

# Introduction



Picture of John Cotter -- Cotter & Company

Cotter & Company

2740 North Clybourn Avenue

Chicago, Illinois 60614

U.S.A.

Private Company

Incorporated: 1948

Employees: 3,500

Sales: \$2.20 billion


True Value Company, L.L.C.


	
<b>Trade name</b>	True Value
<b>Type</b>	Private
<b>Industry</b>	Hardware stores
<b>Founded</b>	Chicago, Illinois, U.S. (1948; 75 years ago, as Cotter & Company)
<b>Founder</b>	John Cotter
<b>Headquarters</b>	Chicago, Illinois, U.S.
<b>Number of locations</b>	4,500+ (60 countries) <sup>[1]</sup>
<b>Key people</b>	Chris Kempa (CEO) <sup>[2]</sup>
<b>Products</b>	Home improvement products Home appliances tools household hardware lumber building materials paint plumbing equipment rental

Picture of True Value -- John Cotter -- Cotter & Company

What is the history of Cotter and Company?

Our History  True Value Company

In 1948, John Cotter founded Cotter & Company, a retailer-owned company that included 25 independently owned and operated stores. With the purchase of Hibbard, Spencer and Bartlett in 1963, Cotter not only acquired the company, but also the True Value trademark  a long-standing brand and presence since 1932.

Cotter & Company is the largest wholesaler of hardware in the world. It is a member-owned company that supplies more than 8,000 stores from 15 distribution centers throughout the United States. The company s retail outlets include more than 7,000 True Value Hardware Stores and more than 1,000 V&S Variety Stores. Cotter manufactures many of its own products such as paint and paint brushes, lawn mowers, lawn tractors, and snow shovels. The company also operates an insurance company, real estate office, and travel

agency.

Cotter was incorporated in Chicago on January 15, 1948. Twenty years earlier, John Cotter, at the time a young hardware clerk, came up with the idea for the enterprise. He believed the way to prosperity for independent hardware retailers was through ownership of their own professionally run, lowcost distribution and merchandising organization. After a long career in hardware, Cotter was able to implement his idea. In July 1947 Cotter and Ed Lanctot, an associate who would remain with the company for many years, met with 12 local hardware merchants in a small hotel in Sycamore, Illinois. At the meeting, Cotter proposed the organization of a wholesale company that would be owned by its member merchants. The dealers in attendance liked his idea but were cautious about making any commitments. Cotter estimated that it would take 25 retailers, each contributing \$1,500 to capitalize the new business. Having gotten a positive response from the retailers who had attended the meeting, Cotter set out to raise the required \$37,500. The initial capitalization of Cotter & Company took six months. The company began with 25 participating dealers; by the end of 1948, the dealer roster had grown to 84, and Cotter had shipped \$385,000 worth of goods.

Cotter's early years were tenuous. The traditional hardware retailer faced competition from an onslaught of mass merchandisers. Discount stores, department store chains, mail-order catalog houses, drugstores, and even supermarket chains got into the battle for their share of the postwar boom in home improvement products and hardware. World War II veterans had come home, gotten married, and bought houses. Businesses at the wholesale level of the hardware market reported increasing sales volume but declining profits. During these times, Cotter & Company blossomed into a major force in the hardware business. In such a mutually held operation, the dealers and store owners own the central organization. Profits made at the wholesale level are rebated back to the members at the end of each year. This allows the dealers to take advantage of the middleman's distribution and merchandising methods without having to pay the middleman's fee, thus permitting the retailer to sell merchandise at a lower cost. This technique enabled the independent True

Value dealers to compete with the large cost-cutting retail giants and still offer personal service, something not always available in huge retail locations.

By 1956 the company was selling more than \$1 million worth of merchandise a month. Direct-mail advertising was the key to the company's growth and the main thrust of its merchandising effort. By the mid-1950s the True Value circular was reaching more than 700,000 customers. In the early 1990s, 200 million copies of the direct-mail circulars reached an estimated 592 million readers annually.

