

# Built



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*The CEO Magazine Europe*  
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## to Last

As a DIY specialist in a struggling market, Maxeda DIY Group has remained strong and continues to expand the brand across the Benelux. The company strives to help more and more people build the best using the best.

Images by Vincent Boon

**M**axeda DIY Group is a market-leading DIY retailer that operates more than 370 stores across the Benelux with 6,000 employees under its banner. Every week, the company welcomes one million customers, helping them to build the best and create the home of their desires. As a retailer of the leading brands in home improvement, some of which are owned by Maxeda, the company has a continued focus on improving product ranges, both through better sourcing and improving its own brands.

At Maxeda, the overriding goal was, is, and will be to build better businesses. It symbolises universal direction, ambitions, and corporate culture throughout the organisation. This means Maxeda aims to add value to all stakeholders including customers,

staff, suppliers, shareholders, and the environment.

Over the past seven years, Maxeda's formats have embarked on new growth strategies across Europe and many have delivered excellent results. Each format has a unique identity. Within Maxeda DIY Group, the company works together as one team to develop winning strategies. The passion to serve the people who serve Maxeda's customers is the source of the organisation's continuing success. At Maxeda DIY Group, this passion for the customers' needs and desires is the driving force of the business.

Maxeda's mission is to help and inspire people to create the home of their desires. The company

wants to inspire people to maintain, enjoy, decorate, renovate, and construct their homes. Each of the organisation's formats is customer focused, concentrating on market positioning and customer experience.

The company has four DIY formats: Praxis and Formido in the Netherlands, Brico in Belgium and Luxembourg, and Plan-It in Belgium and the Netherlands. Fifty-five stores have more than 5,000 square metres. Of these, 12 operate as Plan-It stores and 29 as Praxis Megastores. The majority of Maxeda's stores are between 3,000 and 5,000 square metres, operating as Praxis with 139 stores and Brico with 141 stores. The smaller store format is Formido, which has 78 stores. >

*"As Europe's most modern manufacturer of decorative paint, our common principle: to drive the market by consequently focusing on innovation, high speed-to-market, and sustainable concepts to create consumer value, can only be achieved on a strong foundation and shared understanding." - Leonhard Ritzhaupt, Managing Director, J. W. Ostendorf*



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**Great Star** manufactures many categories with a total of more than 30,000 products. Major product categories are hand tools, power tools, flashlights, knives and multi tools, garden tools, as well as many specialty categories such as drywall and masonry tools, tiling tools, electrical tools, plumbing tools, automotive tools, and equipment.

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Maxeda's strategy is focused on the group operating closely with the customer through its four retail formats, working together as a modern, integrated, and market-leading DIY retailer. This is achieved through one team with one vision. Maxeda helps and inspires people to create the home of their desires through having the following elements:

- Right suppliers—working in longer-term partnership and serving the whole group
- Right stock—reducing very slow-selling articles and using the cash and space freed up to invest in new and fast-growing categories
- Right ranges—transforming ranges over the next three years by working together, sourcing together, and developing distinctive own brands of quality

- Attractive stores—refurbishing core stores, resetting layouts, and making them easier to shop in
- Developing destination stores—building on the strength of Plan-It to develop the group's larger stores to become destination outlets
- Right pricing—making sure customers are always pleasantly surprised with promotions and special offers, and never unpleasantly surprised by prices.

Martin Lee is Chief Supply Chain Officer for Maxeda DIY Group and has worked in the retail industry for longer than he cares to admit. "I spent more than 20 years with B&Q in a number of roles, but more latterly as their supply-chain director covering the UK and Ireland. I then left B&Q in 2007 and started my own consultancy where I worked with a number of big retailers like

DSGI, who are the UK owners of Currys and PC World, to work on integration strategy for their supply chain. Obviously, they are two businesses that are now converging more and more into one brand.

"I've also worked with Best Buy Europe on their entry into the UK marketplace and worked with them on the development of their online and home-delivery operations for that entry. Before taking over the DHL operations that look after the healthcare sector, I was the managing director of NHS Supply Chain, who basically supply everything, from a pack of pens to an MRI scanner, to all the major trusts in England and parts of Scotland. I joined Maxeda DIY Group about two and a half years ago as chief supply-chain officer, working at the time with George Adams, who's now left the business and gone back to the UK." >



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“As a group, trying to make sure that we work synergistically across the various formats is always challenging for any international business.”

- Martin Lee

Since coming into the role, Martin has faced some supply-chain challenges that have extended across the Benelux. “One challenge, from a purely supply-chain point of view, was trying to actually build a supply chain where there really wasn’t one. Most of our product, particularly in the Netherlands, was going directly to our stores and the flow of that wasn’t controlled. The challenge was to try and build up a physical network that was obviously more efficient from an overall cost point of view and also easy for the stores to use.

