“Bring it on Woolworths!”

Those were the words of Mitre 10’s outgoing CEO, Mark Burrowes, at the HFA Luncheon at Etihad Stadium on April 22, 2010. Read on for the full transcript…

In recent times, we’ve seen the emergence of two big players, two formidable giants in the Australian marketplace into the hardware sector – Woolworths with its takeover of Danks, as well as Metcash, which has now created a strategic investment in Mitre 10 that I’m extremely delighted with. The question posed here is: what do these new groups mean to the hardware industry and what changes will we see? The answer is: I don’t really know, but I’ll give it my best shot.

What I do know is that whatever you thought was going to happen – turn it all on its head. And all I ask people to do is to think back two years at whatever was going on in this sector. The Danks family still had their money invested. It had been around for a significant amount of time. Mitre 10 wasn’t in the trouble that it eventually got into last year. And who would have thought that we may not have existed? But we do. Who would have thought that the industry would have been so attractive that Woolworths would have stumped up with millions and millions and millions of dollars to invest? And they’re not doing that to help everybody else, I can assure you.

Suppliers? Put your hand up if you’re a supplier and you’ve started discussions with Woolworths? I’ve made some notes and I can’t say who told me but they said they’d (Woolworths) asked for proposals on range, how they might be able to get help from you, and at this stage they’ve said price really isn’t an issue. That’s what they’ve said to you, isn’t it?

[Audience laughs]

For those who want to know what might happen, the best advice I can give is to look at what’s gone on in other sectors where those formidable companies have operated. They are fabulous businesses, run really well, and they take no prisoners.

I want to give a little bit of a commentary on Mitre 10 as I go through, but what I want to think about and draw on is my experiences in other sectors. And I want to look forward five years. Some of my comments aren’t going to come true tomorrow or next week, but in the next five years there will be tumultuous change coming upon everybody. And I’d rather be ahead of that wave, or on the crest of that wave, than watching that locomotive coming down that tunnel with the light shining brightly and saying – as I’m hearing a lot of people say – ‘I’ll just wait to see what happens.’

It’s good that we’re at a footy ground (Etihad Stadium) because the analogy I’ve started to use is that the worst thing Woolworths has done is to give everyone a bit of time to get ‘match fit’. So if you’re not match fit as a supplier, you’ve got time. If you’re not match fit as a passionate, independent retailer, you’ve got time to get match fit. And we’ve been trying to get match fit at Mitre 10 for some time and we also had time to get match fit. And we also have a strategic investor who’s used to punching up with those two (Wesfarmers and Woolworths) every day and we believe we’ll be match fit.

I was actually delighted when I saw the list of attendees. There are four states represented here. That's terrific. To see lots of suppliers here is fantastic. The collegiality with independent retailers is good to see. I see a mix of trade and retail suppliers. There's buying groups here. [I'd be] happy for any business that left Mitre 10 to join another buying group to come back. I can slip you my card later. And of course we have store owners here – all independent, I presume. And of course, Mitre 10.

I've circled a note here that I thought some corporate Bunnings people might be here. Are there corporate Bunnings people here? Can you put your hand up please? I'll be very respectful.

And in mentioning the independent stores, let me just say one thing. I want to say a very special thankyou to all the Mitre 10 owners in the room for their patience, their endurance, their support of what is *their* company over the last year of what we've been through. So if the Mitre 10 store owners could put their hand up too. Good on you, guys. Thankyou very much.

I used to get asked in the first three or four months by Mitre 10 store owners – once they knew they could trust me – they said, "How can we help you?" I wrote a personal email every so often to store owners and I used to put at the end: 'All I need from you is to keep buying from us because that will give us time to help you.'

That's my introduction. I want to talk a little bit about the last year at Mitre 10 and I'll have to do that quickly now. Also, I want to talk about our new strategic partner and the other two major players in the sector – our friends Bunnings and, er, I was going to say 'The great unknown, Woolworths', but it's not that unknown. I'll dabble in the industry and I actually want to come from a stakeholder perspective because if you're standing there looking in the mirror thinking, 'I wonder how this will affect me,' then you're missing the bigger picture. You're missing the bigger picture.

[Referring to PowerPoint presentation]

If you're a Mitre 10 store owner, then you've seen this slide a lot of times. If you're with some suppliers, I've used this when I've come and talked to you. These are all the projects we've tackled in the last 12 months, particularly the first part of those 12 months. It's what we refer to as the stabilisation projects in our business at Mitre 10, which has been done. All I'm going to say is that all those things have been done. What we said we'd do, we did. A couple took a little longer, but they're done.

