

# Behind the Scenes

## with Kurt Hertzog



## Lee Valley Tools

What started at the kitchen table as a home mail-order business back in 1976 has grown into a woodworking and gardening giant with fifteen retail stores and international sales through the web and catalog. Leonard Lee started Lee Valley Tools with a single product—the castings package required to convert oil drums into an efficient, barrel-stove wood heater. Leonard, a Canadian Trade Commissioner who had spent years on duty in Chicago and Lima, Peru, had an interest in woodworking. His goal was to be in the woodworking retail business, but he wanted to learn the ropes and make any mistakes in an unrelated arena; hence, woodstove castings.

For those of us who remember the mid-70s well, it was a time before commonly available toll-free lines and long before the advent of Internet shopping. The fledgling company did business by taking orders by mail from word-of-mouth advertising. It truly was a leap of faith to put a check into the mail, expecting to receive your parts order from a small start-up company. The current president, Robin Lee, remembers his task of grinding castings as his part in helping his father with the family business. With the customer number of two, Robin has seen and been a part of the growth from the kitchen table to the current size with retail stores throughout Canada, a tool manufacturing company (Veritas Tools—the subject of a future Behind the Scenes column), and international sales through the web and mail-order system.

The first catalog was printed in 1978. It was black and white, created by the old method of film tools and artist lay-ups. That catalog helped the company to be more widely known, particularly in the northernmost reaches of Canada. With plenty of oil drums and certainly plenty of cold, the company tapped a ripe market for barrel-stove components. The first Lee Valley showroom was a 20' x 20' room that was built inside a rented Ottawa warehouse, where the company was headquartered.

Two major events shaped the growth and direction of the company. First, a postal strike in Canada nearly ended the company's existence. Reliance on the mail for their order stream and payments made the company critically susceptible to any interruption in that flow. That reliance forced the company to open retail stores as a hedge on their mail-order stream. They also added toll-free numbers for ordering. Future growth into a web presence was a way of not only expanding the business, but continued the theme of self-preservation along with the growth of the

mail-order industry. The second event was the frequent interruption in the supply stream. Many of their suppliers were not ready for the huge increase in volume that the Lee Valley catalog created. When they couldn't provide sufficient product, Lee Valley was disappointing their customers. The supply chain problem was partially remedied by working with their suppliers. But because sometimes that didn't work, Lee Valley found additional sources and they began to contract with outside suppliers to produce items for their catalog as a method of better assuring their product delivery stream. As the company product line and volume expanded, Lee Valley found themselves in the tool and garden implement design and manufacturing business. When the contract machine shop owner decided to retire, Lee Valley bought the business, rehired the employees, and brought the operation into the Lee Valley fold. Canadian business and tax laws made the creation of a separate entity necessary, so Veritas Tools was born—it is part of the Lee Valley family, but it is a separate company. (Note: Veritas Tools will be featured as a Behind the Scenes column in a future *Woodturning Design* issue; but for now, understanding the two companies can be as easy as knowing that Veritas is a manufacturer of tools, and Lee Valley is a designer and marketer of tools and gardening products.)

One of the things that makes Lee Valley Tools unique is their family style of management. Even with fifteen stores, a tool-manufacturing company, and hundreds of employees, you can reach the president directly. Robin prides himself on being in the various retail, manufacturing, and corporate sites often, and enjoys being on a first-name basis with employees. The company's measured growth in the retail operation is based on sustainable growth, so that the employee base is not at risk with fluctuations in retail. Unlike virtually every other retailer, Lee Valley is closed on Sunday. Though it is a busy shopping day and one-seventh of the shopping week, management thinks that Sunday should be a day of rest for the workers. The employees' choice of activities is their own, but they won't be asked to use Sunday working for the company.

Lee Valley Tools is clearly a people-driven company and is proud that the spread between the highest paid person and an entry-level employee is only different by a factor of ten. Lee Valley takes 25% of their pretax profit and distributes it equally among all employees, regardless of pay scale. This is uncommon in the corporate world—

not only to take 25% of the profits, but to share it in equal amounts.

Should you have an issue with a Lee Valley purchase, you will have no problem getting resolution. The corporate culture is the long-term view and they believe that customer satisfaction is the key to the success of the company. Today's sale is only a sale and is not worth risking the happiness of a customer. Every employee is empowered to do what it takes to make it right and to satisfy the customer.

