of the company employees have shares in the company which

has built a strong bond between the employees and the company. Allowing employees to have shares in the company enhances efficiency, employee productivity, and cost-effectiveness (Shkunova et al., 2017).

4.1.5 Current Organizational Structure

Organizational structure is defined as how activities such as task allocation, coordination, and supervision are directed toward the achievement of organizational aims.

The first element in the organizational structure is the infrastructure. This pertains to the company's command chain, which is best illustrated in *Appendix A*, which indicates Sysco's organizational chart. The chart portrays the organization's top leadership framework. However, as the organization is broad and segmented, the different product lines, such as Broadline, also have other localized leaders.

The second element in the structure is the social structure. This relates to the interaction among the members of the infrastructure and the company's employees. Sysco's social structure is reinforced not only by the diversity and inclusion programs that foster collaboration among employees from different backgrounds but also by team-building activities. These activities foster positive relationships among the employees by promoting social interactions, not to mention they also motivate them to perform better in their responsibilities.

The third element in the structure is the superstructure. This section relates to organizational values and culture. Sysco's values are geared towards integrity, teamwork, inclusiveness, excellence, and responsibility (Sysco, 2020). These values have allowed the company to maintain its focus on customer satisfaction. As a result, the company has retained its customers throughout the years and acquire new ones with time. The strong employee

engagement and competitive benefits have also led to employee retention, which has further benefited the organization to foster stronger relationships with customers. Moreover, the positive environment that supports diversity has allowed the company to withstand change and acquire new companies without sabotaging the organizational culture.

Sysco employs a decentralized divisional type of structure where the leadership team is divided based on projects and products they operate (MacKinnon, 2020). The advantage of applying the divisional structure is that it allows employees to work in teams with a focus on specific products and under their specific leadership to ensure that the set goals of the specific division are achieved. Since different divisions have their presidents and vice-presidents then decision-making and resource allocation are made easier. Divisional structure is also advantageous as it does not promote products being dispersed among different departments. The major weakness of the divisional strategy is that it promotes office politics in terms of resource allocation thus undermining one another. Additionally, compartmentalization which could lead to incompatibilities is promoted by divisional culture (Stryker & Stryker, 2017). However, the evolution of this structure along with the company goals has led to the success and competitive advantage Sysco is enjoying today.

4.1.6 Current Corporate and Business Strategies

Corporate strategy is defined as a framework that is long-term and has an objective of gaining a competitive advantage over the market. As a company primarily in one industry, there is no significant corporate strategy that can be identified for Sysco Corp.

Business Strategy is defined as a course of action which assist entrepreneurs in achieving specific business goals. For a company to come up with a strategy then there is a need for

competitive strategies such as best cost, broad differentiation, focused differentiation, low cost, and focused cost. Sysco launched the 2018 to 2020 3year strategic plan in 2017 to further their growth. This included four main strategies which were to stimulate the power of its people, enhance the consumer's experience, achieving operational efficacy, and optimizing business (Winkler et al., 2020). However, Sysco remained committed to revitalizing brands, enhancing frequent innovations, improving assortments, and guaranteeing food safety. Additionally, Sysco remains dedicated to improving e-commerce and technology advancement to evolve with shifting consumer likings. Sysco plans to improve deliveries, enhance transparency through the improvement of technology, achieve operational efficiency and enhance the supply chain. Customer interests are at the heart of Sysco. Their investment in Tesla TSLA showed the company's efforts in undertaking innovation to improve company efficiency. This move is both environmentally friendly and will considerably reduce the transportation expenses. All these strategies place Sysco ahead of its competitors such as Wal-Mart by adopting the best cost provider strategy compared to the Wal-Mart low-cost strategy. Best cost strategy provides low-cost products but of high quality which builds competitive strength as well as building a trusting relationship with its customers.

4.1.7 Summary of Organizational Analysis

Sysco has an adequate and sufficient management team that drives its mission and vision every day, and in every level of the organization. They hold steadfast to a diverse and inclusive culture in which it embraces the uniqueness of its workforce and its customers. The company's competitive strength lies in its focus on the customer. The product diversification, improved technology, and enhanced focus on customer needs all point to customer-focused orientation. Sysco has fostered long-lasting partnerships with its customers, which has facilitated

sustainability. Additionally, it has established its credibility by providing quality products and services in the more than 50 years it has been in operation. This has enabled the company to forge new partnerships with other away-from-home service providers in the industry.

Together with its best cost business strategy, Sysco seeks to continue dominating the industry now and for many years to come.

4.2 Analysis of Firm Resources and Capabilities

An internal analysis is incomplete without a comprehensive examination of a firm's resources. According to Gupta et al. (2018), firm resources are the assets that empower an organization to gain a competitive advantage over the competitors. Besides, organizations use the resources at their disposal to realize their strategic objectives. This section will talk about the company's resources and capabilities and will even compare it with that of its competitors in the same industry. This is in order to truly understand its competitive advantage on a more microscopic scale.

4.2.1 Tangible Resources

Sysco's Tangible resources are classified into 4 parts: physical, financial, organizational, and technological.

Physical: Strong

Sysco has arguably the largest number of tangible resources in the industry. It has a strong set of physical resources, as it employs 60,000 employees, and operates about 330 distribution centers in North America and Europe. 172 facilities are located in the United States and its territories, 65 facilities are located in the United Kingdom, 25 facilities are located in

France, 32 facilities are located in Canada, and the others are located in other regions across the globe. In comparison to a major competitor, US Foods has only 92 total facilities. Sysco owns approximately all 639,000 square feet of its headquarters office in Houston, Texas. It also owns 654,000 square foot of complex in Cypress, Texas that has its shared business services. Sysco also commands a fleet of 14,000 delivery vehicles that help carry out its efforts, which includes tractors, trailers, vans, and other truck-like vehicles.

Financial: Strong

Sysco has a very strong arsenal of financial resources at its disposal. In 2019 alone, Sysco brought in \$60 Billion in revenue. This was approximately \$24 billion higher than the second leading company. Sysco continually rakes in the most revenue compared to its competitors, who generally rake in about \$20 billion dollars in annual revenue. Sysco also had about \$23 billion in total assets as of the ending of fiscal year 2020. In addition, the company has recently reduced its outstanding debt by \$1.1 billion (Yahoo Finance, 2021). This step will significantly reduce the company's interest expense by an annual value of close to \$15 million.

Technology: Moderate

Sysco relies on technology in essentially all aspects of its business, and their ability to service their customers is rooted around many technological systems. As a result of this, Sysco has fortified its technological resources to prevent system failures, data breaches, cyber-attacks, viruses, and theft of intellectual property. Sysco also has a decent amount of technological assets that aid in their product distribution, including SYSCO SHAPE, which is their platform for health, wellness and technology, available to consumers. Sysco's strategic objectives include further investment in technological aspects of its business. In comparison to other companies,

Sysco has similar to more advanced technological assets. Primarily due to their high revenue, they are able to invest more in technological resources. Technology creates an enriching experience of doing business with the company. Sysco uses web applications to improve their relationship with clients and attract new customers. Based on a 2021 annual report, technology has enabled Sysco to save 3 percent in energy. More than 38 percent have been saved since 2013. When technology is utilized, overhead costs are reduced, and profit margins are increased. Technology continues to improve efficiency as well as customer retention within the organization. Compared to other competitors in the industry, Sysco has a moderate technological set of tangible resources.

Organizational: Strong

The company's organizational structure is robust compared to that US Foods. This is because Sysco's different product lines are managed separately because they cater to different market needs. As a result, each group of companies has thrived because management has a smaller workload. This organizational structure has allowed the business to regionalize Broadline, which was previously focused on the local market (Sysco, 2020). Each group of companies or unit has its own management and employees, which add to their autonomy and simplify operations. The robust organizational resource has allowed the company to employ about 60,000 employees and operate 330 distribution facilities effectively. Sysco has competent executives and senior officers heading each department, as shown in the organizational structure. Compared to other companies in the industry, Sysco has a strong set of organizational resources, which aids in its commitment of being the customers most trusted business partner.

4.2.2 Intangible Resources

Intangible resources are defined as those important set of resources that cannot be quantified, but still serve a great deal of importance to the company. For instance, a company's brand is an essential resource that may gain it a competitive advantage, yet it can hardly be quantified. These resources are equally if not more important than the tangible ones in empowering a firm to beat the competition and achieve its strategic goals. Sysco's intangible resources are grouped into human assets and intellectual capital, brand image and reputational assets, relationship resources, and company culture.

Human assets and Intellectual Capital: Strong

Sysco has a strong human and intellectual capital with its astounding 60,000+ employees. Sysco also has a very diverse workforce and has a strong diversity strategy in place. Sysco has a robust human resource department that has ensured a low turnover rate and implements competitive compensation packages. The department ensures the employees are well prepared to handle different challenges and perform optimally to safeguard the company's position in the economy. Sysco has cultivated a culture of inclusion, diversity and equity (Sysco, 2021). The leadership strives to increase diversity and reflect the communities they serve at every level of the organization. The company is also committed to support and sustain an inclusive work environment. The environment should engage and enable a diverse workforce that drives customer services and loyalty and above all business growth. Through the inclusion, diversity and equity programs, Sysco strives to create a culture that empowers associates to be successful each day. The inclusive workforce enables the associates to outperform themselves and become effective partners.

Table 4. Sysco's Employees over the years

Sysco Annual Number of Employees

2020	57,000
2019	69,000
2018	67,000
2017	66,500
2016	51,900
2015	51,700
2014	50,300
2013	48,100
2012	47,800
2011	46,000
2010	46,000
2009	47,000
2008	50,000
2007	50,900

Source: (Macrotrends, n.d.).

Brand, Image and Reputational Assets: Strong

SYSCO maintains a strong reputation due to their dedication to customer satisfaction, and buyer loyalty. Sysco also maintains an open system of communication with its customers, consistently monitoring their satisfaction, and making changes as needed to promote a solid working relationship. Further, the company has introduced a novel CSR program that has greatly enhanced its reputation in public. Admittedly, while other industry players like US Foods are also reputable, none of them have as broad a customer reach and similarly extensive differentiated product and services. According to Sysco's corporate social responsibility report, its focus is on governance, the environment, and social matters (Sysco, 2020). While the company's investment in CSR has been in place since its inception, recent developments have

seen it gain more social capital as it has advanced to more sectors like renewable energy and aquatic biodiversity. Sysco's brand, image and reputation is strong compared to its competitors.

Relationship Resources: Strong

Sysco has a very large chain of suppliers and distributors and is known for acquiring many local companies in order to improve its relationship resource. Sysco maintains a very strong relationship with all companies that it conducts business with, regardless of size. This is because Sysco understands the benefit that each business contributes to it. Compared to other company's relationship resources, Sysco's relationship resources is strong and above par.

4.2.3 Capabilities

Tangible and intangible resources are very necessary to every organization, but they are nearly useless on their own. A capability is a firm's ability to effectively use those resources to better the overall well-being of the organization. Sysco's capabilities are several, and they include the following.

Distribution: Effective Logistics Capability: Strong

Sysco's capability heavily lies in its logistic processes. As a foodservice distribution company, the company must ensure that the products reach customers in time and in good condition, regardless of location. In light of the quick perishability of such products as seafood and meat, a logistic capability is a particularly crucial aspect for the company. To facilitate this, the company has well-developed ware-houses and transportation processes that ensure product integrity while reducing operational costs.

