

Investing In Your **GROWTH**



Do it Best Corp.
2022 REPORT

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PRESIDENT'S LETTER

When we announced our Gear Up 4 Growth initiative two years ago, we did it to bring increased focus and clarity to the many ways we can partner with every Do it Best member to invest in the growth of their business. Supported by generous dating and discounts on the newest and best assortments, along with the flexibility to access capital with preference share redemptions, rebate advances, and customized solutions, you've responded in a big way.

With the Do it Best team at your side, you've reset and expanded hundreds of existing store locations, while acquiring or adding new ground up locations at an unprecedented pace. We've welcomed a record number of new members to the Do it Best family — up nearly 60% over last year's high mark. At the same time, we've worked to further strengthen our operational efficiencies, provide even more proven merchandising and marketing solutions, and expand everyone's ecommerce capabilities to drive even more sales for you. Thanks to our combined effort and strong commitment to growth, we finished the year with over \$5.5 billion in sales and the momentum to fuel even more growth in the year ahead.

The tremendous opportunity to attract more buy online pick up in store customers is just one of those sales drivers. Online shoppers present us with an opportunity to greatly expand our customer base. After all, commerce is commerce, whether

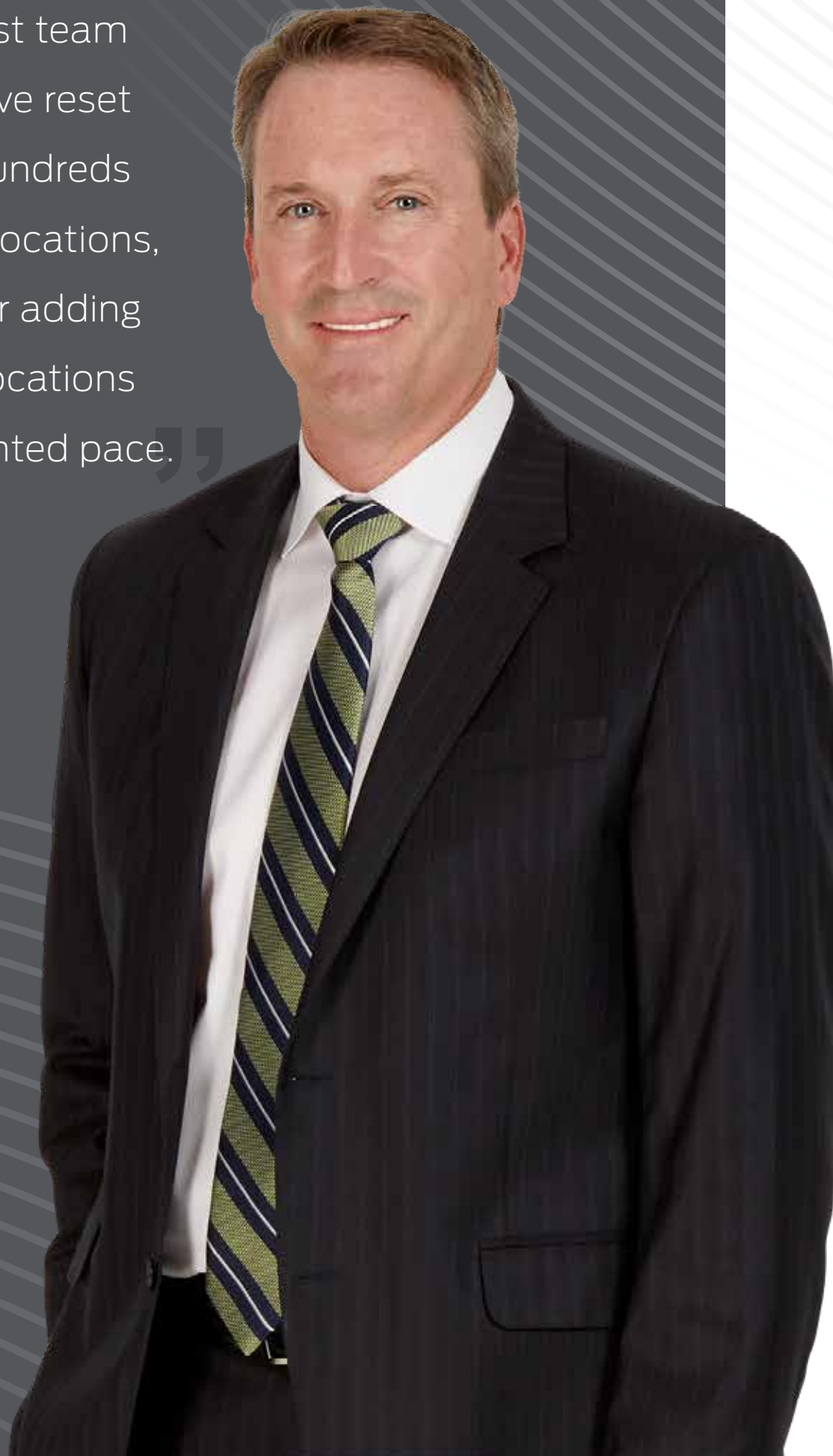
it's online or in-store. Do it Best continues to make strategic, intentional investments in the programs, systems, processes, and infrastructure necessary to help every member provide a consistent shopping experience for every customer. From a dedicated ecommerce division, to customized planograms, and a dynamic new store design, we are positioning Do it Best members' stores to be the first choice for the next wave of home improvement customers.

Moving forward, I encourage you to explore the many ways we can partner to invest in your continued growth. In this report, you'll discover there are different — but equally effective — paths for business growth. No matter which one you choose, you can be confident that when you're ready, Do it Best is your very best choice for growth.



Dan Starr, President & CEO

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CHAIRMAN'S LETTER

With the record-breaking success Do it Best member-owners have experienced over the last few years, it's only natural for us to hope it continues. But hope is not a business strategy. Every day, the home improvement industry is becoming more sophisticated. For us to move forward and grow profitably, every member must build on their relevance in their markets — we need to invest in our success.


Do it Best is already investing in you, committing substantial time and resources to upgrade and strengthen the operational infrastructure that defines our performance as a co-op.

