



# Customer Needs Take Priority at Lee Valley Tools

Since Leonard Lee founded Lee Valley Tools in 1978, he has never shied away from doing what it took to move the business to the next level.

Under his leadership, the catalogue-based company grew from a niche provider of hand tools for woodworking into a highly successful go-to online destination for a broad array of products, including high-quality gardening tools.

The founder's instincts have always served him well, says chief operating officer Jason Tasse in Ottawa.

"Thirty-six years ago he entered a market that was underserved. An integral part of his business model was listening to customer feedback. To this day, it remains a significant part of our cultural DNA."



Jason Tasse, COO Lee Valley Tools poses for a portrait at the company's headquarters in Ottawa, July 8, 2014. (Chris Roussakis / Postmedia News)

Lee's commitment to customer service came into play when a postal strike in 1981 threatened its livelihood. To ensure service continued uninterrupted, he altered the business model to include additional storefronts where customers could pick up their orders. When online retailing was in its infancy, Lee Valley was one of the first to leverage its strengths on the catalogue order fulfilment side to compete with the biggest and the best.

Despite the competitive landscape, Lee Valley Tools has continued to excel since conducting its first online transactions in 2000, Tasse says. "That's because we have always been seen as trusted advisors, which has been a great competitive differentiator for us in the marketplace."

Having a catalogue background also proved advantageous when ecommerce began to take off, he adds. "Unlike other startups, we had the logistics, order fulfilment and volume contracts in place already. We just applied it to another channel, long before multichannel became a buzzword. In fact, we were the first retailer to offer in-store pick up for online orders. Now larger big-box brands are duplicating that."

Maureen Atkinson, senior partner with J.C. Williams Group, Toronto-based retail consultants, says Lee Valley Tools was able to understand early in the game the impact the Internet would have on its business. "They knew it was going to be a big deal for them. Because they were in the catalogue business, they transitioned quite well. They've also been able to play on their knowledge of the product they're selling. Big-box stores can't always do that."

Transitioning to online is often a challenge for big-box businesses since they don't always have the infrastructure in place, she says. "Catalogue companies on the other hand are well-versed in how to deal with people at a distance. They know how to market to them; how to keep it fresh. They have the credibility with customers already."

For anyone facing the big players, she says the biggest advantage lies in having something unique. "You're not going to be able to compete on price. But you can on credibility, product knowledge and quality."

One key Lee Valley differentiator has been the development of a house brand called Veritas. Introduced in 1985, Veritas is the result of a tremendous amount of research and development, and has become a top-selling signature line for the company. It still drives double-digit export growth year over year, Tasse reports. "This is a competitive advantage most big-box retailers cannot compete with based on their current models."

With 15 stores across the country and a thriving online business, Lee Valley Tools continues to focus on diversifying and strengthening its business model, he adds. In order to do it right, customer feedback remains a core component. "That focus has driven a lot of business decisions and done well for us. It's about sharing a passion and doing the right thing – not just focusing on numbers."

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## CIBC Tips: Building Sustainable Competitive Advantage

- 1. Identify Your Value Proposition** In today's hypercompetitive environment, your company needs to have a clear value proposition to draw customers to buy your product(s) / service. Understanding your company's unique skills and resources is critical to implementing strategies that can't be easily replicated by your competitors and forms the basis of your competitive advantage. Assess the needs of your customers in the context of what your company does best and focus your efforts to continue to develop and enhance those activities.
- 2. Take Time to Reassess** Listen to your customers, stay abreast of trends and continually evaluate if you are on the right track so your company's competitive advantage will stand the test of time. Make changes to your delivery model to ensure it continues to both reach and resonate with your target audience and influences purchasing decisions. It is important that your customers can differentiate what separates you from the other players.
- 3. Sustain Your Advantage** Continue to develop your capabilities, innovate and create new resources to sustain your company's growth and competitive advantage to adapt to changing market conditions. Consider investments that deliver new products or enhance old ones, increase efficiency in operations, or leverage new technologies that improve the way you reach or service your customers. Continue to evolve, but stay true to what's made you successful in the first place.

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