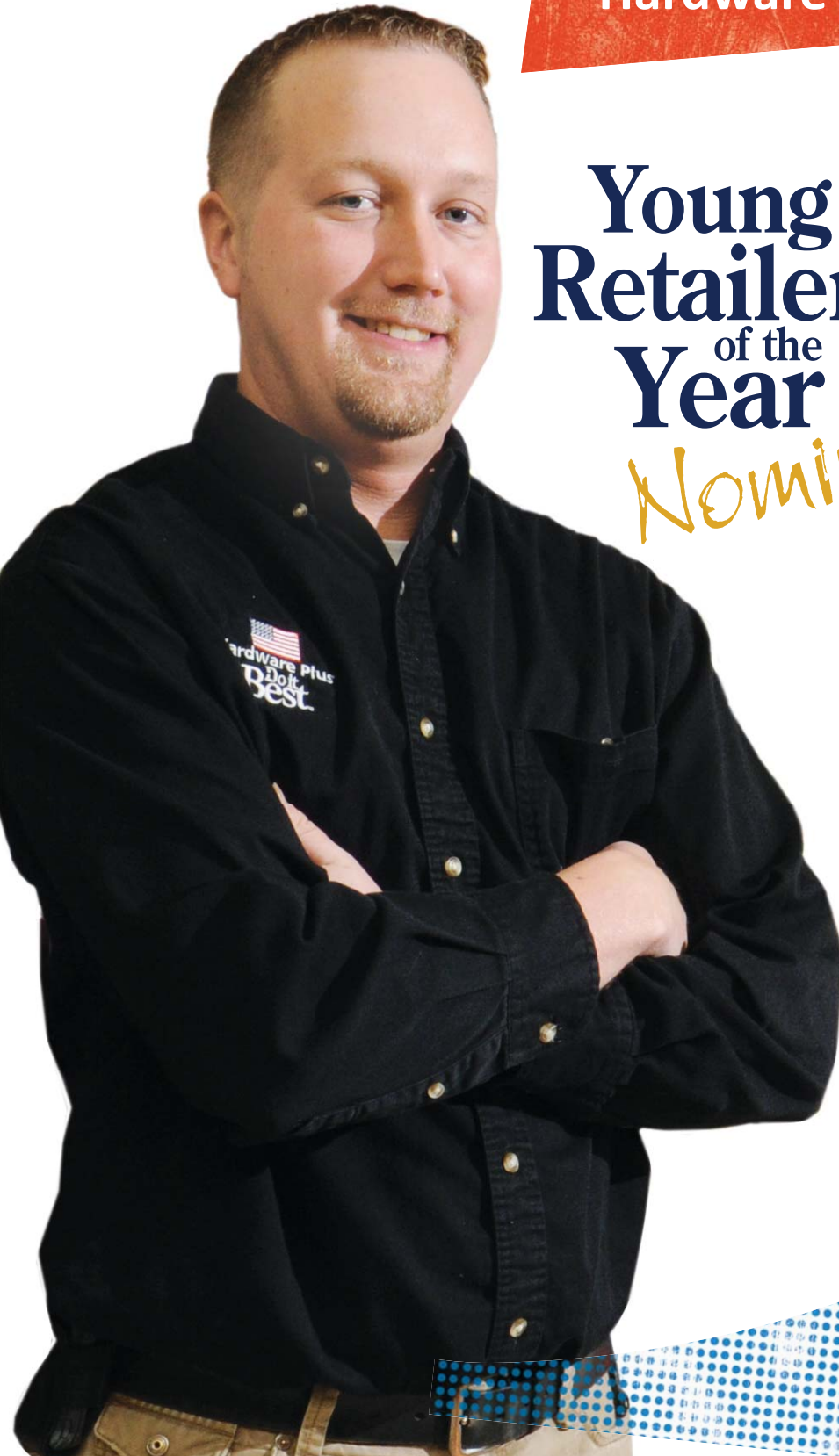


Chris Hughes

**Owner
Hardware Plus**

**Young
Retailer
of the
Year**

Nominee



Store Address

611 Lincolnway West
Osceola, IN 46561

Store Phone

(574) 674-8863

Date of Birth

January 14, 1975

Home Address

10555 Harrison Road
Osceola, IN 46561

Category Entered

Under \$2 million
sales volume

Chris Hughes was just 15 years old when a friend called to see if he was interested in applying for a part-time job at Hardware Plus. He was – but he certainly had no idea at the time that the job would make a profound impact on his future. “I started picking up bags in the back lot and stacking pallets,” Chris said. “I kind of worked my way up from there.”



Today, 20 years after accepting that part-time job, Chris has worked his way to the top. He is now the hardworking owner of Hardware Plus.

