

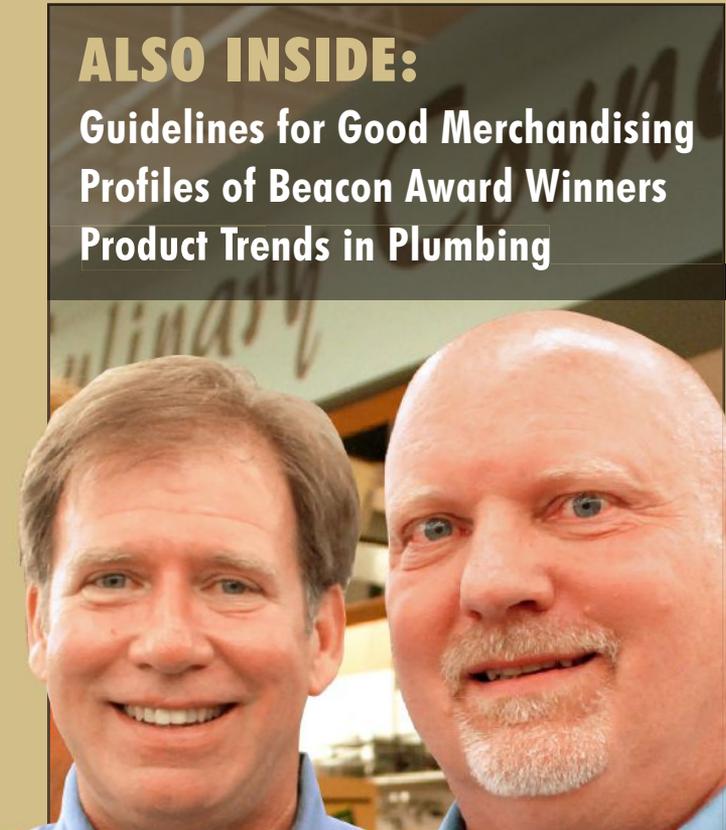
# THE HARDWARE Connection™

October 2014  
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THE INDUSTRY'S DIGITAL LEADER

## ALSO INSIDE:

Guidelines for Good Merchandising  
Profiles of Beacon Award Winners  
Product Trends in Plumbing



Honoring  
the

# Best New Stores

Gecko  
True Value  
Hardware



Geneva Ace  
Hardware



# The Hardware Conference

# Strengthens

## the Two-Step Channel



*The Beacon Awards banquet on Friday evening honored the industry's best retailers.*



*Craig and Shanti Cope (left) will be gradually taking over The Hardware Conference from Dale and Tom Chasteen over the next three years.*



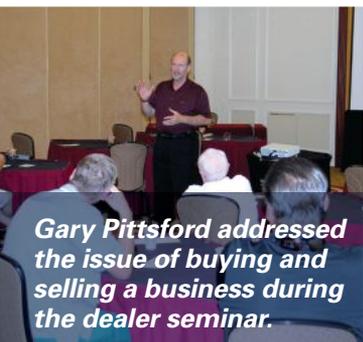
*Attendees have free time on Saturday afternoon to enjoy beach and water activities.*



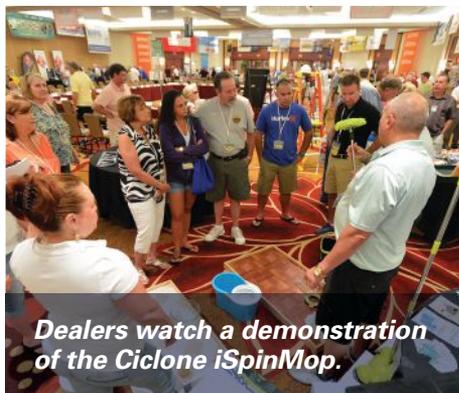
*The penthouse hospitality suite offered attendees a beautiful view of the beach and water.*



*Epicor, Eci Solutions and J-3 POS held a day-long Technology Forum for retailers the day before the Conference opened.*



*Gary Pittsford addressed the issue of buying and selling a business during the dealer seminar.*



*Dealers watch a demonstration of the Cyclone iSpinMop.*



*Fred and Jennifer Fischer of J-3 POS.*

**N**ow in its 26th year, The Hardware Conference in Marco Island, Fla., keeps finding new ways to bring the industry together to keep the two-step channel strong. This year's event took place September 5-7 at the Marco Island Marriott, with gorgeous white sandy beaches and stunning sunsets to help attendees get away from the stress of their everyday business lives.

Organizers Tom and Dale Chasteen know how to throw a party that is equal parts fun and informative. The Hardware Conference is the only industry event held exclusively for independent retailers regardless of wholesaler affiliation, and every year it lives up to its motto: "Where Relationships are Formed."