“The challenge was trying to put that in place and also make ready our large distribution facility in Willebroek, Antwerp. We opened that facility in 2009 to deal with the growing synergy program that we’ve been building in terms of Asia sourcing and sourcing as a group. Unfortunately, there were a number of operational issues, which meant that the site itself wasn’t actually able to cope with the volume that we were predicting to take out of Asia. So there was quite a lot of re-

engineering to allow that operation to deal with a change of sourcing strategy.

“And then, of course, trying to put a team together on the basis that there was very little supply-chain management experience in the business when I arrived, so trying to build a team of supply chain and logistics capability was paramount. They were the major challenges from a supply-chain point of view.”

From a wider group perspective, Maxeda has faced some challenges with regard to cohesion across countries and formats. “As a group, trying to make sure that we work synergistically across the various formats is always challenging for any international business. So trying to make sure that both our formats in Belgium and our formats in the Netherlands were able to collaborate and coordinate their arranging requirements so that we could grow synergistic volumes and get better prices and products for the group at large was a challenge.

“When I was working for B&Q in Kingfisher, it was a big challenge as well. To get the French arm of the business in Castorama and B&Q to work together to a common agenda was also a massive challenge. It’s not an uncommon challenge that businesses face, but it takes an awful lot of tenacity to keep that agenda going and make sure that everyone is going in the right direction.”

With an expansive network across the Benelux, Maxeda has built a state-of-the-art platform that strives on its efficient supply chain. “Simply, we have a matrix structure. I’m responsible, as part of the executive board at Maxeda, for supply chain and logistics, and have a small dedicated team that basically comes up with a strategy of program-managed changes and sets the standard around best practice. We then build that into a format plan with supply-chain planners working very closely with the commercial and retail >



operations teams to execute the plans.

“The way we leverage that is by having strong central leadership to build the agenda and set the strategy, closely tied in with the operational part of the organisation, and the formats that then go and execute the plan. It’s not all top down; one of our key strengths is dialogue. We have strategy centrally, but it’s very much locally tailored to make sure that it does meet the disparate needs of our customers and our stores. We have four strong customer-focused formats—that’s why we are a market share-winning retailer. We aim to be consistent in the way that we approach things, and then only deviate from consistency of approach—whether that’s a process or a physical flow from supplier to the store—by exception, and for really good reason, because that’s how you become really efficient.”

IT infrastructure is a crucial element of any supply chain as things becoming more automated and digitalised. Maxeda’s supply-chain management comprises of

sound infrastructure and processes that keep everything running seamlessly. “We’re largely an SAP business, therefore all our basic replenishment and master-data systems are as good as anybody’s, particularly with our warehouse management.

“Most warehouse management systems can do pretty much all the things you need a basic supply chain to do. We’re not a particularly complex organisation from that point of view. Supply chain is not that complicated; the most important thing is what people do with systems rather than the systems themselves. For people to understand the outcomes we’re looking for is far more important than the technology that we apply. We’ve got a very good, very stable IT platform.”

Technology is not only a big part of the company’s supply-chain management, but instrumental in the operational changes that Maxeda hopes to implement. “Our challenge is going to be how we move ourselves from a retail-centric supply chain into an online and home-delivery model.

My experience of that, particularly in the UK, is that they’re very different, and technology plays a much bigger role in the management of your supply chain in an online world, particularly around customer and order management.

“If you don’t have good visibility of stock and customer order statuses, you lose control very quickly. It’s a high-transaction business, and there’s nothing between you and the customer in terms of a buffer, particularly with a retail store where you’ve got a number of weeks covering the store and the customer is likely to always find what they’re looking for. When you’re online, you’ve got one inventory bucket between you and the customer, so you’ve got to keep a high level of availability and a high level of service. The challenge for us is going to be more in the home-delivery arena.”

Maxeda’s shareholders are KKR, Cinven, Permira, and Alpinvest Partners, which are all renowned private-equity firms with considerable retail knowledge and experience. “We’ve got a very supportive group of investors who understand retail. As you can imagine, they have a lot of retail businesses in their portfolio. Having worked in private equity now for the past two and half years as well as in a PLC business, the refreshing thing that I see around working with private equity is that you are never turned down for an investment if you’ve got a very clear business plan, business case, and a clear operational plan to execute.

“As long as you’ve got a very clear strategy as a management team, then our investors are always ›



## Maxeda delivers outstanding results despite volatile market conditions

The most recent *Maxeda Annual Review* was published in June 2013, looking at the financial year 2012–13. The DIY market, particularly across the Benelux, has faced some significant headwinds as of late. However, these challenges have driven Maxeda to continue making progress in its strategic programs and deliver some truly resilient results.

