



# RETAILER PLAYBOOK



# THE VIEW IS WORTH THE CLIMB

**Ace Hardware's Long-Term Retail Growth Strategy**



## **Ace Team**

In 2019, we updated our long-term retail growth strategy to address competitive pressures and position us to continue winning. Higher Ground challenged all of us to keep climbing the mountain with the same goal in sight:

### **Higher Top Line | Fatter Bottom Line | Greater Return**

While the retail landscape drastically changed in a few short years, what remains the same is our unwavering commitment to disciplined execution and a relentless focus on a few strategic imperatives that truly set us apart:

### **Quality | Service | Convenience**

Thanks to an impressive run of growth marked by continuous improvement, change and your advancement of the brand, we've never had a better foundation to build upon. Each year we have a new starting point on the mountain. To continue our ascent and stay relevant in the eyes of our consumers, we must raise the bar on customer service, exclusivity and differentiation, inventory accuracy, and delivering a fast and frictionless fulfillment experience.

Use the information in this playbook to diagnose key aspects of your operations, develop your store-specific growth plan and deploy it to put your growth in motion.

**Let's take Higher Ground together!**

## EXECUTE

**Fulfill the Promise**  
Helpful is our weapon in the world

**Exploit Geographic Proximity**  
Deliver or die

**Become Famous for Four**  
Differentiate or die

## COMMUNICATE

**Grow Pro**  
Bringing helpful to your home

**Be the Supply Place**  
Local, loyal like it ought to be

**Advance the Brand**  
Amplify our weapon in the world



# HIGHER GROUND

# Ace Loans & Incentives

**More and better stores through new locations and projects**

## **New Stores**

Looking to grow your business? The Higher Ground Growth Strategy has accelerated the growth of Ace new store openings across the country. We opened over 900 new stores in the past 5 years alone. If you are looking to open a new location or purchase an existing location, we have enhanced loan programs to support your growth.

Additional dollars are available to support retailers interested in opening a new branch location, buying a competitor store and converting it to Ace, or buying an existing Ace store. Scan the QR code on the right to learn more about Ace New Store Loans and Incentives or have your Market Development Manager contact you to discuss growth opportunities.

## **Ace Loans and Incentives**

- Free Branching Out Discovery Opening Stock Order
- Improved Multi-Unit Capital Stock Loan
- Improved Ace-to-Ace Capital Stock Loan
- Buy to Convert Loans and Incentives

**Scan here for more details on New Store Loans & Incentives**



**Scan here to request to have a Market Development Manager contact you!**



# Store Projects

Hardware retailing is a fast-paced, ever-changing environment. Keeping up with the right products, layout, signage and décor is challenging. Your ability to keep up with the changes makes the shopping experience more convenient and enjoyable for your customers and more profitable for you.

Ace store renovations employ a holistic approach to make sure both merchandise and environment are well thought out, well maintained and well presented. The result is a refreshed store and merchandising plan that optimizes category placement, leverages adjacencies and power aisles, incorporates proper pricing strategies, and increases sales space for Best Brands and local niches.

Cornerstone is the evolution of the Ace store model, bringing our trademark service, convenience and quality to life in a refreshing, modern design that meets the expectations of today's consumer.

## Why is the Cornerstone program important for your store?

- Best Brands are fueling top-line growth and store productivity.  
Stores carrying 9–11 of Best Brands have 65% higher sales/sq. ft. than those with 6 or less.
- As with mature stores, the sales and productivity trend continues with new stores.  
New stores that carry all the Best Brands have 14% higher sales and 13% higher sales/sq. ft.
- Keeping your store fresh and relevant is critical.  
Stores that have remodeled have 5x the sales growth than stores that have not remodeled in 8 years.



Scan here to request to have a Project Manager contact you!



Scan here to see the success of projects in stores like yours!



# Summary of Performance Driver Changes

## Raising the Bar on Training & acehardware.com Fulfillment

Higher Ground Performance Drivers were adjusted for 2024 to reflect what's needed to continue winning in today's retail environment. Stores must meet 6 of the 8 Performance Drivers to achieve Pinnacle or Platinum. Below is a summary of changes for 2024.

### **Acehardware.com Fulfillment**

#### *What Changed?*

The new Pinnacle target is to validate  $\geq 80\%$  of acehardware.com orders in less than 15 minutes. The new Platinum target is to validate  $\geq 50\%$  of acehardware.com orders in less than 15 minutes. The requirement to participate in BOPIS, BODFS and Assembly remains.

#### *Why?*

Speed and convenience are important to all consumers. Our competition is messaging fast and easy ordering, signaling ready in "hours." Ready in 15 must continue to be a key differentiator for us.

### **Helpful Ready & Product Knowledge Badges**

#### *What Changed?*

In addition to  $\geq 75\%$  of customer-facing associates passing the Helpful Ready Assessment ( $\geq 50\%$  for Platinum), a component has been added to drive in-aisle expertise. To achieve Pinnacle, stores need to have 4 unique Product Knowledge Badges earned by 4 different associates. For Platinum, 2 unique Product Knowledge Badges must be earned by 2 different associates.

#### *Why?*

Investing in training and development helps drive in-aisle associate confidence and increased sales. Stores that are Helpful Ready AND participating in the Product Knowledge Badge program are up 4.1% in sales.

**The view is worth the climb!**

# Higher Ground – Performance Driver Summary



Higher Ground is Ace’s long-term retail growth strategy that addresses today’s competitive pressures and positions us to win with our differentiators of Quality, Service and Convenience.



