

Transforming for the Future

With a history of helping companies make major transitions, Mark Burrowes is heading the latest evolution of longstanding hardware group John Danks & Son with the support and resources of Woolworths behind him.

Images by Estelle Judah Photography

Established in 1859, John Danks & Son (Danks) is a leading national hardware and garden distributor and retailer represented by its three brands: Home Timber & Hardware, Thrifty-Link Hardware, and Plants Plus Garden Centres. Danks was acquired in a joint venture by Woolworths Limited and US hardware giant Lowe's in 2009. The joint venture is committed to building an integrated, multiformat offer in the hardware and home improvement space incorporating Masters big-box stores and Danks' hybrid model of independent and company-owned stores.

General Manager of Home Timber & Hardware Group Mark Burrowes has been involved in some big-name company transformations. Cutting his teeth with Shell in Australia and Canada, he quickly learned the importance of balancing strategic planning and execution. Following his tenure there, he moved to Colonial where he was part of a team leading the company's reinvention and eventual sale to Commonwealth Bank. Afterwards, he was recruited as managing director for Medibank Private when lifetime health cover was being introduced nationally, and helped take the organisation to its two-millionth customer. Following that, Mark worked with Caltex as the company transfigured itself to market leader in the sector.

Mark's last post before leading Danks into a new era of growth was with Mitre 10, where he helped the company reshape its capital structure and eventual acquisition by Metcash.

Mark has had quite a diverse professional background, with an underlying theme of strategy, implementation, and smooth transition. "If someone looks at where I've worked and asks, 'How does this all hang together?', " Mark says, "I explain they're all sectors that undergo a lot of change, they have a tonne of customers that were to some extent unsatisfied, and there were lots of upside if a plan was implemented and change could smoothly take place."

Building on success

This varied background has brought to light one constant: a passion for customers. "I've realised that comes from my core skill, which is marketing," Mark explains. "Real marketing is about

strategic marketing plans; it's about differentiating and executing a plan in the marketplace and winning for the benefit of customers. If the customers are after the best, then the customers who shop in our stores will in turn help our group become successful. This results in a positive spiral through your whole end-to-end business system. I like that theme to flow through the organisation."

Salvaging the ailing Mitre 10 business was one of the most challenging and rewarding chapters of Mark's extensive career. The company was facing a host of difficulties due to the strategy it was pursuing as well as how it was implementing that strategy. "I have to say it was the toughest gig I've ever done," Mark says. "But helping Mitre 10 for the shareholders, storeowners, suppliers, customers, and the industry was very rewarding and became the most exciting thing I had done up until that point. >



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"This is a very exciting period for the whole hardware sector as it consolidates and reinvents itself. Woolworths has a multiformat strategy, incorporating Masters and Danks, and we are putting our full weight behind it for the benefit of customers."

- Mark Burrowes

"Danks is focused on delivering accelerated growth within the independent hardware segment. Having developed a strong relationship, Danks and Valspar work together closely to develop and deliver strategic, tactical programs to enhance the shopping experience for the DIY customer."

- Lee Hosking, National Key Account Manager, Valspar Australia

"We convinced the Mitre 10 board that it actually needed a reshaped capital structure for the long-term viability of the business. It needed not to be owned by the stores and to be fully in private or commercial hands, so we ran an international process to see if someone wanted to wrap their hands around it and pay some good money to the long list of shareholders."

That international process led to an acquisition by major marketing and distribution company Metcash. "I was going to go on into a bit of

a portfolio career then—non-executive director roles and so on—but after some time I got a call to help Woolworths as they prepared to enter the market with their home-improvement strategy," Mark says. "I got to know the Woolworths team back in my Caltex days because we did the Woolworths and Caltex fuel deals, which are still out there today.

"Here's a sector that is very fragmented and undergoing massive change, and has probably not had the economy working in its favour for the past five years because of the GFC. This is a very exciting period for the whole hardware sector as it consolidates and reinvents itself. Woolworths has a multiformat strategy, incorporating Masters and Danks, and we are putting our full weight behind it for the benefit of customers. Customers have more choice when they go to a home-improvement or hardware store, so I was very happy to a part of that exciting journey."

