

DRILLING INTO BEST PRACTICES

Strengthening Your Customer Relationships in Hand and Power Tools

Sawdust is everywhere. Wood scraps are scattered on the ground. The piercing sound of a screw being drilled into plywood fills the room.

It may be hard to determine if the previous scene is from a job site or your neighbor's basement because these two customer types, DIYers and professionals, are not all that different in the tools they use.

"The DIYer is similar to the professional in the projects they do with [hand and power] tools, but the difference is in the volume," says Mike Karch, vice president and general manager at Neu's Building Center in Menomonee Falls, Wisconsin.

Since this category is important to both the DIY and pro segments, it is important that you keep your

hand and power tool categories in top condition, using techniques that appeal to all customer types.

To help you outpace your competitors, *Hardware Retailing* spoke with high-performing retailers in the hand and power tool category about their best practices and how they cater to both DIY and pro customers.

In the following pages, we share four best practices as recognized by the retailers we interviewed. These tips will help you strengthen your hand and power tool categories while making your store the go-to location for both DIY and pro customers.

Visit www.hardwareretailing.com/tool-best-practice for two additional best practices. Then download a useful training PDF to share with your hand and power tool team by visiting www.hardwareretailing.com/tool-selling-guide.



Neu's Building Center hosts its well-known Tool Day twice a year. This event lets professionals interact with and ask questions to tool manufacturers and allows DIYers to get hands-on experience with the tools.

HOSTING VENDOR DEMONSTRATIONS

While day-to-day, in-store hand and power tool demonstrations are not always possible, the retailers we spoke with, like Friedman's Home Improvement, a four-store chain in California, are always searching for opportunities to host vendor demonstrations.

"We hold power tool events every month that start in March and go through November," says Dan Graham, corporate buyer for tools, hardware and apparel at Friedman's Home Improvement. "We bring in one tool vendor and one from an additional category so they're non-competing and they set up a couple of tents, inside or outside, with their demo stations where they run the circular saws or impact drivers."

Prescott True Value Hardware in Prescott, Arizona, has hosted a Spring Demo Day for 18 years. The event involves 25 to 30 vendors who set up in areas throughout the store. Those who attend can visit vendors, observe product demonstrations and receive bonus buys. Besides this annual event, Tom Toth, co-owner of the store, says he tries to interact with vendors five or six times a year, inviting them to do product demonstrations accompanied by special buys, which are important to both DIY and pro customers.

"The DIYers find the demonstrations really educational because they aren't familiar with the latest technology and new aspects of the tools," Toth says. "A DIYer may have had his dad's old drill for years and now he is looking for something newer, so the demos help a lot. On the other hand, demonstrations grow our relationship with the professionals because they can come in, ask the vendors questions and get specials on the tools."



Similarly, Neu's Building Center hosts a Tool Day twice a year, in May and December, where 60 tool vendors come and demonstrate their products. The bi-annual event runs on a Monday through a Saturday, with the Friday of the event being the biggest day. Free food is catered on Friday, adding to the excitement.

Hosting events such as Tool Day is important to the success of Neu's hand and power tool categories.

"These types of events drive excitement for the newest innovative tools being offered and also gives our customers a chance to interact with manufacturer reps to discuss special applications or product design and durability," Karch says. "It's a buying show for professionals and DIYers that appreciate good tools. We get a couple thousand people through the doors on the Friday of the events."

STAYING UP TO DATE

With all of the advancements in the hand and power tool categories over the past few years, from lithium batteries to brushless motors, tools are constantly evolving.

“Lithium and cordless are by far the biggest changes because they’ve revolutionized the industry and literally cut the cord on jobs sites,” Karch says. “The other overall change is the development time between design, production and getting the product to the dealer. Today our industry can move so quickly from product concepts to market that there are yearly changes to power tools.”

Graham at Friedman’s Home Improvement is intrigued at what the future of the category holds.

“We’re starting to see some technology with batteries as well, such as Bluetooth batteries with DeWalt,” he says. These batteries allow smartphone users to open an app and check the battery’s charge status or to remotely disable it. “This really challenges us to have the latest and greatest products.”

To ensure the sales staff stays current, Friedman’s Home Improvement provides the team resources, but also says they are proactive in their own training.

“Periodically, we offer 30-minute product knowledge training to teach and educate the staff,” Graham says. “Our staff also takes the time to educate themselves by listening to customers’ product inquiries, looking at market trends and experiencing the tools directly.”

Besides staying on top of changes in the categories, Graham says his employees complete product request forms, which help Friedman’s Home Improvement stock hot products. Sales associates complete request forms and turn them in to Graham after two to three different customers have asked about a product they do not stock.

“The forms paint a picture for us and that’s why our tool department has grown so much over the past five years,” Graham says. “I can’t tell you how many times we’ve had new items requested.”

At Mountain View Farm & Garden in Chambersburg, Pennsylvania, it’s vital that the staff is well informed about new product innovations coming to market. Since there are so many changes, Joel Hoover, store manager, uses the Internet to help inform customers.

“Manufacturers are making fewer catalogs and putting less information in them,” he says. “I use the Internet to show customers many things such as torque ratings, battery life, accessories along with real-world reviews and comparisons of the tools.”

Hoover uses other methods to keep his store and sales staff knowledgeable about new products.

“Several times a year we attend shows and bring back new ideas that we share with [the staff] and try to implement,” he says. “We also take advantage of several manufacturers that offer yearly training seminars and a couple companies we work with also offer online seminars and training courses.”

Toth at Prescott True Value Hardware attends industry shows to stay abreast of new trends.

“Our customers count on us to stay up to date on products,” Toth says. “We attend several trade shows a year and look for the newest and greatest items.”

