

Full Service Vending's High-Tech/High-Touch Approach Fuels Growth

ROCKAWAY, NJ — Moti Almakias held a prestigious position as an options specialist with the American Stock Exchange when, in 1986, his entrepreneurial spirit inspired him to take up vending. He found locations, placed machines and thoroughly enjoyed the business.

His people skills steadily built demand for his services, and his knack for numbers kept the enterprise profitable. In 1988, certain of the growth potential of his new venture, Almakias left Wall Street to pursue vending full time.

Almakias knew of a local vending company, Full Service Vending, which had been founded in 1955 by John Arts and had established a fine reputation in the region. However, Arts had sold the firm to another operator, who lost much of the business. Certain that he could rebuild the operation into a successful concern, Almakias purchased its remnants in 1993, by which time little remained but the name.

The name was important to Almakias, because it summarized his business plan. He proposed to offer substantial locations any vendible product or compatible service that they desired, from snacks and beverages to food and ice cream. He has continued to build the business on that principle.

Shortly after the launch, Almakias took on a vending location where he met a temporary office worker, Laurel Whitney, whose entrepreneurial enthusiasm equaled his own. She soon became his business partner, and the two married in 1996.

Whitney's background and skills were a valuable complement to the company's management. She holds a bachelor's degree in communications and a master's degree from Rutgers University, and she worked in public relations at Johnson & Johnson's world headquarters before joining Almakias at Full Service Vending.

With Whitney overseeing customer service and handling the accounting functions, Almakias could devote full time to running the route and prospecting for new locations. Business grew swiftly, and the

company began to add routes. Today, there are 18 vending routes and three ice cream routes, as well as nine manual cafeterias and food kiosks.

The ice cream routes are run as a separate profit center, Arctic Chill Ice Cream Vending, with its own P&L reporting. The drivers wear distinctive uniforms, and the division also serves other vending operations that need ice cream, on a subcontracting basis.

Full Service Vending's operating radius now covers 650 to 700 stops extending 60 miles south of its headquarters (as far as Trenton, NJ) and northeast into New York City and Westchester and Rockland counties, in the northwestern part of the New York metropolitan area.

Little things mean a lot when it comes to running a thriving and well-respected vending operation. Full Service Vending's Whitney sums up the company's distinctive characteristic as "detail." From crafting custom area treatments for every vending location, to careful placement of products in machines, to the cleanliness of its equipment and professionalism of its drivers, the company prides itself on its high standards and the expert delivery of its services.

First-class equipment service and maintenance also pleases patrons and builds account loyalty. The company's technical team, led by service manager Nick Messuri, prides itself on handling every call within two hours. An electronic dispatch board speeds the process and keeps track of the calls; it also flags problematic machines. "If a machine can't be fixed the same day, we replace it immediately with a brand-new one from our inventory," Whitney told VT.

Technicians take the field in service vehicles stocked with over 350 different parts, to insure on-the-spot repair. And the technical staff, which includes certified refrigeration/cooling specialists, deploys

by Emily J. Jed

state-of-the-art test equipment including dataloggers and fixtures for testing bill validators and coin mechs, as well as the more traditional multimeters and refrigeration gauges.

And, while the economy has been less than kind to many vendors in recent years, Full Service Vending grew its business by 49% last year alone. In fact, the economic sluggishness of recent years has helped the full-line operation.

"Large companies that had 2,000 people, that Sodexo and Aramark once serviced, cut back to 800," Whitney told VT. "This brought workforces down to a size that allowed us to compete for sites that we couldn't touch before. We have built a lot of new business from accounts this size."

She added that, while there are companies that have shut down their operations or moved out of state, the momentum of new

business for Full Service Vending has been so strong that the vending operation has never had to lay off staff, nor cancel its ongoing advertisement in the local newspaper for warehouse personnel and drivers.

Fueling the company's rapid growth are several new initiatives targeting specific location types. Last year, Full Service Vending launched a program designed to address the distinctive vending and coffee service needs of hospitals.

Full Service Vending's hospital package includes competitive commissions and a commitment to creating and maintaining aesthetically pleasing vending areas. The program also includes coffee service, offering a wide range of equipment and products and, when appropriate, the installation of in-house specialty coffee shops.

Response has been so positive and immediate that the operation already serves eight regional healthcare systems, including the prestigious St. Barnabas and St.



STOCKPILE: Laurel Whitney and Moti Almakias check in a truckload of brand-new vending machines. Full Service Vending keeps an inventory of about 50 new venders in its warehouse to accommodate added business, and upgrades machines in the field every four years. "If a prospect is concerned about being without a machine when they switch vendors, we invite them to visit our warehouse so they can see that we always have factory-fresh equipment in stock, ready to go," Almakias explained.

