

FIRST. BEST. TOGETHER.

Do it Best Corp. 2020 REPORT



THE NEXT

75

years



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“



I HAVE NEVER
BEEN PROUDER OF
OUR CO-OP, AND
OUR COMMITMENT
TO HELP EACH
OTHER SUCCEED.

”

DAN STARR
President & CEO


PRESIDENT'S LETTER

A volatile lumber market, disruptive tariffs — even a global pandemic. There is no question that the challenges we've faced this year have been unprecedented. Yet at the end of this fiscal year, warehouse sales were up a remarkable 11% — helping us achieve record-setting profitability and paving the way for the largest rebate in co-op history. Results like this further prove that Do it Best is built to help members succeed — together.

Arnold Gerberding, our founder, envisioned a uniquely independent co-op that gave its member-owners the products, support, and flexibility to grow their businesses and achieve their dreams. Throughout our 75-year history, our co-op has never lost sight of that vision.

As events began to unfold this year, our vendor partnerships, logistical operations, and member support services, which we've spent years working to strengthen, remained agile so we could address the new realities of the marketplace. We fiercely protected and bolstered our supply chain by fighting for allocation and finding new sources of supply. A realigned LBM team helped members expand their market share, in spite of mill and manufacturer shutdowns. Our distribution network moved record volumes of product to help members boldly innovate new ways to continue serving their customers.

In this year's report, we want to demonstrate the impact that First Choice. Best Choice. is having on our combined success. We will share how our member-focused approach drives success from the perspective of the Sales team and how the Logistics team supported members during the pandemic. You will see how the Lumber and Building Materials, Merchandising, and Marketing teams work together to be the total solution for any type or size of home improvement business. And you will learn how Do it Best delivers the industry's greatest return on investment to its members no matter the circumstances.

I want to thank every member of our co-op for the courage, initiative, entrepreneurship, and tenacity displayed this year. Through your efforts, we are entering a new year with record-breaking momentum and a firm conviction that, regardless of the challenges, we will overcome them. Together. 

DAN STARR, PRESIDENT & CEO

CHAIRMAN'S LETTER

Last year, I wrote about the ambitious investments Do it Best has been making in technology, distribution and team development as part of our co-op's ongoing plans to solidify our position of strength in the market.

So much has occurred since then that it's hard to believe only one year has passed. While we had our share of concern, we were confident that the growth pillars of our co-op would help us remain steady. Thanks to well-established strategic plans by the Do it Best leadership team, there was a clear guide to follow. While some tactics may have changed almost daily, the overall strategy provided tangible targets. Long-term planning served as the compass, aligning with our ultimate goals, even when circumstances required adaptability along the way.

For my own business, having solid short- and long-term plans has proven to be invaluable. Regular planning has helped me to maintain solid cash flow. As a result, I was able to reinvest my rebate back into my business. For one, I was able to fund the replacement of all the fluorescent bulbs in our store with LED lighting, reducing my energy bills by almost 40%. I didn't know it at the time, but that immediate savings provided me additional flexibility in my budget as I maneuvered my business through the challenges of the pandemic.

I was fortunate to learn about the value of long-term planning from my father. Even as I was working in his hardware store through high school and college, he was setting up his transition plans. Two years after I graduated with my degree, he put me in charge of day-to-day operations and set his

own schedule — just like he planned it. Years later, he would hand me the keys and step back, again all according to plan.

But even if you are just starting out, or are in the middle of your career, long-term planning can guide you to remodel an existing store, add service staff, and even expand to a new location. As the past year has shown, clear long-term planning will help you through the best of times, as well as times of complete turmoil.

LONG-TERM PLANNING SERVED AS THE COMPASS, ALIGNING WITH OUR ULTIMATE GOALS, EVEN WHEN CIRCUMSTANCES REQUIRED ADAPTABILITY ALONG THE WAY.

I encourage every member to invest the time necessary to establish short- and long-term plans of your own. As a member-owner, you don't have to do it alone. Do it Best has a team of professionals supported by proven programs designed to help you define your goals and build your plan to achieve them.

As we move into a new year, I encourage you to look ahead with confidence. With the right plan in place, we will all succeed — together. ○



BRAD McDANIEL, CHAIRMAN OF THE BOARD

“

I was able to fund the replacement of all the fluorescent bulbs in our stores with LED lighting



**REDUCING
ENERGY BILLS
BY ALMOST
40%**

”

BRAD McDANIEL
McDaniel's Do it Center®
Snohomish, Washington



HISTORY AND VISION

A FIRM FOUNDATION.

It was 75 years ago that Arnold Gerberding created a member-owned cooperative for truly independent businesses. Today, Do it Best is a powerful company with thousands of members all around the world.

Looking back through our history, it is clear that past leaders not only made decisions

to help members succeed, but also laid the foundation for our entire co-op's future. This year, that foundation was tested in ways no one would have imagined. As we moved forward, it was clear to see that our past decisions prepared us to endure even the most unexpected challenges.



1945

Hardware salesman Arnold Gerberding launched a member-owned cooperative, Hardware Wholesalers, Inc. (HWI), to serve hardware and lumber dealers in the Midwest. He established a network of small warehouses throughout Fort Wayne to distribute products to this growing group of businesses.



1955

In order to give members lower cost freight and scheduled deliveries, HWI began private truck delivery to their stores. What started as two 16-foot trucks driven by off-duty taxi drivers quickly expanded to a large fleet, powering a highly efficient delivery system.



1971

Service to members was improved by building a strategically placed warehouse facility in Cape Girardeau, Missouri (now relocated to Sikeston). Additional warehouses in Dixon, Illinois and Medina, Ohio soon followed. Today, eight facilities serve members across the country, including additional locations in Lexington, South Carolina; Mesquite, Nevada; Montgomery, New York; Waco, Texas; and Woodburn, Oregon.



1982

HWI revolutionized the retail home improvement industry with the Do it Center® design. The move was so successful that industry press credited HWI with "igniting the resurgence in hardware retailing."



1998

HWI joined forces with Our Own Hardware, a like-minded regional co-op based in Minnesota, to become Do it Best Corp. It's interesting to note that prior to the merger, Arnold Gerberding and Our Own Hardware founder George Hall often met to share ideas and best practices.



