

# TOTAL Focus

With a growing store network and a dedicated focus on the customer, Total Tools is leveraging its 25 years of experience and developing a nationally renowned brand.

Images by Estelle Judah Photography

**I**t has been 25 years since Total Tools was started. Today, the company boasts 39 stores across Australia and a loyal team of employees, suppliers, and customers. Tim Cockayne, CEO of Total Tools, spoke to *The CEO Magazine* about the growth of the business in the past few years and how he and his team are building on those foundations.

**The CEO Magazine: You became CEO more than two years ago. How has the company developed over that time?**

**Tim:** The business actually started 25 years ago this year, and it started as a cooperative. Approximately six years ago, it changed into a franchise business. When I started two and a half years ago, the business was probably 50-per-cent franchise and 50-per-cent cooperative in the processes and systems that they operated under.

Together with the board, we have built a strategic plan towards opening 113 stores across Australia, and in the past two and a half years we've basically reset our team, moved the location of our office, and built the infrastructure to be prepared for that growth. We've now gone from 30 stores up to 39 stores. Over the next 12 months, we'll actually open 12 stores. So, having done all the heavy lifting work to build that structure, we're now ready and prepared to cope with the growth in the store network that we're putting in place.

Even though we have been focused on building a base, in the past few years we've grown our sales by around 70 per cent. We've massively increased our marketing. We do quite a number of different promotions over a period of 12 months, including some television, catalogue, radio, press, SMS, and email. We recently launched our new e-commerce site which we built in that time.

We just started selling online, which we leverage off our store network where all the sales distribution or pick-up is done. The benefits of that are that if we get an online sale from Brisbane, then that will be serviced through one of our Brisbane stores, which means a reduced lead time to get the product to the customer and a reduced freight cost for the customer. It's all done on a live site with live stockholding information, so if we take an order then we've got it in stock.

**In regard to expanding your store network, how do you plan to carry that out?**

The process to become one of our franchisees can take up to 12 months; it's quite a long process. We spend a large amount of money on recruiting and then reviewing potential franchisees. I think our numbers are at around 400 inquiries per year. We go through a number of processes, together with the prospective franchisee, where >

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**You mentioned your online store. How are you venturing into e-commerce and what are your plans for that?**

we make decisions on whether they're the right fit and if we're the right fit for them.

Once they finally get approval, there's three months of training, and then it's a matter of finding the right territory and the right site, which we look after. When I say we're going to open up 12 stores in the next 12 months, all of those prospective franchisees are already in our system at different stages, but they've all been approved and they're all going through the process. Some are going through their training while with others we're finalising leases. That's basically the process that we go through. We've got those ready to open; it's just a matter of making sure that we've got council approval and leases finalised to be able to go ahead timing wise.

In all honesty, to me it's not about the e-commerce sale; it's about the interaction with our customers. A lot of it is about driving people back into stores. For us, e-commerce has always been about being an extension of our store network. In many ways, our current or future customers don't have to be restricted by the times our doors are open because what we're putting in place is the opportunity to have our doors open 24/7. Around 95 per cent of our customer base is people who use our products in their job every day. They may want to purchase products at 10 o'clock at night, and we now have the capability to do that.

What we're seeing is that a lot of people are doing all their research and then bringing that information instore to help them make their

final decision. They go instore to touch and feel the product, but they're fairly ready with all the knowledge and they're able to make a final decision quite easily.

**What do you think has been the secret to the company's success over its 25 years of operation?**

I think in the early days it thrived as a cooperative because that was the way a lot of businesses were built, but the secret was really unlocked when it became a franchise and introduced standards around compliance and discipline. For those stores that were cooperative, that change was difficult and they had to give up a lot of things. They gained a lot, but they also had to give up a lot. In doing that, the discipline of making sure our stores looked the same and felt the same and were all open at the same hours has been the real point of difference.