Clare's health care systems. "Hospital administrators talk among themselves, and before long, one refers another; it's grown very quickly," Whitney commented.

Public parks are another significant avenue of new business for Full Service Vending. The company recently selected Canada Dry Bottling Co. of New York as a partner for its new "Profit for Parks Vending Program," designed to increase services to county park employees and patrons while bringing revenue back to the parks to help offset their ever-rising costs of operation. Early this spring, Full Service Vending placed "Canada Dry" branded machines in eight county parks with five-year contracts, proving its new program a great success (see VT, June).

Another new service from Full Service Vending is an outgrowth of its contract foodservice program. Following Almakias's philosophy of offering one-stop shopping to his clients, Full Service Vending began offering manual feeding in 1998. Today, the company operates seven cafeterias and is in the process of installing its eighth.

Two years ago, the operation launched a "grab-and-go" onsite foodservice program as a more economical alternative for smaller sites that don't meet its criterion of 400 or more employees for a manual cafeteria. "All the food is prepared ahead of time, prewrapped for easy selection, and we just need one or two employees to set it up and run the register," Whitney explained. "It's worked very well for accounts too small for a cafeteria but too big for a food vending machine."

These kiosk speedlines serve a variety of attractive selections, including bagels, rolls and egg sandwiches for breakfast, soups, salads, sandwiches and baked potatoes for lunch, and cookies, brownies and other snacks. Items that require it are held hot for serving, but, as no "scratch" preparation is required, the kiosk is easy to staff and can handle high traffic efficiently.

The operation provides vended fresh food to 70 of its accounts, and has hundreds of frozen food machines on location. Many clients are equipped with frozen food venders, since relatively few are large enough to justify a refrigerated food ma-

chine. Frozen food machines usually carry a mix of main-meal items and frozen dessert/snack selections, and so can offer a menu for all dayparts with minimal food waste.

An off-premises kitchen prepares Full Service Vending's refrigerated food items to its specifications, and the company promotes its signature offerings with the tagline "Full Service Fresh."

Machine menus are tailored to suit each location type, and the company solicits continual feedback through surveys as well as close customer contact, telephone calls and e-mails. Full Service Vending also hosts periodic pizza parties and sampling sessions to hear what its customers have to say.

On the first day that a food machine is installed, Full Service Vending serves the food free of charge, to encourage sampling and familiarize customers with its menu.

With meal prices peaking at the \$3 price range, items in refrigerated food machines run the gamut from pastas, meat entrees and Mexican and Chinese dishes, to chicken wings, wraps and salad platters.

"We always try new items and honor every suggestion we can – if it doesn't sell, we just don't do it again," said Whitney. "We have one cafeteria location that has

75% Spanish-speaking employees, and we had a chef there who cooked traditional American fare. Sales were just not where they should have been. We had hired a chef from Uruguay for another account, and we decided to switch the chefs around; it worked perfectly. Everyone is happy, and sales are up at both locations."

Ice cream is another attraction that Full Service Vending customers appreciate. "People of all ages like ice cream and eat it all year round, so it's well worth doing. But it's not for every vendor, because there's the storage and the trucking to contend with; and you have to be careful, because one meltdown can cost \$400 in inventory," cautioned Whitney.

She estimates that half of the company's frozen food venders are stocked with both ice cream and food, while the other half are dedicated to ice cream. Dedicated ice cream machines tend to be in public locations, while those also offering food are prevalent in affinity-group sites, such as workplaces. They're serviced on the ice cream routes, while refrigerated food machines are supplied from roll-in coolers that draw power from the full-line route trucks' electrical systems.

In keeping with its policy of providing the broadest product selection possible,

Full Service Vending does not accept "loaner" machines from bottlers, because the branded machines are provided under an agreement restricting the products they can vend. "We believe in owning our own equipment so we can carry a little of everything; it's a great selling-point that we can really have 45 selections," commented Whitney. "It allows us to choose the true best sellers. For example, '7 Up' outsells other branded lemon-lime flavors."

The company boasts a warehouse inventory of more than 70 beverage selections in a range of package sizes. Whitney pointed out that sports drinks have become extremely popular in recent years, and added that vitamin-enhanced waters presently are exhibiting strong sales momentum.

Whitney reported that milk vending has proven popular in schools, but it's important to make sure that the school's custodial department knows not to turn off the building's electrical service over the weekend. Full Service Vending also offers vitamin-enhanced waters and Snapple RTD teas in its school accounts.