Our vendor-of-choice partnership with Epicor is a perfect example. With help from Epicor, Do it Best can provide you with streamlined, integrated point-of-sale, warehousing, and distribution technology. As a result, you can have greater data-driven insight, giving you a clearer picture of what products are selling, what products your business *should* be selling, and how to optimize inventory management.

This partnership has already impacted my own business. I will admit that the switch to Epicor took a little effort. Every piece of inventory had to be assigned a barcode — from the yard, to the warehouse, to the sales floor. But it was worth every bit of the work. Internally, we now have real-time order visibility.

Every order ties directly into our warehouse and distribution management systems, so processing an order takes about a third of the time it used to. Our customers can pay their bills and track every transaction and invoice online. We are providing transparency and service that many competitors simply can't match.





Some investments do not require big operational changes to still have a big impact. In response to the ongoing challenges of attracting and retaining top employees, we continue to invest in our company culture.

We surveyed our employees to learn how we could provide the best possible quality of work life. In response, we made enhancements like an Employee Appreciation Day and upgrading our coffee machines — even buying their favorite brand of coffee. One day, we brought in a work boot truck to fit every employee with high-quality work boots. Looking forward, our leadership team is eager to increase engagement with our staff through the Learning Zone, the new online training program from Do it Best.

It's also important to invest in relationships. I take time every month to meet with other hardware and lumberyard owners. It's an opportunity to let them get to know me, my business, and the advantages of Do it Best membership. I also leverage relationships with fellow members — especially at the markets. Their insight is invaluable in helping me determine if an acquisition makes sense for my business.

The value of relationships was demonstrated in my most recent acquisition in November 2021. Two brothers approached me about purchasing Dillman & Upton, a 100-year-old family business, located in a northern suburb of Detroit. Because they already knew me and how I run my business, they were confident that I'd value their employees as much as they did, and that they would be leaving their business in good hands. I believe that's a major reason why the transaction went so smoothly.

Do it Best continually invests in the tools we need to grow our businesses, and as independent members, we are free to choose the tools that fit our individual strategic growth plans. The more Do it Best invests in us, the more we can invest in ourselves. Together, we truly are making the best even better.



DOUG MANS, CHAIRMAN OF THE BOARD
MANS LUMBER & MILLWORK, MICHIGAN



Pilot Lumber

WORKING KNOWLEDGE

Member-owner Steve Bennett isn't just new to Do it Best — he's new to the home improvement industry. However, when it comes to entrepreneurship, he's no rookie. Steve grew up watching his father work with startups and spent much of his own career as a consultant for other business developers.

"I had been coming up with programs and processes for a wide variety of industries," says Steve. "I wanted to take everything I had learned and apply it to a business of my own and see where I could take that business."

Steve began to look for opportunities in the Cincinnati area. Through his consulting work, he had regularly networked with area bankers and brokers to share his interest in becoming a business owner. A local banker told him that the owner of Pilot Lumber Company, a nearby lumberyard, was ready to retire. After completing his due diligence and negotiating with the owner, Steve received the keys to the two-location lumberyard business in February 2021.

"You never know where business relationships will take you," says Steve. "Having a good relationship with bankers and brokers gives them the confidence to introduce you to the people they're representing — people who can help you with your own business."

Pilot Lumber included two yards serving Cincinnati and northern Kentucky. One primarily served walk-in customers with remodeling projects, while the other location was a contractor lumberyard, providing

professionals with building materials and specializing in high-end railing and composite decking.

Most importantly, the previous owner of Pilot Lumber was a Do it Best member. It did not take long for Steve to discover that the investments Do it Best made in his success were more than financial. Do it Best introduced Steve to other members who were ready and willing to serve as mentors, sharing their experience and expertise.

For example, when Russ Kathrein, Do it Best vice president of LBM, learned that Steve was new to the industry, they met for an in-depth discussion on all the things Steve would need to know to drive his business forward.

"Russ reached out to me a few months after I purchased Pilot Lumber," recalls Steve. "He gave me a lot of good advice and ideas based on what worked for him when he ran his own stores."

“The Retail Performance program helped me see what I needed to do to make the store function better. Understanding store layout, product placement, and what trends to follow lets me make more confident decisions.”



“The Do it Best warehouse network made it easier to find the stock I needed. They also kept me informed on pricing and availability trends and were constantly in touch with me to help me with the harder to find items.”

Russ also connected Steve with fellow member-owner David Stemler and Kevin Passanisi, general manager of PC Home Center. Through regular meetings, David helped Steve identify the lean practices and procedures to improve his business. Kevin provided invaluable insight into pricing, inventory management, and shipping solutions.

“Collaborating with other Do it Best members who are facing the same challenges I’m facing is extremely encouraging,” says Steve. “Learning best practices from successful people who have been in the business for a long time has been very beneficial.”

Early on, Steve found purchasing, product availability, and price volatility had the heaviest impacts on his business. He relied on guidance from the Do it Best team to help him manage his inventory.

“The Do it Best warehouse network made it easier to find the stock I needed,” says Steve. “They also kept me informed on pricing and availability trends and were constantly in touch with me to help me with the harder to find items.”

Steve applied the knowledge and insight he received from Do it Best to provide better service to his customers.

“The industry information Do it Best provides helps me give my customers real answers,” he notes.


“Instead of just telling them whether or not a product is available, or how much it will cost, I can tell them why. It’s that kind of service that sets my business apart from the competition.”

Steve utilized Retail Performance to ensure he was



providing the best possible experience for his customers. Working closely with Territory Sales Manager Jordan Jehl, Store Designer Tom Scofield, and Retail Performance Manager Kevin Berry, Steve selected new layouts for his stores. The new floor plan ensured that the right products were in the right place and the departments were laid out logically and intuitively.

"The Retail Performance program helped me see what I needed to do to make the store function better," says Steve. "Understanding store layout, product placement, and what trends to follow lets me make more confident decisions."

With his first years behind him, Steve continues to hone his business. Looking forward, he is focused on sharpening his focus on the customers who come into his stores and making the necessary adjustments to enhance their shopping experience. Through it all, he knows that he has a fully invested co-op partner at his side. 

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GOLD BEACH LUMBER
OREGON

EVERY TOOL IN THE BOX



Member-owner Ryan Ringer grew up working in Gold Beach Lumber, his father Reed's store. While Ryan was always proud of the fourth-generation, single-location business, his primary interest was in driving exponential growth. The time he spent working outside sales for his dad only strengthened his desire to expand into new markets.

