

# Case Study

## Total Tools

Total Tools has been operating for over 30 years and currently has 81 bannered stores nationwide. In the 2019 calendar year, it had sales of approximately \$555 million.

### The Business

Total Tools is a network of 23 independently owned industrial tool retailers.

Total Tools retails the major tool and machinery brands, speciality items and its own brand of selected tools.

The motto "every tool, every trade" is used by Total Tools to clearly articulate their customers and what products they offer.

Originally formed as a buying and marketing group, Total Tools has evolved into a leading national tool retailer with a proud reputation for technical and service excellence.

The Total Tools Support Office and import program has also evolved with the business and is now a significant stand-alone business employing its own staff.

### The Challenge

The co-operative structure served Total Tools well during its early expansion, however, the same structure now began to stifle its ability to grow and react to changing consumer demands.

The business environment had changed with the success of the big box hardware retailers.

Total Tool's import, administration and support programs were underfunded and too reliant on a few member's time and effort. New members were needed secure greater economies of scale and maximise supplier support programs. The "co-operative" culture needed to become more corporatized and inline with more prescriptive owner operator networks, albeit keeping the heritage of the co-operative culture.

Any changes had to benefit all members or risk not being approved.

### The Solution

Total Tools engaged DC Strategy to develop a business model and corporate structure to take the business into its next phase of growth.

The project focused on several key areas including

- A redefinition of the fundamental business structure from co-operative to full format franchise
- An economic analysis of the current stores, support office and import program to determine the scalability of network
- Developing a comprehensive economic model for new Greenfield stores, current stores and the support office to determine capital requirements, fund network growth and identify future support office profitability and return to shareholders
- Rewriting and formalising the commercial policies, including support office remuneration structure, to bring inline with more prescriptive owner operator network best practice
- Consultation with network members to ensure the new structure, policies and procedures and franchise agreement was acceptable to all parties
- The development and documentation of operational policies and procedures to ensure consistent look, feel and operation through out the network

### The Outcomes

DC Strategy worked with Total Tools to achieve the following:

- Universal network support for changing the support office corporate structure, including each member entering into a new franchise agreement
- Gained approval to alter the support office remuneration structure to fund network growth and support office services
- A defined growth plan with clear requirements to achieve the networks objectives
- A clearly defined plan for new store roll out
- A new board of directors made up of founding members and independent directors was implemented and charged with ultimate responsibility of achieving the growth objectives
- Total Tools now has the structure, funding and strategy to tackle its next phase of growth and achieve its goal of becoming Australia's number one trade tool supplier. Potential franchisees enquiring about the Total Tools system can be confident the group has the structure and systems to support their business from inception to maturity.