**Reach 6 of 8  
Platinum targets**



**Reach 6 of 8  
Pinnacle targets**

Performance Drivers	 <b>Platinum Target</b>	 <b>Pinnacle Target</b>
<b>Quality</b> Discovery Acceptance & Best Brands	≥70% Discovery Acceptance <u>AND</u> ≥70% recommended mix in Best Brands	≥80% Discovery Acceptance <u>AND</u> ≥80% recommended mix in Best Brands
<b>Ace In-Stock Percentage &amp; Inventory Accuracy</b>	In Stock ≥93% <u>AND</u> Inventory Record Accuracy (IRA) ≥75%	In Stock ≥95% <u>AND</u> Inventory Record Accuracy (IRA) ≥80%
<b>Service</b> Overall Customer Satisfaction (OSAT)	OSAT Score ≥80% <i>(minimum 80 surveys, rolling 12 months)</i>	OSAT Score ≥85% <i>(minimum 80 surveys, rolling 12 months)</i>
<b>Helpful Ready &amp; Product Knowledge Badges</b>	≥50% associates Helpful Ready <u>AND</u> 2 Badges per store (2 employees & 2 unique badges)	≥75% associates Helpful Ready <u>AND</u> 4 Badges per store (4 employees & 4 unique badges)
<b>Employee Engagement</b>	≥3.75/5 Engagement Mean <i>(minimum 5 employees surveyed in current year)</i>	≥4.25/5 Engagement Mean <i>(minimum 5 employees surveyed in current year)</i>
<b>Convenience</b> Business to Business (B2B)	B2B YOY Growth ≥5% or B2B Sales % to total ≥15% <i>(Minimum 25 segmented B2B customers purchasing in current year)</i>	B2B YOY Growth ≥7% or B2B Sales % to total ≥20% <i>(Minimum 25 segmented B2B customers purchasing in current year)</i>
<b>Ace Rewards Scan Rate</b>	≥55%	≥70%
<b>Acehardware.com Fulfillment</b>	Participate in all 3: BOPIS, BODFS, Assembly <u>AND</u> (validate ≥50% .com orders <15 minutes)	Participate in all 3: BOPIS, BODFS, Assembly <u>AND</u> (validate ≥80% .com orders <15 minutes)

# Build Your Growth Plan to Higher Ground

Our competition continues to raise the bar, and consumer behavior continues to change. It is critical to adapt and elevate performance to drive continued growth. The first part of this process is to build a plan to get there.

Every Ace retailer is different, and the Retailer Growth Planning process will allow you to build a specific, prescriptive and flexible growth plan to outline your path up the mountain to Higher Ground.

The Retail Analytics Dashboard houses everything you need to **Diagnose, Develop** and **Deploy** your plan.

Your Ace Field Team is ready to assist you as you build your growth plan and cast your vision to your team.

## 1 Diagnose – Identify opportunities through an assessment of your business

- Access the *Retail Analytics Dashboard* (ACENET > Analytics Dashboard).
- Review the Higher Ground performance drivers, which outline the primary Ace focus areas and growth opportunities within our differentiators of Quality, Service and Convenience.
- Review the Operations tab on the *Retail Analytics Dashboard* for other operational health metrics to get a better understanding of the state of your business.
- Consider any other opportunities for growth, including initiatives local to your store and community.

## 2 Develop – Build and document your growth plan

- On the Retail Growth Plan tab in the *Retail Analytics Dashboard*, input your growth targets, plans for new store growth and long-term goals.
- After determining your largest opportunities for growth through the **Diagnose** phase, input your focus initiatives in the Action Plan section.
- Define three to five initiatives as priorities and set realistic deadlines.
  - The template will provide pre-populated action steps when an Ace initiative is selected from a list of options.
  - Select “Other” if you would like to self-define a local initiative.

## 3 Deploy – Put your growth plan in motion

- Cast your vision to your team to build consensus and collaboration for higher Employee Engagement.
- Review your plan and progress with your team quarterly and modify as needed.
- Communicate and celebrate each time a goal is completed.

A *Higher Ground Progress Report* will be emailed monthly, providing Pinnacle Performance status, a snapshot of your operational metrics and elements of your store-specific growth plan.

# The Retail Analytics Dashboard

## Measuring the metrics that matter

The Retail Analytics Dashboard is a consolidated view of the operational and performance metrics that measure the health and success of your business, all in one place and easily accessible ([ACENET > Analytics Dashboard](#)).

### Operations Tab

This tab looks at the functional areas of your business: Inventory, Marketing/Promotions, People, B2B and Financial. The Key Performance Indicator progress bars are color-coded to tell you how well you are doing in each area and show opportunities for improvement. You have visibility to your performance on all Higher Ground Performance Drivers. Click on blue Information Icons to find out more information on each metric. Click the Current Value hyperlink to dig deeper and take action.

### Performance Tab

This tab starts with a holistic grid with your acehardware.com, POS and combined sales, transaction and profit information with a year-over-year summary. The rest of the page contains the major Retail Performance metrics year-to-date, along with a three-year trend. This is updated daily with the ability to drill down to Department or Merchandise Class to see what is driving increases or decreases. Also available is benchmarking by Peer Group and Territory.

### Acehardware.com Tab

All your acehardware.com information is compiled on this tab. Sales breakdowns showing your Buy Online Pick Up in Store (BOPIS), Buy Online Deliver from Store (BODFS) and Ship to Home (STH) is shown for this year and last with year-over-year growth. Operational KPIs show how well you are executing acehardware.com orders in your store. A rolling two weeks section allows your most recent orders to be reviewed to refine in-store processing of these orders.

### Summary Tab

A summary of both the Operations and Performance metrics is especially useful for multi-store retailers, who can export the information to Excel or click through to a specific store.