*Joni Rykse, Sharon Meendering, Danny Meendering and Jennifer Meendering of True Value of Concord.*



*Minwax sponsors the popular shelling trip every year.*



*Walter Toole makes a donation for the Plaque of Life, which benefits the Miami Children's Health Foundation.*



*Breakfasts are held outside on the terrace to take advantage of the beautiful setting.*



*The open dialogue sessions give retailers a chance to provide valuable feedback to vendors on important industry issues.*

The highlight of this year's Conference was the Friday evening banquet, where five of the industry's best retailers were honored during the Beacon Awards program. "We were delighted to be a part of such a first-class event," commented Jim Holden of Epicor, one of the sponsors of the Beacon Awards.

However, the big news came when Tom and Dale Chasteen announced that they would be transitioning The Hardware Conference to Craig and Shanti Cope, who will ensure the event continues to grow into the future.

Craig and Shanti are co-owners of Island Décor, a premium retailer in the Florida Keys. Craig, who will also be joining the staff of *The Hardware Connection* magazine, was most recently executive director of the Key Largo Chamber of Commerce and spent 13 years with Altria Group (formerly Phillip Morris USA) in a variety of sales and marketing positions.

"Dale and I wanted to make sure that The Hardware Conference continued for many years in the future, and we could not be

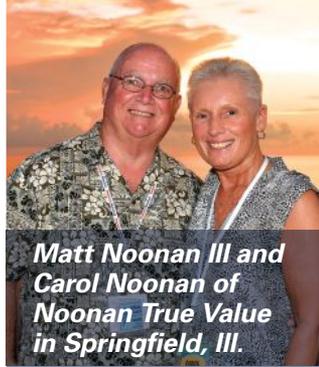
happier that Craig and Shanti have agreed to come on board and help us take the event to another level," Tom said. "We think the world of Craig and Shanti and have no doubt they have the right combination of skills and commitment to ensure The Hardware Conference grows and remains relevant. Dale and I will still be very involved during the next three years as we transition over to Craig and Shanti and we will continue to participate and help out wherever we can hopefully for another 20 years. Dale and I aren't getting any younger and we would much rather be proactive in the transition to the next generation vs. waiting until later and possibly be forced into a reactive situation."

## EDUCATION PROGRAM

An all-day Technology Forum was again held on Thursday, the day before the Conference officially opened. Epicor, ECI RockSolid and J-3 POS all held in-depth training sessions with their retail customers, helping them discover ways to operate more efficiently.



*Darrell Wabschall of The Vendor Center (center) was recognized by Tom Chasteen and Diane Allen for his support of the Hardware Ambassador Program™.*



*Matt Noonan III and Carol Noonan of Noonan True Value in Springfield, Ill.*



*Mike Jennings of 3M (bottom right) explains the features of 3M's latest innovations.*

"This was the second year that ECI offered training and it was great. We all learned new tips and tricks," said Rick Heuser of Handyman Do it Best Hardware in St. Cloud, Fla.

An enhanced dealer program featured a free two-part, five-hour training session on Outlook, Word and Facebook conducted by Fred Pryor and Associates. Those who attended the Fred Pryor training all agreed it was excellent and well worth their time.

During the dealer seminar Gary Pittsford of Castle Wealth Advisors, a certified financial advisor who specializes in succession planning, answered questions about the intricacies of buying and selling a business.

"To begin the process of selling your store you have to think in terms of what can I get out of the store assets? You have to make sure you're making money," noted Pittsford. He pointed out that owners of C Corps have to pay a lot more taxes when they sell, especially if they sell to a family member.

Instead of having a son buy 60 percent of the business and have to pay tax, he can be given stock and then pay slightly above rent over 10 to 15 years to the parents, Pittsford advised. "Uncle Sam just got eliminated from that transaction."

Another trick is to add a non-compete clause. "Instead of selling a business for \$500,000, sell it for \$400,000 and add a \$100,000 non-compete clause. You pay less in tax that way," he said.

Pittsford listed three mistakes retailers typically make when buying a new store: they don't do enough due diligence such as properly evaluating the inventory, they don't look at the maintenance of the equipment and they take on the existing receivables. The most common mistakes when selling is selling too cheap by not taking into account owner benefits such as travel expense, 401k and health insurance, he noted.

Also during the dealer seminar, Darrell Wabschall detailed how The Vendor Center can serve as an online resource center connecting retailers and vendors, providing everything from product catalogs, vendor announcements, training materials and embeddable circulars to special offers and drop-ship order forms. The newest addition is the Vendor Online Ordering Program, which is designed to streamline the order writing process.

## **INDUSTRY COMING TOGETHER**

Leading vendors participate with table-top booths displaying their latest product



*Upper Left: Carolyn and David Fichtner of University Ace Hardware in Auburn, Ala.*

*Upper Right: Rob Livingston (left) and George Havlicek (second from right) of Geneva Ace Hardware get a demonstration on Hyde Tools products from Denise and Bob Clemence.*



*Bottom Left: Retailers had a chance to talk one-on-one with vendors while the exhibits were open.*

*Bottom Right: June Nash and Ed Hayes of Krylon.*

innovations. Since the Conference is not a buying show dealers can learn more about the suppliers and their products without enduring high-pressure sales tactics.