"Our school business is up because the bottlers have been pushed out, with their carbonated beverages," Whitney explained. "They're not in the game any



LOOKING GOOD: Full Service Vending vice-president Dave Mandella (left) and founder Moti Almakias emphasize the company's skill at creating customized area treatments, and have found that the ability to provide stylish decor plays an important role in attracting new



clients. Enhancing the breakroom's decor always has been important in full-line vending, and is even more appealing to contemporary consumers who have been taught to value a retail "experience." At right is an example of a client-specific header and surround.

more.” At present, Full Service Vending’s school business is confined to cold drinks, she added.

“In the snack arena, little has changed. Customers want a snack – meaning their favorite candy or chips – when they go to the vending machine. They want to see healthy items in case they feel like ‘being good,’ but from what we can see, they don’t often purchase the better-for-you selections,” Whitney noted. “People want ‘healthier,’ but they don’t buy healthier.”

Customers exhibit such a fondness for branded core confectionery that Full Service Vending recently began offering LSS candy selections, including bagged “Hershey’s Kisses” and “Hershey’s Minia-tures.” Early results have been positive.

The vending firm follows a planogram for its snack machines, customizing it for each clientele based on location type, demographics and special requests. Planograms specify the core items in each of four categories – chips, chocolate, candy and “healthy” – that must be in every machine. Drivers have discretion in choosing “flex selections” within each category to augment the core items, meeting specific tastes and maintaining interest.

Until recently, Full Service Vending provided office coffee service only for its vending locations. The company now has begun to more actively pursue the segment by creating a separate division – Coffee Express – and promoting its single cup expertise and its private-label, restaurant-grade coffee, introduced three years ago.

Whitney said Full Service Vending’s experience with countertop single-cup machines has been that some do not brew excellent coffee, while others are not reliable. She and Almakias shopped the world and found a bulk-load single-cup brewer from Europe and an espresso capsule machine from Italy that they believe combine premium coffee with utmost reliability. Coffee Express is prepared to provide pure water to its accounts, either in bottles or through point-of-use treatment systems. The latter make up 70% of the water business, because they offer clients lower cost, greater convenience and freedom from the need to store bottles.

“There is plenty of opportunity in OCS,” Whitney told VT. “It’s important for peo-

ple to have coffee that tastes good, while saving money.”

Whitney emphasized that, in addition to attracting customers with state-of-the-art equipment and an extensive, client-specific product mix, a prime selling-point has been Full Service Vending’s ability to maintain very competitive prices. This is accomplished through Almakias’s strong negotiating skills and professional purchasing practices in procuring product, equipment, insurance and vehicles.

Full Service Vending’s owners recognize that they have to spend money to make money, and they back up this belief by buying only new, state-of-the-art equipment – by the truckload – and upgrading the installed equipment base every four years.

“Buying equipment by the truckload is how we obtain the best price,” Almakias explained. “This benefits us, the companies we serve and the customers who patronize our machines.” The company also buys cold drinks in economical truckload lots.

Another expense that has been worthwhile for all parties concerned is Full Service Vending’s investment, a year ago, in handheld computers and automated data retrieval technology. Whitney explained that the argument in favor of upgrading to DEX was compelling, as the technology promised to increase not only the accuracy of the data and the speed with which it could be processed and acted upon, but also to expand the detail to an extent that could not be attained by any other means. After careful research, Whitney selected the “MEI Easitrax” system.

Converting to DEX allows the drivers to easily exchange data with machines by the use of handheld computers, which upload sales information directly to the host system when they’re brought in from the routes. Whitney has quick access to detailed information, presented in comprehensive reports.

“DEX has taught us a lot about our business, our products and our customers, and has helped us serve them better,” she commented.

The initial setup was challenging. “It was quite an undertaking for a company our size,” Whitney recalled. “It took 200 hours of data entry. Four employees

worked from 6:00 AM to 10:00 PM to input the data within a short time period before the information became outdated.” This was a one-time project, required because the “Easitrax” system stores and processes much more information than the previous one. The company wanted to make sure that the new, expanded file system was set up correctly at the outset.

The effort has more than paid off, as DEX technology has eliminated three days of data entry per week and presents a more user-friendly, visual summary of the company’s sales transactions. “We can see machine ‘shorts’ at the click of a button now,” commented Whitney. “That’s a huge reward in itself.” It also provides line-item detail on product movement.

She added that, given the present state of the art, the handheld DEX data retrieval system is not as intuitive for the route driver as it might be, in a perfect world. This has not been a problem, Whitney added, because, once she understands something she can teach it to almost anyone. The learning curve took about two months, after which drivers became comfortable with the technology.