### Retail Growth Plan Tab

This houses your individual store growth strategy and plan for action. For more information, click on the "User Guide" link in the upper left-hand corner of the dashboard or visit Ace Learning Place and search for Retail Analytics Dashboard.



# Discovery Acceptance & Best Brands

## Differentiate or Die & Become Famous for Four



≥70% Discovery Acceptance **AND** ≥70% recommended mix in Best Brands

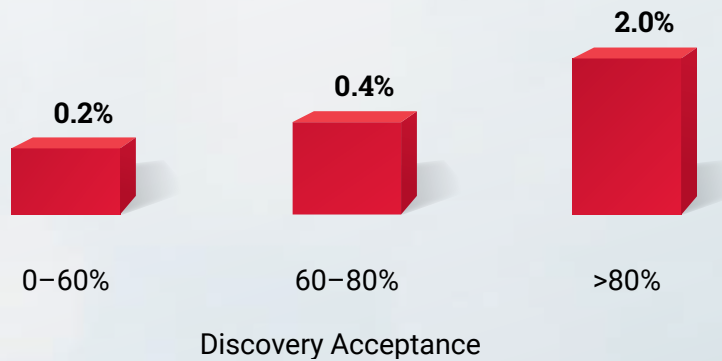


≥80% Discovery Acceptance **AND** ≥80% recommended mix in Best Brands

### Why is Discovery Acceptance important?

Year after year, the data proves that keeping a fresh and differentiated assortment matters. Leveraging Discovery Edge assortments to their fullest potential is the best way to accelerate your sales, profit and units.

**Stores with >80% Discovery Acceptance have significantly greater YOY Sales Growth than those with less.**



Maintaining an optimized, differentiated and consumer-relevant assortment is only part of the equation. Harnessing the power of Best Brands and the exclusivity that comes with many of them is how you become a destination for the most sought-after brands on the planet.

Our Best Brands continue to fuel significant growth and provide some immunity from discount websites and big-box competitors. Stores carrying all or most of the Best Brands consistently have significantly higher sales productivity.

### Sales Per Store by # of Best Brands Carried



---

## How to Impact Discovery Acceptance & Best Brands

To evaluate your Discovery Acceptance opportunity:

- ❑ Check your Discovery Acceptance on the Retail Analytics Dashboard. The Discovery Impact calculator in the RAD will provide recommendations on the most profitable and least disruptive way to get to 80% Acceptance
- ❑ Review the 3-year category roadmap to identify upcoming Discovery Edge Level 3 programs as well as quarterly Discovery Edge Level 2 programs
  - Go to ACENET > Category Management > 3 Year Roadmap
- ❑ Go all in on Best Brands
  - Go to ACENET > Growth Drivers > Famous for Four for more detail on each brand
  - Follow the necessary steps to bring in any of these brands you don't currently stock

## Additional Information & Resources

Discovery Acceptance = # of recommended Discovery SKUs carried/total recommended Discovery SKUs (by the store's mapped planogram format).

The Discovery Acceptance targets of 80% for Pinnacle and 70% for Platinum apply to all Discovery Planograms across all departments.

Best Brands are measured as a percentage of the recommended mix (previously measured by carrying at least one item per Best Brand). Due to the dropship nature of Big Green Egg and STIHL, stores just need to be mapped to a planogram and have sales history.

### Best Brands



# In-Stock Percentage & Inventory Accuracy

How healthy is your overall inventory management?

Platinum  
Target

≥93% In-Stock AND  
Inventory Record Accuracy ≥75%

Pinnacle  
Target

≥95% In-Stock AND  
Inventory Record Accuracy ≥80%

## Why Ace In-Stock Percentage is Important?

Customers expect you to have the product they need, when they need it and in the right quantities. If you don't, many will quickly turn to someone who does...and that costs you money.

- According to an Ace study, the **opportunity cost of each out in your store is 58 cents a day** in lost sales.
- To support desired consumer quantities, items with fully implemented minimum order points experience 50% better sales than items without.

## Why Inventory Record Accuracy is Important

Stocking what your customers need is more important than ever. With your inventory being fed to acehardware.com, customers expect the quantity on hand to be accurately represented when making the purchase. In today's online shopping world, more sales are won or lost before customers even set foot in the door.

Maintaining a strong inventory record accuracy is **the most critical factor toward staying in stock**, addressing dead inventory and driving incremental profitability. Inventory Record Accuracy matters because without it:

- Ordering is a labor-intensive process
- Store financial information is inaccurate
- Unproductive inventory rises (*stores with an 88% IRA have 27% less unproductive inventory than stores with a 66% IRA*)
- Inventory shrink is a guess; studies show that stores without accurate inventory experience greater theft

Conversely, as inventory accuracy increases, the amount of e-commerce cancellations decrease.

## How to Impact In-Stock Percentage

- ❑ On a weekly basis, access and take action on the Ace In-Stock Report through the Retail Analytics Dashboard on ACENET > Analytics Dashboard
- ❑ Eagle for Windows users implement the Mango In-Stock Opportunity metric to strategically increase quantities of items of which they consistently run out
- ❑ Implement the Ace recommended Minimum Order Points
- ❑ Implement Economic Order Quantities on RAD and ARMA
- ❑ Review and complete Item Change Management Weekly

## How to Impact Inventory Record Accuracy

- ❑ Leverage Ace Way of Retailing for processes/procedures for every store operation that affects inventory
- ❑ Create a culture to have your associates follow them consistently
- ❑ Count the items more likely to be wrong and address the root cause
  - ❑ Shoot Outs
  - ❑ Work Negatives
  - ❑ Mango Count sheets
- ❑ Manage Back Stock using ARMA
- ❑ Measure (Mango IRA on RAD)
- ❑ Maintain – Research & Retrain

## Additional Information & Resources

Percentages are measured over a rolling 12-month time period, and store average needs to meet or exceed the target once in a calendar year to achieve Platinum or Pinnacle status.

