Factors affecting the success of a company

Business, Company

Anyone who ever had a home will agree that remodeling, decorations and renovations are often undertaken in order to enhance their homes (NRHA, p. 1), even Oprah has Nate Berkus to help Americans improve their homes. Sellers in this industry retail a wide range of home repair and maintenance commodities including hardware, equipment, plumbing and electrical goods, lumber and structural material, some are even venturing into appliances. The mainstreams of goods supplied by this business are purchased by consumers and contractors.

The industry comprises enterprises known as home centers primarily engaged in retailing a general line of new home repair and improvement materials and supplies. Major players of the market include The Home Depot, Lowe’s Companies, & Menard, Inc. to name few. These retail stores have evolved from being hardware con home improvement centers to become a one stop shop experience for all buyers. Now even tutorials and advise counters are available in some of the stores, making it a real all round store.

It can be said that the industry is getting bigger and wider, with a growing market of aging baby boomers that chooses to spend their monies in new home investments, women buyers who seem to attain the knack for remodeling houses. An uncanny population adapting the trend of do-it-yourself projects (Nelson 2006, p. 3). This paper will attempt to analyze the factors that affect success of such home improvement centers thru a review of companies that succeeded and failed in their endeavors in this industry. I. Successful Company

An example of a successful retail company is that of ACE HARDWARE CORPORATION. According to its website http://www. acehardware. com, Ace is a company of small beginnings, started as Ace Stores, Inc. in Chicago operated by a small group of retailers that started its operations in 1942. From Chicago it moved its corporate headquarters to Bedford Park, IL in 1961 giving the company 450, 000 square foot of much needed space for its warehouse and headquarters offices. By the end of the 1960s Ace had established stores in Northern California and Georgia, and continues to grow.

From 1973 to 1976 the company was transitioned into a retail cooperative giving Hesse $6 Million in hefty profit. By 1975, Ace started venturing internationally opening its first international store in Guam. 1980’s brought Ace to the manufacturing arena thru Ace Paints and Roger Patterson signing in to be its president in 1996. The boom of the ‘ big box’ chain of competitors in the 90’s moved Ace to launch its “ new retail age of ace” campaign to ensure the company’s growth. Before the decade ended its CEO Roger Peterson retired leaving a strong legacy of commitment to excellence.

The new millennium brought new hopes for Ace Hardware launching its vision for the new millennium, “ vision21”, and signing on Lou Manfredini as Ace’s new helpful handyman and boosting retail sales and customer satisfaction. Ace Hardware is a retailer owned cooperative and its ownership belongs to its individual store owners, and since this is so, it is not a publicly traded company. Ace Hardware stores, home centers, and lumber and building materials are located in all 50 US states and about 70 other countries.

(Hoovers' online, n. d.), Ace is committed to its adage of being a helpful hardware for its consumers (mywire news, 2007) and strives continuously to provide better services for its customers. Pay ' N Pak was a leading retailer in the industry in the 60's till the 80's, but as more competitors emerged the company proved to be unable to keep up. The company started in 1961 by establishment of a plumbing and electrical supply store in the Washington State. During this early years, Pay ' N Pak experienced rapid growth opening an average of 2 stores per year, having franchises as far as California.

Its' merger with 2 other plumbing and electric company gave the company more than $15 Million in revenues coming from a total of 27 stores including that of the franchised ones. By mid ' 70s the company has established itself in the home improvement market. By the 80's Pay 'N Pak was running 107 stores and had topped $300 M in revenue, proving the vitality of the home improvement market, which now was a $50 billion business. Seeing the potential of this lucrative market, many large retailers branched out into the home improvement industry and Pay 'N Pak began to suffer from the propagation of competitors.

In response to the growing competition, Heerensperger insisted on maintaining Pay 'N Pak's market share resulting in loss for the company. A price war soon developed among the home improvement retailers, which further eroded Pay 'N Pak's earnings. In 1987, a hostile takeover of Pay 'N Pak was initiated but failed due to a management-led buyout that cost the company a considerable amount of its resources and left it saddled with a hefty debt.

Unable to pay its $12. 5M debt eventually led the company to file for bankruptcy in September 1991, the bankruptcy judge granted $100M debtor-in-possession financing package enabling it to restock some of its 74 stores, and initiate a new merchandising plan that placed a greater emphasis on home design products. But less than a year after Pay 'N Pak filed for bankruptcy, it liquidated its inventory and closed the entrance to the company's stores by September 1992, concluding 31 years of business in the do-it-yourself industry (Funding Universe).