One way Toth keeps his sales associates informed about new products is through on-site manufacturer training, as do other retailers we spoke to.

“Part of the reason we have sales reps come to our store and demo is to train our staff,” he says. “We’ve also sent some employees to Milwaukee’s headquarters to get training and see new tools.”

Neu’s Building Center uses similar methods for keeping its staff well informed and even offers additional incentives.

“We have periodic manufacturer product knowledge meetings in store and short new product release meetings with sales staff,” Karch says. “We also offer incentives to our staff who utilize online training offered by two of our buying groups.”

As the category continues to change with the introduction of Bluetooth and smartphones into power tools, it is vital that your hand and power tool team continuously develops their product knowledge. Doing so will help your tool department remain relevant and competitive in the eyes of the pro and will help DIY customers with hands-on projects.



Dan Graham, corporate buyer at Friedman’s Home Improvement, says developing and maintaining vendor relationships helps him provide customers robust products lines along with successful hand and power tool events.

RELATIONSHIPS WITH VENDORS

Maintaining good relationships with vendors goes hand in hand with demonstration events and staying familiar with new products.

Friedman’s Home Improvement relies heavily on its vendor relationships, ensuring its department is stocked with the most recent products that cater to both DIY and pro customers.

“Our vendor community is strong,” Graham says. “Our vendors visit our business quite frequently and keep us up to speed on products and host training for the tool department staff.”

Hoover at Mountain View Farm & Garden has put a lot of time into developing and maintaining vendor relationships. He notes that some of the store’s vendor relationships come from previous business and others he’s started from scratch.

“I talk to most of my major vendors every couple of weeks,” he says. “It may not be a big conversation but it helps keep me in front of [the vendors] and creates a relationship that is about more than the bottom line or the invoice.”

Hoover notes that some of his current relationships started by calling the vendor, talking to the sales team and then slowly introducing the vendor’s product into the store’s offering.

“Never shy away from talking to a new vendor even if you’re not sure you’re going to buy their products,” he says. “Just call and ask questions to determine whether it will work for your store and make a decision from there.”

Having seamless vendor relationships is also extremely important at Neu’s Building Center. These vendor relationships are vital to the success of the annual Tool Day event.

“Our relationships with vendors, manufacturers and partners is extremely important,” Karch says.

“My best advice is to choose your partners wisely and listen to what your customers need. You need to be in control of your own business.”

—Mike Karch, Neu’s Building Center

“It’s nearly as important as the relationships with our customers.”

Karch notes that a lot of Neu’s tool vendor relationships are direct rather than two-step. These direct relationships allow Karch to share market information with the vendors and in return, receive manufacturers’ insights.

“My best advice is to choose your partners wisely and listen to what your customers need,” Karch says. “You need to be in control of your own business.”

Fostering these close vendor relationships will allow you to host more demonstration days and stay ahead on trends, two important elements for the pro segment. Along with those two important factors, great relationships with a variety of vendors will allow you to provide a wide array of tools, catering to both the DIY and pro markets.

ONE-STOP SHOP AND SERVICE

Having an Authorized Service Center in store is a noteworthy competitive advantage for Mountain View Farm & Garden, says Hoover.

“We differentiate from the big boxes by having a comprehensive selection of tools, competitive pricing



Prescott True Value Hardware uses vendor training to keep its staff informed on the regular updates in the hand and power tool category.

and our Authorized Service Center,” he says. “Our service has really been a big pull for us.”

The service center is a big draw for pros, says Hoover. At his store, the service center customer base is 75 to 80 percent pro.

“We serve so many professionals at the service center because they are working with [the tool] everyday and break it more often,” Hoover says. “While some DIYers buy cheaper brands that aren’t worth fixing, many DIYers see the value in buying quality tools that have better life spans and are able to be repaired.”

Neu’s Building Center has also seen success from its Factory Authorized Service Department. Karch says his team completes as many as 800 repairs a month since the store is a service hub for contractors.

“When customers buy the tool, they know they can come back to us for warranties or repairs,” Karch says. “If we can’t fix it, we will send it off to the manufacturer.”

Since Neu’s Building Center’s competitors do not offer this service, Karch notes it is a huge differentiator and draws pros to his store.

“We help our customers when they buy and when they have a problem, which you can’t get everywhere,” he says.

Both Karch and Hoover noted that a service repair center is perfect if you want to cater to pros, since they purchase high-end tools and use them often. However, a service center is also important for DIYers because it shows that you will help them through the entire process of their projects, even if a tool breaks.

While authorized service centers produce additional business, there are a lot of factors that go into creating and operating a successful shop.

“Setting up an authorized service center needs a lot of analysis and planning,” Hoover says. “Many of the manufacturers want to see a repair center open for a year or two before they will consider giving it authorized status.”

Buying the tools, inventory parts and finding a tech are big monetary investments.

“Training and certification is required and it can be costly when factoring in the space required, tech staff and specialty tools needed,” Karch says. “I don’t recommend it to every hardware retailer. It would be much easier for stores that are strong with equipment rental and already service some of the equipment.”

Karch also says the service center has to analyze each repair and determine if it is best for his shop to service the part or to send it on to the nearest franchised factory service centers.

“We have to evaluate repair volume, warranty reimbursement rate and turn around time from an off-site factory center carefully when contemplating in- or out-of-house service to support a product line,” Karch says.

Overall, both Neu’s Building Center and Mountain View Farm & Garden recognize their repair centers as competitive advantages. However, they both recommend having a plan.

“It can be a great addition to a store and definitely bring customers through the door,” Hoover says. “It just needs to be well thought out and a commitment to the size of investment needed.” —



The repair shop team at **Mountain View Farm & Garden** ensures that the Authorized Service Center returns tools to customers in a timely manner and continues to operate a successful and competitive shop.