

Florida Hardware Conference Continues to Expand



John Hammond (center), managing director of the **North American Retail Hardware Association** (NRHA), and **Chip Giacoboni** (left) of **Ace Hardware Corp.** present **Michael Wynn** of the **Sunshine Ace Group** with the NRHA Beacon Award for his involvement and commitment to the industry and his community.

The 18th annual Hardware Conference, which took place Sept. 8-10 in Marco Island, Fla., continues to attract new manufacturers and hardware retailers.

Conference Director Tom Chasteen attributes the continued success to the open, honest communications between the manufacturers and retailers. "There is no forum in the industry where Ace, Do it Best, Orgill and True Value retailers come together with manufacturers and wholesalers to

specifically preview new items and discuss issues and trends that are having both a long term and immediate impact on the hardware industry each year," he says.

The Hardware Conference is also committed to helping independent hardware retailers preview new items year round—not just at the Hardware Conference. "We encourage retailers to buy through their wholesaler so that the wholesaler can track the volume of a manufacturer's sales to their retailers, thus helping both the manufacturer and wholesaler to determine what new items they should stock in the warehouse for their retailers," says Chasteen. "However, getting those new items in front of retailers is a huge challenge."

Retailers requested their wholesalers send at least one buyer to the Hardware Conference next year, and Hank Kerry with Ace Hardware has already confirmed the co-op will send at least one buyer in 2007, according to Chasteen.

Retailers this year listed the five biggest challenges they are facing in the coming year. The first is fixed costs

such as insurance and taxes. The retailers have little influence over these costs, which in many cases have more than doubled in the past year and are expected to continue increasing. The second is human resource issues, specifically the shrinking labor pool. Retailers say they are trying new and innovative ways to do more business with fewer employees. Training is one method for retaining employees. Bill Lee, vice president with the North American Retail Hardware Association (NRHA), discussed new enhancements to an online training program that is available at no charge to NRHA members, as well as Ace and True Value retailers.

A third challenge named by retailers is the increasing cost of technology, such as new enhancements to point-of-sale systems and credit card requirements. Another issue is competition, although retailers seemed to be more comfortable with the competitive retail environment and seem to have found their niche in the hardware market. Finally, retailers expressed concern about a major disruption of the business environment caused by a major natural disaster or another terrorist attack.

Manufacturers were interested in how retailers would like to receive price increases. Would they prefer small increases several times a year or larger increases once or twice a year? Most retailers said they preferred getting only one or two increases throughout the year, citing the time and labor cost to implement each price increase.

John Hammond, NRHA managing director, presented NRHA Beacon Awards to Michael Wynn of the Sunshine Ace Group and Scott Bowne of Midflorida Hardware, as well as Lifetime Achievement Awards to Dave Myer of Ace Hardware Corp., and Boyd and Sue Gustke from WD-40. ➔

True Value Reports Rise in Profits for Third Quarter

T rue Value Co. reported revenue of \$497.9 million for the third quarter, an increase of 2.3 percent or \$11.1 million from \$486.8 million for the same period a year ago. The co-op posted a quarterly net margin of \$18.3 million, compared to \$3.0 million one year ago.

For the nine months ending September 30, 2006, True Value reported revenue of \$1.59 billion, an increase of 3.2 percent or \$49.5 million from \$1.54 billion for the same period last year. Net margin for the nine-month period was \$55.2 million, up 120.8 percent a year ago.

Excluding the net year-over-year impact of a 2005 arbitration matter, net margin was up \$6.8 million, or 15.8 percent over last year. Additionally, the co-op

reported that its improved performance reduced its total year-over-year debt by nearly a third, to \$158.7 million.

"This improved performance clearly demonstrates our commitment to putting retail success and the profitable growth of our retailers at the center of everything we do," said President and CEO Lyle Heidemann.

In other company news, the True Value Rewards program was honored by the Direct Marketing Association with a 2006 International Gold ECHO Award for best retail campaign. Since True Value Rewards launched in 2003, the program has been adopted by more than 500 True Value retailers and involves nearly 2 million customers. ➔

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The 2006 Hardware Conference Honors Four Student Scholarship Winners

The Hardware Conference, held Sept. 8-10 at the Marco Island Marriott in Marco Island, Fla., gave retailers a chance to mingle, view new products, attend special seminars and relax.

On Friday night, a special banquet honored four students who were recipients of \$1000 scholarships in the North American Retail Hardware Association's Southeast Region's scholarship contest.

Leah Bogart is a junior at the University of South Florida, where she is majoring in elementary education. She has been employed at Crowder Brothers Ace Hardware in Bradenton, Fla., since 2001.

Stephen Miller works at Millers Hardware in Winter Park, Fla. He is studying geology at Auburn University, but part of his future plans include operating the family hardware store.

Ashley Simpson is the third generation of her family to work at the family store, Simpson Savannah Hardware in Sumter, S.C. She is studying business at Coastal Carolina University in Conway, S.C.

Frances Yeager works as the secretary and book keeper at Jefferson Builders Mart & Hardware Inc. in Monticello, Fla. He is a junior studying business administration and management at St. Leo University.

Horizon Distribution Celebrates 125th Anniversary At Their 50th Trade Show

Horizon Distribution Inc. (HDI) celebrated its 125th anniversary at the company's 50th annual trade show, held Sept. 9-10 in Yakima, Wash. Retailers in attendance took advantage of special deals and door prizes as well as commemorative giveaways.

"It's very exciting to be celebrating our 125th anniversary," says President and CEO Ken Marble, the fourth generation of his family to run the business. "It not only marks a major accomplishment for our business, but we are also celebrating our long-time history with our retailers, vendors and other strategic business partners."

In 1881, eight years before Washington became a state, the company began as a retail hardware store in Yakima. As the area grew and prospered, so did the store, which was then known as Yakima Hardware Co.

The company began a wholesale division in 1910 to fill the increasing need for hardware distribution in central Washington, and the retail store was closed in 1956 so the company could focus on its wholesale operation. In 1963, Yakima Hardware Co. affiliated with PRO Hardware to gain the benefits of national buying and marketing programs.

Marble says the company embraced technology early on, becoming the second industry distributor to computerize operations in 1969. "We've always tried to stay on the leading edge of technology to be more

efficient and give better service to customers," he says.

In 1999, the company changed its name to Horizon Distribution after more than 100 years as Yakima Hardware Co. "We had a name that fit us well when we were a hardware store on Main Street in Yakima," Marble says. "But we were covering several different markets, so we changed the name to one that could fit any market."

Today, Horizon Distribution—which is also a partner with Affiliated Distributors on the industrial side—serves the states of Washington, Oregon, Idaho, Montana, Nevada, Alaska, Utah and Hawaii.

The company stocks 35,000 SKUs in a state-of-the-art 165,000-square-foot distribution center, which allows HDI to serve its customer base with broader product offerings and increased efficiency.

HDI developed the Farm Mart program in 1990 to serve the unique needs of the independent farm store, which opened up a whole new market for the company, according to Marble. The PRO Group is now marketing this program nationally.

In 1994 the distributor responded to the changing marketplace by developing "Contractors Source," a marketing program for the contractor-oriented lumberyard. "Horizon Distribution continues to focus on responding to the needs of its customers by providing them with the products they need at the right price and with the best service available," Marble says.