While similar companies like US foods have similar capabilities, Sysco serves a broader market yet maintains product integrity. The company's network and relationships are also strong capabilities. These relate to the partnership it forges and sustains with customers and suppliers. These partnerships are founded on trust and value addition, ensuring that all parties benefit from them. In addition, Sysco's customer-focus mission has allowed it to establish a loyal customer base, placing it well above the competition. Sysco's very effective and efficient distribution capability is made possible by its large number of manpower; including the employees and the 14,000 fleet of vehicles that it commands. Sysco makes it a priority to deliver products as accurate and on time as possible to its customers, and this gives it a strong rating in this aspect compared to its competitors.

Marketing: Innovative Merchandising Capability: Strong

Sysco uses its marketing capability as an opportunity to connect with its customers on a more individualistic and personable way. It is given a strong rating in this capability, as its marketing efforts have ensured its leading gap in the industry, compared to its competitors. Sysco is continually finding ways to involve its customers in as much of the process as possible. This creates more personable merchandising for the customers, and in turn keeps the business relationship going. Sysco's marketing and digital media platforms also offer solutions, ideas and tips for better business success to its customers.

Manufacturing: Product and Design Capability: Moderate

Sysco's product and design capability are at a moderate level, as Sysco only produces a handful of the products they distribute. Majority of the products are supplied by outside suppliers and packaged at Sysco distribution centers, which are then sent out to customers. If Sysco would

incorporate more in-house manufacturing of more products, they could possibly be given a higher rating in this aspect.

FIGURE 10. Examples of firms' capabilities

Table 3.3 Example of Firms' Capabilities

Functional Areas	Capabilities	Examples of Firms
Distribution	<ul style="list-style-type: none"> Effective use of logistics management techniques 	<ul style="list-style-type: none"> Walmart
Human Resources	<ul style="list-style-type: none"> Motivating, empowering, and retaining employees 	<ul style="list-style-type: none"> Microsoft
Management Information Systems	<ul style="list-style-type: none"> Effective and efficient control of inventories through point-of-purchase data collection methods 	<ul style="list-style-type: none"> Walmart
Marketing	<ul style="list-style-type: none"> Effective promotion of brand-name products Effective customer service Innovative merchandising 	<ul style="list-style-type: none"> Procter & Gamble Ralph Lauren Corp. McKinsey & Co. Nordstrom Inc. Crate & Barrel
Management	<ul style="list-style-type: none"> Ability to envision the future of clothing 	<ul style="list-style-type: none"> Hugo Boss Zara
Manufacturing	<ul style="list-style-type: none"> Design and production skills yielding reliable products Product and design quality Miniaturization of components and products 	<ul style="list-style-type: none"> Komatsu Witt Gas Technology Sony
Research & Development	<ul style="list-style-type: none"> Innovative technology Development of sophisticated elevator control solutions Rapid transformation of technology into new products and processes Digital technology 	<ul style="list-style-type: none"> Caterpillar Otis Elevator Co. Chaparral Steel Thomson Consumer Electronics

4.2.4 Core Competencies and Sustainable Advantages

A core competency is a capability or advantage that distinguishes an enterprise from its competitors. It is that capability that the organization has proven to do very well, and has possibly mastered or excelled in.

Sysco's core competency is its customer focus approach. Sysco's reach to its very large customer base is one of its most powerful advantages over its competitors. Most of its competitors does not even have half the size of the customer base that Sysco has, but that does not stop the company from effectively offering personalized service to all those customers. As

stated in the company's mission and vision, the firm seeks to deliver quality products and providing excellent services. Sysco treats the customer as its partner (Falat, 2011). The company has provided mechanisms for the clients to have a personalized experience. Sysco creates a competitive strength by building a trustful relationship with suppliers and providing lower prices to customers.

The other sustainable advantage is exploration of new business and markets (Sysco, 2021). Sysco looks for good opportunities to expand their business and diversify its network. The other core competency is development and integration of talent management process. The firm promotes internal surveys to acquire valuable information so that they can improve their businesses. Furthermore, Sysco's organizational structure and culture builds a stronger relationship between the employees and the customers.

The last sustainable advantage that Sysco has over the competitors is product differentiation, best cost and focused differentiation. Because of the competitiveness in the food sector, Sysco has focused on the best-cost provider strategy which is different from the low-cost strategy used by competitors such as Wal-Mart. Sysco seeks to provide best value for the customers by giving low cost and upscaling some of its products to the benefit of the customer. In the food sector, the profit margins are usually very low. Altogether, Sysco creates value by providing low-cost products that are of superior quality (Sysco, 2021).

Table 5. VRIN Test for Resources and Capabilities

Resource/ Capability	Valuable	Rare	Inimitable	Non- Substitutabl e	Competitive Advantage
Tangible Resources					
Physical	Yes	No	No	No	Non-sustainable
Financial	Yes	No	No	No	Non-sustainable
Technological	Yes	No	No	No	Non-sustainable
Organizational	Yes	Yes	No	Yes	Non-sustainable
Intangible Resources					
Brand Reputation	Yes	Yes	Yes	Yes	Sustainable
Human Assets	Yes	No	No	No	Non-sustainable
Relationship Resources	Yes	No	No	No	Non-sustainable
Core Competencies					

Customer Focus	Yes	No	No	No	Non-sustainable
Diverse Network	Yes	Yes	Yes	Yes	Sustainable
Product Differentiation	Yes	No	Yes	No	Non-sustainable

The VRIN Test analyzes Sysco's resources and capabilities. The test allows for the identification of sustainable resources and those that empower the company with a competitive advantage in the market. The Test's framework stipulates that rare, valuable, not sustainable, and imperfectly imitable resources empower the company with a competitive advantage. Valuable resources are relevant to a company's strategy and enhance its competitive advantage. Rare relates to the resources and capabilities that are uncommon among the company's competition. Imitable resources relate to those that competitors would find difficult to imitate perfectly. Finally, non-substitutable resources are those that cannot be exchanged for others.

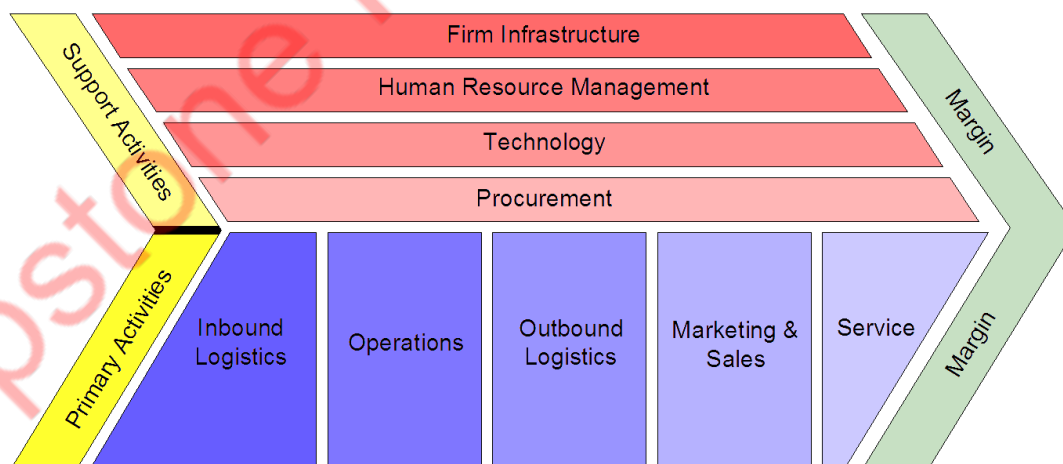
Applying the VRIN Test to Sysco reveals that its competitive edge lies in its widely diversified network and brand reputation. While most of the other assets are also a valuable addition to the business, they equip the company with little competitive advantage. Sysco's diverse network is unique and sustainable because it spans suppliers, customers, and employees. While other groups like US Foods also serve a diverse customer base, they are not as comprehensive as Sysco's. Besides, the company has also invested in a diversity and inclusion program that fosters harmony and effective interaction among individuals from different

backgrounds. Additionally, the company's brand gives it a competitive advantage as, over the years, it has become synonymous with quality. This effect can be attributed to the customer-focus orientation of the company.

4.2.5 Value Chain Analysis

A value chain analysis is a process by which an organization acknowledges its primary activities and its secondary/support activities that bring value to its operations. Companies exist to create and increase value for their customers. This process creates a demand for the company's services and products, which allows it to remain in business and beat the competition. Value chain relates to the activities necessary to initiate the development of a product or service, take it through the various production and distribution processes, and finally, their disposal after use (Zamora, 2016). In this regard, the value chain can inform a firm's competitive advantage and improvement areas. Figure 11 below shows a generic value chain.

Figure 11 – Generic Value Chain



Note: Michael Porter's Generic Value Chain.

Source: (Porter, 1985)

Primary Activities

- **Inbound Logistics**

This relates to the processes involved in acquiring food and non-food products. To this end, Sysco has established a robust supplier program that ensures the company engages not only well-established suppliers but also small-scale and minority individuals. In this regard, it has strong inbound logistics. The company also has several resources that facilitate the integrity of the products, such as a supplier code of conduct and a strict requirement for third-party verification by auditors affiliated with the company. Such features with other companies in the industry.

- **Operations**

This activity relates to the processes conducted on the product after they arrive at the facilities. Sysco has well-equipped warehouses and distribution facilities fitted with the proper temperatures and technology equipment to maintain the products' integrity. The operations are comparable with that of US Foods, n.d. This activity also includes elaborate processes that facilitate the safety of the products until such a time that they will reach the customer. Operations are crucial to safeguard the safety of products before they reach the customers.

- **Outbound Logistics**

Sysco has a well-maintained and serviced fleet that it changes every few years to ensure they remain in good shape to transport the produce. The outbound logistics are strong because,

whereas all distributors maintain their fleet, only Sysco performs frequent fleet changes. The company also invests in technology to improve the vehicles' conditions regularly.

- Marketing and Sales

Sysco has a decentralized sales department in each of the various locations. This strategy ensures that it effectively meets the demands of the various demographics. The company also has an online presence to enhance the interaction with customers and streamline the sales processes.

- Service

The company's customer service team exists in all the various locations. Additionally, Sysco has introduced new CRM tools to enhance service provision to customers. The tools enable the company to monitor changing customer needs and respond appropriately.

Support Activities

- Procurement

Sysco partners with suppliers to provide customer-specific products that fulfill unique customer demands. The company sources quality yet affordable vendors without compromising on the commitment to diversity. The trend is similar across the industry, especially because they need to be cognizant of seasonality.

- Human Resource Management

Sysco employees stay for close to 4 years with the company, attesting to effective and strong human resource practices. In addition to the competitive benefits package that spans financial and health benefits, it also provides discounted stocks to the employees, which

enhances their motivation. As the discounted stock benefit lacks among the other competitors, Sysco's human resource management is strong.

- Technological Development

The company is increasingly investing in new technologies. These have allowed it to improve its profit margins by reducing the expenditure. For instance, per the 2020 annual report, the company had a net expenditure of 1.1%, as a percentage of the total sales. This is an improvement on the 2018 value of 1.3%.

- Infrastructure

Infrastructure relates to the company's support system in its entirety, inclusive of administrative, legal, and general management. Sysco is superior to its competitors since it has an international presence and has tailored its infrastructure to reflect this reality. For example, the company has the code of conduct translated into Spanish, French, and Mandarin (Sysco, n.d.). However, other competitors have not yet expanded to these other markets.

