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# THE HARDWARE JOURNAL

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## BEING LOCAL IN THE USA

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# US hardware at its coolest

In 2014, *The Hardware Journal* talked to ‘rock star’ Ace hardware retailer, Gina Schaefer, (July/August issue), who took her US company, A Few Cool Hardware Stores, from one to nine stores in the Washington DC and Baltimore region in just nine years. We recently reconnected with Gina, now CEO of a 13-store operation, and holder of multiple awards in retail, hardware and business, for fresh insights into embracing ‘why not!’ with enthusiasm.

## Our “a-ha” Moment

We were living in Washington DC’s Logan Circle neighbourhood which was full of big old beautiful houses starting to be purchased and renovated, including our own condo that needed some love.

We’d joke that “our toilet was always running, we lived in the dark, and our artwork was on the floor” because we were too lazy to drive out of town to the closest hardware store. That was our ‘a-ha’ moment.

Logan Circle had been scary since 1968. After Martin Luther King was assassinated, riots swept through decimating stores. We bought into that neighbourhood because we were young and could afford it, and because we really believed the community could turn around. Today it is one of the most popular places to live in Washington (and expensive!).

When I decided to open our first store, many people thought I was crazy. Logan Hardware was 20 feet wide, 100 feet deep and had three levels, but no parking. Why on earth would anyone open in that location?

However, I was in love with the neighbourhood and its potential. Wonderful houses ready for renovation, a strong sense of community support and a severe lack of shopping opportunities for the urban dweller.

## It starts with Main Street

Our philosophy for choosing new locations for A Few Cool Hardware Stores began there. We pick urban neighbourhoods with a strong identity, walkability and sense of shop local, with business or community organisations. Parking isn’t as important when your customers prefer to shop in their immediate area or on their dog walk.

The ‘return to main street’ sentiment is really strong in some pockets of the US; not just big cities but small towns and rural areas. I like to think the neighbours in DC led the charge.

## Favourite word: ‘local’

Big box stores have their place but it’s small and local that create uniqueness and character.



Ironmongery range.



Tool range.

Main streets will be more mainstream when customers realise there is nothing personal about Walmart or Amazon. As a small business owner, I believe we make up the fabric of a community, giving towns and neighbourhoods personality. Think about places you travel to and really enjoyed. I bet you won't say, "it was the town with a Walmart or Target". You're going to remember a great local bookstore or iconic diner or that one-of-a-kind boutique.

As A Few Cool Hardware Stores grew, we were looking for character, something lacking for a long time in American retail. We grew organically, expanding as soon as we could afford to and when we found the right space.

We have been very creative in our space-making: multi-level buildings, underground parking garage (great rent) and an old warehouse. We aren't looking for four walls that all look the same.

### Keeping independents growing

After starting up in such a 'dumb' location, opening store two was a cakewalk.

We currently have 13 A Few Cool Hardware Store locations ranging from 4,000 to 13,000 square feet, expanding from Washington into Baltimore, Silver Spring, Maryland, and Alexandria, Virginia. We purchased four and built the rest from scratch.

In 2018 we closed one store due to underperformance; it wasn't in a location that had a strong sense of identity.

Our revenue ranges from \$1.5 million (€1.25 million) to \$6 million (€5 million) depending on location. We have 250 employees and will add 50 - 80 more when our spring season starts.

### Nine cool values

We managed growth by playing on the strengths of our culture. By promoting people from within who best exemplified the values we wanted to portray, we've been able to expand our culture in multiple locations.

Our values couldn't just come from the very top. For many of our programmes and processes, we gathered our managers, assistant managers and back office team and asked what they thought we exemplified.

A business coach helped us identify nine core values we live by:

- be helpful
- be a good neighbour
- create raving fans (who absolutely love us, shout on social media how great we are, send wonderful compliments, shop continuously with us and bring out-of-town friends)
- be vibrant and enthusiastic

- be an awesome team member
- communicate respectfully
- always grow and share
- embrace and drive change
- be nice

We have infused these values into our everyday operations. All interviews and counselling conversations start with questions or comments that relate back to our values, as do giving awards and managing underperforming associates.

We teach our team what these values mean to us; how they affect their work and our customers and how they can facilitate moving up within our company or on to better things elsewhere. One of the hardest things about growing a good culture is finding commonalities and sticking to them. Values must become living, breathing 'things'. That's not easy. Owners must believe in them and use them as well as folks up and down the leadership chain.

### Be a good neighbour

This is at the heart of being a community store. When you treat customers like neighbours, they aren't afraid to ask for advice, or take your suggestions, or buy the items you say they need to get their project done.

The more we invest in our surrounding streets, the more the community calls us 'their hardware store', the more likely they are to support us.

I've been passionate about community service since I was in high school. Philanthropy is a big part of our business, within our community and our team.

We're not just hiring associates; we're helping remove the obstacles to employment for people who need a chance. Giving people jobs when nobody else wanted to.