**Contact information:** [storeoperations@acehardware.com](mailto:storeoperations@acehardware.com) or 630.472.4784



# Acehardware.com Fulfillment

**Stock what they need...Win them with speed...Your neighbors already paid, they can't be delayed**



Participate in BOPIS, BODFS and Assembly **AND** validate  $\geq 50\%$  .com orders in  $\leq 15$  minutes (Rolling 12 months)



Participate in BOPIS, BODFS and Assembly **AND** validate  $\geq 80\%$  .com orders in  $\leq 15$  minutes (Rolling 12 months)

## Why acehardware.com Fulfillment is Important

A fast and frictionless experience – wherever and whenever – is table stakes when it comes to convenience and meeting the demands of our neighbors. Customers expect convenient fulfillment options that are quick and accurate.

It's more important than ever that we meet consumers where they are – whether that be in store, at the curb or online.

- Over 80% of all orders placed on acehardware.com are picked up in-store or curbside.
- The average online order value is 3-4x the average of an in-store transaction.



### • STOCK WHAT THEY NEED

When you have accurate inventory counts, you keep your fast fulfillment promise to customers. Showing you are in-stock but not actually having it breaks the promise.



### • WIN THEM WITH SPEED

When you are in-stock, you can validate new orders in  $< 15$  minutes and fulfill **FASTER** than Amazon! Go any longer and you risk canceled orders and lost sales from customers who already gave you their money!



### • YOUR NEIGHBORS ALREADY PAID - THEY CANNOT BE DELAYED!

Own convenience and consummate the pickup as soon as your online customer arrives. They already paid and expect to be in and out quickly (2 minutes tops).

## How to Impact Your Fulfillment Metrics

- ❑ **Be in the game!** – Participate in BOPIS, BODFS & Assembly
  - Review the “How to sign up for BOPIS, Curbside, BODFS & Assembly” sections of the “Quick Start Guide” to turn services on (ACENET > Marketing > Digital Marketing > acehardware.com > acehardware.com Order Fulfillment Types)
- ❑ **Make it clear to your customers** – Put up BOPIS & Curbside signage/fixtures and designate parking spots for Curbside (ACENET > Manage My Store > Store Environment)
- ❑ **Assign ownership** – Designate and train an acehardware.com champion for every shift to manage all acehardware.com order activities
- ❑ **Go mobile** – The fastest way to validate and process .com orders is by using the Ace Retailer Mobile Assistant  
For more information, go to:
  - ACENET > Manage My Store > Systems & Operations > Retail Technology > Ace Retailer Mobile Assistant)
  - Configure audible alerting on in-store mobile devices (ACENET > AWOR > Inventory Management > Acehardware.com Order Fulfillment with Ace Retailer Mobile Assistant Store Procedures)
- ❑ **Measure and make it important** – Use the Retail Analytics Dashboard to understand how your team is performing (primarily validation speed and cancellation rate)

## Additional Information & Resources

A store must remain active in all three services (BOPIS, BODFS, Assembly) every day the store is open in the calendar year. As an exception, a retailer may choose 24 inactive days for the year in which one of the services is turned off in My Store.

**Contact information:** [ecom@acehardware.com](mailto:ecom@acehardware.com)



# Ace Rewards Scan Rate

What percentage of transactions are from your most loyal customers?



Ace Rewards Scan Rate  $\geq 55\%$



Ace Rewards Scan Rate  $\geq 70\%$

## Why Ace Rewards Scan Rate is Important

Collecting customer transactional data is the key to using your marketing dollars most effectively. Having this information means we can **market smarter to increase revenue** through highly personalized promotions.

If transactional data is not captured during checkout, we don't know those customers were there, which means we may not be communicating to some of your **BEST** customers. The results speak for themselves: stores with the best Scan Rate drive the most revenue from Ace Rewards and average the highest customers per store.

Scan Rate	Campaign Revenue per Store (Year-End 2022)	Earned Rewards per Store (Year-End 2022)	Average Customers per Store
Scan Rate: $\geq 70\%$	\$481,293	\$214,094	8,769
Scan Rate: 55% - 69%	\$253,856	\$98,723	7,999
Scan Rate: 25% - 54%	\$111,368	\$42,239	4,925
Scan Rate: 0% - 24%	\$20,451	\$8,730	932
National Average	\$217,661	\$88,974	6,190

To make this customer data work for your store, opt in to 100% of available promotions on the Ace Rewards promotions grid.

The data will be used for strategic customer segmentation. This allows for highly personalized promotions delivered to the right customers, at the right time, via the right channel, with the goal of driving incremental gross profit to your store.

## How to Impact Ace Rewards Scan Rate

- Ensure cashiers are asking for customer phone number, key fob or mobile app on EVERY transaction
- Enable pin-pad look up feature (Option 1723) at POS to offer an additional option for capturing phone number for Ace Rewards (Epicor stores only)
- Convert House Accounts to the Ace Rewards program (rewards can be blocked for certain or all accounts if desired)
- Have cashiers take the Cashier Quick Tips training on Ace Learning Place
- Hang Ace Rewards signage containing QR codes and distribute bagstuffers or takeaway cards to promote enrollment via the Ace mobile app
- Monitor Scan Rate regularly through available ADW reports: Scan Rate by Month Trend Report, Scan Rate by Cashier Report. Also monitor total program performance via quarterly Ace Rewards Scorecards available on ACENET
- Opt in at 100% to all available promotions on the Promotions Grid in Ace Rewards Maintenance

## Additional Information & Resources

For instructions on how to convert House Accounts to Ace Rewards, visit ACENET > Marketing > Ace Rewards Program > Retail Execution Guide > House Accounts.