2016

Dan Starr followed Bob Taylor into the role of President and CEO. Dan is currently leading Do it Best to become the first and best choice in home improvement for members and their customers.

1947

HWI broke ground on their new home in Fort Wayne. To make the most of member investments, HWI purchased fixtures from a grocery store going out of business and built storage racks using wood reclaimed from a barn on the 10-acre property.



1967

Arnold Gerberding passed the role of President and CEO on to Don Wolf. Under Don's direction, HWI expanded from a regional distributor to a multinational corporation reaching more than \$1 billion in sales. Don also emphasized volunteerism, which remains a cornerstone of the Do it Best culture today. Read a tribute to his legacy on page 41.



1979

HWI became a global operation when Panama Do it Center® joined the co-op. The decision to expand outside of the US was seen as an opportunity to grow the membership base and increase buying power for every store owner.



1992

Mike McClelland succeeded Don Wolf as President and CEO. Mike oversaw a period of tremendous growth despite the emergence of big box competition.



2002

Bob Taylor took over as President and CEO. Bob, a past Do it Best board chairman and store owner, leveraged his deep retail experience to continue building and refining Do it Best programs and services.





“WE SWITCHED TO DO IT BEST
AND NEVER LOOKED BACK.”

STERLING HUDGINS & KATHRYN TATTERSON
M & M Building Supply
Mathews, Virginia



FIRST CHOICE. BEST CHOICE.

ANSWERING THE CHALLENGE — TOGETHER.

BY STEVE MARKLEY

Not long ago, Dan Starr took the stage at the fall market and charged Do it Best with a bold challenge — to be widely recognized as the first and best choice for independent home improvement business owners.

Since that time, the First Choice. Best Choice. vision has focused on three clearly defined commitments which impact every aspect of our co-op, from day-to-day operations to our plans for the future:

DO IT BEST IS TRULY *MEMBER-FOCUSED*.

The secret of our success as a co-op is simple — when our members succeed, their co-op succeeds. Our member-focused approach has been the guiding principle since our earliest days and remains our top priority.

In short, it means providing each member with the products, services, and support they need to succeed in their local markets. For Do it Best, it means constantly asking the right questions. How can we do things faster? How do we do things better? How can we be more efficient? How can we minimize costs to benefit our members? By focusing on what matters most to our members, we have initiated continuous improvements, enhancements, and new programs to provide even better support.



DO IT BEST PROVIDES THE *TOTAL SOLUTION* FOR EVERY MEMBER.

Do it Best is the only co-op to offer complete support across a full range of independent home improvement needs. We have retail hardware products, pro lumber and building materials, and industrial/commercial supplies. Best of all, every member has the freedom to choose the specific product mix they need to succeed in their market.

1000+ NEW DELIVERY ROUTES

In May 2020, Do it Best was featured in *The Wall Street Journal*® for our innovative approach to logistics during the pandemic — adding hundreds of new delivery routes, securing additional trucks, splitting loads and rerouting vehicles through cloud-based technology to optimize product delivery for members.



When it comes to maintaining profitable assortments, our Merchandising team is constantly assessing new brands and product lines — introducing SKUs to the warehouse where there is opportunity for members. The New Item Gallery featured at the spring and fall markets gives members a hands-on introduction to new product offerings. Through Category Solutions, we create planograms of the best mix of proven performers, offering optimized product selections with special pricing incentives.

The total solution is more than just products, though. Do it Best provides members with a wide variety of services designed to help them run their businesses better. Marketing, digital and ecommerce support, store planning and design, assortment planning, market analysis, employee training, and more — members are free to choose the combination of services that will help them the most.

DO IT BEST DELIVERS THE HIGHEST ROI IN THE INDUSTRY.

Do it Best supplies products and services — from hardware and lumber and building materials, to industrial/commercial supplies — as efficiently and economically as possible.


We look for ways to simplify and expedite delivery routes. We invest in technology to work faster and smarter. Every decision we make is judged by its impact on the bottom line. As a result, our members consistently enjoy the highest rebates in the industry year after year.

WHAT DOES FIRST CHOICE. BEST CHOICE. LOOK LIKE WHEN ALL THREE COMMITMENTS WORK TOGETHER?

Our response to the COVID-19 crisis is a perfect example. Merchandising and LBM worked tirelessly to source in-demand products for our members. Our warehouse teams put in long hours, through weekends and holidays, to support member inventory needs. IT applied technology in new ways to keep our business running at full speed, while Marketing helped members to

establish or expand their online ordering capabilities. All of these efforts supported Do it Best members' ability to serve their communities better.

We will continue to build on this work in the years ahead. We will further sharpen our focus on collecting and analyzing sales trends at both the wholesale and retail levels. This information will help us build more sophisticated planograms and even more profitable product assortments. It will drive our Best Reward customer loyalty program, enabling us to interpret and share data with members to their specific customers and the best way to reach them. Data analysis also plays a key role in maximizing our distribution logistics, continuing to increase on-time delivery and accuracy rates while maximizing routes.

I am proud of what we have accomplished over the last 75 years. I am excited about the plans we have for the years ahead. And I am confident that together we will solidify Do it Best as the first and best choice for independent home improvement. 



ot Operations

EVERY DECISION WE MAKE IS JUDGED BY ITS IMPACT ON THE BOTTOM LINE. AS A RESULT, OUR MEMBERS CONSISTENTLY ENJOY THE HIGHEST REBATES IN THE INDUSTRY YEAR AFTER YEAR.



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MEMBER-FOCUSED.

MOVING IN THE BEST DIRECTION — TOGETHER.

