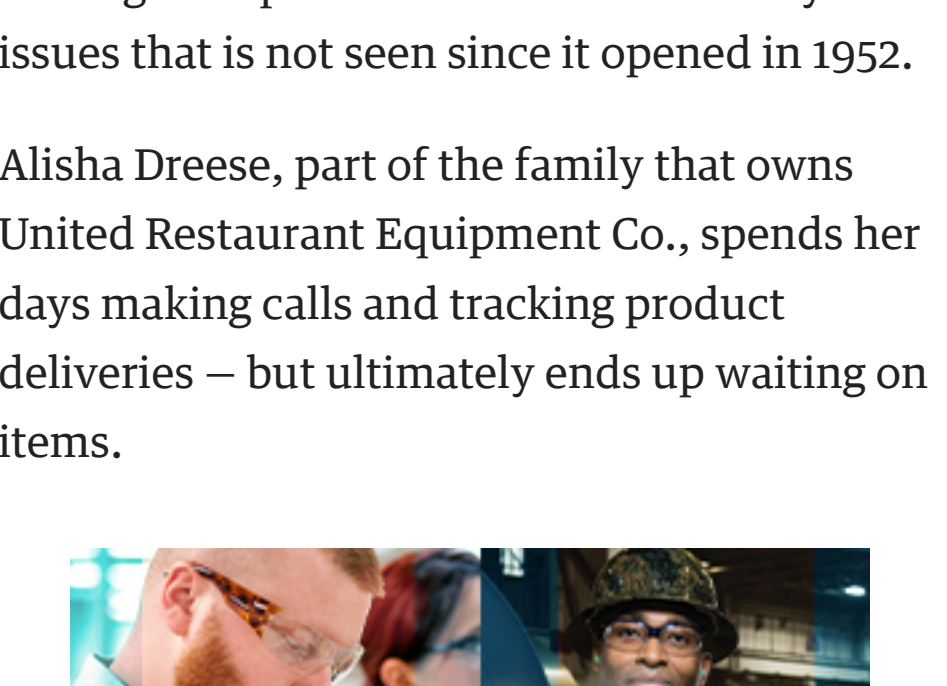
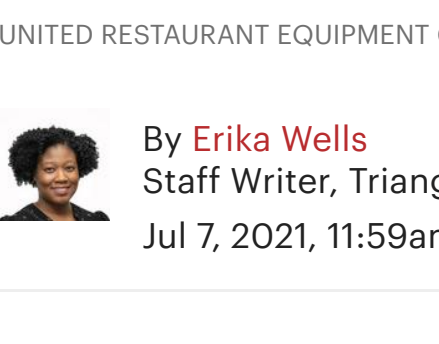


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Restaurants face 'shocker' as supplies tighten



Raleigh's family-owned United Restaurant Equipment Company owner Howard Margulies, left, Alisha Deese and president Eric Margulies.

UNITED RESTAURANT EQUIPMENT COMPANY
By **Erika Wells**
Staff Writer, Triangle Business Journal
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A Raleigh restaurant supply company is dealing with pandemic-related inventory issues that is not seen since it opened in 1952.

Alisha Dreese, part of the family that owns United Restaurant Equipment Co., spends her days making calls and tracking product deliveries – but ultimately ends up waiting on items.



The company offers an assortment of more than 15,000 items for restaurants, hotels and hospitals, and its website highlights a broad array of work that includes Saint Mary's School, the Transfer Food Hall, A Place at the Table and many more.

But its supply of stock has been interrupted by shipping delays in recent months.

“The restaurants in our area have not been affected by things like this in the past like the recession but this experience was a shocker that knocked everyone off their feet,” said Dreese, whose firm is also open to the public.

And this comes as many people are eager to return to restaurants after the isolation of the pandemic.

“We’re very busy but we’re having a really hard time getting supplies,” Dreese said. “The factories have nothing because they either shut down during the pandemic and laid off their workers or they are getting their workers back but they can’t get the parts for the machinery.”

When Covid-19 hit in 2020, the United Restaurant Equipment Co. closed its showroom for three months but moved to curbside sales. The business was deemed essential but had to modify operating hours as the restaurants industry slowed.

“We successfully pivoted as well as we could but an entire customer base was gone,” she said. “As a business we adjusted; we have all the same employees that we had pre-pandemic. No one was sent home; no one was laid off or furloughed. Our goal from day one was to make sure we remained the same throughout the whole process and everyone had a job.”

But sales for 2020 were down about 70 percent compared to the prior year.

Dreese said business has picked up but items, including refrigerators, are hard to obtain as factories raise their prices and tariffs are placed on imports. In her 10 years in the industry, she said she had never dealt with the unpredictability in accessing products.

“The projections for the supply chain problems are saying we could have issues for up to year,” she said.

“Everything is starting to come back gangbusters. People were locked in their houses for so long, they really want to go out – to eat and to travel – but this has created a sluggishness to reopening. None of us thought about how you restart – there are cogs in the wheel of the supply chain that are slowing things down.”

Andrew Bower, director of sales for global logistics company OEC Group in Houston, said the issue could last from nine to 12 months, but things may never fully return to normal.

The backlog began at the start of the pandemic in China, when in the country's manufacturing temporarily shut down, Bower said. Demand for products skyrocketed as consumers around the world turned to online shopping during lockdown. Once operations resumed in China, shipping lines and container manufacturers could not keep up with the demand.

Domestically, freight prices can be at least 10 times more than they were prior to the pandemic, Bower added.

“For restaurant supply companies, it’s a question of who has the product,” he said. “They are no longer looking at the price because if they don’t pay, then their competitor will. Importers are saying, ‘It costs a fortune and I will have to pass those costs onto my customers but the cost of not paying the high freight price is much worse. I won’t have a business if I don’t have anything to sell.’”

Moving forward, Bower said restaurant supply companies should ask customers for longer lead times while working with a logistics partners with more established relationships with carriers.

“People in the industry are saying adjust your expectations moving forward because the world that we knew is not going to come back,” he said. “It’s going to improve but it’s not going to improve tomorrow or even in Q4. We’re planning for Q1 or Q2 of next year to see some relief for shipping rates.”

Dreese said her family's company has worked with restaurant owners who have expressed frustration about the challenge in getting what they need to resume business operations.

“The next couple of months are going to be tough,” she said. “When someone calls me about an item they need and we don’t have it, it causes a lot of stress. But I know we are going to get it and take care of everyone and everything is going to be fine.”

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