In committing to go all-in with his vision, Ryan presented his father with an opportunity to acquire a second location. It was quickly apparent they had different dreams for the future.

"My father said that after 28 years, he had already accomplished what he dreamed of doing and he wasn't interested in overseeing a business expansion," Ryan recalls. "After a little more discussion, he recognized that I had the same entrepreneurial spirit he had when he was starting out. He transitioned ownership to me with his full support."



“Do it Best has always done very well to create a wow factor for us. The color schemes and floor layouts Do it Best offers let me create a desirable, inviting experience, and customers tell me that it’s the nicest store in town.”

Ryan developed a clear growth strategy, targeting communities with populations under 15,000 that were underserved when it came to lumber and building materials. He added one new location and then another. Under his guidance, Gold Beach Lumber flourished, earning Ryan a Young Retailer of the Year award. Ryan continued to grow his business, acquiring two more locations in 2016, one in 2018, and his latest store in 2020.

“It’s been a pretty aggressive growth curve,” admits Ryan. “Of course, that came with an equally aggressive learning curve, but Do it Best has been there to support our vision at every step.”

Through it all, Ryan has embraced a co-op that is willing to go all-in on him. If there is a service or program that will help his business grow, Ryan has used it.

Four of Ryan’s additions have been acquisitions, requiring a conversion from Ace to Do it Best. In these situations, replacing products that were unique to Ace with Do it Best options could have been

a daunting task. Ryan relied heavily on the Do it Best merchandising teams to make the transition virtually seamless.

“Do it Best has a tremendous conversion database that makes switching out product much easier,” says Ryan. “If you came in on day one and didn’t touch anything and had Do it Best go through their conversion process, you could have replacement inventory in just a few days.”

First impressions are important, especially for a business that is trying to establish itself with a new customer base. With each new location, Ryan has turned to the Signature™ Store Design team to generate a buzz with local customers.

“Do it Best has always done very well to create a wow factor for us,” says Ryan. “Many of the communities we serve don’t have an urban shopping feel. The color schemes and floor layouts Do it Best offers let me create a desirable, inviting experience, and customers tell me that it’s the nicest store in town.”



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Ryan and his team added The Color Bar™ to each of his paint departments, creating an inspirational vibe that sets Gold Beach Lumber apart from competitors. Attractive, interactive displays create a paint destination that encourages additional purchases, including extra colors of paint, drop cloths, tape, and brushes.

“The Color Bar is a fantastic way for us to drive in-store traffic,” says Ryan. “It makes customers feel like they are in the right place for high-quality products to use in their home.”

Delivering a consistently engaging customer experience demands a variety of new products to complement the everyday favorites. Ryan uses the merchandising programs from Do it Best to continually provide exciting new offerings.

“The Retail Performance program has helped me keep our stores current with vendor product changes,” says Ryan. “The flexibility and affordability of the program allows me to buy entire planograms to quickly and easily reset sections of the store that have grown tired — that’s what keeps customers coming back.”

When it comes to customer loyalty, Ryan relies heavily on Best RewardsSM. He enthusiastically uses the customer rebate, offering twice the recommended amount. In return, he sees a dramatic increase in sales when the rebate certificates go out.

“Best Rewards is a great anchor for us in the rural communities — it encourages our customers to shop locally,” he adds. “We definitely see a noticeable influx of transactions during the weeks after we send out the rebates.”

Attractive stores, great products, and an enjoyable shopping experience are pointless if customers are unaware of everything Gold Beach Lumber has to offer. Ryan uses Do it Best marketing programs to deliver a message that few local businesses can match.

“Do it Best marketing gives me the opportunity to produce more professional looking promotional materials,” he says. “They give me a level of quality

and economy of scale that I couldn't afford if I sourced them anywhere else."

Ryan also appreciates the incredible precision and flexibility of these marketing programs. Using real-time customer behavior and sales data, he can create targeted promotional materials that put the focus on the most popular and best-selling products.


“Do it Best marketing gives me the opportunity to produce more professional looking promotional materials.”



"Every month, we build our own promotions, selecting the items we want to highlight," says Ryan. "Do it Best helps us lay out and organize the items — that kind of custom promotion for seven stores would be extremely expensive without their support."

To beat the big boxes, Ryan relies on the INCOM Supply™ program to serve his commercial customers.

"INCOM opens up channels for me to compete with the large suppliers," says Ryan. "It allows me to bring national-level business into these rural communities and that makes me a valuable partner for my commercial customers."

The long list of achievements that Ryan and Do it Best have accomplished together serves as a powerful example of what happens when a co-op and its members are mutually invested in growth. As Gold Beach Lumber moves ahead on its expansion plans, Ryan is confident his co-op will continue to go all-in to help him achieve even greater success. 



**GELZER'S
HARDWARE**

Serving others
as we would
like to be
served





GELZER'S HARDWARE
MICHIGAN

LONG AND WINNING ROAD

Gelzer's Hardware is an industry mainstay, successfully serving their customers for more than 100 years. Their story began in 1919 when H.J. Gelzer established his general store in Hillsdale, Michigan. In the years that followed, H.J. and his son Warner continued to grow the business, adding hardware to the product lineup. Gelzer & Son Hardware became a valued neighborhood fixture.

In 1945, the thriving family business attracted the attention of entrepreneur Arnold Gerberding, who invited Gelzer & Son Hardware to become part of his newly formed dealer-owned cooperative, Hardware Wholesalers, Inc. Warner quickly agreed and joined as a founding board member. Today, Gelzer's Hardware retains its distinction as Do it Best member #0025.

By the time H.J.'s great nephew, Grant Baker, took the reins in the 1970s, finding room to grow was steadily becoming a major issue. With assistance from Andrew Gelzer, H.J. Gelzer's great-great grandson, Grant made the most of every square foot of the historic family location, but he knew that the current location did not fit into their plans for long-term growth.

"We started as a typical downtown storefront," says Andrew. "Grant acquired three adjoining buildings, tripling the size of the store. But after that, there was no way to add more space."