Over the years, Chris’ dedication to the store never wavered. When he enrolled at a nearby college in the fall of 1993, he somehow found a way to juggle the demands of being a full-time college student and still working 30-40 hours a week at Hardware Plus.

Chris worked other jobs, as well – even while he was still in school. For a while, he ran a lawn mowing service, then later providing leaf collection services for the town of Osceola. In 1995 and 1996, Chris worked full time at a CARQUEST Auto Parts store, gaining valuable managerial and customer service experience. The entire time, he continued to work his full schedule at Hardware Plus.

Maintaining such a demanding schedule was tough, but necessary. Chris wanted a college degree, but after earning less than stellar grades his first semester, his dad told him he’d have to pay for the rest himself. Chris was determined to finish, and in the end, his multiple business ventures helped fund his education while providing a wealth of on-the-job experience. “It was kind of a turning point for me,” Chris said. “I had to grow up real fast. It was a challenge, and I’m glad I stepped up.”

By the time Chris had graduated from college, his responsibilities at Hardware Plus had increased considerably. He took responsibility for most of the inventory as well as a large chunk of the store’s day-to-day operations. The long-time owner was impressed with Chris’ dedication and work ethic, and he started to talk to Chris about buying the store at some point in the future.

In 1998, the store went through an extensive remodel using the Do it Best Store Design program. “I was in charge of the whole project,” Chris said. “We retiled and remerchandised the entire store. It was a huge endeavor.” Chris started in the fall, and didn’t finish renovations until spring of the next year.

The project provided much-needed improvements inside and out. Since the store was running out of viable retail space, Chris increased the gondola heights and moved fixtures to better locations. Those moves resulted in extra sales space to sell more items. The exterior got a long overdue makeover as well, sporting a fresh and professional look.

Chris’ hard work on the remodel certainly paid off. He added about 3,000 items to Hardware Plus’ inventory and updated its overall look. The combination of a good looking store with a great product mix helped Chris deliver a 20% sales increase the year after the remodel.

In 2005, Chris initiated another big change. He convinced the owner to say goodbye to his clunky old cash registers and replace them with an efficient new point-of-sale system. Although the owner was reluctant at first, he ultimately gave the green light. Chris was the guiding force in installing the Rock Solid POS system, which he saw as a necessity for growing the business. The new system has proved to be an invaluable tool in his ongoing effort to replace slow-moving items with those that produce more consistent sales. "It's really made it easier to look up SKUs that haven't sold in a year," Chris said. "If it hasn't turned over in that amount of time, then I'm not sure we need it."

A few years later, in July 2008, Chris became the owner of Hardware Plus. Shortly thereafter, Chris used the Do it Best Opportunity Program to update displays throughout the store and add about 1,000 new items.



Overcoming Challenges

Despite Chris' extensive knowledge of the business, ownership of the store came at a fairly difficult time. Just three months prior to Chris taking over the store, a Wal-Mart opened about two miles away. Chris' emphasis on strong customer service helped the store weather the initial impact on sales, and for customers the novelty of the big store soon wore off.

One of the biggest challenges comes from the local economy. Hardware Plus is about a minute away from the Elkhart County border. Economic struggles in the region have garnered national media attention, including several visits from President Obama. Local RV and automotive industries have had huge layoffs, spawning some of the highest unemployment rates in the nation.

The widespread loss of jobs has definitely taken its toll on business.

In spite of all that, Chris has been able to keep sales steady at \$1.2 million. Accomplishing that feat in an area with the jobless rate exceeding 15% is no easy task.

Chris delivered much of that success through his skillful use of Margin Master, a software program that allows him to evaluate pricing structures within his store. "We've been able to get real sharp on some key items and make up ground on other blind items," Chris said. "That has been a huge part of our being able to maintain those sales figures." He should see a \$40,000 sales increase in 2010 just since using the program beginning in late 2009.

Chris counters the bare-necessities economic climate by running ads about how to fix up and repair things around the house instead of buying new. That approach has helped keep sales steady. While the

"In a local economy that has been profiled nationally as struggling, Chris Hughes has looked for ways to expand his reach when other local businesses have decided to 'circle the wagons' and 'see what happens.'"

economy has lowered his average ticket, Chris' sharp inventory and marketing efforts have actually increased his customer count.

"Chris is weathering this economic downturn by providing high quality service and adapting to the needs of our community," said State Representative Craig Fry. Chris has not let the economy deter his business plans, notes Todd Heerschop from WSJV Fox 28 TV. "In a local economy that has been profiled nationally as struggling, Chris Hughes has looked for ways to expand his reach when other local businesses have decided to 'circle the wagons' and 'see what happens.'"



Thinking outside of the box

Diversifying allows a company to better weather tough economic times, and Chris has found creative ways to do that at Hardware Plus. The store has a small rental department that generates add-on sales. Chris sees this as an opportunity for additional growth in the coming years.

