

Wholesale Excellence

Kevin Housand's father was in wholesale hardware for 30 years before buying out a True Value store in 1976. "Working for a smaller regional wholesaler, he realized

that co-ops were the future," says Housand, who has since followed in his father's footsteps with his own True Value store in Moncks Corner, South Carolina. "Over the years, we've stayed with True Value for the wholesale advantages of a co-op combined with a broad program offering that gives us greater flexibility."

True Value Company made significant strides in 2005 toward becoming a world-class wholesaler through new technologies, a more effective distribution structure and new sourcing initiatives. The co-op installed PeopleNet®, an on-board communications system, throughout its fleet to improve safety and efficiency, drive down costs and keep deliveries on time. It also shifted to a regional focus, developing new regional product assortments and realigning territories into 13 regions centered around regional distribution centers (RDCs).

"We've been blessed with excellent service from our RDC," says Housand. "Last winter, when a cold snap hit, we ran out of kerosene

heaters – and so did our competition. Our RDC added heaters to a truck that wasn't part of our normal run so that we had them when our customers needed them most."

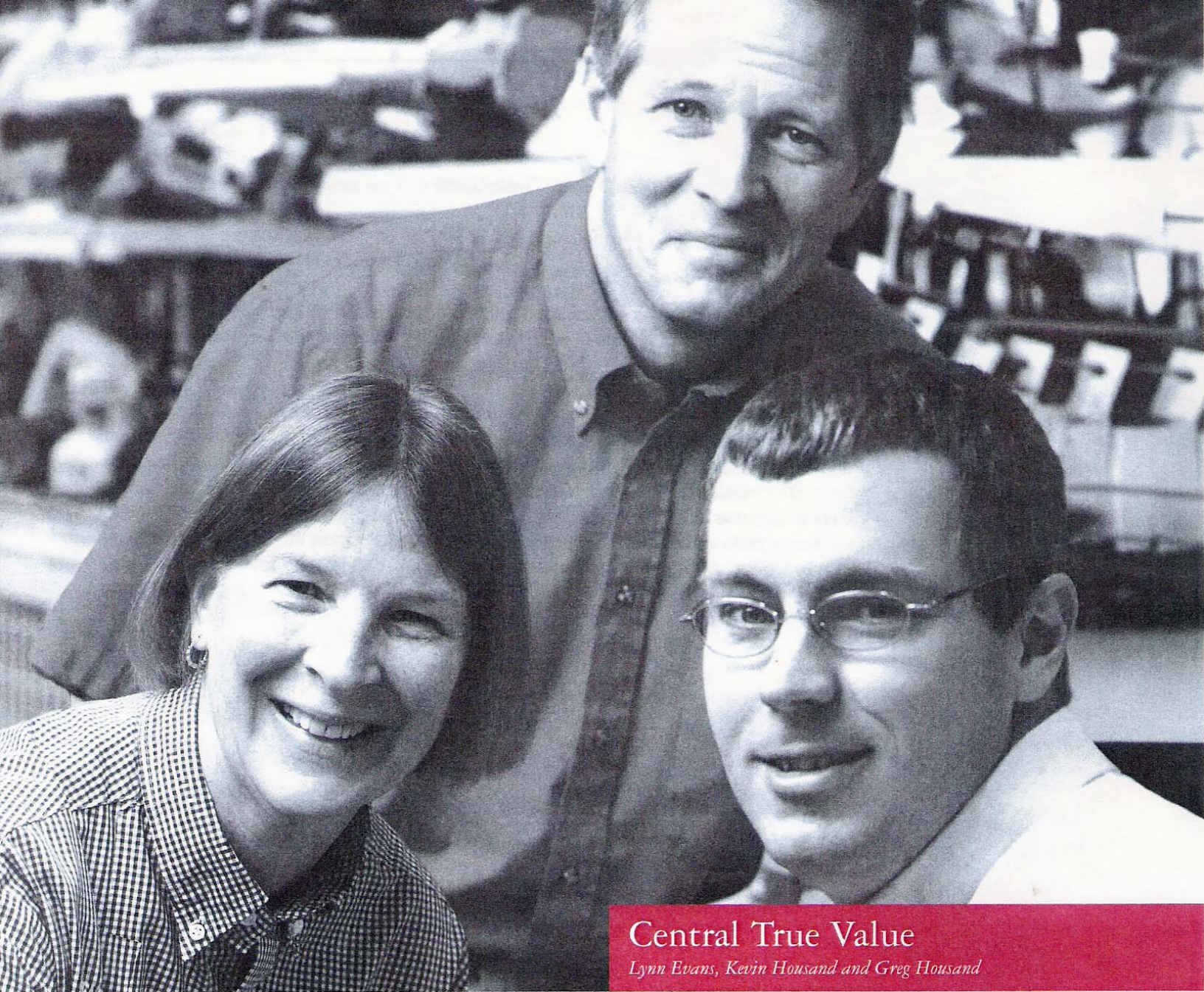
To provide even better service, True Value converted its Woodland RDC to a new warehouse management system and expects to introduce the system in additional RDCs in 2006. Using handheld scanners, the new system tracks merchandise as it is received, stocked, picked and shipped, increasing accuracy to 99.9 percent. This enables members to receive goods into inventory and know that their order is accurate without counting every item.

While most retail programs involve new activities, one step taken by the co-op this year will do the opposite. The introduction of blackout periods during the busiest retail seasons will relieve the burden on members to implement changes during heavy selling weeks. During blackout periods, members won't be asked to join new programs,



"We've been blessed with excellent service from the Atlanta distribution center ... They've gone out of their way for us on numerous occasions."

Kevin Housand, Central True Value



Central True Value

Lynn Evans, Kevin Housand and Greg Housand

price changes will be minimized and member training will be scheduled outside of peak selling times, enabling members to focus on their stores and their customers.

The Certified True Blue line review initiative also continues to benefit members' bottom lines. "The True Blue sets give us dramatically lower prices than what we were paying with the other co-op, as well as cleaner, fresher product mixes," says Nathan Grove of Rochester True Value in Rochester, Michigan, who converted his stores to True Value in March 2005.

To offer members competitive pricing now and into the future, in 2005 True Value established a sourcing office in Shanghai and two consolidating

warehouses that are strategically located to cover factories located in both northern and southern China. These resources will improve the co-op's sourcing capabilities and increase its speed to market.

"True Value is doing a lot of innovative and creative things as an organization, and I realized that it was the co-op I wanted to join," says Grove. "As a wholesaler, True Value gives me what I need to carve out my niche in the marketplace as the independent hardware retailer with quality parts and products at good prices."