“We are pleased with the strategic progress we made last year,” said Executive Chairman Tony DeNunzio. “We continued to renew our product ranges with major launches in Lier and Jambes [Brico], Amersfoort [Praxis] and Hellevoetsluis, Oostvoorne, and Valkenswaard [Formido].

“We also opened eight new stores: Praxis opened a new store in Sneek, Brico opened a new store in Mersch [Luxembourg], two franchised stores in Enghien and Ixelles, three Brico City stores in Ghent, Bassevelde and Watermael Boitsfort, and Plan-It opened a new store in Ghent. We are constantly upgrading the product offer to our customers. At the same time, our stores are benefiting from investment in new ranges and new concepts as we start the journey as a truly multichannel retailer with the first click-and-collect service in the Netherlands.

“The tight management of our costs and margins have resulted in a robust EBITDA performance, despite declining markets in the Benelux and lower sales. All our colleagues have worked tremendously hard in the past year. Trading has been challenging, but our people have risen to the challenge with commitment, creativity, and focus.”



incredibly supportive. They clearly expect performance, because whether you’re a PLC working for shareholders, or you’re in private equity, there’s a stakeholder at the end of all this and everyone expects a return on their investment. It’s not to say that every exchange is a charming one, but equally you understand the rules of the game. When you’re putting a proposal on the table, it requires a certain amount of capital to get behind it, and therefore they’ll invest, but they obviously expect a return.”

Maxeda strives to be a customer-centric business that provides the highest quality of service to its clientele. “We are coming from a very long heritage of really wanting to serve. We’re now a DIY business, having exited from a number of the other businesses in Benelux. Under Tony DeNunzio, our chairman, there has always been a strong ethos about being passionate about serving customers. And that may sound >

“We are coming from a very long heritage of really wanting to serve. We’re now a DIY business.”

- Martin Lee



**Benny Chen**  
CEO of WUXI GMB INTERNATIONAL CORP



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## Bringing retail customers to our retail customers



In today’s hyper-competitive marketplace, retailers need products and brands that bring them lifelong customers, not just a single transaction. By inspiring homeowners and do-it-yourselfers to engage their passion for home improvement, our growing array of innovative products offers every reason for customers to come back over and over again. We never stop inventing.

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quite cheesy since a lot of retailers do say that, but we're very focused on the customer and focused on getting feedback from customers and responding to that."

The dynamics of the market have changed over the past few years as the DIY market has shrunk and more professional services have entered the market. Maxeda recognises this shift and is adapting to encourage more people to DIY. "In the past couple of years while we've been reinventing our business, we've been very clear about how our customers are changing in the market in terms of the age profile. We understand some of the trends in our customer base; as we move through the generations, basic DIY skills diminish, so we've got to find ways of making basic DIY tasks that people carry out simpler all the time—either by engineering products that are easier to put into your home, or providing better advice about how to do that particular project, whether it's

hanging up wallpaper, painting a room, or laying a floor.

"I think all of the retailers that don't listen to their customers ultimately don't survive, and there have been so many examples of that, particularly in the UK. We work in a very tough market. We're number one in Benelux, we're number two in the Dutch market, and therefore we are very conscious that we need to give our customers a really appealing reason to drive past our competitors and come to shop with us. That's broadly why we've got the success we've got—our brand is very strong, and if you go into our stores, I think you get a warm feeling that our store colleagues are there to really serve the customer."

Martin sees a promising future ahead for Maxeda. "It's a very bright future. We've got one strategy with various focus points looking into the future of expanding into multichannel

capability, refreshing our stores, and our ranges. In my world, we've done a lot of work on sourcing and therefore reducing our overall product costs, but also in supply-chain management to make ourselves more efficient.

"The DIY market is widely understood to have been in a sort of recessionary climate for the past three or four years, but Maxeda is positioning itself well to exploit an upsurge in DIY as it happens when the consumer confidence returns, and it's going to happen at some point. We're just in a really strong position now, with four strong retail formats. We're controlling costs really well, we're taking some good strategic decisions investing in multichannel, we've made good infrastructural decisions about improving our supply chain, and we're working really hard on improving our format and our product assortments. The future looks bright because we're looking ahead and beyond just a one-year horizon." ◊



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### Maxeda website ranked in the top 25 Global Retail ranking

Being one of the newcomers, the corporate website of Maxeda DIY Group scored a ranking of 16 in the Global Retail top 25. This world ranking was published during the World Retail Congress (7–9 October 2013). The first 125 pages of these websites were judged on six criteria including user experience, performance, and search-engine optimisation.

"We are proud of this high ranking among the world's largest retailers," said Head of Corporate Communications of Maxeda DIY Group Sandy Perquin. "We developed this new corporate website earlier this year in collaboration with Applepie. We have linked the latest technology to storytelling about our products, our customers, and our people because those things are key in retail."