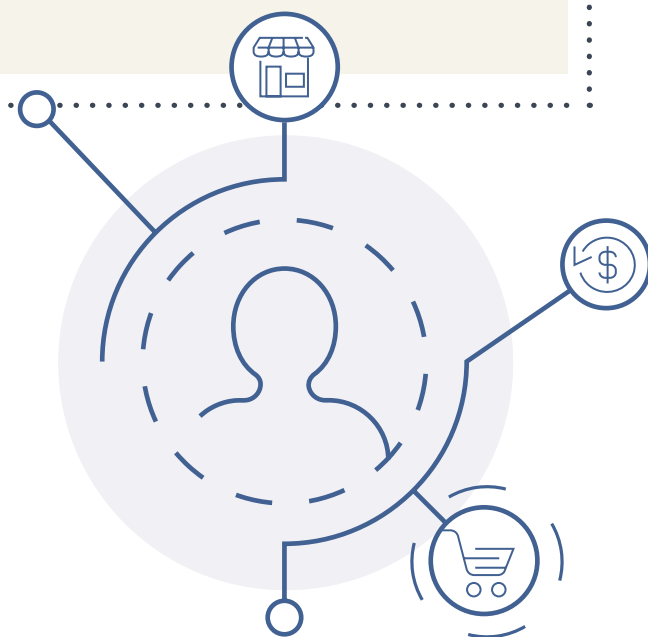
BY NICK TALARICO

The unexpected, dramatic disruptions in the marketplace turned what started as a decent year for many other retail businesses into a scramble to stay afloat. But that wasn't the case for Do it Best and its members. We were fortunate to be deemed essential in the midst of the pandemic, and it was the expertise, nimbleness, and entrepreneurial spirit of our members that fueled our combined success. Our member-focused approach harnesses that strength, moving us forward through even the most difficult of circumstances.

That approach works because everyone in our co-op is a member-owner. There are no outside shareholders with competing interests or personal motives. We have total alignment and are moving in the best direction. We work together to protect our members' shared investment and, as a result, we provide the best possible return, time after time.

This member focus serves as a lens for the Sales and Business Development team to determine the priorities and initiatives necessary to fuel member success by:

- Driving more customers into our members' stores
- Converting that customer traffic into sales
- Increasing the average ticket of those customers



“DESIGN, LAYOUT, MERCHANDISING, SCHEDULING — DO IT BEST HELPED US WITH ALL OF IT.”

ROLANDO ROBLES
Anawalt Lumber Co.
Los Angeles, California



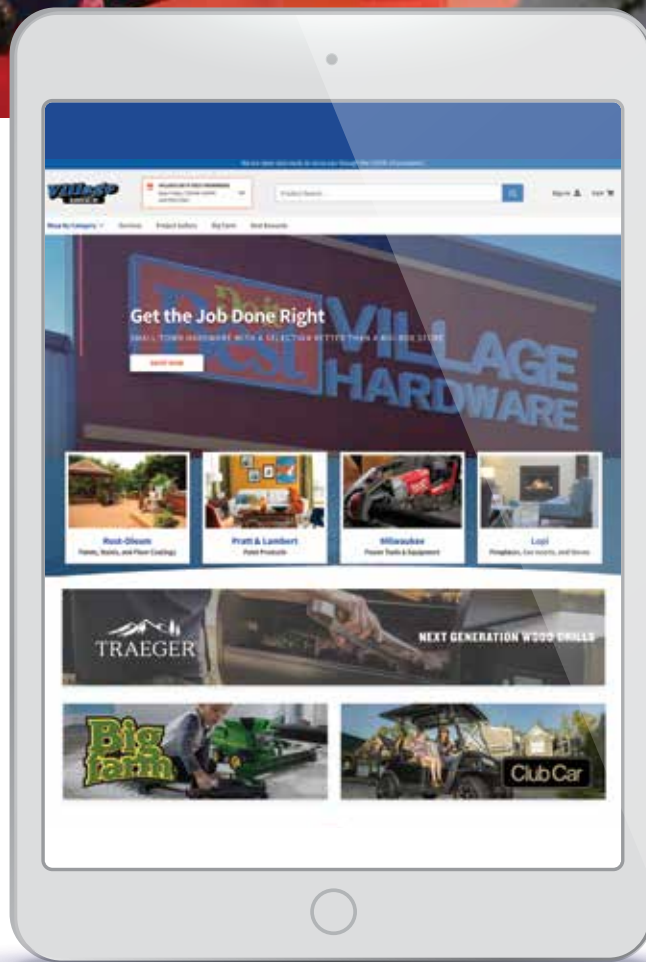
Careful focus on finding the programs and services that provide real value to our members' businesses has created a support system that I believe is unique to our industry. Of course, we have comprehensive product inventory and competitive pricing, but our level of support is what really sets us apart. Do it Best members have access to more than 160 programs and services, including Signature™ Store Design, Best Rewards™, ecommerce, planograms, sales training, and much more — basically anything they need to help them succeed.

Do it Best members have access to more than

160
PROGRAMS AND SERVICES,

including Signature™ Store Design, Best Rewards™, ecommerce, planograms, sales training, and much more — basically anything they need to help them succeed.

Our member-focused approach also guides us at a strategic level. We significantly realigned our field sales teams' roles and responsibilities, making it possible to provide members more personal attention, and more time to really understand the unique needs of their businesses.



125 NEW BRANDS AND 13 NEW PRODUCT SUBCATEGORIES

The Do it Best merchandising team works tirelessly in sourcing new products for members, especially through the supply chain challenges of 2020. 125 new brands and 13 new subcategories were added, including quarantine-driven items — all providing competitive advantages and profits for members.



For example, we were able to quickly help members maximize the opportunity created by the COVID-19 lockdowns. During this time, customers turned to their local independent home improvement businesses for the supplies they needed for projects around the house, whether it was repair and maintenance items or just something to do while sheltering in place.

THE DO IT BEST TEAM HELPED MEMBERS LEVERAGE DATA FROM BEST REWARDS TO BUILD PRINT AND DIGITAL MARKETING LISTS TO STAY IN FRONT OF THEIR EXPANDING CUSTOMER BASES.

One area where our members saw a lot of success was in paint. But the increase went beyond those sales and included applicators, tape, drop cloths, and more — customer ticket averages soared. If you are not already a destination for paint in your community, now is the time to make it happen.

But the best result was that more than a few of these customers were new to the stores. They experienced the level of service provided, and learned how a local store is different from the big boxes. The Do it Best team helped members leverage data from Best Rewards to build print and digital marketing lists. We developed circulars, fliers, and in-store signage for members to stay in front of their expanding customer bases. This is what it looks like when a team is totally focused on our members' success.