# Overall Customer Satisfaction (OSAT)

How satisfied are customers with their overall experience in your store?



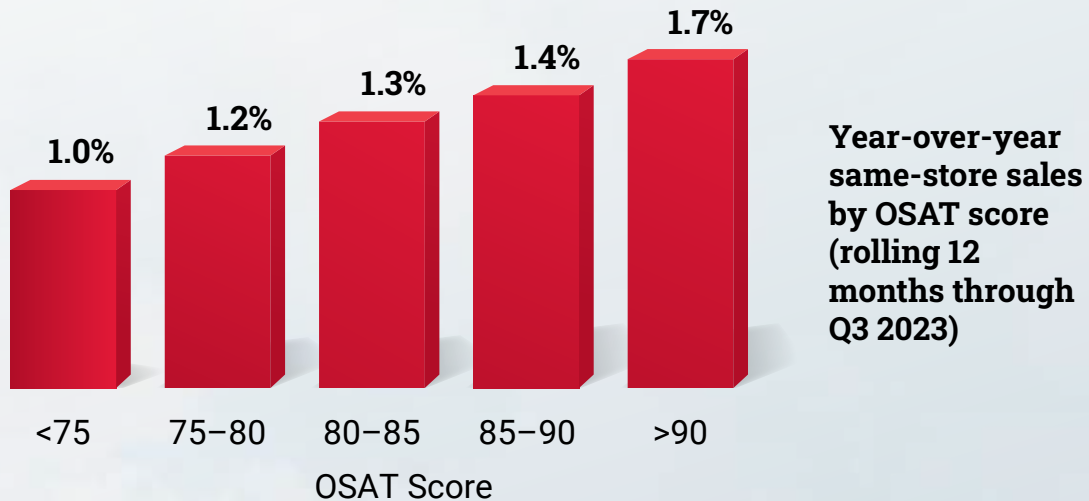
**OSAT Score  $\geq 80\%$**   
(minimum 80 surveys,  
rolling 12 months)



**OSAT Score  $\geq 85\%$**   
(minimum 80 surveys,  
rolling 12 months)

## Why is Overall Customer Satisfaction important?

Simply put: Higher OSAT Scores = Higher Sales.



This single metric brings everything about the customer experience together into one simple Customer Engagement Survey question: *Please rate your satisfaction with your overall experience at our store.* Think of it as a final rollup of the 8 most important things that impact a customer's experience in your store.

## The eight key drivers of Overall Customer Satisfaction are:

- Problem-Free Experience
- Associate Positive Attitude
- Speed of Checkout
- Ace Always Delivers on Its Promise
- Product Quality
- Ease of Finding Products
- Associate Assistance Received
- Product Selection

Using the Customer Engagement survey helps you understand not only how satisfied your customers are but also shows what you're doing well and where you have opportunity.

## How to Impact Your OSAT Score

- ❑ If you're not signed up for the Customer Experience Survey program, enroll by going to the Customer Insights Enrollment and Maintenance Portal at: <https://acehardwareregistration.gallup.com/>
- ❑ If you are on the program, click on "Overall Customer Satisfaction" on the Retail Analytics Dashboard to see your score.
- ❑ Use the OSAT Playbook (located under the Resources tab on the Helpful Experience Dashboard) for best practices to identify opportunities and take action.
- ❑ Use comments and insights from the surveys to recognize employees by sharing positive feedback, posting praise to bulletin boards, etc.

