

SUPPLIERS TO WATCH—THE REINVENTERS



It's more than just a new look at Truth. The company says it really has changed its business philosophy.

The company focuses heavily on new products, and welcomes input from its customers regarding new ideas.

Truth Hardware

Owatonna, Minn.; Publicly-traded company (parent company is FKI based in Great Britain); FKI's Hardware Division posted \$394 million in annual sales which includes Truth and two other companies; Truth has approximately 1,000 employees; 4 locations; 52 years in business.

Many companies roll out new Mad campaigns, a new look, logo, etc., with the goal of promoting a new image. When Truth Hardware unveiled its new campaign, "A New Truth," approximately one year ago, they weren't kidding. The company pledged a more strategic focus toward the customer.

Steve Groves, senior vice president of sales, marketing and new business development for the company puts it simply. "We were a market leader who became complacent."

He says many companies have suffered this plight—"the market leader syndrome." This is where a company loses sight of the customer, maintains an inward focus, and thinks they have all the right answers.

"We realized that we don't know more. You have to talk to the customers to find out what they want," says Groves.

"About the time that we figured this out we performed market research and heard loud and clear that we weren't the supplier we needed to be. We were arrogant and didn't listen."

When Truth turned around, the customer noticed.

"Feedback from our customers is that there really seems to be a new Truth. We are thinking differently and providing products that we never would have in the past without moving away from this inward thinking," adds Groves.

Truth is doing many things it has never done before. Groves tells how prices for base materials went up in 2006.

"The old Truth would have issued a price increase, but we are implementing a surcharge. When prices come down we will give this back to the customer," he says. "The old Truth never would have done that."

While sometimes it is hard to gain back the trust of customers, Truth has been successful at doing just that.

"We know that customers have noticed [our change] because in this down market we have gained

market share," says Groves.

In addition to gaining the trust of existing customers, the company has gained new ones, as well as customers lost previously.

"Our new formula is definitely working for us."

Another component of this winning formula is Truth's renewed focus on its products.

While Groves says that its concentration is on its customers—door and window manufacturers, the company also has to look beyond to the end-use customer. For example, Truth has learned that homeowners would like a more integrated and consistent look through the whole house so this is something the company is focusing on.

In addition, Groves says a door or window manufacturer can now come to Truth with ideas and the company will get a sketch made, etc., as opposed to in the past where management didn't always listen to input.

"We are really good at product development," says Groves. "You will see lots of innovative products in the coming year that is new to the industry."

We'll be watching.