The situation became more complicated in the early 1990s, when the state of Michigan rerouted a highway to run directly through downtown Hillsdale. The street in front of Gelzer's Hardware was made one-way, limiting parking and access to the store.

Despite the many challenges, the family store continued to perform steadily through the decade, but Grant knew they were operating on borrowed time. So when their customer traffic began to decline, securing a better location became a major component of his growth plan.

It wasn't long before he found an opportunity that was too good to ignore — a 100-year-old screen door factory in downtown Hillsdale. The vacant property featured a five-story brick building, providing more than enough space for a new store, plus extra space to support additional growth. Grant acquired the property and developed a thorough relocation plan.

"Do it Best conducted a traffic feasibility study and market and site analysis to confirm that the projected growth would make our investment worthwhile," says Andrew. "The numbers validated our plan and gave us the confidence to move forward."

The Do it Best Store Design team was brought in to work with Grant on creating the exterior design and interior floor plan. It was determined that a 15,000-square-foot section of the old factory would be torn down to the foundation and rebuilt from the ground up to become the new Gelzer's Hardware.

Grant and Andrew also approached Do it Best Retail Performance Manager Ken Potter with a wishlist of the product categories they wanted to carry at the new store. Ken encouraged them to look beyond the products that were already working for them, and explore the potential of new products they hadn't considered.

"We told Do it Best we didn't want to lose any of our core products in the move, and that we had new categories we wanted to get into," says Andrew. "They walked around our existing store to analyze what we

were carrying, and they came back with an effective new mix of products. We relied on Do it Best to suggest new categories, and the results have been excellent."

With its grand re-opening in 2021, it didn't take long for the new location to regain its title as the community's destination store. Seeking to build on the momentum generated by the new store, Andrew seized the opportunity to officially incorporate the popular "go to Gelzer's" catchphrase into his branding and promotional efforts. Do it Best supported him by maintaining the right product assortments.

"Do it Best has diversified their vendors to a point where I always have merchandising alternatives," adds Andrew. "We have a reputation for consistently having what the customer is looking for, and Do it Best gives us options to make that reputation possible."

As one of the longest tenured member-owners in the Do it Best family, Gelzer's Hardware owes more than a century of success to following a clear plan for long-term growth and relying on the many resources, knowledge, and support Do it Best membership provides. 

“We have a reputation for consistently having what the customer is looking for, and Do it Best gives us options to make that reputation possible.”





A TRADITION OF ADDITION

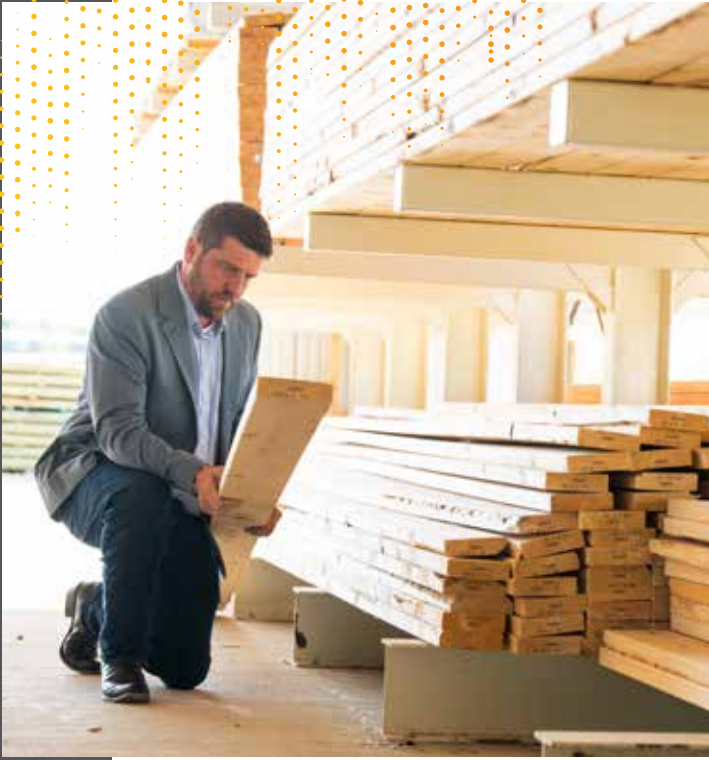
As the CEO of Gillman Home Center, Charlie Gillman has overseen the remarkable growth of his family's chain of stores throughout southeast Indiana and southwest Ohio. Along with his son, Curtis, Charlie has built a powerhouse 14-location home center business — and they're only getting started. They are always on the lookout for opportunities that fit their growth plan.

Gillman Home Center's reputation for introducing strong home improvement businesses to underserved communities has brought growth opportunities to their doorstep. More than once in the last few years, mayors have reached out directly to the Gillman family, asking them to bring a home center to their town.

"Requests from local leaders are certainly a great fit for our business strategy," says Curtis. "We're glad to grow that way and create more jobs in more towns — it can be a real win-win situation."

The easiest way to understand Charlie's growth strategy is to start at the very beginning. Growing up, he watched his father build a contracting business, which included a lumberyard. "It was a very small yard that Dad used mainly to supply his business," recalls Charlie. "He had some walk-up traffic, but his goal was to always have the material he needed for himself."





At 13, Charlie embraced his father's passion for construction and began working for the family business in Batesville, Indiana. He went on to earn an associate's degree in architectural rendering to gain a deeper understanding of the construction and estimating processes. Charlie returned to continue building his role in the family business. He started out working in the lumberyard, then running the lumber department and eventually stepping up to help his father run the whole business. While it thrived, Charlie caught a vision of something more.

"I continued in my dad's contracting business until he retired," says Charlie. "But I also saw a need for a real hardware store and lumberyard in our town — there was an opening to go after public business."

Charlie opened a retail store in Batesville, running it in tandem with the existing lumberyard. His hunch about the potential of a hardware business proved to be exactly right.

"I didn't know if the first store would work, but I designed it so that I could easily expand if it was a



success," he says. "The store took off much quicker than I thought. Eighteen months later I built the expansion."

The dramatic results fueled Charlie's drive for growth. He began looking for an opportunity to replicate his success in other rural communities, acquiring a local store in his hometown of Brookville, Indiana. Just as before, the new location grew at a surprising rate.