In 2004, Chris took another potentially difficult situation and turned it into a profitable business opportunity. For years, Hardware Plus had been among the top Scotts dealers in northern Indiana, but Chris saw product sales begin to slip. To move leftover inventory and increase sales, Chris decided to begin a lawn fertilizing service. "We probably have about 160 accounts right now, which includes about 200 lawns," Chris said. "It's quite a business in the spring and summer."

Not only did it generate more sales, but it provided many contacts in the lawn and garden fraternity, such as property managers and snow plowers, many of which became customers because of Chris. "Chris' greatest strength as a retailer is the ability to network profitably," said J. Michael Monserez, the previous owner who sold the store to Chris. "Our sales of items like fertilizers, grass seed, lawn mower parts, and ice melter increased dramatically."

During the winter months, Hardware Plus runs a snow plowing service. "We have a couple of plow trucks, and we wholesale salt to some of the other plow drivers in the area," he said. "We started last year with one truck of salt, and this year we are up to about five semi loads." The store has become popular with many of the snow plow contractors in the area. Chris added some snow plow parts for those contractors to his inventory, and he believes they could double the amount of salt they sell wholesale next year.

For the last few years, Chris has put up a greenhouse in front of the store during the spring and summer months, significantly boosting sales in the lawn and garden department. With the addition of the greenhouse, lawn and garden sales have increased by nearly 15%, now generating about \$424,000 in sales per year.

The store also offers a variety of other products and services, including kerosene heater repair, window and screen repair, lock rekeying, mower blade sharpening, chain saw sharpening, UPS shipping, and key cutting.

Together, these business strategies have proven to be very successful and profitable. The store, which currently offers about 13,000 SKUs, yields a gross margin of 38%. Chris also maintains a good cash flow position by keeping the average collection period on account receivables to 28 days.

Advertising across the board

Chris uses a healthy mix of advertising to promote the products and services available through Hardware Plus. Among his advertising arsenal: newspaper ads, inserts, direct mail postcards, TV spots, radio spots, internet coupons, and a Facebook page. In addition, he sponsors a number of sports programs at area high schools and athletic leagues. “We want to get our name out there,” he said.

Sometimes, the store opts to do something a little quirkier. “We built a belt sander drag strip that we take to area festivals,” Chris said. “We also have motorized La-Z-Boys that we use in parades. It’s just something different, and it gets people’s attention.” (Stay tuned: a motorized couch is set to make an appearance this summer.)



“Chris has grown Hardware Plus from a small town store to a fierce competitor by listening to his customers and providing new services.”

A friendly approach

Chris takes pride in the friendly atmosphere at Hardware Plus. Employees take a genuine interest in customer projects. Many customers return to share project updates and photographs. “Customers come back with pictures of their finished projects, and we post them at the front of the store” Chris said. “We’re on a first-name basis with about 90% of the people

who walk through the door.” Many customers invite store employees to graduation parties and Super Bowl shindigs. “Everyone has kind of become an extended family,” Chris said.

The store’s 12 employees have many years of combined industry experience. Chris has worked at the store for 20 years; the previous owner, who has been in the business for 35 years, still works there three days a week when he’s not in Florida. Another employee owned a hardware store in a nearby town for many years. Outside of work, employees often attend cookouts, concerts, and sporting events together. “I really try to get everybody involved in doing things outside the store,” Chris said.

That kind of experienced and engaged staff translates into excellent customer service. When customers enter the store, an employee is always there to answer questions and help them quickly find what they need. Chris finds a positive customer experience almost always triggers good, old-fashioned word-of-mouth advertising.

Chris takes his commitment to being customer-focused so seriously he even hands out his personal cell phone number from time to time. "About once a month, I'll get a phone call from someone and I'll come in and open the store for them," Chris said. "I have a great relationship with a lot of my customers."

Many customers talk of driving past other stores to come to Hardware Plus, even though they know they will pay a little more, because of the unmatched customer service. "Under Chris' guidance, the employees go far beyond expectations in helping their customers," said Carole Elliot. "The outstanding service offered and his selection of merchandise has given Hardware Plus a definite advantage over mega stores like Lowe's, Menard's, and Home Depot." Former coworker Brent Clark is more matter-of-fact: "Hardware Plus would not be in business today if it weren't for Chris Hughes and his team. They provide service that no big box can even compare to."

Giving back

Chris is committed to making sure Hardware Plus is an active member of the community. The store supports the Saint Joseph County Bridge of Hope, a shelter for homeless single mothers. They sponsor many local athletic teams, including two local football teams, three softball teams, and four Little League teams. Chris also works to maintain the playing fields for several local Little League sites.