With the support of a strong corporate player in Woolworths with its proven record in retailing

and supply-chain logistics, Mark and his team set out to implement a broad five-year business strategy for Danks and its retail brands, Home Timber & Hardware, Thrifty-Link Hardware, and Plants Plus. "The market was changing rapidly, and we couldn't stay the way we were as a pure wholesaler," he says. "Under the strategic pillars of 'Strengthen and Grow', we looked at ways our business could evolve to make our independent stores—the cornerstone of our business—even more successful; but we also recognised that to fuel these growth ambitions, we also needed a certain number of company-owned stores. The sector was consolidating, so some people wanted to get out and sell, and we were very happy to be the catalyst for that.

"Today, we operate under a hybrid business model with a mix of independent branded stores and company stores. At the moment, the split is around 70:30 independent to company owned, but this will evolve as the market dynamics change. We're pursuing these opportunities on two fronts: with trade-focused acquisitions, >



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"As a supplier to Danks, we see the benefits of the strong momentum it has demonstrated over the past 12 months. Strong brands attract strong partners, and we are working to ensure growth for both businesses in the long term." - Greg Pownall, National Sales Manager - Security Products, ASSA ABLOY Corithian Industries

and recruiting more independents to our group. This strategy in itself will see us grow exponentially as a total entity. We're confident in the long-term prospects of the industry and even more confident our investment will deliver ongoing growth and prosperity to the stores that support our group.

"Our role in the sector with suppliers and the like becomes more relevant because when we talk, there's a guaranteed volume of business we can put through our company stores and it can happen in a split second. The benefit of those discussions then flows on to independent stores in terms of range, price, and service."

Maintaining a reputation

With more than 150 years of experience in Australian hardware, Danks has proved successful in evolving its business and brands in pursuit of growth. Today, it is led by its premier national brand, Home Timber & Hardware, and the group has built a reputation as a market leader for service, quality, and advice. "We're an established player in the market and lead from the front in terms of hardcore hardware and trade. We're also regarded as the best in terms of instore service and the best in terms of the ability to give real advice," Mark notes. "That's independently researched results through our tracking.

"To top this off, we've just beaten all competitors to be named Hardware Store of the Year by Roy Morgan Research, which is based on monthly tracking and the opinions of 50,000 customers with regard to each company's products and services. We're delighted to be

named number one in that space. The win is testament to the commitment of staff and stores to deliver day in and day out. When they walk in the door of a Home store, customers know they will be served by helpful staff with the right product knowledge and advice.

"The reason we're regarded as number one in these areas is because most of our independent stores have been owned for generations, so these people have risked their capital, been there for a long time, and formed relationships with their customers. The people in those businesses have learned all sorts of things around hardware that have been passed on from generation to generation—not just the hammers on the shelf, but the know-how to assist a DIY person or a tradie. A great number of our stores have been born out of a trade background; when you have trade in your DNA, it gives significant credence to the brand as a whole."

The company has a warehouse platform to help it strive for best practice and unparalleled efficiency. This goal is being realised with the support and back-end network of Woolworths. "Woolworths is world class at



supply chain, and our warehouse platform and systems will ultimately start to join up in the back," Mark says.

With a wealth of experience in helping companies seamlessly make major transitions, Mark has a sound understanding about how to best set up a business plan and prepare for change. "I just work on a simple five-point model," he explains. "You need a plan or a strategy. You've got to have the right incentives in place. You've got to have the right resources, both capital and people. You've got to have the right skills in your people. You've got to have an action plan and KPIs so you can measure. If you get those five things right, then you get really exciting, smooth change." >



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Fostering stakeholder relationships

Implementation of strategy and change can only be facilitated through informed stakeholders. "If we're sharing our plans and success with staff, stores, and suppliers, then they feel empowered as key members on the journey," Mark says. "I'm happy to say that for the past 18 months, we've been working deeply with all three groups. We have a senior Leadership Group of staff, and it's their job to drive the change program and work together as they move down the field and help everyone else get on board with where we're trying to go. We've got to get it right internally first. It's a constant thing because we're not standing still; we're implementing a massive change program while also meeting our day-to-day commercial objectives.