Saturday afternoon was left free so attendees could enjoy all outdoor fun. Wooster Brush again sponsored “A Day at the Beach” with free beach activities for Conference attendees. Minwax sponsored the shelling boat and Krylon hosted its 27th golf outing.

“This was a really fun and enjoyable event and we’re so glad we got a chance to attend this year,” said George Havlicek of Geneva Ace Hardware in Geneva, Ill.

“I can’t say enough about the Conference. I’ve been attending for 20-plus years. It was great to see some new faces this year, both in store owners and vendors,” said Heuser. “The interaction between owners and vendors is real and down to earth. It gives both sides the opportunity to discuss issues that, quite frankly, we don’t have time to address at our markets. It gives me, an owner, the ability to develop personal contacts with vendors

that I want to do business with. Relationships are formed,” he added.

## OPEN DIALOGUE SESSIONS

The open dialogue sessions on Saturday and Sunday mornings gave dealers and vendors an additional chance to exchange candid opinions about key issues affecting the supply channel.

Retailers let the vendors in attendance know that they won’t take on a new planogram unless at least 90 percent of the SKUs are in their wholesaler’s warehouse and there is easy reorder. Once they take it on, they will give the new assortment three to six months to see if it will pan out.

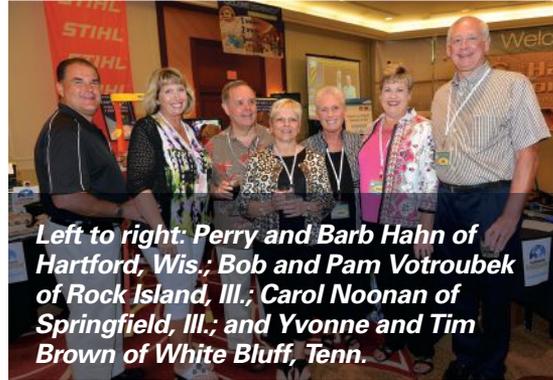
Many of the dealers use Red Laser or a similar app to price shop the competition, and most are using technology to do electronic ordering that is tied to a POS system.

“Technology is driving the industry more and more. If you’re not into online selling then Amazon is taking business away from you,” Chasteen said.

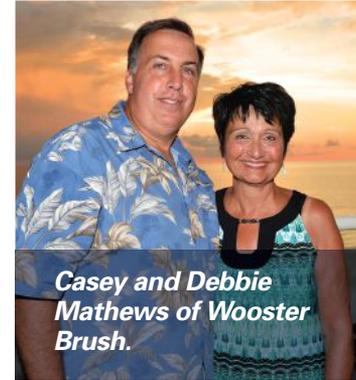
Vendors were asked how important the independent channel is to



Almost all retailers said they rely on electronic communications to receive pre-show information.



Left to right: Perry and Barb Hahn of Hartford, Wis.; Bob and Pam Votroubek of Rock Island, Ill.; Carol Noonan of Springfield, Ill.; and Yvonne and Tim Brown of White Bluff, Tenn.



Casey and Debbie Mathews of Wooster Brush.



Left to right: Dan Akers, Tiffany Randle, Tom Chasteen, George Havlicek, Rob Livingston and Chris Jensen.

their business. "It's huge. There are a large group of us who have lived on business from independents,"

said Jeff Crayton of Minwax.

Pat O'Reilly of Apex Tool Group noted they have a van program dedicated solely to independents, while J.P. Shields of Fixture-Fix said the first thing he did after buying the company is drop Home Depot. "Eighty percent of our business comes from independents," commented Bob Clemence of Hyde Tools.

Several retailers commented that they go out of their way to support vendors who attend the Hardware Conference, because their participation signals a commitment to the independent channel.

"As a relative newbie to The Hardware Conference (this being our second year to attend), the benefits I get out of it far exceed the expense," said Tim Pruitt of Avilla Hardware in Alexander, Ark. "Perhaps the most beneficial benefit for me is the discussion groups, where I glean valuable info and insights into how

others are dealing with issues that I may not be currently facing but could face as my business grows. The acquaintances made are certainly enjoyable as is the brief time away from the daily grind."

### THANKS TO SPONSORS

Special thanks go to the marquee sponsors: Gilmour, *The Hardware Connection* magazine, The Hillman Group, Krylon, Miami Children's Health Foundation and The Wooster Brush Company.

The wholesale community also lends important support to the Conference each year, with representatives from Ace Hardware, Orgill, True Value and Orgill in attendance and conducting meetings with their members.

"We couldn't put on this Conference without the fantastic support we receive from these sponsors, and we are fortunate to have so many vendors who are willing to support the independent channel," said Chasteen.

At the end of the Conference the vendors auction off their display merchandise and the money raised is donated to the Miami Children's Health Foundation. This year's auction raised about \$18,000, bringing the total fundraising amount through the years to over \$1 million. ■