Cotter was one of the first companies to tap into the pool of cooperative advertising funds that many of the manufacturers from which it bought merchandise made available to help promote retail sales of their product lines. The money was spent on local print advertising, allowing independent neighborhood dealers to run advertisements in local newspapers and do regional advertising in consumer publications like Better Homes and Gardens and Sports Illustrated.

In 1959 Cotter moved into its longtime headquarters, a 200,000-square-foot warehouse and office on the northwest side of Chicago. Later that year, the company purchased an adjacent building, adding 88,000 square feet to the warehouse's already huge storage capacity.

In the 1960s and early 1970s Cotter began major moves that would make it a national giant in the hardware business. The company expanded its markets nationally and in the process diversified its activities into several other areas of business. Cotter bought its own fleet of trucks, got into the real estate business, and developed a member insurance program. A complete retail member organization was formed to perform services ranging from store fixtures sales to computerized accounting.

In 1962 the company opened its first regional distribution center in Cleveland, Ohio. The following year, Cotter acquired 400 new members and the True Value trademark through consolidation with Chicago-based wholesaler Hibbard, Spencer, Bartlett & Company. This acquisition necessitated the purchase of a 175,000-square-foot building next to Cotter headquarters in

Chicago. Two years later Cotter acquired another 320 members through a consolidation with the Dallas, Texas-based Walter H. Allen Company and opened a third distribution facility, in Philadelphia, Pennsylvania. In 1966 Cotter broke the \$100 million mark in total shipments.

Traditionally hardware distributors sold only items that they purchased from manufacturers. Cotter broke with tradition when it began to manufacture many of the products it supplied to its member merchants. In 1967 the company bought the General Paint & Chemical Company and began to market its own paint and related products under the Tru-Test name. Three years later, Cotter opened its own power lawn mower factory in Carpentersville, Illinois. By 1970 the company was shipping more than \$1 million worth of goods each business day.

In 1978 John Cotter assumed the post of chairman of the board, and his son, Dan, took over the presidency. By then, the company had more than 5,000 members, and in 1979 it broke the \$1 billion level for annual sales. The company acquired the Warner Hardware Company of Minneapolis, Minnesota, in 1979, constructed a 1.3-million-square-foot factory and warehouse in Harvard, Illinois, in 1980, and purchased the Atlas Tool Company in 1983. Also in 1983, Cotter introduced the True Value charge card program and the company's line of Green Thumb lawn care products. By the late 1980s, Cotter & Company had more than 7,000 members, and sales were approaching \$2 billion per year.

Cotter entered the 1990s selling ten different lines of merchandise that it manufactured under nationally recognized brand names such as Master Mechanic Hand Tools, Master Plumber plumbing supplies, Master Electrician electrical products, Green Thumb Lawn products, Tru Bond household adhesives, and Tru Guard Electric Garage Door Openers. The company was operating 15 materials distribution centers nationally, occupying more than 5.3 million square feet.

As a result of a comprehensive nationwide advertising program, Cotter estimated that the True Value name is recognized by more than 90% of U.S. consumers. True Value hardware stores rate among the top three radio

advertisers in the United States, and the company's print advertising can be seen in almost every major national publications.

In the early 1990s the company experienced many upper-level management changes as a result of the retirement of many members of its original management team. On the whole, however, it appeared that the methods and practices initiated by the company's founders would continue to be followed.

Principal Subsidiaries Tru-Test Manufacturing Co., Inc.; General Power Equipment Co.; Baltimore Brush & Roller Co., Inc.

The Man Behind The Company, Chicago, Cotter & Company, 1985; Kantowicz, Edward R., True Value, John Cotter: 70 Years of Hardware, Chicago, Regnery Gateway, 1986; Where is Cotter Going? Hardware Age, November 1988.

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