"Earlier this year, we had a 1,500-person conference on the Gold Coast, and the energy and excitement from all those three groups was an investment in the change journey. The good feelings and the camaraderie were just fantastic. It's great to have our stores and suppliers understand the strategy and want to be part of the journey with us. The conference was attended by around 80 per cent of our stores, which is a lot as we've got more than 500 stores in our group. It was around 90 per cent of our suppliers because they needed to be there, and it was encouraging to be able to reinforce our integration

and growth aspirations and show them the real traction we've been able to make. It's an exciting time to be a part of the group."

The thrust of Home Timber & Hardware's business model is collaboration. The company works closely with various strategic partners to get the best products and services through its network. "Some of our largest suppliers in terms of volume are also our most enduring, with business relationships that stretch back many decades," Mark says. "Then we have new vendors on board as a result of our Woolworths and Lowe's alliance.

"We've just introduced flat-pack kitchens from Häfele into our business. It can take an enormous amount of time to have all the back-end design and marketing put together to be able to deliver a service such as this instore. As part of Woolworths' multichannel approach, our colleagues at Masters worked with Häfele to produce the best-quality flat-pack kitchen offer in the Australian marketplace, which we can now tap into and offer through our Home stores.

"Then we have vendors such as our current Supplier of the Year, Wattyl, whose parent company Valspar is one of the largest paint manufacturers in the world. This company is prepared to invest in the quality, innovation, and promotion of its range across the Woolworths home improvement network. By tapping into these vendor relationships, it's not just



"For over 30 years, Corinthian Doors has been supplying Danks a wide range of products. I was personally calling on many of the Danks stores back in the mid 1980s and continue to hold strong relationships with many store principals."
- Al Bruce, Senior Vice-President, Corinthian Doors

price where we can benefit, but we also cut the time and the investment down to the point where it is easy for us to introduce a new product or service. Our key supplier partners are instrumental in this strategy, and we are working on a range of opportunities across our business model for the benefit of our independent stores and our customers."

Communication and transparency are major elements that underpin the internal success of Home Timber & Hardware. By creating a company-wide understanding about the strategy and direction of the organisation, store owners, and staff are more engaged and on board with the progress of the company. "I've talked about our internal Leadership Group, but we've also got a group in the independent store network called the Chairman's Club," Mark explains.

"They are 50 of the biggest, best, and most supportive stores in the group, and they're the ones that we go to and work with on ideas around change. We don't just go and tell them; we bring them in. When we're thinking about substantial changes around our warehouse platform, we bring them to Melbourne and show them what the warehouse system behind us could look like in the future and what it means for them to be part of that.

"We also have our National Advisory Council and Trade Advisory Council represented by our stores. We meet four times a year to involve them in our decision-making. Independents make up a vast proportion of our business, so it's important we can test their thinking on a range of initiatives and strategies before we execute."

Growing the business

Home Timber & Hardware's Home Truths (see box on the following page) are testaments to the company's growth and progress >



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Home Timber & Hardware's Home Truths according to Mark Burrowes

- Home Timber & Hardware is Australia's fastest-growing brand in independent hardware for tradies and serious DIYs.
- The Home Timber & Hardware store network has increased over 30 per cent in the past two years. We've gone from 204 stores to almost 270 today; that's quite miraculous in these tough retail times.
- Home Timber & Hardware has earmarked significant capital to grow the network over the next four years. That goes with being well supported to implement our plan with a couple of world-class players supporting us in Lowe's and Woolworths.
- Home Timber & Hardware has worked with key suppliers to ensure our retailers are always competitive.
- Home Timber & Hardware has the highest customer satisfaction scores in the industry, as shown by our title as Hardware Store of the Year at the Roy Morgan Customer Satisfaction Awards.
- Thrifty-Link remains the unequivocal leader in convenience hardware.
- Plants Plus is the largest and fastest-growing specialist brand for gardeners and landscapers.

"Staff feel good about this, stores feel good about this because it's their business, and suppliers feel good about this because if customers come in through our front door, then it means suppliers can put more into our company and be successful as well."

- Mark Burrowes

following the acquisition by a joint venture between Woolworths and US chain Lowe's. "The joint venture settled on this company on Remembrance Day in 2009, and we've almost doubled the business since then," Mark explains. "That's something for staff, independent stores, and suppliers to be quite proud of, and it's a proof point in terms of the strategy and plan.