4.2.6 Summary of Firm Resources, Capabilities, and Value Chain

The resources of a firm is essential to carrying out its daily operations and missions, however, those resources would be meaningless without the set of skills or capabilities to effectively utilize those resources. Sysco has strong tangible and intangible resources that safeguard its position and status as a global leader in the industry. However, it is imperative that the company invests more in technological and physical resources to maintain its lead in the market. To achieve a global presence, the company must establish warehouses and distribution facilities in more areas of the world. The company's facilities are concentrated in the United States. While these have sufficed to ensure it can serve its customers, the company is rapidly

expanding. For instance, Broadline has gone from a local supplier to a regional one. This development precedes increased customers, necessitating more distribution facilities to ensure the products are delivered timely to the customers.

4.3 Financial Analysis

A very important analysis that must be carried out in order to know the true standing of any organization is the financial analysis. The Financial analysis will take into consideration, the “numbers”. As the popular saying goes, “numbers do not lie”, this analysis will project the true fiscal standing of the organization against its competitors. The financial analysis will analyze the valuation, growth, profitability, financial strength, and management efficiency.

4.3.1 Valuation Analysis

The valuation analysis is the process of estimating the value of a business. In order to determine the valuation of a business like Sysco, we need to take into consideration, the following ratios; Price-Earnings ratio (P/E ratio), Price/Book Value, and Enterprise value/EBITDA (Earnings before interest, taxes, depreciation and amortization).

Price/Earnings ratio

The price/earnings ratio is the ratio of a company’s share or stock price compared to the company’s earnings per share. The P/E ratio is calculated by dividing the market price per share over the organization's average earnings per share. Generally, a low P/E below one would mean that a company's stock is undervalued and above one means the stock is overvalued (Scott, 2019). However, judging an organization's performance only based on this basis is prejudiced since some industries, such as food distribution, tend to have a relatively high P/E. Moreover,

companies are considered high growth when they are found to have a P/E of thirty or more (Scott, 2019).

Sysco's P/E ratio was 39.397 as of 2020.

Price/Book Value

The ratio compares the market price per share of stock to the book value per share of the same security. The result is an indicator of how many times the company is trading relative to its book value. A ratio of less than one would indicate the stock is undervalued, and greater than one would show it is overvalued. The per-share book value is a company's stock valuation that has been adjusted for depreciation and amortization.

US Foods price/book value is 2.281 whereas Sysco's Price/book value is 28.49, as of 2021.

EBITDA

EBITDA is an acronym that stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. This is commonly used to measure the company's operating functions. This valuation metric can give investors a quick glance at the operational efficiency of the company.

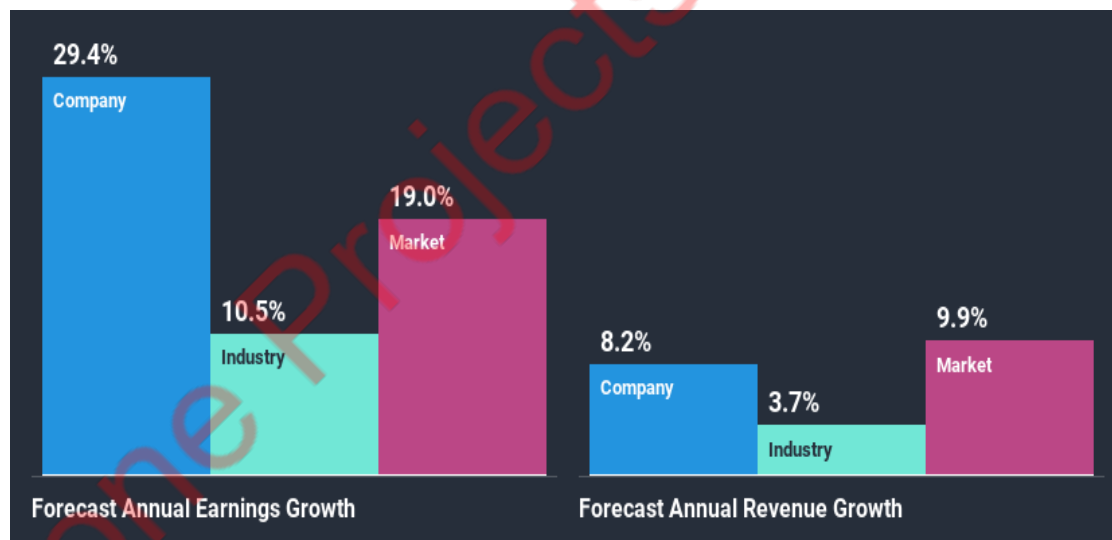
US Foods EBITDA is \$1.005B whereas, Sysco's EBITDA is \$3.108B, as of 2021

Based on the figures above, it can be concluded that Sysco's performance, compared to its peers, is above par.

4.3.2 Growth Analysis

Growth analysis provides an indication of the direction and rate of financial growth of the company. The determination of company growth is done based on revenues earned and the resulting net income. The figure below shows that the annual financial annual earnings growth of Sysco Corp is expected to grow by 29.4% annually for the next three years. This was considerably higher than the industry growth average estimated at 10.5%. However, the annual revenue growth rate (9.9%) was forecasted to be below the company's average which was estimated at 8.2%. Despite the projected increase in annual revenue the projected increase in revenue growth will not match its revenue in the next 3 years.

Figure 12. Annual financial annual earnings growth of Sysco Corp.



Source: (Simply Wall St, 2021)

4.3.3 Profitability Analysis

Profit-making is the primary goal of any business. Therefore, profitability analysis is arguably the most critical component of financial analysis. The profitability analysis measures

the company's ability to win profits from sales or operations. The profitability simply answers the question "are we making money?". This can be measured by obtaining two other measurements, namely: the ROE (Return on Equity), and ROA (Return on Asset).

Return on Equity

This measurement measures a company's profits made from every dollar of the shareholder's equity. It can be calculated by dividing the Net annual income by the Shareholders' equity. As of the beginning of 2020, Sysco's ROE was 57.59%.

Return on Asset

The return on asset is a worthy indicator that tells an investor how profitable a company is in regard to its assets. It further goes to explain to an investor how the company is utilizing the assets available in order to generate income. The higher the Return on Asset percentage, the better for the company. Sysco's ROA as of the beginning of 2020 was 7.14%.

Sysco was doing well prior to the Pandemic; however, their latest numbers are suffering and both ROE and ROA are in the negatives as of 2021. In order to bring these numbers back on track, Sysco should work harder to increase the net income and possibly decrease total assets. These two steps will improve the company's standing on those terms.

4.3.4 Financial Strength Analysis

The financial strength analysis is, as the name implies, a measurement used to see how strong a business can stand to sustain itself or to generate capital for the stakeholders. The strength of the company is measured using debt to equity ratio, current ratio, quick ratio, and

times interest earned. Such ratios provide an indication to investors of the ability of the company to meet its short-term implications and long-term obligations.

Debt to equity ratio

The debt-to-equity ratio is the proportion of total company liabilities to shareholder's equity. It is used to determine the viability of the company relative to its ability to generate revenues that offset its debts. The company had a debt-to-equity ratio of 8.74. This ratio was considered high meaning that the company uses shareholder equity to service more of its debts than profit-making (Simply Wall St, 2021). Sysco had a higher debt to equity ratio indicating that other competitors in the industry do not have as high lender rates compared to Sysco.

Current ratio

The current ratio measures the ability of the company to meet its short-term obligations. It is defined as a proportion of current assets to liabilities. An indicator above one means that the company has more assets than debts at its disposal and can meet short-term obligations. The current ratio for Sysco for FY 2020 was determined to be 1.78. This means that the company can meet its short-term debt obligations. This is ratified by the fact that a ratio greater than 1 means that there are more company assets than liabilities.

Quick Ratio

The quick ratio is the same measure as the current ratio with the difference being that in its calculations, inventory costs are left. It provides information on the ability of the company to meet its immediate obligation. The Quick Ratio for Sysco in the FY 2020 was estimated at 1.32. This means that the company was able to meet its immediate needs without having to wait for inventory sales. Sysco could meet its short-term obligations by liquidating its most available assets better than its industry competitors.

Times Interest Earned

The times interest earned ratio, also known as interest coverage ratio, is a measure of a company's ability to meet its debt payments. The ratio is calculated by dividing earnings before tax, interest, depreciation, amortization (EBITDA) by the interest expense. The ratio for times interest earned by Sysco was determined to be 1.45. This means that the company could pay its interest 1.45 times using EBITDA.

4.3.5 Management Efficiency Analysis

The Management efficiency analysis, or simply efficiency analysis, simply seeks to measure how effective a company is at handling its routine affairs. This further goes on to calculate how well an organization is exploiting its assets and furthermore, how well it is reducing its liabilities. This analysis can be performed by first measuring two important metrics, the first one is the inventory turnover, and the second is the assets turnover.

Inventory turnover ratio

The inventory turnover ratio measures, in the number of days, months, or years, the rate at which a company disposes and replenishes its inventory. The calculation of the inventory turnover ratio is obtained by dividing the revenue generated from sold goods by the average inventory of the period the sales were made. The inventory turnover ratio for the FY 2020 was 13.89 which was a slight drop from FY 2019 with a ratio of 15.14. This means that the company sold its inventory 13.89 times in a year for FY 2020. Sysco performed well compared to its competitors meaning that the company is able to replenish its stocks 17 times in 2020 whereas other competitors could replace theirs only four times a year.

Asset turnover ratio

The asset turnover ratio is a proportion of total sales to total liabilities. It measures how much revenue a company can generate from its assets. The asset turnover ratio in the FY 2020 and 2019 were 2.33 and 3.44 respectively. The decline is consistent with Wang and Pinho's (2013) conclusion that Sysco had a declining asset turnover ratio meaning that the efficiency of the company to generate sales has continued to decline. This jeopardizes the efficiency of the company and also discourages investments. However, the company's ability to generate revenue was still higher compared to its competitors.

4.3.6 Summary of Financial Analysis

In general, Sysco is outperforming its competitors in terms of financial performance, by a margin! It is important to know that the financial health of a company is a great indicator as to how effective the organization is operating, and as to how well it is meeting its objectives and financial obligations. While there was some decline in performance due to the COVID pandemic, and poor economic conditions, Sysco and the grocery wholesaling industry failed to make growth in 2020, however, Sysco was able to double up their operational income with decreased revenue, Sysco is expected to see some financial growth in next few years.

5. Strategic Issues Analysis

In order to fully understand a business, it is crucial to understand the strategic issues that it faces in executing its day-to-day functions. This section is intended to analyze the issues faced by Sysco in seeing that its vision and mission is actualized. This section will also discuss some critical challenges faced by the company. In addition, a SWOT analysis is also included to determine the strengths and weaknesses of the business, protect against the internal and external threats, and explore new opportunities.

5.1 Critical Challenges

Some of the industry driving forces mentioned in the case study include consumer spending, and the number of participating households. In correlation to that, some of the key success factors in the industry include, having contacts within key markets, having a cost-effective distribution system, and an effective quality control system in place.

As a result of these factors, Sysco may face issues with the following:

Costs associated with food prices: This can greatly improve or reduce Sysco's profitability. If food cost production is high, revenue might be reduced. If food production is low, revenue might be increased. The food distribution industry is impacted by changes in the costs associated with the distribution, supply, and storage of products. On the one hand, Sysco can do little to safeguard itself against such unfortunate events. On the other hand, the company's resources allow it to make informed decisions that prevent losses and make the best out of the situation.

Transportation/logistics costs: If transportation/logistics costs are low, revenue might be increased. If transportation/logistics cost is high, revenue might be reduced. Fuel prices are particularly significant because a rise in the prices can spell doom for many companies.

