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Dot Foods—Colossus in the country

By Jim Nowlan

I have written about how rural Illinois seems to be dying. Not everywhere.

Approaching Mt. Sterling IL (pop. 1,900) from the east, one sees the typical football field bleachers and church steeples.

But my eyes are compelled to the south edge of town. A massive, pure white complex rises six storeys or more, sprawling from additions over the years—like a modern-day castle, protecting its town and the rolling countryside, which it does, in its way. This has to be Dot Foods.

Only recently had I heard about this colossus in rural western Illinois. I wanted to learn more.

Early for my 10 a.m. tour of Dot, I stretched my legs on the short main street, stopping into the public library.

I chatted up the librarian, an older fellow.

“Dot Foods? I worked there once—good place, good people, good pay and benefits.”

At Dot’s state-of-the-art headquarters, under expansion, I meet Frank Moore.

A one-time local farmer, Frank worked his way up over 34 years from the warehouse floor to head a 550-employee warehouse, one of three in Mt. Sterling.

“We have 1.5-million square feet (about 35 acres) of warehouse here, the largest of our 11 distribution centers nationwide,” says Frank, a low-key country boy who exudes competence. He waves to employees as they zip by on their pallet trucks, filling computer orders of dry foods.

Boxes of food are stacked neatly 60-feet high, like perpendicular canyon walls separated by narrow corridors.

“Each week we ship out of here a thousand 18-wheel, refrigerated truckloads of product,” notes Frank, matter-of-factly.

Along one outside wall, we pass a glass-enclosed office, a young lady inside.

“She’s a sports trainer. We have several about the warehouses. Each new hire must stop by once a week for a year. Workers receive professional guidance on stretching exercises, and of other ways to keep limber for the physical work of wrestling with up to 60-pound boxes of food.

“This cuts down on aches and pains, days away from work, health care costs and workers’ comp (injury) claims.” I am getting the idea this business knows what it is doing.

Frank passes me on to Pat Tracy, one-time CEO and chairman of Dot Foods, and his younger brother Joe, the present chief executive.

Pat, 67, has an Irish sparkle in his baby blues, and a confident smile, as if to say: “I could sell you the Brooklyn Bridge.” Joe is pleasant, yet no-nonsense, focused. You would be, too, if you had to make payroll every couple of weeks for 5,300 employees nationwide.

Pat tells the family story: In 1960, parents Bob and Dorothy (“Dot”) Tracy started selling dairy products from Mt. Sterling to area grocers out of the back of their station-wagon. For the first 10 years they struggled. They even sold the business in 1968, then got it back.

Along the way, the Tracys came up with a brilliant concept—LTL (less-than-truckload) food deliveries to the thousands of food distributors across the country:

“Instead of you buying truckloads every couple of months from each of the myriad food manufacturers out there, we can deliver all that you need once a week in one shipment, saving you store space and inventory.”

It worked. Today, Dot Foods delivers 127,000 different products weekly to more than 4,400 food distributors.

When Pat, the second oldest, returned from college in 1973 (to be followed in the family business by all but one of his 11 siblings), Dot did \$5 million in sales (about \$30 million in today’s dollars). Now they generate more than \$7 billion.

I ask Joe about Illinois as a place to operate a business.

“If we started today, we wouldn’t do it in Illinois. We have found California, New York and Illinois the worst places to do business.”

His brow furrowed, Joe starts to list the negatives: “Taxes, regulations,” and then he almost thunders—“workers’ compensation!”

“Say a guy falls out of his deer stand in a tree and hurts his back. He shows up for work the next day and complains of back pain after bending over to pick up a case.

“In Illinois, if he can convince a hearing officer that 1 or 2 percent of his back problem was maybe caused from work at Dot Foods, our workers’ comp insurance has to cover all his medical bills.”

“Other states welcome Dots Foods with open arms,” adds Pat. “Not Illinois; never has.”

What’s so hard about embracing creative, entrepreneurial families like the Tracys and the thousands of jobs they provide? Illinois has to do better.