We will continue to refine these initiatives as we move ahead, finding the most effective ways to give every member more customized support. We are also continuing to enhance our new ecommerce and digital marketing platforms, designed to make it easy for members to set up and expand an online shopping experience for their new and established customers. ○



NICK TALARICO
Vice President of Sales & Business Development



A TOTAL SOLUTION

BRINGING IT ALL TOGETHER.



DENT JOHNSON

Vice President of Merchandising

GARY NACKERS

Vice President of Lumber and Building Materials

RICH LYNCH

Vice President of Marketing

In 1945, Arnold Gerberding set out to build a co-op capable of serving independent home improvement businesses of every kind. Today, Do it Best stands as the only co-op to supply hardware, lumber and building materials, and industrial/commercial supplies, backed by the industry's most flexible, scalable, affordable, and customizable marketing programs. From single stores to multiple locations, neighborhood hardware stores to regional pro yards, and INCOM to e-tailers, Do it Best serves as the total solution for thousands of thriving businesses around the globe.

Dent Johnson, vice president of Merchandising;
Gary Nackers, vice president of Lumber & Building

Materials; and Rich Lynch, vice president of Marketing, share insights into how their teams work together to deliver the products and services that can only come from a total solution provider.

HARDWARE & MERCHANDISING

Dent Johnson

Vice President of Merchandising

How does being the only co-op to offer complete hardware, lumber, building materials, and industrial/commercial product assortments enhance the service to every Do it Best member?

Our position as the total solution allows us to attract a very diverse group of members. That diversity requires relationships with a larger vendor community. Partnering with so many different vendors across even more product categories gives us immense buying power. We also have the flexibility to maintain consistent revenue and buying streams by adjusting to the business cycles of the different product categories. All of this allows our members to have access to an incredible range of products at very competitive prices.

The company has put an emphasis on expanding data analysis capabilities. How does that help Do it Best members?

With so many different types of members, we also have access to a wide range of member data. We are able to analyze that data in order to help develop custom assortments for each type of member business.

Whether it's a lumberyard that caters to the pro dealer, or a 10,000-square-foot hardware store, we now have increased capacity to help each member determine the assortment that makes the most sense for their business.

We analyze two main types of data to develop optimized solutions. We look at wholesale sales data — the purchase information we get as members buy through their co-op. But more importantly, we're continually increasing our access to members' POS data, providing them with more ways to seamlessly share this information with us. We have developed tools to analyze all that data to guide us toward making better business decisions and recommendations for every member, using the sales activity of other similar types of members.



**"THE DO IT BEST TEAM HAS BEEN
A TRUE PARTNER IN OUR SUCCESS."**

TODD AND RITSA KIRSCHNER

Trio Hardware
Plainview, New York

With such a diverse member base, all with different needs to serve their community, how does the Do it Best team work with a member to create a custom product mix for their market?

Our members value their independence. They are confident in their ability to understand their customers' needs. We are able to add data-supported recommendations to the mix through tools we've developed to analyze their particular markets and customers and to plan appropriately. We can look at criteria, such as the size of the location, the type of business and the region or states where they're located. We can use that information to develop a customized product assortment tailored to that store's market. And while we believe we are offering them a powerful service, it's never a mandate. We're not going to force it on them — instead, we're there to support their growth.

The total solution approach requires a deep selection of vendor partners. How does the team build new vendor relationships to provide members more choices?

Our team is constantly tracking innovative products and categories, and keeping an eye open for new vendors. When we identify products or vendors with a potential for strong sales opportunities, we evaluate them more thoroughly to determine if they will bring value to our members' product mix.

We also develop new relationships through our Open Buying Days. We invite hundreds of vendors into our company headquarters twice a year for what can best be described as a speed-dating process. If there's sufficient interest for the products, we assess the quality of the vendor and use rigorous vetting to learn more about them and what sales opportunities they can deliver to our members.

Of course, the quality of vendor relationships is far more important than quantity. We regularly monitor the sales performance of existing vendors. If performance is strong,

we may consider increasing our investment in that vendor. If sales aren't where they should be, we work with the vendor to find ways to improve performance, or we explore different opportunities.

Strong vendor relationships helped Do it Best members during the COVID-19 crisis. What did that interaction look like?

That's where the real value of a co-op shines. We were on the front lines addressing the pandemic supply chain issues on behalf of our members, rather than store owners having to deal with 50, 60, or even 100 different vendors on their own. Because of the massive product demand, many vendors stopped shipping directly to independent businesses. We were able to drive buying power and leverage our vendors more effectively because it was much more efficient and productive for them to distribute through us rather than to ship smaller orders to thousands of locations.

What is the Merchandising team focusing on for the future?

It's all about enhancing our data-driven approach. We will focus on building our capacity to develop customized high-performance assortments by member type and geography. We'll be able to better evaluate category performance and fine-tune the mix as needed to drive more sales at retail. We will also continue to enhance our forecasting and replenishment capabilities through technical innovations that allow us to deliver a higher level of service to our members.

We want to be the clear first and best choice for home improvement. A big part of that is developing top-notch programs, promotions, and information our members can use to compete in their markets and we can win *together*.



“BRINGING LBM AND HARDLINES TOGETHER IS CORE TO OUR GROWTH STRATEGY. THE ABILITY OF DO IT BEST TO SERVE AS A SINGLE SOURCE WAS KEY TO OUR SUCCESS.”

RICK JENSEN AND JIM DEPRETO
Bayview Building Materials
Elma, Washington

LUMBER & BUILDING MATERIALS

Gary Nackers
Vice President of Lumber and Building Materials

Do it Best represents a diverse range of businesses. What advantage does this give to LBM members?

No other co-op maintains deeper and more diverse vendor and supplier relationships than Do it Best. With the inventory and resources to supply home improvement businesses of all kinds, LBM members benefit from the ability to diversify and expand their customer base. In addition to strategic and sophisticated lumber buying and building material sourcing, pro lumber dealers can also access the hardline products they need to meet contractor and consumer demand — all from a single source. Do it Best is the only co-op that offers this total solution.