In doing some faster, it gave us improved cash flow of $15 million in that financial year. It gave us the strongest EBIT – which is the underlying strength of our business – for the last six years. So… the best year in six. And we were able to take our debt from over $90 million – we had a supportive bank, I guess. Supportive in that they stayed with us. All of that set us on the road for the next phases, which are really key for what's coming at us in the sector.

Not really knowing at the time, while that was going on, a couple of us at Mitre 10 were also talking to the wider investor markets – private equity investors and others. And during that process, we had four expressions of interest. Two of those wanted to back us into a merger with Danks. But those two offers disappeared when Woolworths came flying over the top by paying a day's cash flow in *their* business for the Danks business. A day's cash flow.

And at a price that I knew I couldn't meet, so I didn't have the conversation [about it] with the board.

So where are we now? The second last box on there says 'Equity'. The first part of Equity was our store owners paying a 40%-plus increase in their fees for some time and that got the bank over the line. The second part of Equity is finding this strategic investor. As you know, we found that investor. And as we sit here now, the Mitre 10 business has no bank debt. We have no bank debt.

We have repaid all of the fees that we collected from members in the last 12 months. The increased fees have all gone back into their accounts. And we paid every single loan fund that's ever happened in the history of our business. So we have no outstanding monetary obligation in our balance sheet from our owners and our members, and I'm delighted with that.

Two things have enabled that to happen. Members decided that the time was right to take on a strategic investor, and they voted to do that. That investment has come from a Top 100 Australian-listed company whose business is wholesaling, and whose skill is fighting every day with two giants in their marketplace on behalf of their independent retailers. And it's great to have them as our partner.

[Referring to the next PowerPoint slide…]

I thought that putting your strategy up in front of everyone who plays in the sector's got a little bit of danger to it, but I've realised over 30 years that it's not what you say you're going to do, it's how you execute. And I've realised one thing in this industry: there are no secrets. Everyone tells everyone everything.

So this is our plan-on-a-page. And all I want to draw from this is that we created this a year ago, we knew all this was coming a year ago, we knew Bunnings wouldn't sit on their hands a year ago and watch that happen, we didn't know that Danks would sell out – I shouldn't say that – that the Danks family would withdraw their funding from that business. And here we are.

We're now renewing this three-year plan with one change at the top there – we took the word 'Retailer' out and we're now back to our knitting as a wholesaler. The stakeholders we mentioned in our business are still our stakeholders that we're accountable to.

The second part of this, which is what I find exciting, the 'Reinvigorate' and 'Grow' initiatives. That's what I call going from a downward spiral of stores going somewhere else, sales going somewhere else, cutting costs – really unpleasant stuff if you've had to do that in your businesses. I'm looking forward to the positive spiral over the coming three- to five-year period. And we now have the horsepower and firepower to make these things happen.

I might just talk about the structure of the industry because I got a little bit confused over the last year or so with how big this industry is. I took great delight in finally finding Moore Stephens saying that it was somewhere between $24 billion and $26 billion. And when the new entrant started to talk about the sector, all of a sudden it was a $32 billion, $34 billion, $36 billion, $40 billion industry. I said, "Good God! Are we missing out on a lot of business out there?" That's not the case. It depends on how you categorise the industry.

We've done a few things to prepare and make us match fit over the last 12 months. One of those – and I'll come back to it – is an overseas visit to see what happens there and to get ahead of the game. And another was to start to understand the classifications within the industry and really work out where Woolworths were going to compete.

We've got three buckets, if you like. We've got one bucket of categories called 'Hard Core'. I would normally call that 'core business'. That's all about your fasteners and your paints and your traditional hardware stuff. There's a whole area we call 'Crossover', which is the garden and the outdoor living and some things that we stretch into. And all of that is in the $24 billion to $26 billion, as we view it. That's our core piece of our business.

There's another bucket we've analysed and we call it 'Growth'. And the Growth is all the stuff that takes it up to the mid-$30 billion in size. And it's things like kitchens, soft furnishings, extensive floorings, massive light ranges, storage systems, etc.

When I said: "Go and look in the mirror," it's not just our sector. Woolworths are going to compete with all of us and all of you. And they're also going to compete with IKEA and Harvey Norman and there's a storage system place my wife loves to go to, which is on the slide. They're going to be across all of that. And that's the $30-40 billion industry as they describe it.