"The business tripled in the first year, and I had to expand," shares Charlie. "I found some property on the edge of town and built a much larger store from the ground up. Everybody in town thought it was crazy, but it took off."

In the years that followed, Gillman's Home Center continued to add locations. Charlie also recruited Curtis to help him run the rapidly growing family business. As they added locations, a proven formula evolved.

"We look for communities that are underserved — typically they're rural, but we are also beginning to find a need for our business in suburban areas," says Curtis.



“When we find a potential candidate, Do it Best provides us with market analysis to determine if the customer demographics and shopping patterns are a good match for us.”

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Once a potential location is confirmed, the Gillmans leverage the financial advantages available to Do it Best members. They regularly use the preferred share redemption program to secure the funds to help build and stock each new location. The father-son duo also leverages available discounts to maximize their initial product orders. With a full range of support options from Do it Best, every new Gillman Home Center is positioned for immediate success.


“New location support is something that Do it Best does extremely well for us,” says Charlie. “The preferred shares and product discounts in particular give us a huge advantage — those programs make it possible for us to be profitable in the first year.”

The Gillmans’ growth strategy is also reflected in their pursuit of new customers. Charlie and Curtis have made Best RewardsSM a priority in every one of their stores,

leveraging customer data to drive a powerful, targeted marketing strategy. Staff training includes instructions to invite every customer to be a part of the Best RewardsSM customer loyalty program.

“We already have 42,000 Best Rewards customers, and we’re averaging 500 new applications every month,” notes Curtis. “The program allows us to build customer relationships and identify specific sale items to promote through social media and direct mail.”

As for the future, the Gillmans are focused on driving even more growth with Do it Best.

“Every day is about growth,” says Curtis. “Whether we do the little things internally to make a difference in our customers’ lives or open a new location in a new community, our plan is to always get better. No matter what we do, we know that we have a co-op partner that’s ready to make it happen.” 

SOUTH TEXAS HARDWARE
TEXAS

THRIVING ON THE EDGE

Little. Castroville. Somerset. Three rural towns on the outermost edges of San Antonio, Texas. If you're looking for hardware in any of these communities, you have just a few choices: Walmart, the local grocer — and South Texas Hardware. That's exactly how Do it Best newcomers JJ and Annie Villareal and Erica and David Forman like it.



Together, this hard-working team has built their three-location home improvement business by providing a one-stop shopping experience to the many communities surrounding San Antonio. But as each year passes, they've watched the San Antonio suburbs creep closer into their markets, bringing more customers — and competition. They knew that if their business was going to remain strong and relevant in the future, they needed to invest in their growth now.

“Do it Best worked with us. Brad was certain Do it Best could get to our stores with a truck loaded with the inventory our customers were in desperate need of, including plumbing parts — that was a real eye opener for us.”



Their plan was a bold one: simultaneously enhance and expand all three locations from the inside out. That meant more efficient, customer-friendly floor plans, including a wider product selection, adding more departments, and offering the latest, most popular trends. It also meant uniting the three locations under a single, recognizable brand. The Formans and Villareals realized that if they were going to meet this goal, they had to find a new co-op partner.

When Annie and David's parents started their first hardware store in Lytle in 1985, they were True Value members. For more than 36 years, the family business stayed that way. While service was consistent, today's owners all felt that there was something missing.

"While True Value seemed to be a big player, they just weren't there," says David. "No one was reaching out to us to let us know what was going on in the industry — we didn't have the insight we needed to move our business forward."

During their exploration of potential new partners, the team met with Do it Best Territory Manager Brad DeVos and quickly saw the value in becoming Do it Best members. When Texas was hit by historic winter storms in 2021, Brad immediately reached out to see how Do it Best could help.

"Do it Best worked with us," says David. "Brad was certain Do it Best could get to our stores with a truck loaded with the inventory our customers were in desperate need of, including plumbing parts — that was a real eye opener for us."

They quickly realized they had a co-op partner that was truly engaged in their success, and they were ready to put their bigger growth plan in motion. Working with the Do it Best store design team, they created an entirely new experience for their customers. Plans were made to update their Castroville and Somerset locations and completely overhaul their Lytle store.

“Every piece of merchandise had to be moved to a different location. We tried to plan ahead to figure out the best way to get that done. When the Do it Best merchandisers came, they told us, ‘Don’t touch a thing, we’ve got it.’ That was refreshing.”



"That store was completely transformed," says Annie. "Do it Best gave us expert advice on layout, shelving and displays, fixtures and lighting — it was exactly what we needed to grow."

Along with the design updates, the new plan called for a huge increase in inventory and product offerings at all three locations. Organizing and stocking three stores simultaneously seemed like a daunting task, but the merchandising support team provided through Do it Best took a truly hands-on approach to make the process virtually painless.

"Every piece of merchandise had to be moved to a different location. We tried to plan ahead to figure out the best way to get that done," says David. "When the Do it Best merchandisers came, they told us, 'Don't touch a thing, we've got it.' That was refreshing."

As time went on, Annie, JJ, Erica, and David were amazed at the level of attention they received from their new co-op partner. "In the past, we weren't always sure what products to add to our mix, or even where to start looking," says David. "Do it Best is always bringing us the items our customers want to buy." 



TEXAS TWO-STEP

Do it Best Territory Sales Manager Brad DeVos and the South Texas Hardware team worked in unison to make a three-store transition look easy. Brad was impressed with the work the South Texas Hardware team did to pave the way for the Do it Best merchandising team.

South Texas Hardware is fantastic to work with. They are engaged and committed to growing their business — a great fit with Do it Best.

Brad DeVos
Do it Best Territory Sales Manager

With their stores updated and appropriately stocked, Annie, JJ, Erica, and David set to work with Do it Best on their unifying brand — one that would allow for additional locations in the future. In no time at all, South Texas Hardware was born. Do it Best fully supported the direction with the right mix of branding and store signage.

"We were able to do what we wanted to do with our branding — True Value would never have allowed that," says JJ. "Do it Best has been much more of a partner than a vendor."

The South Texas Hardware leadership team recognizes that establishing a strong brand requires lasting community relationships. They have invested heavily in the communities they serve, actively sponsoring Little League Baseball teams, as well as local livestock shows and rodeos. They are also invested in education foundations for every school district in their communities.