As a co-op, member diversity helps maintain consistency, regardless of economic conditions. When the housing and building markets are not as robust, the environment is often just the opposite

on the hardlines side. We can leverage all elements of the co-op to be more efficient and more effective, which in turn, benefits all of our members.

How do LBM members benefit from the co-op's flexibility?

We are committed to providing every member with multiple supply sources and buying opportunities and the ability to buy the products they need, in the quantities they need, when they need them. For example, our 25 strategically located lumber reloads, with 40 million board feet on the ground, offer the ability to mix trucks with expedited delivery. Our unique Reserved Inventory Program offers the ability to lock in pricing for job-bid or manufacturing opportunities.

Our experienced team works together with LBM members to identify the buying opportunities, delivery schedule, and programs that are optimal for their business.



Did flexibility also play a role in the LBM team’s remarkable performance during the pandemic?

The largest challenge the LBM team faced during the pandemic was a disruption to the supply chain. Some manufacturers reduced production, and others shut down completely for a period of time. In addition, some states closed down construction sites while other states allowed them to remain open. The situation was very fluid and changed almost daily. Our LBM team members did a fantastic job staying in contact with mills and vendors. Do it Best has strong relationships with a wide and deep mix of suppliers across all categories, giving us multiple resources of supply.

How is the LBM team building on the momentum established this year?

We believe that we’re at our best when we work together. We have all benefited from the tremendous growth we’ve achieved, but there are opportunities to do even better. This past fiscal year, we realigned individual roles within our LBM team to fine-tune our service model and put more focus on major LBM categories.

This new emphasis has helped us to enhance programs and provide more buying opportunities for our members. In the next year, we will approach members to help us leverage those new buying opportunities and increase the overall volume of the co-op and, most importantly, expand our members’ ability to compete and win.



MARKETING

Rich Lynch
Vice President of Marketing

Flexibility is a major component of the total solution approach — why is it so important in marketing?

Every member has a different definition of what it means to achieve their dreams. They have different wants, needs, and a different market focus. Our job is to provide members with a marketing plan that is flexible, scalable, affordable, and customizable.

Any marketing plan we offer meets a member’s specific needs, and it gives them the freedom to brand it their own way. They can go a little heavy in one area, a little lighter in the other — nothing is mandated.

Can you provide some examples that illustrate this?

Sure, our Signature™ Store Design program is a great reflection of how we deliver on our goal. Our store design program is specifically developed to be flexible, not only in terms of how our members identify their businesses, but also what they sell, how they sell it, where they are and, most importantly, what their history is. We think that’s a cornerstone of our success.

Our web and ecommerce offerings are also great examples. Our members are at different places with their approach to ecommerce and digital media. A one-size-fits-all approach simply doesn’t work. We make sure that we have the right mix of contemporary tools so we’re answering the current demands of the market while also keeping things flexible with members. We’re not dictating what they must do.



“THAT’S REALLY WHAT’S AT THE HEART OF IT - HAVING A CO-OP THAT IS KNOWLEDGEABLE AND TRULY COMMITTED TO HELPING YOU GROW.”

ROGER KONTOR
TooFast Supply
Lincoln, Nebraska

Data analytics touches every aspect of business at Do it Best. What insights does Marketing pull from data to benefit members?

Data analysis allows our team to have informed conversations with our members — to unlock marketing with intelligence, not hunches and traditional tactics. We are able to show them that no matter what they’re selling, we can assemble a marketing plan with the programs, services, and resources that will resonate with their customer base.



How does being a total solution provider influence marketing at Do it Best and meet the unique needs of so many diverse businesses?

The true strength of the total solution approach is versatility. The Marketing team has a comprehensive selection of flexible, proven programs that can be combined to quickly and easily create a customized marketing plan for any member, regardless of their business model.

For example, a member who focuses on hardlines might choose a plan that includes customer loyalty, print, and a strong social media presence. Conversely, a member who is more pro- or lumber-oriented might maintain a lighter print or circular presence, but could also include direct mail. They might want to unlock different features in their loyalty program and ecommerce. Their social media strategy could shift from a Facebook focus to a LinkedIn, Pinterest, Snapchat, or Instagram focus. Regardless of business type, marketing in today's landscape calls for a dynamic, continuously evolving approach. Our team is in regular collaboration with members to optimize their strategies.

How is that approach different from what competitors offer?

We challenge ourselves to develop the marketing plans that we know our members need. We incentivize members for doing what's best for their store, in their market, with their customers, not for things that don't make the best sense for them. We work together with our members to develop solutions, rather than mandate them.

As a result, we don't have to force participation. That mindset goes beyond marketing. It's demonstrated in our merchandising and LBM programs. It's shown in

CONSUMER MARKETING SPECIALISTS COLLABORATE WITH MEMBERS TO DEFINE THE MOST STRATEGIC MIX FOR THEIR BUSINESS.



our logistics. If you create the right programs in the first place, there is no need to heavily incentivize participation.

The pandemic had a significant impact on how members talk to their customers. What will marketing look like moving forward?

The COVID-19 situation taught us about the power and immediacy of social media and email marketing. Certainly, we've come to further appreciate that online selling is becoming more and more nuanced. A robust website, backed by email and social media, is going to be a very important part of the marketing mix going forward and into the future.

Also, customer expectations fundamentally changed when the virus swept the country. They have been

reminded of the value and convenience of shopping at their local Do it Best, and have developed new expectations — from curbside delivery, to online shopping and in-store pickup.

What marketing developments are on the horizon to further solidify the total solution commitment?

Moving forward, we are focused on evolving to keep pace with an increasingly digital society. We will maintain our drive towards marketing with intelligence by leveraging data to its fullest. By creating a more specialized and fine-tuned approach to marketing, we can further understand customer behavior and respond to it more effectively together. ○



A TOTAL SOLUTION GAME-CHANGER

RUSSELL DO IT CENTER®

For Russell Do it Center, the year was already shaping up to be a very good one. The Central Alabama business was experiencing high traffic in all six of its Do it Centers and three Russell Building Supply locations. Fueled by housing starts in almost every market, their pro and retail customer bases were thriving.