I want to talk a little bit about each one, if I can. I want to start with us. As you know, Mitre 10 has taken on a strategic investor. They've bought just over 50% of the company. That's Metcash. They see themselves in this current business as a wholesaler and they champion the independent retailer. You pick up anything that has anything to do with Metcash and that's what they say. We've tried very hard in the last 12 months to make our three- to five-year plan look like a Metcash plan because they're the biggest and most successful wholesaler in Australia. They're very, very good at what they do.

A little bit about Metcash. They're capitalised at over $3 billion. They're ranked in the Top 80 of Australian-listed companies. They would say that they are in food and liquor, and they have a business called Cash & Carry. Their main business is branded IGA. They're in Australia and New Zealand. They're the third force in that sector. And they carve out a very nice, successful niche for themselves, particularly their independent retailers.

They would say their competencies are buying and merchandising. We need uplift in that, and we're quite transparent about that. They would say their core competency is marketing and brand building. We're probably in a little bit of a grey zone there. We need a bit of help, but don't need to turn the world upside down. They are world class in distribution, logistics and warehousing. It's astounding to see their footprint and how they run it and how they evolve it. And if they weren't good at that and world class, they wouldn't be able to fight it out with Bunnings and Woolworths in this sector. The last thing they say as their core competency is that they are great at championing the independent grocery and liquor sectors. And they'll soon add the hardware and home improvement sectors to that.

There's a whole bunch of bullets in how they support retail:

- It's about passing on supplier terms.
- It's about lobbying, to slow down the growth from Woolworths or Coles.
- It's about their effective marketing, both national and local. I think there's a nice blend of how they do that and there's a lot we can learn from that in our business.

- They're very proactive with store development and support and refurbishment. They have a lot come back to their one-in-seven program (explained further on) in helping their retailers keep their standards to where they need to be. They actually measure their store standards. They have agreements with their store owners about what they will do over a subsequent number of years to keep ahead of the game.
- They've had 12 years of improving financial results. I wish I could say that.

I want to read you out something. It's headed 'Imagine This'. And a lot of the words I'm reading are from Andrew Reitzer, the CEO of Metcash. This is where they came from 12 years ago…

- They had 29 retail banner groups. That's 29 different brands in their business. That resonated with me.
- They had 130 company-owned retail stores. They were running their own business against their independent retailers.
- They had declining sales plus numerous years of declining market share – the negative spiral.
- They had poor service levels. In my past at Mitre 10, I was familiar with that. That has now changed and is consistent.
- They weren't able to do new stores. They weren't able to help with refurbishments. And they couldn't help their independent retailer with store upgrades.
- Suppliers were going south. They started to withdraw support. 'We either all win or we all lose,' is a comment I would make.
- Customer confidence was down. That's their store owners.
- And they were selling their stores to the chains. We see that happen in the independent sector.
- Add to all that the fact that their own staff morale was very low.

Where are we now…

- After 12 years of learning and changing and getting on their crest of a wave, they have a very, very strong balance sheet.
- They have low debt.
- They have mechanisms for helping their customers grow – they don't pay for it, but they can stand behind the funding that helps their independent retailers pay for it.
- Their customers compete and succeed against two giants every single day. That gets back to their positioning, and knowing their customers and their location.
- They incentivise grocery retailers to invest in their stores. I won't talk too much about the one-in-seven, but every seven years they expect a refurb to keep the store competing at the level it needs to compete at. And they help that happen.
- They provide a whole bunch of services that they call the Metcash Advantage Program. That will be available to us in pretty lickety-split time.

- They have ongoing investment to keep their supply chain right where it needs to be.

So, I'm delighted to have such a nice, fit, strategic investor helping Mitre 10 store owners be very successful.

They have some rules that help them get there. I think these are rules that Mitre 10 could well adopt…

- They never compete with their independent retailers. They don't have any corporate stores any more and they never will as long as Andrew Reitzer is there. They will be a focused wholesaler.
- They'll never go backwards into manufacturing. They won't try to become an integrated company as some others in the sector are.
- They're passionate about having stuff in stock, on time, first time, and they say that's everything in their business.
- They're not only a box mover; they're a marketer and a retail services provider as well. They'll never value-add if they were only a box mover. They wouldn't need to be branded and they wouldn't need to be out on the street. They could just run a third-party logistics service.
- Decisions are made in consultation with their independent retailers, and they've acquired a robust structure for grass roots input. So they have the right people sitting on the councils that can help support the right direction that their businesses need to take.
- They do a great job for a few suppliers. They don't distract themselves by trying to be engaging with all suppliers.
- I think this one's a no-brainer… Apparently, back in their darkest days, they felt there was no honesty and respect floating their way. They give honesty, they behave honestly and respectfully, and they expect it in return.
- They're open and transparent with all their independent retailers. If it's good for their independent retailers, it's good for them.