"It's not just us reminding ourselves of the achievements. Those Home Truths have those three stakeholder groups' support and dedication built in, otherwise we wouldn't be able to say them as truth. Staff feel good about this, stores feel good about this because it's their business, and suppliers feel good about this because if customers come in through our front door, then it means suppliers can put more into our company and be successful as well. It's like a positive spiral and it has its own momentum."

While staff and storeowners have been paramount in Home Timber & Hardware's ongoing success, suppliers have also played a vital role in helping the business through these developmental stages. The organisation has close contact with suppliers, recognising their efforts and helping them align with the company's vision. "I've had significant suppliers sit beside me at our annual supplier awards, and I can tell they desperately wanted to hear their name called out," Mark says. "I know they were extremely disappointed if it wasn't their name on the plaque.

"But the positive is they can have conversations with us about what it would take—around product innovation, service, how they can help stores become more knowledgeable about their products, how they follow it through the marketplace, and what work they do with builders to point them to our branded stores."

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remaining innovative in terms of product range and working closely with building organisations. "Last year, we negotiated a supply contract with the CJ Gardner building group, and we collaborated on behalf of our independent stores and our company stores to win that tender. It's a major win for our business strategy in terms of building our credentials in trade, and has spiked interest from other volume builders keen to explore a relationship with Home," Mark notes. "We are the major supplier to CJ Gardner in Victoria, and we've got suppliers standing behind us to make sure the right trade prices are in place. There's a quote that comes from CJ Gardner's performance manager, Ian Izzard, that says they've seen a 40-per-cent improvement in the service levels from their previous supplier."

Gauging success

Measuring performance is a crucial aspect of Home Timber & Hardware's quest to be an industry leader. Senior management likes to maintain communication with its frontline operations, regularly visiting stores and speaking with storeowners and other managers to share best practice and grievances. "There are eight of us on the executive team, and we divide up those Chairman Club stores and almost buddy up with them, so it's not a line-management exercise,"

"We listen to our customers and feed it back in so staff can see what's really going on inside a store, so the work they do around ranges, pricing, and layout starts to be more real and they're in tune."

- Mark Burrowes

Mark says. "When our execs are travelling around the country, they've got five or seven stores they can sit in with the owners and senior people. Sometimes, the best ideas come from conversation and simply eyeball-to-eyeball engagement; it doesn't come out of emails and telephone calls."

As customers are the backbone of any retailer's success, Home Timber & Hardware likes to speak directly with its customers to measure their engagement with the store network. "Let's Go Shopping is a program that all Woolworths divisions take part in," Mark says. "I do it, my direct reports do it, their direct reports do it, and our store managers shop at other stores. I visit a store and find a customer. I say, 'I'm from the Home Timber and Hardware group; can I walk and talk with you while you shop?' It's like a cold call and it's very enriching. You'd be surprised how many people are delighted to say 'Yes'."

By walking around stores and speaking with customers, the organisation can learn firsthand about how customers perceive the brand and what things can improve for the sake of customer satisfaction. "I've walked with customers, I've walked and talked with families at our stores, and you can ask them about what jumped out at them when they came through the front door and how they find the layout," Mark explains.

"You can ask about product ranges and pricing. We take notes on everything and make it conversational. We listen to our customers and feed it back in so staff can see what's really going on inside a store, so the work they do around ranges, pricing, and layout starts to be more real and they're in tune. It's an enriching experience for our people to do that. It's also good for the customer because it gives us the credibility that we're on the same journey as they are."

While Danks' history has helped ingrain a family-business mentality into Home Timber & Hardware, the support and supply network of Woolworths have helped the company become a more efficient and innovative retailer. Mark's business acumen and prolific career in implementing strategy have been instrumental in transforming the company's operations and supply chain.

The company has seen excellent growth and development following its acquisition despite a challenging retail environment. Sales and its national footprint have risen for the organisation, and Home Timber & Hardware remains on top of its products and services by regularly communicating with its stores, suppliers and customers.

This attentive approach to stakeholders ensures that Home Timber & Hardware will continue to lead the market and further establish itself as the choice for tradies and serious DIYs. ●