Technological changes: As technology continues to expand and become more complex, Sysco might face slight challenges incorporating these frequent changes into their strategy framework. While Sysco can adequately align its capabilities to overcome this challenge, it is not much focused on technology and innovation. The company is still introducing not-so-new features like CRM, which other companies have already introduced. Therefore, the company is moderately placed to handle this challenge; it has the capacity but lacks the drive.

Consumer preferences: If Sysco has to adopt new plans to meet changing consumer needs, this could affect their revenue in the long run, as expenses will increase temporarily. Change in diet and type of food is a significant concern for Sysco because customers move to companies that fulfill their desires. However, the company can work around this challenge by aligning its products and services to reflect customer preferences. To this end, Sysco's resources are well placed to counter the challenge. The company has a strong reputation which attracts customers, not to mention the diversified products and menu options. For instance, the company has divided its products into four categories, all of which cater to diverse consumer needs. While consumer

preferences are constantly evolving, the company is also continually introducing new services and products, making its resources and capabilities against this challenge strong.

5.2 Resources and Capabilities

Based on the resources and capabilities analysis in section 4.2, it is very crucial to know

Where Sysco stands in terms of its ability to tackle its critical challenges.

Physical– Strong: Sysco has a strong physical presence and is currently the biggest food distributor in the world.

Technology– Moderate: Sysco has some technical capabilities; however, they could utilize and innovate them more to benefit their organization.

Financial– Strong: Sysco holds steadfast to a strong financial standing that has allowed them to carry out plenty of their objectives.

Organizational-Strong: Sysco possesses a strong workforce that allows it to effectively ensure their products and services are effectively delivered to their customers.

Table 3 : Fit Analysis

	Challenges	Resources	Status
Driving forces	Cost associated with Food production, Consumer preferences, and technological changes	Technology	Moderate
Key success factors	Having meaningful partnerships within key markets	Physical	Strong

	Having a cost-effective distribution system	Financial	Strong
	Effective Quality Control	Organizational	Strong

5.3 Classical SWOT Analysis

A classical SWOT analysis is included to determine the strengths and weaknesses of the business, protect against the internal and external threats, and explore new opportunities. When properly utilized, a classical SWOT analysis can be very useful in analyzing the strategic environment of any business.

Economies of Scale – Strength – Sysco has great strength in mass production and distribution, which has helped reduce costs.

Global presence – Weakness – Sysco has a strong presence in North America and Europe, but not enough presence in other parts of the globe such as Asia, Australia, Africa and the Middle East. Globalization is not only a challenge for Sysco. It is a challenge for nearly all multinational corporations. This is because, with different countries, different terms apply in terms of taxation laws, the costs of establishing businesses, costs of raw materials, wage rates, among other variants.

Technology use – Opportunities – Sysco utilizes technology in their operations, but with further development and innovation, the company could change the dynamic of their business and garner higher profit.

Cost of food production/transportation costs – Threat – Food cost production and the change in transportation costs is almost impossible to predict and control. Sysco should be mindful of these factors and be always prepared for inevitable changes in food and/or transportation costs.

Table 4 : Strategy Alternatives

	Strengths -Strong reputation	Weaknesses -Lack of stronger global presence
Opportunities -Could do a better job utilizing tech to reach further consumers	Strengths and Opportunities -More expansion into foreign countries.	Weaknesses and Opportunities -Could have stronger global presence.
Threats -Increase in food production	Strengths and Threats -Investment in better technology	Weaknesses and Threats -Lack of efficient asset turnover

5.4 Strategic Issues

Seeing as though Sysco is a company that primarily operates in one industry, there is no significant corporate strategy that can be identified, however, the current business strategy in place at Sysco, best cost model, have ensured Sysco is still a top leader in the food distribution market. Sysco has utilized the necessary resources to fulfill its vision and mission statement by offering quality products to its customers at a low and affordable cost.

Sysco’s strategies allow it to reach a large database of consumers both home and abroad. It has grasped a large portion of the market opportunities. However, it is very difficult to ensure the stability of food production costs, transportation costs, and consumer preferences. They could

fluctuate due to changes in the economy status as well as changes in the demographic diversity. Unfortunately, these factors take the control away from Sysco.

Nonetheless, Sysco's Strategies are clearly defined and implemented, even though strategies could change as the economic situation changes.

Furthermore, Sysco's strategies continue to promote its sustainable competitive advantage, as the current strategies addressed the strategic issues proposed. However, Sysco has yet to significantly determine a way to control food production costs, transportation costs, technological changes, as well as the changes in consumer preferences.

5.5 Summary: The Most Critical Issue Identified

Regardless of how well positioned an organization is, that organization can still fall victim to a plethora of issues that might prevent it from seamlessly accomplishing its mission and vision. Even though Sysco is a leader in the industry, there are still some issues that the company should attempt to solve in order to unlock a great potential of untapped revenue. Based on the analysis in section 5.1 to 5.4, the most critical issues that Sysco is facing, but is not fully addressed by the company's strategies include the following.

Increasing cost of food production and logistics – This is due to its unpredictable nature of the food production and transportation industry, as it fluctuates with the rise and fall of the economy.

Increasing change of consumer preferences – As the population increases, diversity continues to spread, and different lifestyle choices become ever more prevalent, Sysco is faced with a possibility of highly increased costs as it will need to continually adjust to the ever-changing nature of its customer base.

Inability to reach out a wider consumer base due to limited current technologies– Sysco has the potential to reach out to a larger and more global customer base, but the first step in doing so is by leveling up its current technological and logistics structure.

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6. Recommendations

6.1.1 Strategic Issue Recapped

The main aim of strategic analysis in the section was to present the impacts of the driving forces on the challenges and successes of Sysco Corp. A SWOT analysis was carried out to understand better the strategic issues faced by the company. The analysis indicated that the main strategic issues faced by Sysco related to the management of the food process, market regulation, consumer preference, and developing a solid global presence. However, these challenges also served as a source of opportunity for Sysco to redefine its business models to meet the changing consumer needs. This is especially with the onset of the COVID-19 pandemic (Organization for Economic Co-operation and Development, 2020) that provided Sysco with the opportunity to increase its number of customers. Generally, from the strategic analysis, it is evident that although Sysco, similar to other businesses, faces challenges, this should be an opportunity for the company to make structural reforms to counter emerging issues. Transport and infrastructure are the main strategic issues that will be addressed in the recommendation.

6.1.2 Recommendation Overview, Justification, and Objectives

Goals and Objectives

Sysco's primary goal is to become the most valued and trusted business partner for its clients and deliver high-quality products with exceptional services. Therefore, the strategies and project objectives that will be implemented will focus on delivering high-quality goods and enhancing trust among customers. Among the main challenges faced by the company stem from its external factors. It is impossible to control food prices as they are influenced by different factors, including costs of transportation, distribution, inflation, processing, and the types of

stores available (Ismail et al., 2017). This implies that an increase in production costs would prompt the company to increase prices. However, price increments would lead consumers to find cheaper alternatives.

Nonetheless, from the factors that influence the cost of food, Sysco has control over transportation and market penetration. The company has free will to select the most cost-effective means of transportation. For a company to grow and thrive within a competitive market, it needs to maximize sales. Another possibility is associated with inorganic growth, where the company merges or acquires another company. From the strategic analysis, Sysco possesses good capabilities and resources, such as a strong financial position and a well-developed organizational structure. These factors make it easier for Sysco to acquire and merge with other companies and heavily invest in resources that will enhance the company's operations. As previously indicated in section five, transport and infrastructure are the main strategic issues faced by Sysco. Two main objectives will be discussed to meet Sysco's goals: purchasing more electric vehicles and taking advantage of technology to minimize costs associated with the company's logistics and promote Sysco's corporate social responsibility initiatives.

Investing in transport could be an effective way of improving the service delivery to its clients. The company can attain this by investing in more electric-powered vehicles to facilitate the distribution of products to customers. Specifically, the company can work together with the manufacturing companies to design and create vehicle models that meet the food delivery requirements. Sysco has partnered with Daimler Trucks North America (DTNA) to enhance efficiency in transportation (Sysco, 2020). Sysco has already deployed the eCascadia. A class 8 tractor was developed to facilitate regional and local distribution. However, the company needs to collaborate with customers across different segments to fully understand how electric-powered

trucks will be integrated as part of its long-term solution of enhancing efficiency in transportation. This will push the company further towards taking advantage of the green economy. Additionally, with the increased awareness of climate change and its impacts, more people prefer to associate themselves with companies whose agenda revolves around making profits and environmental sustainability. Therefore, embracing the green economy will go a long way in winning and retaining customers.

Another significant effort that the company has made towards enhancing efficiency is through its investments in Tesla, which has reduced its transportation costs (Apostolos, 2017). Sysco could further utilize digital technologies to develop new capabilities for planning, designing, and controlling its supply chain. This recommendation will take advantage of Sysco's strength of improving its local and international mergers and acquisitions, which minimizes the burden of setting up expensive infrastructure. By enhancing their mode of transportation, the company would be better positioned to provide cost-effective products to its customers. A factor that will strengthen the company's international market penetration.

Sysco could also take advantage of technology whenever necessary to improve efficiency in transportation. This recommendation is beneficial because it exploits Sysco's opportunity in technology. From the SWOT analysis in section five, Sysco was technologically moderate, which is the referencing point for this recommendation. Adopting technology in their logistics will improve transparency in the supply chain. For example, Sysco could implement the Driver Assisted Truck Platooning (DATP) to automate its logistics functions. DATP will reduce fuel costs Crane, Bridge & Bishop (2018). This move will significantly reduce the financial resources allocated towards logistics in the long run.

DATP takes advantage of the increasing maturity of vehicle-to-vehicle communications and the widespread deployment of DSRC-based V2V connectivity. An assessment of the efficiency of DATP noted that, vehicles that adopted the system, experience a significant amount of drag reduction and enhanced fuel efficiency. Specifically, a study by Crane, Bridge & Bishop (2018) found that DATP will reduce fuel costs. Additionally, findings from traffic modelling noted that DATP did not result in delays in the stream of traffic. Adopting DATP would also allow the company to downsize the number of drivers by 40% within two years after implementation. This move will significantly reduce the financial resources allocated towards logistics in the long run. Implementing DATP would further enhance vehicle efficiency and safety at all times.