They're just a great bunch of rules that flow very easily out of Andrew Reitzer's mouth.

Where did that lead them to? They led them to these results…

- Market share up over five years.
- Total sales up over five years.
- EBIT up over five years.
- Costs down over five years.

If you could say that about your individual businesses, you'd be very successful. If you're a supplier and you could say that, you'd be very successful businesses. And I hope that someone in Mitre 10 can say that in five years time, every year for the next five years.

Andrew Reitzer and the three other members of his executive came on the roadshow with Mitre 10 members to talk to them about what it might mean to have them on their register as a shareholder. A whole bunch of slides and discussions took place. Andrew did say that the stakeholders they have are their retailers, their staff, their shareholders and their suppliers all working towards helping the actual customer.

What he said – and I'll quote it – is: "The hardware industry is in a similar shape to the grocery industry of 10 years ago. Mitre 10 and Metcash share competencies and deliverables, despite being in different sectors. Metcash believes it can deploy the skills it has developed in its core competencies of brand management, buying, merchandising and logistics, etc that can benefit Mitre 10 store owners. The first step, once the deal is complete, will be for Metcash to undertake an operational review to present to the Mittenmet board."

That's actually where we're at right now. We've got a very short but very detailed, engaging time with some of their experts and our people, so we can have go-forward actions that supplement our plan-on-a-page. A bit of a how-to, i.e. what skills can they bring in actual people; what advice can they bring and sit beside us; what crossover there is in what they buy and some of the same suppliers that we buy from; and how else they can help us grow our business, whether that's packages to help members who want to invest in new businesses, change their current businesses, people that aren't currently Mitre 10 to come across. They're very keen to be on a growth pathway as soon as possible.

This is where he left it… All they (Metcash) want to do is help make Mitre 10 independent retailers very, very successful in this tumultuous, changing sector over the next few years.

We actually thought we might get 60% of Mitre 10 members and shareholders voting. We had 86% of Mitre 10 shareholders and members voting within Mitre 10 Limited and Mitre 10 Australia. The result was a 'yes' for 99%-plus of votes. So members have clearly had a strong voice in where Mitre 10 sits now. And they've made it clear what they need in the company to be very successful.

I'm not going to spend as much time talking about the other two (Woolworths, Wesfarmers) because I'm not inside their companies. We could get our Bunnings friend to come up, perhaps, and share some of their feelings for the imminent arrival of Woolworths and the rejuvenation of Mitre 10, but I understand they may be somewhat reluctant.

Let me say that Bunnings runs a great business. As a bit of an excerpt of their last five years, I'd love sales to be growing in that sort of fashion. I'd love their year-on-year EBIT. If I was a Bunnings person, I'd be very proud. And if I were working in that business now too, I'd be very keen on what your thinking is around the imminent arrival of someone with very deep pockets, who doesn't like taking prisoners, and is very determined. And they will go the course.

Unsurprisingly, what *we* see – and I don't know if this is true or not – is that Bunnings probably wants to lift its customer service over the ensuing two years before the wave starts to crash. They want to upgrade and expand their store network; we're seeing accelerated activity – as I would do. At a local store level, we're seeing accelerated activity around their investment in their land banks, and also new sites. We're seeing a bit of a change to the structure of the stores. Instead of all single-level sites, there's a couple of double storeys around – must make it very tough on the back, I guess. They want to improve their merchandising offer. And they've made it clear they want to expand and improve their trade business.

They're a great company, as I've said. And I think, from what we're seeing, that they're getting ready for the arrival of a substantial new player. Good luck!

From Woolworths… You're probably sitting here thinking, "Gee, Woolworths are going to do 150 sites," which is true. But a year ago, we had Woolworths factored into our three-year plan. What we've learned since then is that instead of 90 stores, it's going to be 150 by the mid-2010s. The properties are going to be bigger – 13,000 square metres. We understand what the range is. We've been and visited Lowe's in North America. They will do things that are different to Lowe's in North America, without doubt.