“It’s worth the initial effort, because overall it has made a difference in enabling

us to better track sales,” Whitney told VT. “And I can pull up the data to show customers insisting on ‘healthy’ offerings, for example, that regular chips outsell the baked kind by 10 to 1. Our drivers appreciate that accurate information about what to put in the machines is in the handheld, and that DEX technology therefore simplifies their job.”

The next technology advance on the horizon for Full Service Vending is credit card payment. “I know it’s coming; there’s no doubt,” said Whitney. “It’s something I’m watching closely, and we’ll act when the time is right. This has become a cashless society; limiting vending sales to cash is limiting sales overall.”

Whitney emphasized that Full Service Vending’s competent and dedicated staff remains its greatest asset, and maintaining it is a continuing challenge. “We always have a driver in training on a route with a seasoned driver, so if a driver leaves – or we have to let someone go for poor performance – no management or service staff ever have to jump on a route, because that would compromise our customers,” Whitney stated. “We’re also looking to hire a full-time mechanic to keep all our trucks working perfectly.”



ROUTE EFFICIENCY: Moti Almakias and Laurel Whitney catch up with driver Carlos Franco before he heads out for the day’s deliveries in truck that doubles as a “rolling billboard.” The company’s International (Navistar) and Freightliner (DaimlerChrysler) vehicles have 24-ft. bodies fitted with custom shelving and bins that keep products accessible and maximize driver productivity. Its smaller Dodge “Sprinter” vans offer better maneuverability on city streets.

She added that employee longevity is the number one problem her company faces. Despite an attractive compensation package that includes health benefits and a 401 (k) retirement plan, turnover is high. "A good 50% of our staff have been here for many years and they will likely continue to be, including our service manager with 10 years' tenure, and drivers who have been with us five and eight years. But the other 50% of our staff are here for a month, or for a year. We train five or six people to get one good one."

The essential difficulty, according to Whitney, is one she has identified but cannot solve. "You need someone who is smart *and* who likes to work hard physically," she pointed out. "When we find someone smart, they either want to work at a desk or be a manager in three months. In general, those who enjoy the physical activity often can't handle the computer or some other 'thinking' task. Nothing has

changed since the first day we hired; it has always been tough."

Whitney and Almakias made one of Full Service Vending's best staffing decisions two years ago, when they recruited industry veteran Dave Mandella as vice-president. The objective was to strengthen the management team and free the principals from preoccupation with day-to-day operations.

Mandella began his vending career by maintaining cold beverage machines in the U.S. Navy and later joined Vend-Rite (Bensalem, PA), starting as a route driver and advancing to supervisor and manager. Mandella then became regional sales director for All Seasons Services (Canton, MA), where he excelled at installing new business over a three-year period.

"We were always number one in the bid and Dave was number two," recalled Whitney. "He finally decided, if you can't beat 'em, join 'em! We made him an offer and

he joined us. I think he's appreciated having more freedom and recognition at a smaller company, and he brings experience from the other companies he worked for that has been very valuable to us."

Mandella divides his time between sales and overseeing the company's operations, enabling Almakias to devote more of his time to selling new locations. A full-time sales representative shares the responsibility for soliciting new business.

Aside from its own sales efforts, at least half of Full Service Vending's new business comes from word-of-mouth referrals. "We don't even run an ad in the 'Yellow Pages,'" Whitney noted. "A contact will leave one of our locations, and then will call us or refer us to a friend. We get very involved in the community, and that also brings new business. We have built a name that people respect and recognize, and they find us."

While Whitney's devotion to Full Ser-

vice Vending leaves little time on her hands, she nevertheless opened a local family fun center three years ago. It's called Giggles Play Station, and is primarily designed to please children three to eight years old.

"It began as a way to fill sleepless nights during my pregnancy," she said. "I'd research just how I'd go about designing the perfect fun center – and the next thing I knew, I really was designing it, looking for space and ordering equipment from overseas. It's my baby and it's hugely successful, but vending is where my focus is." Three managers run Giggles Play Station so effectively, that Whitney does little more than peek in every few days. Focusing on what the customer wants, then figuring out how to provide it is an approach that works as well with children as it does with adult vending patrons.



MANAGEMENT INFORMATION: Office manager Ene Lohmus (right, receptionist Paula Borges (center) and Laurel Whitney take advantage of reduced data entry requirement and fast sales reporting to enhance customer service. The company implemented DEX technology a year ago, and is now reaping the rewards of the time spent on installation and training.



YOUTH MARKET: Laurel Whitney dreamed up the concept for Giggles Play Station during sleepless nights throughout her pregnancy. The fun center became a reality three years ago and is run by Anne Ferraiuolo and Eric Ochoski, who enable Whitney to continue focusing on Full Service Vending.