"The education foundations are a priority for us," says JJ. "Education is a great way to reach the community because it serves everyone."

Annie, JJ, Erica, and David are confident that their newly redesigned and rebranded businesses are positioned for continued success. Each of their locations now has the assortments and product mix necessary to successfully serve as the go-to hardware store in town. The business is now unified under a single, instantly recognizable brand. Most importantly, they know that South Texas Hardware has the support of a co-op that is actively invested in their growth.



INVEST GROW

Do it Best is committed to helping its members grow and achieve their dreams by providing the quality products, proven strategies, and comprehensive programs and services they need to drive their success. At the same time, we're actively investing in infrastructure and operational best practices that result in outstanding store performance and an unbeatable customer experience, giving our members a tremendous advantage over the competition.



ESTING IN YOUR **GROWTH**



POWER SERVE: INVESTING IN THE BEST CUSTOMER EXPERIENCE

Today's consumers are more empowered than ever before. The explosive growth of competition — both brick and mortar and online — has expanded their choices and increased their expectations about the service they receive. Do it Best believes that commerce is commerce, whether in-store or online. We're committing considerable resources to position our members as a consistently superior shopping experience that seamlessly integrates online and in-store shopping.

Strengthening and expanding ecommerce capabilities to meet customers where they are is a major priority. Do it Best has formed a new Ecommerce division that has focused on numerous enhancements to increase the searchability, functionality, and performance of member websites. These enhancements help members capture a greater share of online sales and drive more customers into their stores.

"We want to help members create online experiences that mirror, and even enhance, the in-store experience," says Nick Talarico, vice president of Ecommerce. "Our performance will be measured by our ability to drive traffic to our members' stores and convert sales. It's as simple as that."





The ecommerce initiative is bolstered by a new strategic partnership with Epicor, simplifying the POS process and enabling members to offer customers more choices while increasing store traffic.

“Our preferred partnership with Epicor speeds up integration between Do it Best and a leading point-of-sale vendor,” says John Mergy, vice president of Information Technology. “We can develop new online capabilities to respond quickly to the increasing demands of Buy Online Pickup In Store, or BOPIS, customers.”

Investments in technology are also supporting the Merchandising division’s expanded ability to analyze POS data and help members generate product assortments that are custom-tailored to perform well at their stores.

“Instead of offering a national assortment of a particular product, analytics let us generate assortments that fit specific customer profiles,” says Dent Johnson, vice president of Merchandising. “We can differentiate between a West Coast assortment or a lumberyard assortment, for example — and that enables our members to differentiate their businesses by offering a product mix that is most relevant to their communities.”

“POS data lets us identify areas of opportunity for our members — where they’re performing well or underperforming, and what the key sales trends are in their market,” adds Greg Fuller, vice president of Sales and Business Development. “We have a tremendous catalog of proven planograms, but we also customize those planograms to match those markets.”

Managing the right mix of inventory is equally vital to the success of lumberyard owners. The LBM division takes a four-pronged approach to help members acquire and sell the products their customers are counting on. “We have three priorities: help our members manage their risk, make their lives easier, and

make them more profitable,” states Russ Kathrein, vice president of Lumber and Building Materials. “Do it Best has the combined buying power to make lumber purchases that an individual member may not be able to, making every member’s life easier and putting them ahead of the competition — and if they don’t have to buy it from another distributor, they’re going to be more profitable.”

The LBM division aggressively invests in lumber inventory by taking positions from the mills. Purchasing large quantities of lumber as it becomes available reduces costs and streamlines distribution.

“When we buy up mill inventory, we’re positioning Do it Best as a major customer to our vendors,” says Russ. “Our buying power allows for better pricing — and it enables us to distribute lumber directly to members from the mills. It’s an incredible advantage.”

Do it Best is making the investments necessary to help members reach customers, no matter where they are, with the right mix of products at competitive prices. As a result, members are positioned to make their businesses the first choice of the communities they serve.

“We have three priorities: help our members manage their risk, make their lives easier, and make them more profitable.”

Russ Kathrein
Vice President of Lumber
and Building Materials

PRECISION TUNED: INVESTING TO MAXIMIZE STORE PERFORMANCE

From operational infrastructure to customer-facing best practices, Do it Best makes comprehensive investments in every area of the business. The objective is to make it easier for members to develop and achieve their own strategic plan for success.

"These investments strengthen all our members, ensuring they continue to be the best choice for their customers," says Board Chair Doug Mans. "Everyone on the Do it Best team, from staff and leaders to the board of directors, is aligned to keep the company on the leading edge of operational efficiency and performance."

One of the most ambitious behind-the-scenes project investments we're making is the multi-year upgrade of our order management and distribution system. The solution incorporates three key components, working together to streamline the member experience:

1 Distributed Order Management System (DOMS): processes incoming orders

2 Warehouse Management System (WMS): fills the orders

3 Core Financials: collects all financial data for each transaction

Slated for full implementation by the fall of 2023, DOMS will enhance inventory visibility and product allocation, and set pricing at the time of the order. It also provides the ability to move routes and shipments between warehouses to meet regional shifts in demand. DOMS gives members an effective tool to locate and acquire the products they need even more efficiently.

"We're relying more and more on systems and sales data to help our members respond to their customers," says Dent. "Giving our members better inventory visibility and shipping options puts them in a position to win."

A new WMS will work in tandem with DOMS. The system operates in a 24/7, real-time environment. With access to immediate, accurate-to-the-minute inventory information, the ordering and distribution processes are faster, more productive, and safer. Currently, our Dixon, Illinois and Waco, Texas warehouses are operating with the new WMS. Based on member feedback, we are fine-tuning the process before we deploy it across our entire network.

"This system will give our members and warehouse teams a clearer view of availability, order status, delivery times, and more," says Tim Miller, vice president of Logistics. "Working in real time adds the ability for them to give their customers accurate answers and even more reliable service."

The final component is our company-wide core financials management system. It represents the largest, most comprehensive system deployment in the history of our co-op. It will integrate with DOMS and WMS to collect, organize, and distribute financial data for every transaction in real time.



DRESSED FOR SUCCESS: INVESTING IN STORE DESIGN

Do it Best is also making a significant, customer-facing investment in members' businesses through store design. We teamed up with a leading retail design firm to develop a comprehensive solution to help members attract an even wider range of customers to their stores.