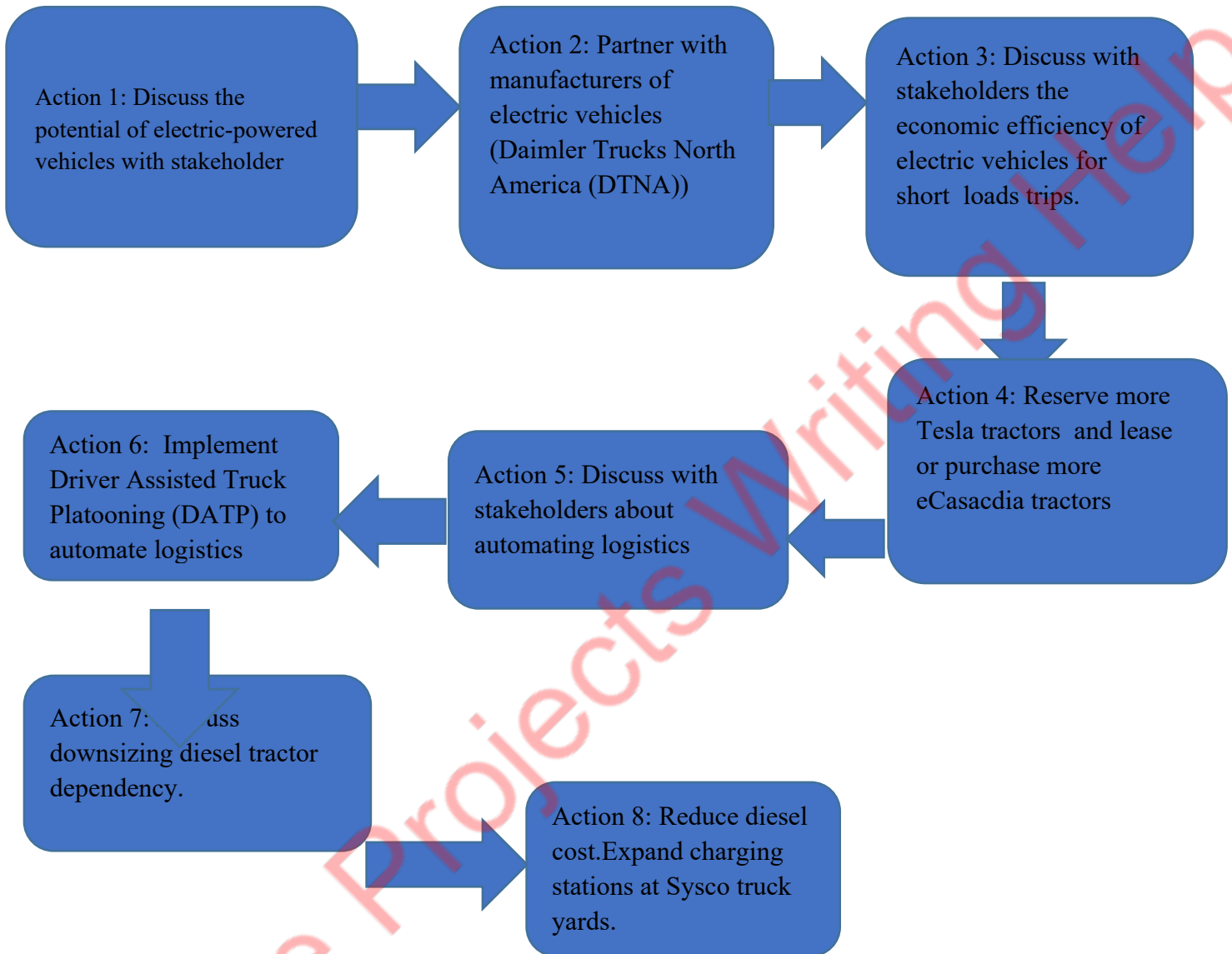
6.1.3 Action Plans

Over the years, Sysco's strategic plan as been effective in propelling its success in the food industry. Sysco has managed to expand its operations across borders by developing warehouses and trucks to facilitate its transport. The company has also diversified its products and is currently considered the largest company in the food industry. However, with the changing environmental factors and the onset of the COVID-19 pandemic, Sysco should alter its strategies to keep up with the changing times and meet customer demands. This will enable it to secure its position in the food industry. The company's actions have to be directed towards innovative technologies, and environmental sustainability, among other trends in the food industry. The discussion has further established that although it is impossible to control the company's external factors, Sysco has control over its choice of logistics, which is directly associated with production costs and environmental sustainability. Therefore, for Sysco to stay

ahead and promote efficiency in its production, the company must adhere to the following actions from April 2021.

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Overview of the Action Plan



Actions one to five related to the economic and environmental potential of investing in electric-powered vehicles would significantly save on fuel costs. This will reduce the costs of production, which translates to the provision of goods at competitive prices compared to the

other companies in the market. Additionally, these actions will propel the company towards environmental sustainability by reducing carbon emissions from transportation. Actions six to eight involve automating the company's logistics and lessen human dependency.

Action 1: Discuss the potential of electric-powered vehicles with stakeholders

Sysco should begin discussions to weigh the benefits and costs associated with purchasing more electric vehicles and the potential that will come from partnering with electric vehicle manufacturers. Currently, Sysco has ordered 50 electric vehicles from Tesla. However, these are not enough to serve all the company needs to embrace environmental sustainability and reduce the costs spent on fuel. Sysco should begin the discussions on 28th April and should last for a maximum of one month.

Action 2: Partner with manufacturers of electric vehicles (Daimler Trucks North America (DTNA))

This action should take place one month after discussions have been completed and the stakeholders approve a comprehensive analysis of the costs and benefits. The move will be expected to last for six months. If Sysco decides to partner with Daimler Trucks North America, the company will ensure that all contracts are signed. However, this will occur after Sysco and DTNA have agreed upon the costs associated with designing and purchasing or leasing the eCascadia. Sysco will also determine the number of Cascadia needed and how these can be supplied over the years to distribute costs. Additionally, DTNA will work with Sysco in testing the functionalities and cost-effectiveness of eCascadia. These costs will be compared with expenses incurred in the company's current vehicles. Suppose Sysco decides not to purchase the eCascadia. In that case, stakeholders will go back to the drawing board and find other alternative factors that can reduce the costs associated with transportation and logistics.

Action 3: Discuss with stakeholders the economic efficiency of purchasing more Tesla

Stakeholders will discuss the efficiency and cost-effectiveness of purchasing more Tesla vehicles to support the company operations and reduce operational costs. During the discussions, stakeholders will weigh the costs and benefits associated with purchasing Tesla vehicles. They will also compare this with the costs associated with partnering with purchasing vehicles from Daimler Trucks North America. If Sysco decides to purchase more Tesla vehicles, stakeholders will begin discussions on the number of vehicles to be bought and the associated costs. If Stakeholders decide not to purchase the vehicles, stakeholders will explore other alternatives to minimize transportation and logistics costs.

Action 4: Purchase more Tesla trucks

This action would require Sysco to make orders for more Tesla trucks. The action will take place after stakeholders have reached a comprehensive decision regarding the benefits that would be accrued from purchasing more Tesla trucks. And that these benefits are more compared to the costs associated with the purchasing and maintenance. This action will be long term because the vehicles are not readily available on demand and Tesla has to manufacture them.

The number of vehicles to be purchased would be prior determined from stakeholders' meeting with strategic analysis and market researchers. This will ensure that Sysco purchases a maximum number of vehicles that would result in the most economic and operational efficiency. The action would also entail testing a sample of the available tesla semi-trucks to ensure that the ordered vehicles would efficiently meet he needs of the company. During the testing process, Sysco would take a step further to ensure that there are adequate charging stations on the routes taken by the semi-trucks.

Sysco would also make a down payment to reserve the production of the vehicles. From action one to action four, the company is focused mainly on purchasing electric vehicles either from Tesla or from Daimler Trucks. Stakeholders will determine whether it is cost and operational efficient to purchase the Tesla vehicles or the Daimler Trucks. A practical assessment will also be carried out to compare the operational efficiency of either the Tesla Trucks or the Daimler Trucks. The cost-effective method will be selected based on this assessment. Actions one through four are expected to last for the first two years with the ultimate goal being to select the most cost efficient and operational effective electric vehicle trucks for the company.

Currently, Sysco has partnered with both Tesla and Daimler Trucks. The company placed an order for 50 Tesla trucks and it is currently testing the efficiency of Daimler Trucks in managing its operations. The discussion with stakeholders, which will be informed by opinions from strategic, market and financial analysts will determine whether Sysco will purchase more Tesla trucks, invest in Daimler Trucks or have a mix of both Tesla and Daimler Trucks.

Action 5: Discuss with stakeholders about automating logistics

Stakeholders at Sysco will meet to discuss the about the efficiency of automating logistics to cut on costs and enhance efficiency during transportation. This action is expected to take two months. Stakeholders will narrow discussions and focus on the efficiency of Driver Assisted Truck Platooning (DATP). In the discussions, stakeholders will work closely with strategic analysts, market researchers and engineer specialists. This will provide a comprehensive assessment of how the DATP works and the benefits associated with implementing the system. Based on the costs and benefits, if Sysco decides to move forward

with the decision to implement DATP, then stakeholders will engage the company in charge of DATP in discussions on costs of training and implementing the system.

Also, once an order has been placed, and a contract signed for DATP to be implemented in Sysco's vehicles then DATP can begin training Sysco's drivers on how to use the system. The training is expected to take six months, and the entire process to implement the DATP is expected to last for one year. Upon implementation, DATP is expected to be functional, with one and a half years after implementation.

Action 6: Implement Driver Assisted Truck Platooning (DATP) to automate logistics

Sysco will finalize the purchasing process and determine the maximum number of vehicles required to effectively meet Sysco's needs and to reduce transportation costs. This is expected to last between 2 to 4 months.

Partner with Daimler

Sysco will ensure that all the contracts are in place and are signed by respective parties, this is expected to last for one month. Sysco and DTNA will agree upon the number of eCascadia to be manufactured and also their designs. The manufactured costs will also be determined. This is expected to last between 4 to 6 months. Testing the functionalities of the eCascadia. This would last between 6 months to one year. The final step will entail training employees on how to operate the eCascadia. Trainings will be a progressive activity in order to ensure that employees are up to date with emerging developments.

Make purchase orders for Tesla vehicles

Sysco's stakeholders will reach an agreement on the number of Tesla vehicles to add on to the 50 that are currently being manufactured. Sysco could also decline on adding more Tesla vehicles. This decision-making process is expected to last between 3 and 5 months. They will place orders for more vehicles, a decision expected to last for one month. Sysco will ensure legal contracts are in place and are signed by respective parties. This process is expected to last for one month. They will approve the safety and functionality of the prototype electric vehicles which will last between 4 to 5 months. Sysco will then agree with the manufacturing company that they would service the electric vehicles and provide spare parts. Expected to last between 2 to 3 months.

The company will conduct training and road-testing of Tesla vehicles to ensure that they are aligned with the goals and objectives of the company. This is expected to last between 6 months to 1 year. Employees will be trained on how to operate the electric vehicles with the prototypes issued from the companies. This is expected to last between 6 months and one year. Sysco will also ensure that charging stations are positioned strategically such that vehicles will not run out of charge as they move from one point to another.

Implement Driver Assisted Truck Platooning

The company will conduct a market research on the benefits and costs associated with implementing DATP. This process is expected to last between 2 and 6 months. Sysco in partnership with DATP will determine the safety of implementing DATP. This process will take approximately 3 to 6 months. The company will ensure licenses and permits are in place to begin operations. This process will take between 2 to 4 months. It will also determine the percentage of employees that will need to be retrenched to downsize the logistics department.

Decision making will take between 3 to 6 months. Finally, Sysco will carry downsize its logistics department by 40%, a process that would take approximately 2 to 6 months.

6.1.4 Deliverables

The main deliverables discussed below are the expected outputs for the project objectives. The deliverables are essential because they ensure that the project remains on track to ensure that the set objectives to minimize transportation costs, reduce production costs, and embrace environmental sustainability are met. Five main stages will be involved between the start and end of attaining the project objectives.

Stage one: Determining alternatives for Electric Vehicles

Discussions: Initiate discussion in 1st June 2020 with stakeholders to determine the most effective strategy to reduce production costs through logistics while embracing environmental sustainability. The discussion will focus on whether it is cost-effective to invest in electric vehicles. Explore present contracts with Tesla and Daimler. The company will assess the potential penalties associated with breaking the contracts, and determine costs and benefits associated with the alternatives. It will also select the most efficient alternative based on the costs and benefits and a comparison with the present infrastructure.

Deliberations with stakeholders: DATP is a new technology, thus stakeholders will discuss the efficiency of incorporating the system to vehicles. A market survey will be carried out to determine the efficiency of actualizing DATP. Including the revenues, costs and potential growth of the company. Discussions are set should begin by June 1st 2020.