Leonard Lee retired from Lee Valley, but is still very active. His design skills and problem-solving character led him to start a successful medical instrument and tool company based in Canada. His son Robin heads Lee Valley Tools now and is one of the most connected executives I've met; he is the voice of Lee Valley. If you post a message on almost any bulletin board or user group that pertains to Lee Valley, he will respond directly and promptly. Robin claims that not only does this help keep him in the loop to resolve any issues, but it is also a valuable input stream. He is an avid tool user and collector, so his enjoyment is in sharing his knowledge, as well as learning from others. With over 900 design projects completed inside of Lee Valley, the customers' wants and needs expressed in various forums help guide the company's work in providing solutions to customer needs. Robin is conversant, if not expert, with virtually all the design and manufacturing processes used in the production of Lee Valley and Veritas Tools. He is as comfortable discussing the various sand selection and compaction techniques used for metal sand casting as he is reviewing sales results for each square inch of catalog space.

Currently, all the retail stores are in Canada. There is about a 50/50 split between the retail store and mail-order side of the business. The mail-order portion is split 50/50 between the United States and Canada with a small, overseas percentage. The ultramodern distribution warehouse, recently built outside of Ottawa, packs and ships all the packages bound for the US to their Ogdensburg, New York, site where they are shipped to the end customers in the US. If it is hardware, woodworking, woodturning, or gardening related, it is in the catalog and on the website.



**Fig. 1.** Lee Valley Tools headquarters, along with the Ottawa retail store, and many Lee Valley and Veritas operations are on the same road in Ottawa.



**Fig. 2.** The amount of potential products vying for inclusion in the company's catalog is staggering and these are in the queue for product evaluation.



**Fig. 3.** This is just part of the technical library on woodworking, woodturning, and gardening that employees are encouraged to use to further their knowledge of the products and craft.



**Fig. 4.** New product offerings and information are on display along the path to the company cafeteria so that employees can peruse them on their way to and from lunch and breaks.



**Fig. 5.** President Robin Lee is fully connected with the company and the world, staying informed with message boards, e-mail, newsgroups, and trade communications.



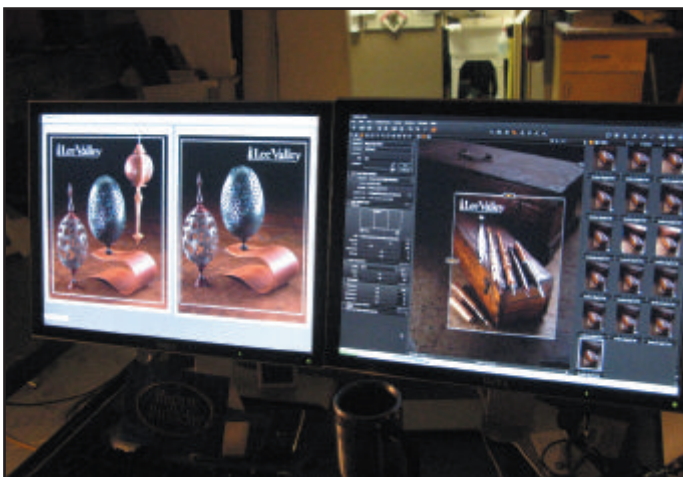
**Fig. 8.** Lee Valley prides itself on producing beautiful "coffee-table friendly" catalogs with their covers being noncommercial and aesthetically pleasing.



**Fig. 6.** A full photographic studio and art department give Lee Valley complete control over product photography and catalog design and layout.



**Fig. 9.** One of just about every product is located in the technical services call area, so that any tool is readily available when a specialist is speaking to a customer.



**Fig. 7.** Only moments are required to see how various product shots can be used in the catalog, on the cover, or on the web.



**Fig. 10.** The Ottawa flagship retail store is on the same block as the headquarters and many of the Lee Valley operations, and the store has everything in the catalog in stock.



**Fig. 11.** Regardless of the store location, most are almost identical with a uniform display design and similar floor plan layout where possible.



**Fig. 14.** Outside of Ottawa, a state-of-the-art warehouse has been built. It receives all incoming supplies and handles distribution to all the retail stores.



**Fig. 12.** President Robin Lee is readily accessible, having an open-door policy and traveling throughout the various parts of the block-long Lee Valley complex during his working day.



**Fig. 15.** A combination of AGV and manual-operated forklifts allows for high-speed computer-controlled traversal until a human finesse touch is needed, and this improves throughput and safety.



**Fig. 13.** Each of the retail stores has a classroom to provide instruction for customers. Not operated as a profit center, any profits from classroom operations are donated to United Way.



**Fig. 16.** Lee Valley has a regular traveling trade show booth that is often staffed by Robin Lee and other executives, along with product design and sales staff.