The opportunity they had spent the last few years planning for had now arrived. They were ready to expand, and they already had identified the ideal location. “We knew from our marketing and feasibility studies that Auburn was perfect,” said Kirby Scales, General Manager of Russell Do it Center. “Auburn is a university town — the school and the community were growing.”

Russell Do it Center already had a presence in the area in the form of a lumberyard with a strong pro following. Unfortunately, it did little to draw in retail customers and it was in need of modernization. They wanted a new presence in Auburn built from the ground up. A new facility would match the upscale image of the community, and be equally accessible

and inviting to pro and DIY customers. “We felt like contractors would be really happy sending their clients into our new store to get the service they wouldn’t get at one of the boxes,” said Kirby. “We wanted a hybrid between a pro yard and a place where the typical homeowner would feel comfortable going to choose the products for their new home, and ultimately shop there regularly after their home was finished.”



“DO IT BEST UNDERSTOOD WHAT WE WANTED TO ACCOMPLISH. THEY LISTENED, SAW OUR VISION AND GAVE US A GREAT PRODUCT.”

KIRBY SCALES
Russell Do it Center®
Alexander City, AL

Russell Do it Center worked with the local municipality to secure property on a growing side of town. When they sat down to plan their new store, they turned to the Signature™ Store Design team for help. “Do it Best really understood what we wanted to accomplish at this location,” said Kirby. “They listened to us, and they embraced the goals we were looking to accomplish. Realizing the particular market we wanted to reach, Do it Best recommended which type of footprint and store branding would work best.”

The store plan also reflected the hybrid nature of the new facility. A conference room was added so customers could meet with their contractors right in the store. “They can pick out their windows, doors, trim, stairway parts, and their roofing,” said Kirby. “We can supply every category from the ground up.”

While the new facility was being built, the team began work on a merchandising strategy that would maintain service to professional contractors, but would also welcome retail shoppers. The Do it Best Retail Performance team partnered with Kirby to analyze market data and custom-build the unique merchandising strategy they all envisioned for the new location.

“It was easy — everything we needed was right there,” said Kirby. “You’ve got your catalog. You’ve got your sales history. You have all the information you need

“



It was easy everything we needed was right there. You’ve got your catalog. You’ve got your sales history. You have all the information you need to make the best choices for your location.

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SO IT WAS THE
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FOR US.

”

KIRBY SCALES
Russell Do it Center®
Alexander City, AL

to make the best choices for your location. Our new store ended up being about 50% pro planograms and 50% retail, so it was the perfect mix for us.”

The new pro-level product mix included expanded power tool options which had not previously been available at the old lumberyard. “We relied on the Do it Best team to help assemble a fantastic setup of the pro tools that we weren’t able to offer before,” said Kirby. “We’ve got a full line of pneumatics, Milwaukee®, DEWALT®, and other big brands — if you need it, it’s there.”

The final merchandising plan transformed the pro-centered lumberyard into a full home center experience. Expansive plumbing and electrical departments, along with a paint department anchored by The Color Bar™, were primary features. The plan also took advantage of the spacious new facility to add retail-friendly items like grills and outdoor furniture.



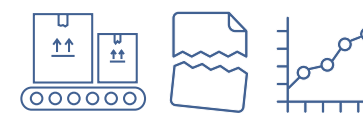
With opening day rapidly approaching, Russell Do it Center leveraged every advantage that comes with being a Do it Best member. With help from a team of Do it Best pricing analysts, they used local market data and Margin Master to establish competitive pricing that maximized profits. They also worked together with the Do it Best marketing team to develop an integrated promotional campaign that included television, radio, and targeted direct mail. “Do it Best really helped us focus our direct mailing efforts,” says Kirby. “The customer list we built through Best Rewards™ allowed us to do much more targeted marketing.”

Do it Best is committed to being the total solution for any member who wants to be the first and best choice in their community. Kirby could not agree more. “Do it Best saw our vision and gave us a great product — I will always be a fan.”



**“OUR PARTNERSHIP WITH DO IT BEST
HELPS US REASSURE OUR CUSTOMERS THAT
WE ARE THERE TO SERVE THEM WHILE
KEEPING EVERYONE SAFE.”**

LAUREN MATHEWS
Connolly's Do it Best® Hardware & Rental
Fort Wayne, Indiana



PANDEMIC RESPONSE

PULLING TOGETHER.

BY TIM MILLER

At the beginning of the year, we were already planning and preparing for the possible implications of the new virus first emerging in China. By mid-February it became obvious that COVID-19 was a worldwide health concern.

Our business continuity planning team established three possible scenarios, and what would have to happen if any one of them occurred.



SCENARIO

1

We explored what we'd do if one of our warehouses was forced to close, if even temporarily, due to the virus.

SCENARIO

2

We asked, "What would happen if the whole country came to a halt and our members stopped ordering products?"

SCENARIO

3

We briefly explored what we considered an unlikely scenario — "What if sales increased to a level that would be difficult to manage?"

To our cautious relief, sales increased dramatically and Scenario Three quickly became the reality. With the quarantine already putting a strain on the nation's supply chain, the challenge now shifted to how we would keep our warehouse teams healthy and safe while minimizing disruption of service to our members. We immediately put CDC-recommended best practices into place to mitigate and contain the spread of the virus and ensure our team was able to keep product flowing to members.



The new TMS performed brilliantly, enabling us to coordinate hundreds of additional drivers, tractors, trailers, and routes — nearly

800
NEW ROUTES JUST
IN THE MONTH
OF MAY!

The increased volume of work required that we complement our warehouse teams with more seasonal staffing than usual. We immediately launched a highly targeted digital campaign to appeal to other displaced workers, driving increased traffic to doitbestcareers.com, our recruiting website. We offered referral rewards, and reduced the time required to fill the positions, with some new staff starting work within 48 hours of their application.



Our efforts paid off and we quickly ramped up with additional temporary staff to help keep pace with extraordinary member demand.