## Additional Information & Resources

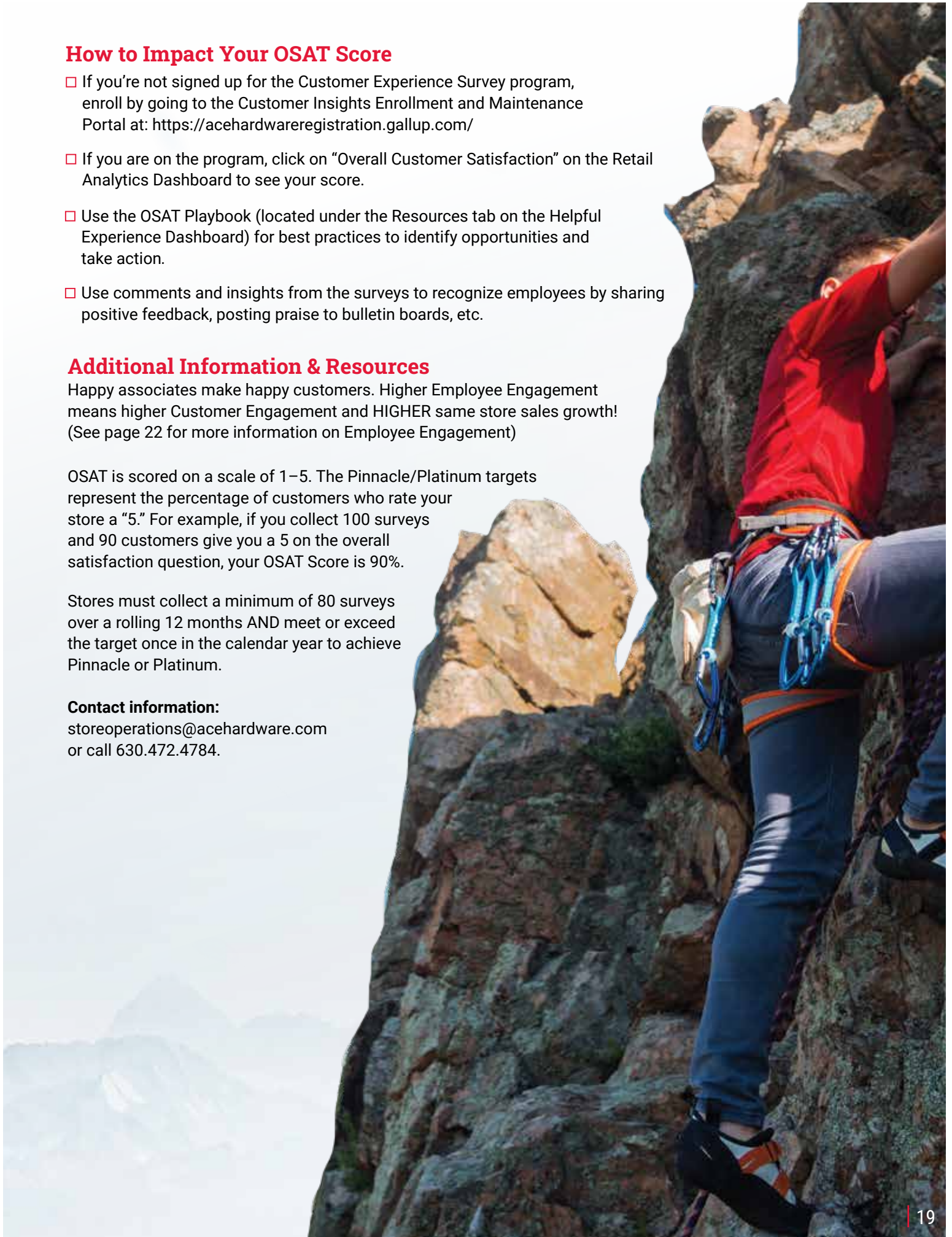
Happy associates make happy customers. Higher Employee Engagement means higher Customer Engagement and HIGHER same store sales growth! (See page 22 for more information on Employee Engagement)

OSAT is scored on a scale of 1–5. The Pinnacle/Platinum targets represent the percentage of customers who rate your store a "5." For example, if you collect 100 surveys and 90 customers give you a 5 on the overall satisfaction question, your OSAT Score is 90%.

Stores must collect a minimum of 80 surveys over a rolling 12 months AND meet or exceed the target once in the calendar year to achieve Pinnacle or Platinum.

### Contact information:

storeoperations@acehardware.com  
or call 630.472.4784.



# Helpful Ready & Product Knowledge Badges

Investing in training and development to drive in-aisle associate confidence and increased sales



≥50% of Associates Helpful Ready AND 2 Badges per store (2 employees & 2 unique badges)

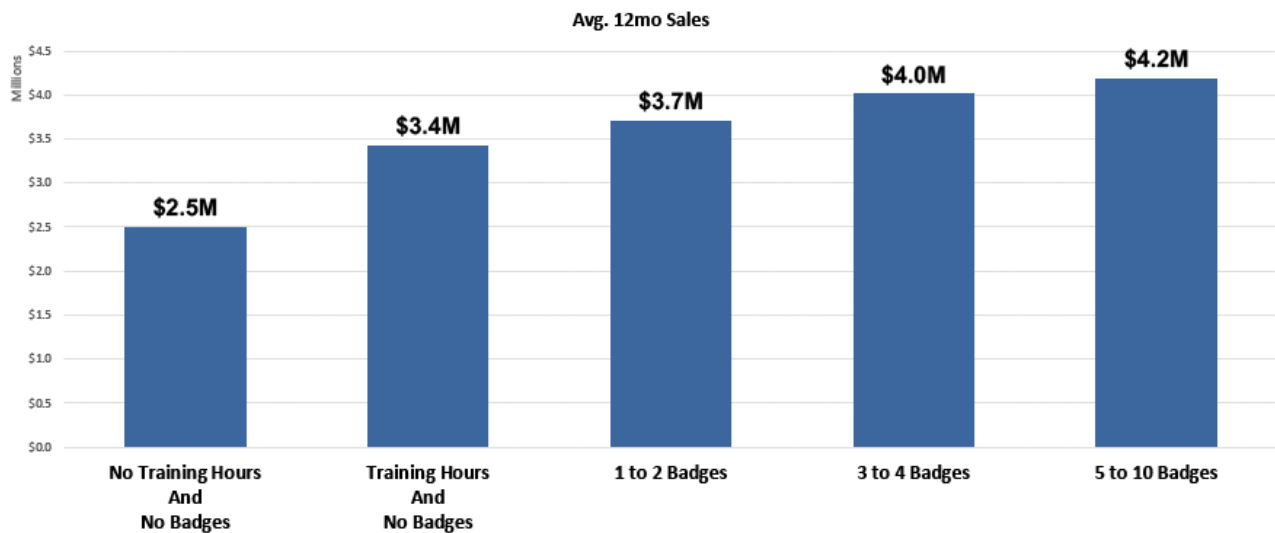


≥75% of Associates Helpful Ready AND 4 Badges per store (4 employees & 4 unique badges)

## Why are Helpful Ready Training & Product Knowledge Badges important?

Providing your customer-facing associates with the training they need to be successful is a fundamental component of our vision to be the best, most helpful hardware stores on the planet. It's also a path to increased sales. After all, **stores that train more, sell more.**

### More Badges = More Experts = More Sales



It all starts with having the foundational knowledge to deliver a helpful customer experience with the goal to amaze every customer, every time. Helpful Ready Assessments provide that foundation to every associate. Additionally, prescriptive training plans take learning and development to the next level with everything from enhanced product knowledge to management and leadership training.