"We visited member stores across the country to see what we were doing well and identify areas of opportunity, as

well as get a closer look at what their competition was doing," says Store Design Manager Cherié Jacobs. "We also talked with members and worked with our staff across the company to confirm what the needs of our members were. The result was a completely new approach to store design, from exterior signage and store facade to the aisles and endcaps — it's a store designed to attract a new generation of shoppers."

OUR STORE DESIGN FOCUSES ON FIVE GOALS:



ATTRACTING MORE CUSTOMERS

The exterior plan features a contemporary gray facade, punctuated by a bright red awning over the main entrance. These bold components act as a billboard, engaging with customers before they enter the store.



OPTIMIZING THE STORE LAYOUT

The new design helps members maximize every linear foot of their sales floor while improving sightlines and traffic flow. Signage and storytelling endcap displays create areas of focus that lead customers from one department to the next, generating more sales opportunities.



INFLUENCING SHOPPING BEHAVIOR

Do it Best works with each member to identify the unique strengths of their business. These departments, brands, and product lines become the main features of that store, positioning the business as the community's best resource for those products.



REJUVENATING THE STORE ATMOSPHERE

Retail wisdom says a store should reinvent itself every five to seven years to avoid becoming stale to its customers. The new design features updated fixtures and shelving, along with a palette of inviting colors to give even the most established store an exciting new presence.



STRENGTHENING THE BRAND IDENTITY

Thoughtful signage and other intentional touches help promote the member brand while tying the in-store experience to the member's website and social media channels. The result creates a cohesive impact that builds customer brand loyalty.

The impact a new store design has on a member's business is profound. In fact, members who complete major store design and retail performance projects are achieving growth rates that are three times higher than average.

Cherié Jacobs
Store Design Manager

By making the investments needed to help members strengthen their brand presence and create a memorable shopping experience, Do it Best is positioning its members for long-term success in today's increasingly competitive marketplace.



EVERYDAY EXCELLENCE: INVESTING IN OPERATIONS

Maintaining and improving store level operational efficiency is another target for investment. Do it Best has developed the Learning Zone, an online hub for member education and training. The Learning Zone contains informative modules on practical subjects like store operations, financial performance, inventory control, customer service, taking full advantage of Do it Best programs, and much more.

"In addition to our own custom content, we have great partnerships with our vendors and industry associations," adds Greg. "The Learning Zone makes their additional tools and materials readily available to our members through a single source."

The LBM division is also working to enhance training and knowledge sharing by launching more peer groups, and encouraging collaboration between members. A new Component Peer Council, made up of members with truss plants, is meeting on a quarterly basis. "We're creating a forum where members can share ideas and best practices," says Russ. "It gives everyone an opportunity to explore real-world ways to do things better."



GROWING PLANS: INVESTING TO GROW MEMBERS' BUSINESSES

As every member grows their business, the entire co-op becomes stronger. We're actively investing in the resources that fuel their success, solidifying Do it Best as an industry leader.

The Sales and Business Development and Finance teams have developed a new Financial Toolbox for growth-minded members. The toolbox includes retail performance projects, as well as financing options that include accessing preference shares, advanced rebates, and competitive loans.

"Whether you're looking to acquire multiple locations, or want to remodel your current locations, we can help with a financial solution that fits your growth plans," says Greg. "The Financial Toolbox is built around an array of options that best meet the member's needs — we guide each member to the options that will work best for them."

The preference share and advanced rebate options provide members with a source of capital that enables them to move quickly to take advantage of acquisition opportunities from a position of strength.

"It's a very cost-effective source of money, ready to move at the speed the member needs," he says. "It allows the member to approach a sale as a cash buyer, and that is a powerful differentiator in today's market."

The loans available through Do it Best give members an option that is often more competitive than loans provided by banks.

"Do it Best is run by member-owners, and that gives us a financial advantage," adds Greg. "We have

better insight into the industry, so we can be confident offering more competitive rates tied to store performance."

Whether you're looking to acquire multiple locations, or want to remodel your current locations, we can help with a financial solution that fits your growth plans.

Greg Fuller

Vice President of Sales
and Business Development

Unmatched customer experiences. Strong store performance. Unlimited expansion potential. With every investment, Do it Best is building a support system designed to provide a powerful engine for growth, driving every member's business forward.



DO IT BEST MEMBER-OWNER INDUSTRY AWARDS

THE HARDWARE CONNECTION BEACON AWARDS



MITCH JOHNSON
Retailer Beacon
Ivey's Building Materials
Mansfield, LA



**MIKE &
BRENDA MacKAY**
Best New Store
Vassar Building Center
Vassar, MI

NHPA YOUNG RETAILERS OF THE YEAR



KYLE ADAIR
Maycrest Hardware
Savannah, GA



JADE HAYNIE
Northwest Hardware
Billings, MT

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.