With record-breaking volume coming through our warehouses, we needed more trucks on the road to keep the product moving. Last year, well ahead of the pandemic, we projected the need to strengthen our logistics excellence and invested in a new Transportation Management System (TMS). Combined with RyderShare, a proprietary product from one of our delivery partners, the new TMS performed brilliantly, enabling us to coordinate hundreds of additional drivers, tractors, trailers,

and routes — nearly 800 new routes just in the month of May! Throughout the COVID-19 crisis, our on-time delivery rate routinely remained above 90%.

The challenges presented by the pandemic are truly unprecedented. But just as formidable is the team effort put forward by Do it Best and our members to ensure we would all continue to be there for our communities around the globe. It is a testament to what a co-op can accomplish when we all pull together.



Vice President of Logistics

OUR ON-TIME
DELIVERY RATE
ROUTINELY
REMAINED ABOVE
90%





“THANKS TO OUR ALL-IN
RELATIONSHIP WITH DO IT BEST, THE
PAST 10 YEARS HAVE BEEN THE BEST
IN OUR COMPANY’S HISTORY.”

DAVID STRANO
Ambridge Do it Best® Home Center
Ambridge, Pennsylvania



RETURN ON INVESTMENT

SUCCEEDING TOGETHER

BY DOUG ROTH

Heading into the fourth quarter of the fiscal year, we were on track to achieve a good year, in spite of the turbulence we had already experienced. When the pandemic began to unfold, the Finance team braced for the impact, and planned ways to prevent the co-op from losing any ground.

But by the end of April, we were readjusting our monthly forecast to reflect unexpectedly explosive sales growth. This became a monthly exercise, straight through to the end of June. By the time we closed the books on fiscal year 2020, Do it Best had achieved incredible success with an 11% year-over-year increase in warehouse sales, record-breaking net profitability, and a shareholder rebate of \$128.4 million.

While these numbers alone are thrilling, the real excitement lies in what we can achieve together as a co-op. The entrepreneurial spirit and innovative actions of our members are the driving force behind those amazing numbers. The Do it Best teams supported their efforts by managing logistics and distribution to fulfill the demand the members were generating. The Merchandising and LBM teams worked with our vendors and manufacturers to find alternate sources to keep the supply chain open and free-flowing.

Working together, we not only overcame potential adversity, but exceeded our own expectations for success — and we aren’t finished yet. As we move into the new year, sales are strong and the market share gains of 2020 have become our foundation for sustained performance. ○



Do it Best had achieved
incredible success, with an

11% year-over-year increase
and a shareholder rebate of
**\$128.4
MILLION.**



MEMBER AWARDS



Do it Best member-owners are among the top performers in the home improvement industry and are regularly recognized by trade associations and publications for their business excellence.

The Hardware Connection

BEACON AWARDS



TIM & MARY POST
RETAILER OF THE YEAR
T & M Hardware & Rental
Ellwood City, Pennsylvania



ISLAND HOME CENTER
COMMUNITY SERVICE
Earl Van Buskirk
Vashon, Washington



MAZO HARDWARE
COMMUNITY SERVICE
Renee Zaman
Mazomanie, Wisconsin



WHOLESALE LUMBER COMPANY
COMMUNITY SERVICE
Joe Burks
Clint, Texas

Hardware + Building Supply Dealer

TOP WOMEN IN HARDWARE & BUILDING SUPPLY



ERICA MCCORKLE
(BUSINESS EXCELLENCE)
Havasus Do it Best® Hardware
Lake Havasu City, AZ



SAMANTHA POST
(RISING STAR)
T & M Hardware & Rental
Ellwood City, PA

LBM Journal

DEALER OF THE YEAR



CHARLIE AND CURTIS GILLMAN
Gillman Do it Best® Home Centers
Batesville, Indiana

NRHA

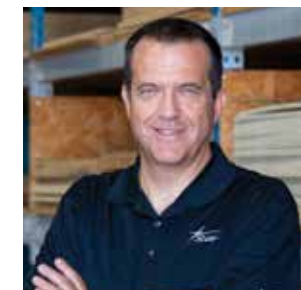
YOUNG RETAILER OF THE YEAR



MATTHEW HOLMES
Holmes Building Materials
Baton Rouge, Louisiana

Hardware Retailing

TOP GUNS



PATRICK GOEBE
Star Lumber
Wichita, Kansas



KIRBY SCALES
Russell Do it Center®
Alexander City, Alabama

HARDWARE + BUILDING SUPPLY DEALER

SUPERSTARS

Bernardsville Hardware Do it Best®
Bernardsville, New Jersey

Bloedorn Lumber
Torrington, Wyoming

Boehs Building Supply
Fairview and Helena, Oklahoma

Brownsboro Hardware & Paint
Louisville, Kentucky

City Mill
Honolulu, Hawaii

Coastal Hardware & Rental
Kiln, Mississippi

Escalante Home Center and Loa Builders Supply
Escalante and Loa, Utah

Friedman's Home Improvement
Petaluma, California

Havasus Do it Best® Hardware
Lake Havasu City, Arizona

J & H Hardware
Bellow Falls, Vermont

Johnsons Home & Garden
Maple Valley, Washington

Lumber Mart
Grand Forks, North Dakota

Metzgers Do it Best® Hardware
Los Alamos, New Mexico

Norfolk Hardware
Boston, Massachusetts

Pro X Home Center
Bonners Ferry, Idaho

Sullivan Hardware & Garden
Indianapolis, Indiana

Wagner Hardware
Wilmington, Delaware

DO IT BEST 2020 BOARD OF DIRECTORS



Eli Bliffert
Bliffert Lumber

With their business roots stretching back to the 1880s, the Blifferts incorporated their thriving lumber company in 1904. Five generations later, Eli and his family now run the business from 7 established locations in and around the Milwaukee area.



Michael Cohen
Panama Do it Center® | Panama City, Panama

Panama Do it Center has been a Do it Best member from their first day of operation in 1990. With 27 locations and almost 2,000 employees, they are one of the largest businesses in Panama. Michael is the first international member to serve on the board.



Vice Chairman Doug Mans
Mans Lumber and Millwork | Canton, MI

Since 1900, the Mans family has been meeting the lumber and building materials needs of the Metro Detroit and Ann Arbor, Michigan communities. Joining Do it Best in 1969, Doug continues the family tradition with four locations in southeastern Michigan.