Stage two: Determining the viability of the alternatives

Testing and employee training. The company will determine the practicality of the alternative selected. It will carry out a market research to determine the viability of implementing the use of electric vehicles. It will also determine the costs saved by using the alternative, and establish the potential growth, profitability, and revenues associated with implementing the alternative. It will assess the safety and functionality of the vehicles. Sysco will determine the availability of spare parts and the costs associated with maintaining the vehicles, and establish maximum number of vehicles to purchase to minimize production costs and maximize profitability effectively. It will also compare the efficiency of the strategy to be implemented with these implemented by competitors. The company will carry out market research to determine whether its is more cost and operational efficient to invest in Tesla mini-trucks, Daimler trucks or a combination of both techniques. Sysco will assess potential competitors, legal requirements associated with using electric vehicles, availability of skilled workers, costs associated with training and taxes. Once Sysco's stakeholders have approved the implementation of the system, employee training will begin on how to use the DATP.

Stage three: Implementing the use of electric vehicles

Preparation. Sysco will determine legal obligations. Such that stakeholders will determine the maximum number of electric vehicles required to service the company by bringing the maximum amount of revenue. The legal team will assess the terms of the contracts, and determine potential penalties associated with breaking contracts. Sysco will also work on ensuring the purchased electric vehicles. Training employees on how to use the vehicles. If the company settles on Daimler, then the stakeholders will develop a downsizing strategy because it will be possible for two vehicles to be driven by one person.

Investments and Downsizing: Sysco will be ready to begin the process of purchasing the electric vehicles. However, before making investments, the company will ensure that there are readily available spare parts for the vehicle whenever needed. Sysco will ensure that from the training, the electric vehicles efficiently meet the needs of their customers. Sysco will guarantee that all legal requirements are met. The number of vehicles to be purchased from either Tesla or Daimler is already determined and so is the dollar amount required as a down payment to facilitate the beginning of production. The start and finish dates required to manufacture the ordered electric vehicles has also been established and penalties (if any) have been set in place in case a party fails to meet their deadline. Besides, stakeholders will develop a downsizing strategy that will ensure that while the company retains technology savvy employees who will easily adjust to the new changes.

Stage four: Road testing

As the vehicles are being manufactured, both Daimler and Tesla will issue Sysco with prototypes vehicles that can be used to test for the effectiveness, efficiency and durability of the expected vehicles. Currently, Sysco has partnered with Daimler and is conducting road tests. Road testing will bring to light emerging challenges and how they should be resolved. It will also enable Sysco to establish actual profits and costs associated with operating the vehicles as compared to using petrol or diesel vehicles. This step will also ensure that there are adequate charging stations along the routes the they will be operating on.

Stage five: Finalize transactions

Finalize the purchase of either Daimler or more Tesla or both based on the agreed upon dollar price. Make the initial required down payments which should be completed by 2022. The

legal team will process all the required paperwork required to initiate the beginning of the manufacturing process. Inform clients of the new purchases and the reasons why the decision was made. Finalize agreements with insurance companies. The company will ensure that all licenses and permits are available to begin the road testing and ensure that drivers who will take part in the road tests are well-trained for the job. Sysco will begin marketing to create awareness on the company's sustainability initiatives through purchasing electric vehicles that help maintain a low carbon footprint.

6.1.5 Milestones

Sysco's primary goal is to become the most valued and trusted business partner for its clients and deliver high-quality products with exceptional services. Two main objectives will be discussed to meet Sysco's goals: Purchasing more electric vehicles and taking advantage of technology to minimize costs associated with the company's logistics. Sysco's recommendations stem from Sysco's desire to purchase more Tesla tractors and implement the Driver Assisted Truck Platooning to automate its logistic systems. Among the action plans put in place by Sysco is partnering with Daimler Trucks North America to ensure that eCascadia trucks are purchased or leased. Among the goals of this partnership is to determine the number of eCascadia needed and how these trucks can be supplied over the years to distribute costs. The DTNA will also work with Sysco in testing the functionalities and cost-effectiveness of eCascadia and Driver Assisted Truck Platooning system. A checkpoint will be required at this point to compare the costs and expenses incurred in the company's implementation of the new technology with the existing of current fuel vehicles.

There are several significant project events that have to take place for Sysco to attain its ultimate goal and objectives of reducing the general costs of production by using alternative

means of transportation. The milestones discussed will be important in attaining Sysco's goals and objectives. They are scheduled to begin in June 2020.

Purchase more Tesla: Make a final decision on whether to purchase more Tesla trucks or Daimler trucks, or purchase both vehicles, based on the cost and benefit assessments. This is expected to last between 0 and 1 month. The company will assess present contracts and legal obligations. This is expected to last between 0 to 2 months. Sysco will finalize the purchasing process and determine the maximum number of vehicles required to effectively meet Sysco's needs and to reduce transportation costs. This is expected to last between 2 to 4 months.

Partner with Daimler: Sysco will ensure that all the contracts are in place and are signed by respective parties. This is expected to last between 0 to 1 month. Sysco and DTNA agree upon the number of eCascadia to be manufactured and also their designs. The manufactured costs will also be determined. This is expected to last between 4 to 6 months. Testing the functionalities of the eCascadia. This would last between 6 months to one year. Training employees on how to operate the eCascadia. Trainings will be a progressive activity in order to ensure that employees are up to date with emerging developments.

Make purchase orders for Tesla vehicles: Reach an agreement on the number of Tesla vehicles to add on to the 50 that are currently being manufactured. Sysco could also decline on adding more Tesla vehicles. This decision-making process is expected to last between 3 and 5 months. Place orders for more vehicles, a decision expected to last between 0 to 1 month. Ensure legal contracts are in place and are signed by respective parties. This process is expected to last between 0 to 1 month. Approve the safety and functionality of the prototype electric vehicles which will last between 4 to 5 months. Agree with the manufacturing company that they would service the electric vehicles and provide spare parts. Expected to last between 2 to 3 months.

Training and road-testing Tesla vehicles to ensure that they are aligned with the goals and objectives of the company. This is expected to last between 6 months to 1 year. Employees will be trained on how to operate the electric vehicles with the prototypes issued from the companies. This is expected to last between 6 months and one year. Ensure that charging stations are positioned strategically such that vehicles will not run out of charge as they move from one point to another.

Implement Driver Assisted Truck Platooning: Conduct a market research on the benefits and costs associated with implementing DATP. This process is expected to last between 2 and 6 months. Sysco in partnership with DATP will determine the safeness of implementing DATP. This process will take approximately 3 to 6 months. Ensure licenses and permits are in place to begin operations. This process will take between 2 to 4 months. Determine the percentage of employees that will need to be retrenched to downsize the logistics department. Decision making will take between 3 to 6 months. Downsize the logistics department by 40%, a process that would take approximately 2 to 6 months.

6.1.6 Resources Needed

In order to accomplish the goals and targets set for by Sysco will requires several resources including, financial, organizational, physical, and human resources as discussed in detail below. If any of the listed resources is missing or provided in an adequate quantity, then it would be difficult to attain the recommendations suggested.

Financial Resources

Sysco will require financial resources to invest in electric vehicles that will be expected to cut on fuel costs. Sysco will also require financial resources to support its inorganic growth

through merging and acquisitions. Additionally, more financial resources will be needed to pay lawyers who will facilitate these processes. Also, Sysco will be required to invest additional financial to facilitate market research and analysis into new markets that they are interested in venturing.

Sysco will also be required to part with finances to get permits, licenses and to pay legal fees. Also, upon receiving the electric vehicles, the company will be required to insure all the vehicles before they are deployed on the road. The company will also be required to set aside financial resources to maintain the purchased vehicles. Sysco will also be required to set aside financial resources to facilitate the training process, especially with the implementation of Driver Assisted Truck Platooning (DATP) to automate logistics. Employees will require progressive training to ensure they are well-equipped in managing the vehicles.

Although Sysco will reduce its logistical costs by either using electric vehicles or implementing DATP, the company will also be required to pay lawyers, new staff and purchase equipment required that will support the company's goals and objectives. The company's financial assessment, revealed that Sysco is financially stable and can thus support all the changes required to attain the company's goals.

Human Resources

Sysco will require lawyers who will be responsible for ensuring that all the requirements during the merging and acquisitions are met. The lawyer will also spearhead negotiations with Driver Assisted Truck Platooning (DATP) and Tesla through developing viable and practical contracts. They will also ensure that all the legal obligations are met. Sysco will also require market analysts who will be responsible for conducting the needed market analysis before the

company makes any purchases with either Tesla or Driver Assisted Truck Platooning (DATP). This will ensure that Sysco makes informed purchasing decisions. Additionally, market analysts will conduct comprehensive analyses on potential companies willing to merge with Sysco.

The present staffing needs of the company can change upon the implementation of DATP or the purchase of Tesla or eCascadia vehicles. For example, with DATP implementation the staffing needs will change because, the system allows one driver to manage two vehicles while on the road. Thus, this implies that some drivers will be laid off to ensure that the goals and objectives of the company are met fully. Sysco would either train the remaining employees or outsource staff members who are well equipped with handling the improved technologies.

After Sysco has finalized on the implementation the processes of ordering Tesla and eCascadia electric vehicles, the marketing department will be used to promote the company's name as it upholds its corporate social responsibility by choosing safe transportation that causes minimal harm to the environment. The marketing department will run campaigns on the importance of electric vehicles towards saving the planet and the role that Sysco plays towards attaining this goal. These campaigns are expected to increase the number of customers to Sysco. In addition to the positive environmental impacts, we will also benefit from reduced fuel and maintenance costs and drive associate enthusiasm with the introduction of new and unique technology. Sysco will also rely on external resources such as the government officials, who will issue permits and licenses to facilitate operations. The company will also rely on vendors such as Daimler, Tesla and the DATP company.

Technological Resources

Sysco is required to develop and maintain a strong wireless network to support the running of the DATP system. The resources will also entail equipment and data services but also an IT support team.

Organizational Resources

Coordination between Sysco, Tesla, Daimler and DATP company leaders will be required to smoothen collaboration in service and product delivery. The marketing department will also be required to collaborate in marketing Sysco's progress towards sustainability. There will need to be proper coordination among individuals from the department. The human resource department will be involved in developing a downsizing strategy that will ensure the company retains technology savvy employees. The human resource department will be involved in terminating and hiring new employees.

Physical Resources

Physical resources will include the equipment required by Tenet in setting up the wireless network to support network connectivity for the company's technological upgrades. This will also include the purchase of Tesla and eCascadia electric vehicles.

6.1.7 Technical Requirements

Technical requirements describe the technical issues that have to be considered in order to attain Sysco's goals and objectives. Technical requirements have direct impacts on availability, reliability and the performance of the suggested recommendations. They should also be flexible and allow versatility to incorporate changes in business requirements of scope which may come about during the implementation of the project. Some of the technical requirements

that have to be met include compliance with legislation, contract agreements, and licensees, Tesla charging stations and truck Wi-Fi dependability.

Contract Agreements: Contract agreements will be applicable to both of the proposed Sysco recommendations. Sysco will be required to enter a contract agreement with both Driver Assisted Truck Platooning (DATP) and Tesla. The contracts will specify the costs of products and services and will further stipulate countermeasures to protect Sysco from any loss or damage as a result of the purchase. Licenses and permits will also be required as Sysco ventures into other markets. These will be different depending on the location of the merger or acquisition. Whether Sysco merges or acquires another company, this process will be involved with acquisition of licenses and permits in order for Sysco to begin operations.