Woolworths are a great company too. The influence they can have is that they can have state governments fall over themselves to help with permits and the like, which is good for them. I've had our store owners say: "How can we stop that?" And I say: "You won't. Don't try." Because if you're a government, the only way you would stop that is to say: "It wasn't good for competition. And it wasn't good for customers." And it *is* good for customers, because customers will have more choice. And governments will say: "If you want to go out and build 150 stores, we'll accelerate everything for you as well."

As we understand it, and there's a Citibank report that's quite informative on Woolworths, the average throughput of these stores, when they reach maturity in two to three years, they'll have a $30 million turnover per store, which is substantial. That's as big as Mitre 10's biggest stores. And it rivals our friends at Bunnings as well, I think.

The Citibank guys did contact us some time ago and asked: "Can you explain to us why Woolworths have made the investment in that other company (Danks) recently?"

I said: "I think it's for the supplier contacts, to learn as much as they can about all the suppliers in the business – despite saying they're not interested in pricing yet. Because when they've done 10 to 20 stores and those 10 to 20 stores are mature, that's the equivalent turnover of the business that they spent money on last year to buy. So, 10 to 20 Woolworths stores – big stores – will be the equivalent of the business they bought last year. I leave that as a question to where you think their focus might be longer term.

What does all that mean? It's not game over, in my view. Companies with good strategies, with good plans, who execute well, who get ready over the next couple of years, are going to be very, very successful. The challenge will be to limit the downside during that early time, particularly if the first Woollies store is dropped somewhere near you – say, five kilometres. If you've got a Mitre 10 business or an independent hardware business near Coolaroo, Burnside Metro, Preston, Hawthorn East, Oakleigh South, South Morang, Mornington, Wendouree, Geelong, Bendigo, Knoxville, Carrum Downs – that's just Victoria – within five kilometres of one of those, you better be getting ready.

If you're a store owner and your supplier is also your competitor with new big boxes, I hope they've got the package to support you through that time, and I hope it doesn't feel too bad.

And I also read today about Chatswood in Sydney, and in Coffs Harbour, so they're also looking at regionals.

This (pointing towards a PowerPoint slide with the symbols '0 1 95 100') is a little symbol of how we wanted to approach our business last year, to sort of reset the wheel. We used it at our 50th anniversary. It can be aspirational. It's something Mitre 10 is trying to buy into. We're having some success with some of the stakeholders. The stakeholders here are the suppliers, members and Mitre 10 staff. The little dark triangle on the right? That's customers. Because we all exist for the end customers to come and buy stuff in our stores.

I *think* we're having good success with our members, at least from the feedback I get. But they have every right to be ever-demanding, and they should be. And we acknowledge that. We've had progress with staff. And we've had variable progress with suppliers. We've had some suppliers who stood shoulder to shoulder with us in the last year, and we do appreciate that very much. And some of those continue to stand shoulder to shoulder. It was interesting reading some of their annual reports though. They stood shoulder to shoulder a bit like the bank, where their margins went up and our margins didn't. That's learning experiences for us as we aspire towards '0 1 95 100'.

I want to talk in terms of the stakeholders now. I get asked a lot when I go to quieter or smaller lunches than these ones: "You work at Mitre 10. Everyone must be going out of business in the hardware sector because of Bunnings."

Some of them are a bit aghast when I say: "No. And we never will, because there will always be an independent sector. Not all customers want to go to one particular format. They don't want to go to a big box with lots of aisles and lots of staff and lots of hand gesticulations about where to go. And some are daunted by the size of some of those things." If you're a lady and you want to get a dress, you don't all go to David Jones. You might want to go to your favourite boutique.

The only reason I pick this up is – and this is the first port of call – is… Is this change going to be good for customers? The answer is: "Absolutely." Bring it on Woolworths. Put your stores out there and let customers decide by their habits and how they spend.

These are seven segments of customers as we look at them at Mitre 10. I'm not going to share with you which ones we focus on; we don't focus on all of them. That's why we'll always have a viable business. That's why independents will always have a viable business. Because if you're local – you can give advice, you're part of the community – they'll become more regular, locked-in customers than if it's a great big box and impersonal.

The challenge – at the store level and for us – is to understand and be very focused on which customers you're trying to win more of, and win for longer, and keep in your business. It's how you execute that over the next two years that will help at store level to be very successful.