Hardware Plus makes regular donations to Habitat for Humanity. Chris and other store employees participate in several Habitat builds each year. Chris offers paid time off to his employees who wish to help on builds. The store donates numerous items to community-sponsored raffles and fundraisers, and they recently sponsored a blood drive at the store. They support the Boy Scouts and Girl Scouts through donations and fundraising support.

"Supporting local charities is a huge part of what we do," said Chris. "We donate to probably about 30 benefits or raffles every year; we also go to many of the events to show our support."



Given their economic environment, Chris makes supporting the local business community a priority as well. Hardware Plus is a member of ShoLo, a shop local organization in Saint Joseph County made up of small local businesses that are working to keep customers' spending in their community. The store belongs to the Osceola Business Association, a network of area businesses that work together to organize community festivals and events.

Outside of work, Chris is active in his church. He participates in a men's group that does many

"Hardware Plus would not be in business today if it weren't for Chris Hughes and his team. They provide service that no big box can even compare to."

projects in the community. He also serves on the church's daycare board and its Staff Parish Relations committee.

"Chris has a big heart for social action and giving back to the community," said Bob Vale, pastor at the church Chris attends. "A story that Chris will probably not tell is that during the difficult economic times we are in, there has been a time or two when on pay day, he makes sure his employees get their full pay, when he as the owner may have to go with nothing that pay period. He deserves more than awards. People like Chris deserve our respect and gratitude for the example they live out each day with little fanfare and recognition."

Chris and the rest of the Hardware Plus team have been honored for their community-mindedness and customer service. Readers of the *South Bend Tribune* nominated Hardware Plus as the area's best hardware store for the newspaper's 2009 Reader's Choice Awards. Also in 2009, Chris was named to the *South Bend Tribune's* list of "Forty Under 40," which recognizes young local business leaders who are models of success in both their business and personal lives.

Education

Chris graduated from Indiana University–South Bend in 1998 with a bachelor's degree in business. While there, he participated in an entrepreneurship program that gave him the opportunity to work with local business owners who provided valuable insight about the day-to-day challenges of owning a business. "It was a great chance to get my foot in the door and see how things were done," said Chris.

Today, he is committed to participating in ongoing training and education programs. He has taken numerous training courses and earned certifications, including a 3B Turf Pest Management license from the state of Indiana through nearby Purdue University, one of the top agriculture universities in the country. He is also looking into the possibility of participating in the Master Gardener program Indiana offers as well.

Chris keeps up with regional lawn and garden issues through the store's membership in the Midwest Regional Turf Foundation. Over the years, he has completed numerous training programs through Scotts, including eight sessions of the popular Scotts Training Institute. Chris' dedication to continued training has made Hardware Plus one of the premier destinations for lawn and garden expertise in the region.

Chris attends numerous Do it Best markets and symposiums, taking as many classes as he can. "I learn a lot in the classes, but I learn a lot from the other members I meet," said Chris. "It's an excellent way to network and share ideas."





Chris also makes sure his staff is well-trained and keeps up on industry issues. He uses the monthly Training Break DVDs from Do it Best Corp. for product knowledge and management training. He sends his employees to one or two off-site seminars each year, many of them at Purdue University to stay current on the latest in lawn care.

Looking ahead

For short term goals, Chris is working to break \$1.5 million in sales. Additionally, he plans to continue his efforts to modernize the store and use social media, like Facebook, to attract a younger clientele. “A lot of these people grew up going to big boxes, and I’d like to get them changed back to shopping local businesses,” Chris said.

“Chris has grown Hardware Plus from a small town store to a fierce competitor by listening to his customers and providing new services,” said Justin Rummel, senior project manager with QCG. “He has expanded the store and increased efficiency with installation of technology and began marketing within social networks to utilize his entrepreneurship skills not only while customers are at the store, but at home.”

Chris is committed to running an environmentally-conscious business. He has already put in programmable thermostats to cut his utility costs, and he expects to increase energy efficiency and employ other green initiatives at his store. Chris plans to add a television in the store that will show how-to project tutorials. He’s also looking into offering how-to classes and holding a Ladies’ Night.

Chris keeps a watchful eye for growth opportunities.

Sales of lawn mower parts doubles nearly every year, and Chris intends to continue to capitalize on this strong opportunity. Further down the road, Chris has his eyes set on adding small engine repair, an expanded rental center, and the addition of another store.

Chris Hughes has made Hardware Plus a bright spot in an otherwise dreary economic landscape. His efforts to expand and improve his store have brought more customers through his doors, and his widespread support of local causes has made him and the store an important pillar of the community. Chris’s retail prowess and community focus have Hardware Plus looking ahead to a bright and profitable future.

“People like Chris deserve our respect and gratitude for the example they live out each day with little fanfare and recognition.”