Wi-Fi: Sysco plans on implementing technological tools to cut its logistical costs. These tools will require Wi-Fi systems in order to operate. Implementing the Driver Assisted Truck Platooning (DATP) will require Sysco to have a reliable Wi-Fi system. This will ensure that drivers are able to carry out daily business operations efficiently. The Wi-Fi should also be secure to ensure that operations are not tampered to with. **Tesla Charging Stations:** Before purchasing the vehicles, Sysco should ensure that all routes covered by the trucks are installed with electric charging stations to avoid delays and inconveniences during transportation.

Currently, there are approximately 3.2 million electric vehicles globally, with 750,000 being in the United States. An average electric car uses approximately 10 kwh for every fifty to sixty miles, therefore, approximately 7,500,000 kWh of power is used when a collection of electric vehicles in America travels 50-60 miles (T&DWorld, 2018). In order for the recommended electric trucks by Sysco to operate, adequate electric power is needed as well. Electric vehicle manufacturing companies have also proposed utility companies to begin adding

more pole-top transformers and high voltage wires in residential areas. The approach will aid to increase the amount of electricity that can be safely delivered to homes and charging stations. Adequate charging stations are needed to ensure the strategic goal of introducing electric trucks is achieved. Tesla's supercharging stations are plenty and there is a well-defined network of stations in major routes near convenient amenities.

Electric vehicle repair shop and mechanics are equally important to keep the vehicle in tune and up-to date with repairs. Regular vehicle maintenance can prevent unexpected breakdowns and accidents. Vehicle manufacturers every year devise newer technologies for their vehicles, forcing body repair shops and mechanics to the ever-changing environment. On the other hand, electric car maintenance is far simpler than the maintenance of a regular vehicle making electric car servicing and maintenance much easier and cost-effective. There is a need for an electric vehicle repair shop and mechanics as well.

In today's dynamic automotive industry that contains hybrid electric vehicles facilitates exposure to various automotive service business. There is need for a basic knowledge of automotive components and general maintenance necessary for vehicle operations. Electric vehicle technology certificate program is a technical requirement needed for the success of the strategic goal's achievement. The National STEM consortium will be essential towards electric vehicle development and electric vehicle servicing. The NSC electric vehicle technology program will provide workers at Sysco with the necessary knowledge in electric vehicle data acquisition, sensors and control systems to aid in digital communications among modern vehicles to optimize vehicle performance. The technical course programs will enable the workforce team at Sysco to gain knowledge in electric vehicle propulsion systems, electric fundamentals and performance, and advanced energy storage.

6.1.8 Budgeting

While developing a resource budget allocation to implement Sysco's suggested recommendations, we heavily relied on estimate figures. Most of the figures used are actual estimates by the company, however, some are based on averages and estimates from the company's previous divestments. Additionally, Sysco has not fully implemented either of the recommendations. However, it is in the process of implementing some of the recommendations. Thus, the budget allocations presented in this section will be based on averages as indicated by the suppliers.

Purchasing Tesla Mini Vehicles

Tesla revealed the prices of its electric semi-trucks in 2017 for each model as listed in the table below:

Model	Prices
300-mile model	\$150,000
500-mile model	\$180,000
Founders Series version	\$200,000

Based on the budget of each model, it implies that Sysco has to be prepared with a budget estimate of between \$7.5 million and \$10 million, in order to purchase 50 of the vehicles. In 2017, after the announcement, Tesla begun taking reservations for the mini-trucks, each mini-vehicle required a deposit of \$5000. However, the company changed the base reservation deposit to \$20,000 for a base reservation and the full \$200,000 for the Founders Series truck. Therefore, in Sysco parted with \$250,000 for the vehicles. However, production was set to begin in 2019.

Based on the decisions of the company stakeholders, Sysco, may decide to increase the number of Tesla vehicles to be purchased. Sysco will incur costs based on the total number of vehicles it wants to add and the total costs of each vehicle depending on its model.

Sysco's Partnership with Daimler Trucks North America (DTNA)

Sysco has yet to make any official purchase for the eCascadia. However, the company has collaborated with manufactures to develop vehicle models that will meet the specialized needs for its food delivery. Recently, Sysco launched the eCascadia, a Class 8 tractor to facilitate local and regional distribution. This is expected to continue running daily operations from its San Francisco site. As of today, the cost for each eCascadia is estimated at \$400,000. The vehicles were expected to begin running daily operations as of 2021. Sysco begun testing the viability and practicality of the eCascadia, in October 2020. This form of engagement is part of DTNA's ongoing work to engage customers in their commercial and electric vehicle development process through deploying trucks in the real-world.

Cost of Implementing DATP

Previous research papers have asserted that Platooning is a promising mode of automated vehicles that can lower cost and reduce the vehicle's energy consumption. The platoon system is an autonomous mode of transportation that comprises of the lead vehicle driven by an operator and followed by several autonomous vehicles. This system has not been implemented by Sysco and the budget allocations on the cost of implementing the system will be based on budget allocations from previous research studies and other publications on the same.

The cost of the platoon system is heavily affected by the use acceptance. The design requirements for driverless trucks will greatly differ from normal trucks. One of the most

complex areas to produce, is the drivers' cabin, which would account for approximately one third of the truck costs. The DATP technology required for driving automation will also increase the costs. It is still uncertain how costly driving automation systems will cost once the system is mature. However, Engholm, Pernestål & Kristoffersson (2020) used the range \$16,685 to \$26,696 as a realistic range for driving automation costs of a 38-ton driverless truck as of 2020. Therefore, depending on the number of trucks that Sysco to automate, this will be multiplied by the averages.

Costs of Driver and Remote Operations: According to Engholm et al. (2020), automating vehicles does not totally eliminate all driver costs. This is because, drivers are required to perform other tasks such as inspection, loading, rout planning and documentation among others. These costs have to be automated or performed by another personnel. DATP reduces the likelihood of accident occurrence, and thus, reduces insurance, legal and litigation costs. Engholm et al. (2020) notes that implementing DATP automatically reduced the costs of insurance by 10%. However, Sysco has to invest heavily on cyber security measures that would incase the risks associated with operating the trucks.

Benefits from fuel savings: The potential for fuel saving upon implementing DATP occurs both at the vehicle level and the network level. Through automating systems, Engholm et al. (2020) notes that the systems are expected to be fuel efficient. Previous research studies have reported fuel savings between 15% and 30% (Wadud, 2017), and 4% to 10% (International Transport Forum, 2017). However, in order for Sysco to attain such fuel savings, platoons have to be formed that need a specific density of platooning-enables trucks in time and space.

Driving automation systems consume energy for computation and data transfer and by added weight and increased drag. For DL cars, the increase in energy consumption is estimated

at around 4% for an automation system with few sensors and minor aerodynamic alteration of the vehicle, and up to 19% when a larger automation system is used. However, the relative increase in energy use is smaller for trucks than for cars owing to higher total energy usage.

6.1.9 Feedback Mechanisms

The feedback mechanism will be based on two approaches: Implementing the recommendations and assessing the milestones of implemented recommendations. The assessment of milestones implementation will be based on whether needed Tesla Trucks were purchased. The stakeholders also evaluate the effectiveness of the eCascadia trucks in terms of safety, effectiveness, and performance. The assessment will focus on the effectiveness of the truck in terms cleaner air and quieter cities with electric trucks. Besides milestone assessment will be based on fleet training, infrastructure, and support. Comparison of the costs and expenses incurred in the company's implementation of the new technology with the existing of current fuel vehicles will be based on analysis of financial statements. The quarterly and yearly financial statements end of the year 2021 and beginning quarter of 2022 determines whether the recommended objectives are feasible, efficient or cost-effective or whether the recommendations are a burden to the company.

Sysco's feedback mechanism emanates from the company's desire to reduce logistical costs while at the same time shift to alternative means of fuel to facilitate environmental sustainability. The main category of Sysco's feedback mechanism entails the purchase of electric vehicles. This will be used to determine progress being made towards the company's goals and objectives as indicated in the Action plan. Through partnering with DTNA, Sysco will Continue testing the reliability and practicality of pursuing the eCascadia until December 2021. After completing the tests Sysco's board and strategists will engage in discussions to determine the

number of eCascadia that will be financially feasible to the company. These discussions should take approximately 6 months.

After the discussions, Sysco will issue DTNA with a request for the number of trucks needed. The manufacturing timeframe will be based on the number of trucks needed and the DTNA's capacity to deliver. The negotiation process between Sysco and DTNA should take three months. After which production would begin immediately.

Requirement's traceability matrix will be implemented to trace project requirements to the deliverables. The matrix will be implemented to prevent new tasks or requirements from being added to the project without approval. Checkpoints will be assessed during the implementation process. Checkpoints will be put in place to determine the success of the testing plan. The initial checkpoint will aim to determine the effectiveness of the new electric vehicle technology in reducing costs compared to using diesel and fuel engines. The budget will be compared against the cash flow statements to evaluate the costs incurred under the stage two of the project implementation. At this point, the matrix control system will be employed to determine possibility of alternatives or progress with the project implementation.

Checkpoints will be implemented to evaluate the success of the stage three to five of the project. The focus of the feedback is to evaluate whether purchased Freightliner trucks are operational, and fulfillment of all legal requirements. Tesla vehicles subjected to road tests will be evaluated for the efficiency, safety, durability, and efficiency. If the requirements are not met, Sysco may consider ordering Freightliner advanced trucks without altering the initial budget. Based on achieved milestones, Sysco will focus to finalize transactions linked to purchases of either Tesla trucks or Freightliner trucks. Besides, the success of the project will be facilitated by enrolling several drivers to the NSC electric vehicle programs to garner all the knowledge

required in operating and servicing electric vehicles. Therefore, costs associated with hiring experienced drivers in electric motoring will be decreased.

6.2 Risk Assessments and Contingency Plans

The initial steps in project planning raises questions like: What can go wrong? It may sound negative but issues or risks are inevitable. Despite budgeting for every penny and map out each project milestone, project risks still sneak up. Risks potentially impacts the project's timeline, milestone or budget. One of the potential risks in the purchase of Tesla vehicles and electric vehicles is the delays in Tesla trucks due to battery issues. There is limitation of naturally available resources to facilitate the production of these vehicles as well as their components. The alternative to Tesla electric motors would be on the eCascadia as someone that works with logistics companies' fleets commonly use Freightliner tractors. Besides, the eCascadia flights have limitations where these fleets can only run for short distances. The newer tech will not be able to see regular on the road service shops like TravelCenters of America and Loves so breakdowns related to tech issues will have to be referred to dealership shops.

Delays in Tesla trucks due to battery issues may proceed until 2022. Postponing of more Tesla semi-trucks has been ongoing since 2019. Tesla's semi-truck production is subject to delays since there are high energy requirements, which demands five times the number of calls of its electric cars. Battery production for electric vehicles have not been an issue to Tesla only, but also a global concern. The delayed trucks production could hinder Sysco from achieving its short- and long-term goal of introducing environmentally sustainable mode of transport for its products. Since the use of Tesla trucks will be one of the strategic goals needed to lower the cost of production at Sysco, the achievement of the long-term goals could become challenging.

It's not all plain sailing for Tesla and Sysco. Production of electric vehicles, particularly semi-trucks has been the biggest challenge for Tesla. Besides the production of electric vehicles, the number and distribution of charging stations is a real problem for the operators of electric vehicles. The key inconvenience factor among current electric vehicles is the continuous recharging during a leg of the journey. Tesla is at major crossroads with Sysco, if it has the massive potential whether they can deliver the numbers needed at the price promised. Failure to any of the deliverables is putting the future of the company at serious risk.