Chairman Brad McDaniel
McDaniel's Do it Center® | Snohomish, WA

The McDaniel family business got its start in 1966, and in 1992 joined Do it Best to become McDaniel's Do it Center. Today, the McDaniels continue to serve Snohomish County and surrounding communities from their well-known home center location.



Diana Newton
Bay Hardware | Seal Beach, CA

With Bay Hardware in Seal Beach and Lunada Bay Hardware in Palos Verdes Estates, Diana has been serving all the hardware needs of these coastal California communities. Since 2009, she's overseen growth initiatives at both stores, earning Young Retailer of the Year honors from the NRHA in 2018.



Tom Noble
Noble Supply and Logistics | Rockland, MA

As an INCOM member, Noble Supply and Logistics ships building supplies, hardware, and equipment to customers of every level — from federal, state, and local government and military accounts, to major commercial and community accounts. The business has been in operation since 1982 with 45 locations globally.



Jeff Pardini
Hills Flat Lumber | Grass Valley, CA

Hills Flat Lumber began operating as a wholesale lumber mill in 1912. Since that time, three generations have built a two-location, full-service building supply and hardware store business, serving the urban center of northeastern California.



Tim Post
T & M Hardware & Rental | Ellwood City, PA

T & M Hardware & Rental has been serving neighborhood communities surrounding Pittsburgh since 1991. Combining a complete selection of the core hardware categories with an extensive offering of equipment and party rental items, they've grown to 6 locations by helping customers build, maintain, and entertain where they live.



Karena Reusser
Modern Home and Hardware | Woodsfield, OH

Since 1976, Modern Home and Hardware has delivered a true one-stop shopping experience to Karena's Midwestern community. Her unique six-store, single-location business features Do it Best® hardware and a STIHL® dealership, along with Little Caesars® Pizza, Hallmark®, Modern H&H Electronics, and Head Fur the Hills Outfitters, her own sporting goods store.



David Sturdivant
Russell Do it Center® | Alexander City, AL

With six Do it Centers and three building supply locations, Russell Do it Center serves small and medium-sized towns across central Alabama. The business began in 1984 and continues to serve the needs of pro contractors and DIYers alike.



Secretary Joe Taylor
Pleasants Hardware and Taylor's Do it Center® | Virginia

Joining Do it Best in 1990, Joe is the third generation owner of a four-generation family business. Since 1927, the Taylor family has been serving suburban communities in and around Chesapeake, Newport News, Norfolk, Richmond, and Virginia Beach — now with 19 locations.

DO IT BEST 2020 EXECUTIVE TEAM



(From left to right)

RICH LYNCH

Vice President of Marketing

GARY FURST

Vice President of Human Resources and General Counsel

JOHN MERGY

Vice President of Information Technology

DOUG ROTH

Vice President of Finance and CFO

DAN STARR

President and CEO

NICK TALARICO

Vice President of Sales and Business Development

GARY NACKERS

Vice President of Lumber and Building Materials

DENT JOHNSON

Vice President of Merchandising

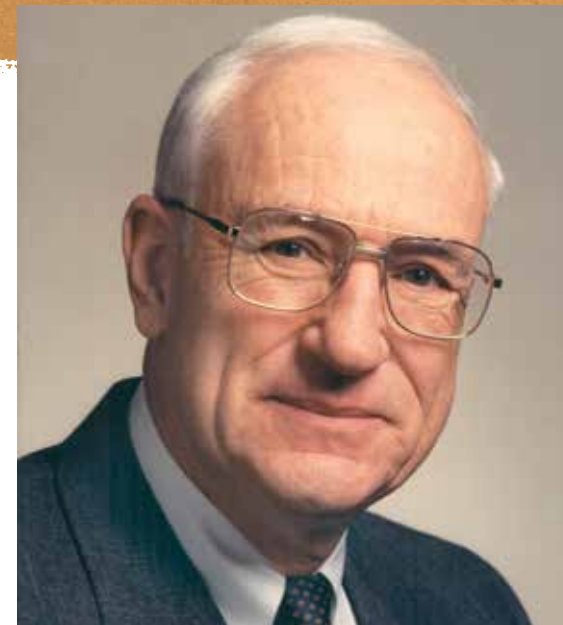
STEVE MARKLEY

Executive Vice President of Operations

TIM MILLER

Vice President of Logistics

A LIFE OF SERVICE TO OTHERS




Don Wolf, who served for more than 25 years as our president and CEO and was instrumental in driving the company's growth into the multi-billion-dollar international home improvement co-op it is today, passed away on September 11, 2019. He was 90 years old.

Don began his career at Hardware Wholesalers Inc. (HWI) in 1947, advancing into leadership roles in the purchasing, marketing, and sales divisions. He was appointed CEO in 1967 when there was just one distribution center serving 12 states with \$35 million in annual sales. By the time he retired in 1992, Don's leadership and vision helped the co-op grow to more than \$1.2 billion in sales, with six distribution centers serving the entire continental United States and several other countries. He also led the development of the Do it Center store concept, which launched in 1981 and revolutionized the way home centers looked. With its bright colors, bold signage, and dramatically improved shopping atmosphere, Do it

Centers drove tremendous sales increases for store owners. He played a key role in laying the groundwork for the merger between HWI and Our Own Hardware that led to the creation of Do it Best Corp. in 1998.

Don was widely respected and recognized for his contributions to his community and industry. In 1994, he received the Sagamore of the Wabash award by the State of Indiana for his leadership in helping children in need, and he received it again in 1995 for his commitment to elementary education. In 2013, he was awarded the state's highest individual honor, the Sachem Award, presented by then-Governor Mike Pence in recognition for his lifelong contributions as a business leader and community servant.



"Do it Best Corp. would not be the company it is today without the passionate vision of Don Wolf," noted Dan Starr. "In addition to his unparalleled contributions to our industry, his philanthropic work has positively impacted the lives of countless people across the country." 

PHILOSOPHY

Serving others as we would like
to be served

MISSION

Making the best even better®

GOAL

Helping our members grow and
achieve their dreams™

First CHOICE.  Best CHOICE.

Do it Best Corp.