## How to Impact Helpful Ready & Badges

- Appoint a Training Coordinator to be responsible for all training activities, including assigning Learning Plans by Role, adding new associates and keeping profiles updated on Ace Learning Place
- Use the prescriptive Passports for Sales Associates and Cashiers (learn more by visiting the Learning Plans by Role information page on Ace Learning Place)

- ❑ Use free live, instructor-led virtual classes to develop more and better leaders (sign up through Ace Learning Place)
- ❑ Assign Helpful Ready Assessments to all existing associates (new associates complete their assessments following the completion of their Passport)
- ❑ Assign the appropriate Badge Bundle & Assessment to new associates (for existing/ready now associates, assign the appropriate badge assessment and use the Assessment Summary if necessary for prescriptive training)
- ❑ Use the Associate to Manager Training Roadmap to connect the dots of all training tools and programs available, ensuring your associates are Helpful Ready (learn more on Ace Learning Place)



## Additional Information & Resources

Stores must meet or exceed the target once in a calendar year to achieve Pinnacle or Platinum. “Customer-facing associates” are designated by you in Ace Learning Place.

Once an associate becomes Helpful Ready, they do not need to retake the Helpful Ready Assessment annually. Each role that has the customer-facing field selected in Ace Learning Place will count toward the Helpful Ready calculation.

$$\frac{\text{Total \# of customer-facing associates who have successfully passed their Helpful Ready Assessment}}{\text{Total number of customer-facing associates}} = \% \text{ of Helpful Ready Associates}$$

For additional questions on training or Ace Learning Place, contact the Ace Learning Place team at [acetrain@acehardware.com](mailto:acetrain@acehardware.com). For in-person support with your training needs, contact your Professional Retail Services Team at [prs@acehardware.com](mailto:prs@acehardware.com).

# Employee Engagement

How committed are your employees to their organization, role, manager and co-workers?



Platinum  
Target

≥3.75/5 Engagement Mean



Pinnacle  
Target

≥4.25/5 Engagement Mean

## Why Employee Engagement is Important

Your customer experience will never exceed your employee engagement! The Ace Employee Engagement survey measures how committed employees are to their organization, their role, their manager, and their co-workers. It is a great opportunity for owners and managers to gain valuable feedback from their team and, more importantly, take action as a result.

Gallup's research of more than 112,000 teams (over 2.7M employees) shows highly engaged employees give more discretionary effort at work. They also increase profitability with higher productivity and better customer service.

### Engaged employees are:

68%

less likely to feel burned out at work always or very often

55%

less likely to be actively looking for another job or watching for opportunities

6.3

times as likely to strongly agree they would recommend their organization as a great place to work

### Engaged teams have:

81%

Less absenteeism

18%

Less turnover

28%

Less shrinkage

64%

Less safety accidents

## How to Impact Your Employee Engagement Score

- If you're not signed up for the Helpful Experience Program, go to the enrollment portal (<https://acehardwareregistration.gallup.com/>) to get started
- After you distribute your survey and have results, meet with your leadership to develop your action plan (recommended action plans will be provided based on your results)
- Share results with your associates within two weeks (this helps build confidence in the process)
- Celebrate wins and put together an action plan to tackle opportunities
- Update your action plan every month and post in your breakroom
- Communicate all achievements and areas of continued focus to your team

## Additional Information & Resources

The Engagement Mean is the metric that matters. It's a simple average of results from all 12 questions on the survey. Each question is measured on a 5-point scale (5 being the highest and 1 being the lowest). The higher your score, the more engaged your employees are.

Refer to the following resources on the Employee Engagement ACENET page (ACENET > Manage My Store > People Management > Helpful Experience Programs > Employee Engagement Surveys) for the following information:

- Best Practice Employee Engagement AWOR Document
- Six Tips for Using Your Q12 Engagement Survey Results
- Ace Learning Place Employee Engagement Trainings
- What Is Gallup's Q12 Employee Engagement Survey?
- Why is Employee Engagement Important?
- What Makes Gallup's Q12 the Best Employee Engagement Survey?

## How to Get Started:

1. Watch the Helpful Experience Enrollment Portal video on Ace Learning Place
2. Go to the Helpful Experience Enrollment Portal Site
  - Authorized person registers as admin
  - Authorized person signs retailer agreement
  - Approve or make changes to your current enrollment selections as outlined in the training video
  - Accept and you are done!

## Store Sample Results

<b>Q00 ESAT</b>	<b>4.50</b>
<b>Q01 Expectations</b>	<b>4.74</b>
<b>Q02 Materials</b>	<b>4.74</b>
<b>Q03 Do Best</b>	<b>4.74</b>
<b>Q04 Recognition</b>	<b>4.74</b>
<b>Q05 Cares</b>	<b>4.74</b>
<b>Q06 Development</b>	<b>4.74</b>
<b>Q07 Opinions</b>	<b>3.74</b>
<b>Q08 Mission</b>	<b>3.74</b>
<b>Q09 Quality</b>	<b>3.74</b>
<b>Q10 Best Friend</b>	<b>3.74</b>
<b>Q11 Progress</b>	<b>3.74</b>
<b>Q12 Learn &amp; Grow</b>	<b>3.74</b>

**ENGAGEMENT  
MEAN** **4.24**

# Business to Business (B2B)

Extend the Helpful promise to businesses in your neighborhood



Platinum  
Target

B2B YOY Growth >5% or  
Sales % to Total >15%



Pinnacle  
Target

B2B YOY Growth >7% or  
Sales % to Total >20%

## Why B2B is Important

Sales to local business customers are 10% of the average Ace store's total volume – Best-in-Class B2B stores acquire 20%+ of their total volume from these high value customers. That is at minimum a \$320k department in the average Ace store, and that needs a leader – a Champion – to drive awareness and to execute a proven sales strategy.