The costs of running and maintaining fleet are consistently rising as the trucks as the trucks are becoming more complex and difficult to diagnose and repair. Since the costs are continuously increasing, companies like Sysco should consider whether leasing makes sense to leverage the buying power and expertise of a leasing and maintenance provider. Utilizing the best economies of scale could help reduce transportation costs. Additionally, leasing the Freightliner eCascadia could be beneficial to Sysco because they can rely on the expertise of the leasing company. The company will provide technical knowledge, extend service hours, competitive financing, and flexible customer service (Kris-way, 2018).

Any of the high-tech parts of an electric car can malfunction and cause injury. Exploring legal risks and issues is one of the contingency plans Sysco should consider. Sysco should have a legal team to defend against the manufacturer in case of product malfunction and liability. The legal compliance risks should be embedded towards the contract citing the faultiness in manufacturers electrical, mechanical, or computerized parts of the vehicle. Liability and responsibility of the product faultiness is essential for Sysco towards achieving their goal of fostering sustainable logistics and supply chain. Finally, capital strategy is the effective way towards achieving strategic objectives and keeping the business healthy against uncertainty and

unforeseen risks. Sysco should conduct extensive research develop a solid business model/plan through extensive knowledge of the industry and competitor landscape.

The project implementation is also affected by financial risks. The cash on hand to purchase these vehicles will impose a very high financial risk and will also have strong implications on financial health. The common uncertain factors that cannot be predicted are the market price fluctuations, changes in financial business models that can deviate from expectations to create losses. Besides, the electric vehicles suffer a great risk of hijacking from malicious attacks. Technology advancement is also rising rapidly and hackers are also devising mechanisms to hijack the operation of these vehicles. However, a contingency plan to overcome the financial risks in purchasing new motor vehicles and delays in battery production associated with Tesla motor vehicles is seeking the leasing the eCascadia for the short run. The initiative would be a realist budget to start introducing these trucks on short runs. Leasing the eCascadia may be a better option.

Leasing eCascadia maybe a better option since the series and mass production of these freightliners is yet to take place. Freightliners began their operations in 2019 and they have been considered one of the best electric vehicle models. Currently there are only 30 battery-electric trucks in operation and leased to customers. Freightliners are one of the electric vehicles to reach maximum number of miles, surpassing 500,000 real world miles. Both the financial and operational needs are one of the reasons Sysco is initiating the process of leasing eCascadia trucks. The complexities of the current electric vehicles, cost of maintenance, and increased safety concerns are the major reasons Sysco engages in truck rental and leasing.

6.3 Long-term Effects

The recommendations of introducing electric-powered vehicles and downsizing the logistic departments have potential short and long-term implications. The changes in the logistic department have been impacted by both positive and negative implications linked to Covid-19 challenges and the potential to embrace environmental sustainability and green economy. In the short-run of about 1 to 3 years, the recommendation of restructuring the logistic department will have a significant effect on the workforce or truck driving related jobs, promote efficiency in production, and lower company's cost of production. The company's course of actions is to introduce electric-powered vehicles for delivery and downsize the logistics department. The automation process and introduction of new technologies will render many people in the logistic department jobless. The drivers will be the most affected employees. Besides, the electric-powered vehicles will aid in acquiring of raw materials as well as lessen costs on fossil fuel. The approach will promote efficiency in the cost of production.

The use of new electric-powered vehicles technology will have a significant effect in the long-run. Efficiency in the production process and environmental sustainability and green economy will be the long-term consequences of recommending electric-powered vehicles in foodservice delivery. The continuous production and use of electric-powered vehicles will lead to the decline in fuel powered and diesel-powered vehicles. Electric powered motor vehicles are in the frontline of promoting environmentally sustainable and green economy. Besides, the said recommendations will promote increased customer satisfaction. The current trend in the Covid-19 pandemic facilitates home delivery due to the government constraints. Use of electric-powered vehicles could increase more satisfaction among customers due to the on-time delivery of product and services and lowering the costs associated with accessing eateries. The trend in the foodservice industry is digitalization of processes. The home delivery saves customers gas

and parking costs. The green economy will boost the health of consumers by lowering their cardiovascular related diseases. Reduced traffic leads to customer's betterment of health (Todd, 2013; United Nations, 2012).

Electric vehicles foster sustainable green economy. Among the long-term implications of investing in electric vehicles is the possibility of reducing natural resource depletion and facilitating resource efficiency. Sysco's strategic role of investing in Tesla electric trucks demonstrates how the company will use resources to deliver value to society and aim to reduce the number of resources needed, emissions, and waste generated, per unit of product or service. Environmentally sustainable and green economy will in the long-term facilitate healthy population by lowering cardiovascular diseases and communicable diseases. Besides, the universe will experience elevated food security, water quality and quantity, lowered global warming, and reduction in natural disasters.

Automation in the foodservice delivery is a win-win implication in the employment sector. Introduction of new technologies, artificial intelligence, and electric vehicles will in the short run lead to loss of jobs. Machines replace lots of human capital due to automation processes. Consequently, some jobs will also be created since operating, maintenance, and repairing machines are carried out by humans. In the short-run, the human resource department will face massive restructuring because many will lose jobs to replace machines and knowledgeable workers to operate and maintain the machines. Electric vehicles are complex and would need extensive expertise to manage. However, in the first wave of strategic objective implementation, we expect relatively low displacement of jobs since testing grace period will also lag.

The electric motors have higher-tank-to-wheel efficiency (73-90%) than the internal combustion engines (16-37%) over all the engine loads and speed. Sysco's budget on fuel expenses will be reduced on the short-run while the repair and maintenance costs will rise due to increased acquiring of electric-powered vehicles. The strategic goal of restructuring the logistics department and shifting from fuel-driven vehicles to electric-powered vehicles have significant effect on profitability. The strategic goal is accompanied by low switching costs and high-risk of substitutes, which questions the possibility of profitability. However, Sysco has a competitive advantage and greater reach for economies of scale, which enables the company maintain its profitability despite its switching strategy from fossil-fuel-driven vehicles to electric-powered vehicles. In the long-run, the profitability of Sysco will rise due to the decreased cost of production associated with electric-powered vehicles. Besides, automation process in the logistic department will enhance efficiency in production and service delivery.

Automation removes the tedious part of work and frees up often stretched-thin employees for more meaningful and creative work. When employees spend more time on the interesting and rewarding aspects of their jobs, productivity and satisfaction rises. Sysco's strategy of implementing technological tools such as robots and machine learning promotes efficiency, cost reduction, and increased profitability. In this age of automation, it's no longer necessary for everyone to work in the same office. But it's still important to make employees feel like they belong. As more and more tasks become automated, organizations will need a workforce that is agile and flexible, which might require hiring more contract workers or freelancers. A liquid workforce of people who can rapidly adapt to their environment and stay relevant. Sysco may consider to hire contract workers in the future in an effort to cut costs. Compensation benefits for employed workers often raises the company expenditure and planning costs as well.

The use of modern technology such as Wi-Fi in communication and operation of electric vehicles will significantly influence Sysco's working culture. Sysco is seeking to extend its services globally and one of its culture is teamwork. The culture of teamwork will strengthen in the long-term due to the presence of virtual teams communicating over the Wi-Fi. Due to complexity and efficiency in the electric vehicles, the culture of innovativeness will strengthen in the long-term. Sysco will be challenged to invest in developing their own trucks rather than leasing.

6.4 Limits and Exclusions

The ultimate success of any project depends on the management of limits and risks. The recommendation of introducing electric-powered vehicles often has limits. The electric trucks do not have the range capability that gasoline, diesel, or natural trucks do. The electric-powered vehicles cannot currently be charged nearly as quickly as a diesel or gasoline truck can be filled up. Limitations could be that these fleets can only run for short distances. The newer tech will not be able to see regular service shops like TrevalCenters of America and Loves so breakdowns due to tech issues will have to be referred to dealership shops. The electric trucks unlike diesel trucks require new ways of operation and maintenance prompting new training on the maintenance of such trucks. The owners of these trucks must understand that the emergence of electric trucks have a constraint about how they will feature the next round of the federal government's heavy-duty fuel economy standards, which will become law in 2025. As with most federal regulations, the new standards will be multifaceted and complex (Roberts, 2018).

The recommendations of strategically introducing electric vehicles to aid in food delivery in Sysco will only be limited to U.S. and China residents only. The electric fleets can only run for short distances and given the fact that many countries have limited infrastructure systems.

Setting up charging systems in every station is not feasible as setting up diesel or gas stations, which limits implementation of electric vehicles in certain countries. The electric fueling stations are still at their early development stages. There are still challenges linked with initial battery costs and the charging infrastructure still poses a challenge. Most of the electric vehicles are operational in developed countries due to their improved infrastructure and economy where they are able to set up as many charging stations as possible. For instance, the global share of electric vehicles stands at 45% in China, 24% in Europe, while the United States accounted for 22% (International Energy Agency, 2019). This analysis illustrates that Sysco will be limited to expand its market to developed countries in the short-run. However, in the long-run, the global electric vehicle is projected to grow by 46.6% from 2020 to 2027 (Globenewswire, 2021). Sysco will have an opportunity to expand their markets in significant number of developing countries capable of installing electric vehicle charging infrastructure.

Sysco corporation should be limited to partner with established companies such as Tesla and Freightliner in terms of electric vehicles supplies. Freightliner produced one of the best electric semi-truck that should greatly help Sysco achieve its short and long-term strategic goals. The advantages of brand loyalty are the presence of brand quality and avoiding unnecessary costs in brand switching. Currently, Sysco should aim to hire Freightliner eCascadia services because mass production of the vehicles is expected to progress in the year 2022. Most of the operations globally were paralyzed by the presence of Covid-19. Sysco's acquired electric trucks will be limited to monthly maintenance, inspection, and servicing. Limitation on servicing and maintenance will help Sysco cost budgets on vehicle maintenance. Electric vehicles require little to no regular maintenance compared to conventional vehicles because electric batteries require little regular maintenance.

The scope of the project recommendations is to propose the introduction of electric trucks in the foodservice market, implement automating logistics, and downsizing the logistics department. Among the recommended opportunities for Sysco is globalization, market regulation, and creating competitive advantage via mergers and acquisition. Introducing global markets while utilizing the new technology of electric vehicles in Sysco's South American related markets is not feasible due to the lack of infrastructure to accommodate electric-powered vehicles (Sysco 2021). Currently, there are few South American countries that can accommodate maintenance of electric-powered vehicles. Therefore, expanding international markets in the South American continent will be excluded from the recommendations. The time frame of the project implementation will limit activities such as training to handle and operate electric-powered vehicles. Such activities and recommendations will be excluded from project recommendations.

Besides, developing countries' markets will be excluded from the recommendation implementations since implementing electric vehicles will not be favorable. The scope of the recommendations is to cover developed countries such as United States, China, and the United Kingdom. The infrastructure of these countries facilitates implementation of advanced technology due to the widespread availability of resources. Setting up charging systems will be an easy task unlike developing countries that are struggling with vital resources such as electricity. Training will be excluded and the company will seek to hire experienced drivers capable of operating electric trucks. The initiative is to lower additional costs associated with training because the project is at its early stages of implementation. Therefore, firm restructuring is essential towards obtaining maximum benefits from the recommended strategic goals.

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8. APPENDIX A

Sysco's Organizational Chart