If you're focused on the right segments, you will be very, very successful in a company like ours, or in individual businesses. In over half of those criteria (referring to points listed on a chart) from customers, Mitre 10 and it's stores either meet or exceed all the other competitors in this sector.

We've tried to talk and listen more with our members over the last year. We've got a National Advisory Council's changes taking place so we can do that better as we move forward. We mirror a little bit what Metcash do. But the members were very clear on what they wanted us to get better at, and get better faster. All of those things are built into our business plan.

I should say the business plan and due diligence are very well supported by Metcash. So if you're a Mitre 10 store owner, that business plan isn't going to change a whole lot. Some things will dial themselves up, where it will need better, faster investment. Some things will dial themselves down. But our new strategic investor is very much on board with that business plan.

My comment here – a bit like the crashing wave or getting match fit – is: 'Good businesses will not only survive. In the next five years, they will thrive.' But if you're one of the businesses that's saying: "I'll just wait and see what happens," you'll be road kill.

We also got the top 50 CEOs and CFOs together from supply land and – as with members and with staff – we gave them the bald, bare facts as to how we were performing. That got a lot of support from our staff, our members and our suppliers. And our suppliers were quite keen on the things that they said we could get better at. This underpinned that stronger, closer strategic relationship we talked about, which is aspirational.

We lacked strategic direction. They found it a bit hard to work with us. Poor execution of our business structure with our changing staff all the time. We now have access to more staff. And there will be more staff coming into Mitre 10 from Metcash to help us.

They were somewhat critical of how we worked with suppliers, in terms of the marketing programs. They were quite conscious that if Mitre 10 weren't as one with its members, that the suppliers would play one off against the other. Our members know that and we know that, so it drives us to behave.

I can't really talk for suppliers. I've heard a comment about Woolworths asking you to submit stuff and they were interested in prices. What I would ask suppliers is…

a) Would you put all your eggs in one basket?

b) Are you thinking about how you're going to spread your available funds to support the sector?

c) Are you going to support the two big boxes or are you going to support the independent retailers?

d) If you believe that diversity is good, how would you use your resources – your people resources and your money resources?

e) Will there be rationalisation on the supplier's side?

f) Are all the suppliers that exist out there going to survive in this current Australian market place or will it get too hard?

… In essence, where are you going to place your bets?

If we look at the overseas experience, what happened in North America when the big boxes started expanding there? Home Depot started a long time ago, then Lowe's entered. What did that do to the independent sector? It's actually where I got the phrase: 'We'll not only survive, but thrive.' Because that's the feedback I got from Home Hardware in Canada. It's what I got from Ace Hardware in North America. And also from Do It Best.

Good businesses will thrive in this changing market place. We spent a fair bit of time with Ace, right across the detail of their business. And there are a lot of similarities. The things they did well in the past or the things they did badly in. We could learn a lot on how to avoid those.

Ace Hardware now has 4,400 stores. It's a great big market – over $300 billion. Their (Ace Hardware's) turnover is over $3.5 billion. Their EBIT is $127 million. And their EBIT margin – their per cent to sales – is 3.6%. So they've come through their tough times and are now running a great little business, and they help their members become very successful.

A few numbers on Do It Best. They're different to Ace Hardware. They've got over 4,000 stores. Their turnover's a bit less – $2.5 billion – so more smaller stores. Their EBIT is $112 million. Their EBIT margin is 4.4%.

The small independent retailers over there have come through the shadow of the big boxes and have carved out their own niche. But both those companies say: "Only the strong will survive," so get match fit.

If you know what segments you're focusing on, that's great. And if it's written down and understood by everyone who plays in your business, that's great.

If you've actually got a strategy… So hopefully, everyone's got a strategy that looks like it translates into a three- to five-year plan, and it's got answers to some of the questions that are in there.

Hopefully, you can articulate your strengths and not kid yourself that they are strengths. And that they're different to everyone else's, that you really *are* strong at what you do. The challenge for you is how to keep that as a strength and not let it dissipate for others.

The next one is key: Don't bullshit to yourselves around what you're weak at because that will bring you undone. We stopped doing that at Mitre 10 twelve months ago. We know and we talk about what we're not good at, and we ask for help. We also ask for patience and time to fix it.

So, leverage your strengths and mitigate your weaknesses. And hold yourself accountable to your stakeholders. If everyone can do that – at least, in our business – for the next five years, I'm looking to having lots of conversations with very happy, fiercely independent, current Mitre 10 store owners. And any new ones that come on board, it's going to be great fun grinding over the next few years.