LBM JOURNAL DEALERS OF THE YEAR



DAVE DAVIS

Spahn & Rose Lumber Co.
Dubuque, IA



RICHIE TABET & KENNY TRUJILLO

RAKS Building Supply
Albuquerque, NM

HBSDEALER INDEPENDENT PRODEALER OF THE YEAR



MIKE REEVES

Espy Lumber
Hilton Head, SC

NHPA TOP GUN



PAT SULLIVAN

Sullivan Hardware
& Garden
Indianapolis, IN

HBSDEALER TOP WOMEN IN HARDWARE & BUILDING SUPPLY

RISING STARS

JENNIFER COLEMAN

Dunkirk Hardware and
Home Center

KATIE CROWTHER

Lilian Lumber, Lilian's
She Shed

SHARONA EISERER

Wood Shed Hardware
and Lumber

ALISON KELLEY

Kelley Hardware

KASSI LAMON

Nation's Best Holdings

SHANNON PATTERSON

Big R

MICHELLE STERN

Lampert Lumber



BUSINESS EXCELLENCE

JODIE DISBROW

McLean's Hardware

KIM FISH

Taylor's Building Supply

MARY JO HASSETT

Gillman Home Center

RENEE KRAFT

Knudson Lumber

KRISTY LABRECQUE

Caron Building Center

BRENDA MACKEY

Vassar Building Supply

ANNA MOTSCHALL

Mans Lumber & Millwork

DIANA NEWTON

Bay Hardware

KARENA REUSSER

Modern Home & Hardware

NORA RUBIO

Mead Lumber

HBSDEALER HARDWARE ALL STARS

ADAMS LUMBER AND HOMESTORE

Council Grove, KS

BEISSWENGER'S HARDWARE & POWER EQUIPMENT

New Brighton, MN

BURNS DO IT CENTER®

Clovis, NM

CLINTON HARDWARE

Clinton, MD

DAMARISCOTTA HARDWARE

Damariscotta, ME

DELTA BUILDING SUPPLY

Delta Junction, AK

GANAHL LUMBER COMPANY

California

GENEVA HOME CENTER

Geneva, NE

GROOM & SONS' HOME CENTER

Texas

HARDMAN'S

West Virginia

HARTMAN'S HARDWARE

Boutte, LA

HARTNAGEL BUILDING SUPPLY AND ANGELES MILLWORK

Port Angeles, WA

HEISLER'S DO IT BEST HARDWARE

Spearfish, SD

HOWSHAR HARDWARE

Guernsey, WY

JED'S HARDWARE

Port Angeles, WA

LUMBER MART

Guymon, OK

NITTERHOUSE MASONRY & HARDWARE

Port Angeles, WA

O.C. MCCUIN & SONS

Highgate Center, VT

RAND'S HARDWARE

Plymouth, NH

TAYLOR'S BUILDING SUPPLY

Eastpoint, FL

VILLAGE HARDWARE

Hatch, NM

WAGNER HARDWARE

Wilmington, DE



BOARD OF DIRECTORS



DOUG MANS, CHAIRMAN

MANS LUMBER & MILLWORK

Through five generations, the Mans family has served the greater Detroit area with customer-centric values and community at the forefront. Continuing the family business that began in 1900, Doug and his four cousins operate four pro lumberyard locations.



JOE TAYLOR, VICE CHAIRMAN

TAYLOR'S DO IT CENTER® AND PLEASANTS HARDWARE

Since 1927, four generations of the Taylor family have served communities around Virginia. Today, Joe oversees 11 Taylor's Do it Centers in Virginia Beach and nine Pleasants Hardware stores in Richmond with his brother Russ.



MICHAEL COHEN, SECRETARY

PANAMA DO IT CENTER®

The Cohen family opened their first Panama Do it Center in 1990, becoming the first international Do it Best member. Michael has helped design a shopping experience that reflects Panama's uniquely close-knit culture by providing customers with complete solutions for their home projects.



DAVID STURDIVANT, TREASURER

RUSSELL DO IT CENTER® AND RUSSELL BUILDING SUPPLY

As the COO and CFO for Russell Lands, David oversees the Russell Do it Center and Russell Building Supply stores. He enjoys encouraging and supporting his teams by providing insights on the personalized services they offer to pro contractors and DIYers alike.



ELI BLIFFERT

BLIFFERT LUMBER AND HARDWARE

With Eli at the helm of the business that's been in the Bliffert family for more than 100 years, Bliffert Lumber and Hardware operates eight locations around Milwaukee, Wisconsin. Because of the city's vast industrial scene, Bliffert has the opportunity to supply manufacturers with the specialized products they need, while also serving weekend DIYers and pro contractors.



ROB GARDINER

DAMARISCOTTA HARDWARE AND RANDOLPH HARDWARE

A second-generation business owner, Rob learned the ropes from his father, who bought a bankrupt hardware store in 1955. Rob strives to ensure that every core product and department is as complete as possible at the two locations he co-owns with his sister, Susan Geyer.

**BRAD McDANIEL***McDANIEL'S DO IT CENTER®*

Anyone who walks through the door of McDaniel's Do it Center will notice how clean, convenient, and inviting it is — just the way Brad ensures it to be. The business began with Brad's father, Bob, who began working at a small store in 1955 and eventually bought them out. Now, Brad is just as committed as his father was to providing a great shopping experience for his community.

**DIANA NEWTON***BAY HARDWARE, LUNADA BAY HARDWARE, AND SOUTH BAY HARDWARE*

Diana's three thriving stores reflect a family-friendly California vibe consistent with their seaside communities — something her customers truly appreciate. As a business owner, Diana most enjoys the freedom to make her own decisions and the independence that comes from her partnership with Do it Best.

**JEFF PARDINI***HILLS FLAT LUMBER*

Along with his extended family, Jeff runs two home centers an hour outside of Sacramento, both specializing in core categories including pressure-treated lumber, sheets, and framing material. The opportunity to act quickly and make his own decisions is just part of what Jeff loves about being a business owner and Do it Best member.

**SCOTT PESAVENTO***HEMLOCK HARDWARE*

Serving the commuter town of Fairfield, Connecticut, Scott emphasizes convenience in his store to accommodate the busy lifestyles of his customers. As a second-generation business owner, Scott continues to run Hemlock Hardware on the core values of respect, effort, and kindness.

**TIM POST***T & M HARDWARE & RENTAL CENTER*

Tim and his wife Mary started their business more than 30 years ago with a passion for solving problems. Together, they grew from one to six stores, now serving rural, suburban, and urban markets in Ohio and Pennsylvania.

**BOB VAUGHAN***ALAMO LUMBER*

Bob has always enjoyed helping families establish and grow their roots through home building and construction, which is why he loves owning his 14 locations across Texas. In addition to lumber and building materials, Alamo Lumber maintains a core assortment of products so customers don't need to leave town to get the supplies they need.

DO IT BEST EXECUTIVE TEAM



(From left to right)

TIM MILLER

Vice President of Logistics

STEVE MARKLEY

Executive Vice President of Operations

RICH LYNCH

Vice President of Marketing

GARY FURST

Vice President of Human Resources
and General Counsel

DAN STARR

President and CEO

DOUG ROTH

Vice President of Finance
and CFO

RUSS KATHREIN

Vice President of Lumber
and Building Materials

DENT JOHNSON

Vice President of Merchandising

GREG FULLER

Vice President of Sales and Business
Development

JOHN MERGY

Vice President of
Information Technology

NICK TALARICO

Vice President of Ecommerce



First CHOICE.  Best CHOICE.

Do it Best Corp.

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