The businesses that come to your store deserve to shop with another independent and local Supply Partner who is also engrained in the community; no one else can support them as well as their local Ace.

The fact is that getting started is simple:

1. Know your Value Proposition – Why do local businesses want to shop with their local Ace?
2. Have a process for collecting lead information of businesses who are shopping your store every day!
3. Answer this question: Who calls these high value customers after their first purchase?
4. Put a Champion in place who drives the awareness of your customer and your staff, who owns the fundamental sales process, and who makes this part of your business a priority.



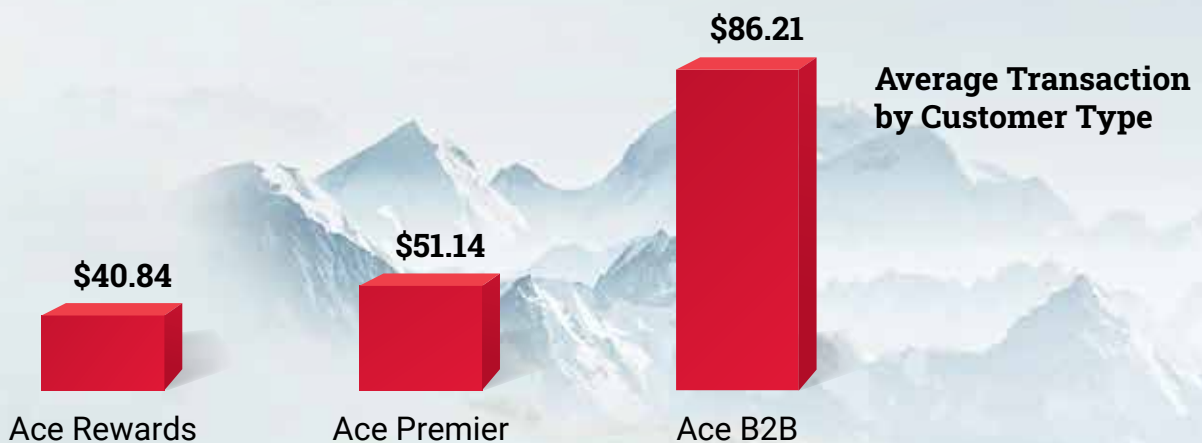
B2B customers shop  
3.8X more frequently



B2B customers spend  
2X more per transaction



B2B customers spend  
6.6X more per year



## How to Impact Your B2B Sales

**If you're new to B2B, establish the fundamentals:**

- ❑ ALP B2B Champion Learning Plan
- ❑ B2B Fundamentals Playbook and Quick Start checklist
- ❑ B2B Virtual Classroom Training

**If you are already into B2B sales, stay up to date on key products and vendor sales strategies:**

- ❑ Attend Monthly Product Sales-Focused Vendor Lunch and Learns (ACENET > Growth Drivers > Business to Business > Product Sales Strategies)
- ❑ Register to receive the Monthly B2B Newsletter and Product Sales Strategies (ACENET > Growth Drivers > Business to Business)
- ❑ Leverage Vendor Lead Sales Programs for Property and Facilities Maintenance (ACENET > Growth Drivers > Business to Business > Vendor Sales Programs)

**Leverage the power of B2B on acehardware.com**

- ❑ Sign up to attend a 30-minute live webinar to learn all of the key features of our newly updated platform
- ❑ Complete B2B Ecommerce Setup and Training (ACENET > Growth Drivers > Business to Business > B2B on acehardware.com)
- ❑ Link customers to their online account for access to unique pricing and store credit access
- ❑ Start creating Product Lists of your customers' most frequently purchased products



**Contact information:** B2B@acehardware.com or call 630.990.8321

## **Alternate Path to Achieving Pinnacle**

**8 | 18 | 85**

Any store achieving both strong financial performance and high customer satisfaction will be recognized as a Pinnacle-performing retailer by reaching or exceeding all of the following three targets:

**8% EBIT | 18% Pre-Tax ROE | 85% OSAT**

Pinnacle achievement is based on the prior year's completed financials of these metrics.

### **8% Earnings Before Interest & Taxes (EBIT)**

EBIT, also called operating profits, looks at your business by subtracting expenses from revenues. The important thing to keep in mind is that you do not include interest and taxes when calculating EBIT. This metric is calculated at a store level.

**EBIT = Net Sales – Cost of Goods Sold (COGS) + Patronage Dividends – Total Operating Expenses.**

EBIT as a percentage of net sales =  $\text{EBIT} \div \text{Net Sales}$ .

### **18% Pre-Tax Return on Equity (ROE)**

Pre-tax ROE measures the profits made for each dollar from shareholders' equity. This is a two-part ratio bringing together your income statement and balance sheet where net income is compared to shareholder's equity, expressed as a percentage. This metric can be calculated at the chain level.

### **85% Overall Customer Satisfaction (OSAT)**

OSAT measures how satisfied customers are with the overall experience of your store. Customers rate your store on a scale of 1–5. The Pinnacle target for this alternate path is  $\geq 85\%$ , meaning 85% of the time you score 5s.

Reach out to your District Manager if you qualify for the Alternate Path to Pinnacle.