In addition to that, we continue to grow our stores. Whereas our



average square-metre size was once around 300 square metres, our average size now is around 1,000 square metres or more. We even have a store that's over 3,000 square metres. That range really meets the changing market that we have.

The customer 25 years ago would come into the store and identify what they needed and be very happy to wait one, two, or three days for that item to arrive, whereas now the customer expects to be able to come into the store, pick it up, and take it today. We provide a massive range of products that are available in stock at the right price every single day. That's retail today; it's completely different to what it was 10, 15, or 20 years ago.

**How have you brought your own experience within the retail sector to your role and to Total Tools?**

The key for me here initially was making sure that I pushed compliance and discipline even further. I wanted to move the business to forge forward in regard to greater marketing levels and continually push our name out into the market and make sure we're at the top of customers' minds. The key is ensuring that every single decision we make is based on what's right for the customer. Sometimes that can be difficult, but you have to make those decisions based on the customer. It can create some pain, but the long-term gain always far outweighs any pain that you have to go through.

**How are you celebrating the company's twenty-fifth anniversary?**

We actually held our conference this year in Los Angeles at

Disneyland. We had all of our franchisees across for the 25-year anniversary, and that was sponsored by a number of our key suppliers.

**How do you work with suppliers and partners to continue your success and their success?**

Our relationships with our suppliers are probably the biggest strengths that we have. We spend a huge amount of time with our suppliers. We work very much on a transparent basis. We share information, and there's very little that we won't share with our suppliers. We plan and spend time detailing what we want to achieve and where we want to go together and try to find that equilibrium that allows us both to benefit.

Obviously, supply relationships still have some form of negotiation and trying to make sure that you've got the best deal for yourself and the other party, but generally we treat our suppliers as partners. We share information with them and we bring them along on our journey. Hopefully, we can benefit from their success and they can benefit from our success. That's obviously the true goal, and on most occasions we're able to do that.

**How do you reinforce that culture and attitude throughout your supply relationships and your own company?**

We do a lot of different things. I do a presentation each year in September to the senior people within our top 30 suppliers, when I go through all the key plans and where the business is going. We share every bit of information with them at that time. We then take that down to the next level with the category and merchandise managers and with the rest of the team. We share that



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information and we work together to build those strategic plans. We include everyone in the company and the suppliers when we build these plans.

It is about making sure that we have the right team here who understand that it is a partnership. Retail has changed a lot. I've been in retail for 25 years, and retail 25 years ago was about getting the best deal and thumping the table—and that doesn't work anymore. It's about making sure you've got people who align with what does work, which is working in partnership.

**What is your long-term vision for Total Tools?**

The goal over the next five years is to have somewhere around 75 to 80 stores. We believe there's a lot of opportunity. We've identified all of our sites around Australia where we want to be. Currently, we're in South Australia, Victoria, New South Wales, and Queensland; and growth into Darwin, Western Australia, and Tasmania will occur in the next 24 months. We'll continue to open up those sites around Australia.

The business is 25 years old and it's growing. It's a changing business, but it's definitely a very modern business. I think we've created an excellent culture for our team here. Our overall focus in the business is about how we can make a difference to customers and give them the best experience that they can possibly have.

When you look at Total Tools, it is a little bit different in that a lot of our business is business-to-business through contractors or companies where they really rely on us being able to help them straightaway, and that's pretty much what we do. We're always looking to find ways to make it more beneficial for the customer. If you look back at our business, that's pretty much what the business has been built on since day one: looking after the customer. Every day, we're looking for ways in which we can do that even better. •



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Total Tools offers a unique, successful, and superior business model that has delivered outstanding returns to its franchisees over the past 25 years. Total Tools is the number one most trusted tool retailer business in Australia which is now rapidly expanding into new and exclusive premium territories.

- 25 years of **success**
- High level of **ROI**
- Owning a slice of **Tool Heaven** – a growing \$13 billion industry
- From opportunity to profit—your chance to own more than one store—**diversify** your investment
- You **control** your financial destiny

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