### Pandemic relief

Throughout COVID-19, small businesses have helped keep communities connected and safe.

As local retailers, we've been accessible to our customers and enabled healthy shopping without the necessity of going into massive stores and being around dozens of people. I hope we're perceived that way.

We're killing it with kindness and camaraderie. Spoiling our team so they'll be extra nice to customers. And continuing to be all about the community, despite Covid.

We're helping tell local stories about businesses we love and support. That can mean stocking local products or teaming up with neighbourhood businesses to hold safe community events. During this crisis, I'm so grateful for my team and all they've done

# Store Profile



Associates always willing to help.

to keep each other and our guests, as we refer to our customers, safe. No commerce would have been transacted without their dedication and hard work.

To support our associates, we gave out over \$750,000 using US Internal Revenue Code 139 which ensures disaster relief payments are available if a local, state, or national emergency is declared.

Funding went towards PPE purchases since our staff encounters the public all day, help with increased commuting costs (in case of limited public transportation), and cleaning supplies (staff now need to clean at home/do laundry more often).

For many months we also gave every associate \$10 each week in the hopes they'd buy food from a local restaurant to help keep others employed. Some used it to supplement increased transportation costs too.

We didn't require that it be used in any specific ways, but made suggestions about optimising the benefits to our team and the local area.

In addition, we retained our match and management bonus programme for staff pension contributions.

## Hey, why not?

In my previous profile, I confessed to driving my leadership team crazy at times. I still do. But if we aren't changing and innovating all the time, we won't grow as a business or individuals.

When you say 'why not' instead of 'why', you never know what you'll end up with. 18 years ago when nobody thought a woman could successfully run a hardware store in a rundown urban area, I said 'why not?'

It's so easy as a CEO to make all the decisions and always say no. I want my team to realise why every opportunity should be evaluated and discussed.

We should be saying 'why' and try things more often than 'no, we can't do that', or "no, we tried that once and it didn't work". New teammates might tweak an old idea and magic could happen!

It comes down to everyone's personality and how they manage change and a fast-paced environment. I don't think we innovate as much as we should, but we do keep a steady stream of projects going, so there is no time to get bored.

## Get outside our walls

Hardware is an old-fashioned business; that is where a lot of our charm comes from. But to compete, we can't think or act like an old-fashioned business. We can keep some traditional values but have to move away from our sector's narrow focus.

I want my team to know what's happening in other industries in case there is cross-over or something we can learn.

Product selection is easy. I ask our buyers to go to trade shows outside the hardware channel. I also ask my marketing manager to keep up on developments in many industries. What's going on in fashion? What are they doing in the financial services world?

## Data and diversifying

We sometimes get overwhelmed by all the numbers to crunch, review, and act on. So we only create reports that we know might move the needle on an initiative or keep us informed on our progress. Data helps us work faster and smarter.

I believe offering handyman services and general services will be a growing revenue stream for hardware stores. Until last year though, we weren't tracking or making revenue goals for this important line of business. Now we do.

I can tell you how much glass we cut last year, what sales looks like and our 2021 growth targets. This helps our marketing manager create her annual advertising plan and alerts us to which locations are taking the programme seriously or could use help. Also, we must be willing to report on business aspects outside of sales and inventory.

We use data for the people side of operations. For years I've been telling everyone we're a fantastic place to work. However, retail staff turnover is notoriously high and we weren't tracking it. We are now.

We have a quarterly strategy meeting just about turnover. To ensure we're on the right track, we use employee engagement surveys and 'stay interviews'. People are asked why they leave, but when is the last time you asked someone why they stay? We track pay equity and diversity metrics too.

## 'Cheerocracy'

I was a cheerleader for years in high school, so being cheerful is in my blood. I've been accused of 'leading by cheerocracy' because I want to create and lead a positive, supportive workplace. I embrace it!

I tell new hires that if I have to be somewhere eight hours a day, I want it to be a happy place and it takes all of us to make that happen.

The downside is that I've been told by my leadership team that no one wants to tell me about negative things that happen. I recognise this as unhealthy to our success so I'm working on that. Keeping independent businesses growing takes one person at a time, one store at a time. Customers and businesses, don't give up on local!

## Gina's Gems (Unchanged since 2014)

- I tell small business groups, particularly women's groups, that fear can be a powerful motivator, but can also stop us from acting on our entrepreneurial dreams. There is no harm in trying, no shame in failing and no 'I wish I had' if you at least try.
- I'm a shameless self-promoter, constantly finding ways to highlight our business to the public. I talk about urban retailing, customer service, our company culture; a whole host of topics that bring attention.
- Consider the lifetime value of your customers. We've learned if you upset a customer, she could tell 15 people. With social media, that's potentially millions. Make sure the experience is good. A customer spending \$5 one day may spend thousands over their lifetime with you. Make every interaction count as if \$1000 is being spent with you that day.