

Going Strong After 140 YEARS

Dugan's Adapts to a Changing Market

Dugan's Paint and Flooring Centers—featuring a 12,000-square-foot flagship store in Sedalia, Mo.—celebrates its 140th anniversary in 2011. No business can reach such a remarkable milestone without re-inventing itself to keep pace with the changing marketplace. This is what Dugan's has done so well in the competitive decades of the 20th and 21st centuries. At the same time, however, this four-store operation has continued to thrive by staying true to its core values of customer service and satisfaction.

“We’ve been around a long time, and we have a much stronger connection with our customers than other stores in our area,” says owner Chuck Kempton, who is the fifth-generation owner of the business. “We emphasize the fact that we’re a full-service store. We’ll come out to your house, offer expert advice, measure and oversee installation. At the end of the sale, we have satisfied customers who are willing to recommend us to their friends.”

Founded as a traditional paint and glass store in 1871, Dugan's changed its product focus significantly with the addition of floor covering almost 100 years later. Since adding floor covering in 1970, the store has built this product category into its No. 1 draw. With product selections ranging from carpet and hardwood to vinyl and ceramic tile, floor covering currently accounts for 70 percent of sales. Paint and related sundries account for nearly all of the remaining 30 percent. However, Dugan's is also gearing up



○ Chuck Kempton is the owner of Dugan's Paint and Flooring Centers.

to make a greater push with window coverings in the near future.

Flooring covering and paint have turned out to be very compatible product categories that are frequently sold in tandem with one another. “More times than not, a paint or flooring cus-

tomers who comes into our store is going to wind up buying both products,” Chuck says.

With the successful launch of the floor-covering category, the owners came to realize that the glass side of the business was no longer compatible



○ The flagship store for Dugan's Paint and Flooring Centers is in Sedalia, Mo.



○ Above: Shown at the Laurie location are Kendall Walters, left, and Gene Lovelady. Right: Shown at the Osage Beach, Mo., store are Tami Tomlinson and Mike Schulte. Both stores serve the Lake of the Ozarks area.

with the paint and decorating side. So, in 1980, they split those two segments apart. Then-owner Bill Dugan, a descendent of store founder Ernest Dugan, stayed with the paint side. His brother took charge of the separate glass business.

Significant Expansion

This was about the time that Chuck, Bill's stepson, joined the business. Bill and Chuck worked side-by-side during a period when the business expanded significantly into new geographic areas. From 1983 to 1997, they added three new store locations in west-central Missouri communities. Two of those stores are located in the towns of Laurie and Osage Beach, which serve the thriving Lake of the Ozarks resort community.

The Lake of the Ozarks, the largest man-made lake in the United States, is located about an hour's drive from Sedalia. "In the early 1980s, business was booming there, so we went down to check it out," Chuck reports. "Within a couple of weeks, we met about 10 builders who said they needed someone to sell them paint in 5-gallon containers. At the time, there were no paint stores around, and the builders had to buy all their paint in 1-gallon cans from places like the local lumberyards."

In 1981, Dugan's started selling 5's from a delivery van to meet the need of these professional accounts. "We

sold more than 500 gallons of paint in the first four or five weeks," Chuck reports. "That was our foot in the door."

Dugan's continue to sell from the van for a couple years, but then made a full-fledged commitment to the Lake of the Ozarks area by opening a store in Laurie in 1983. Nine years later, Dugan's opened another store on the other side of the lake, this one in the community of Osage Beach.

The Laurie and Osage Beach stores are located about 50 miles and 70 miles respectively southeast of the flagship location in Sedalia. In 1997, Dugan's had the opportunity to purchase the operations of Zeke's Paint & Design Center, which was located about 30 miles to the west in the Missouri town of Warrensburg.

With the addition of the Warrensburg location, Dugan's became a four-store operation. The stores serve a customer base that is approximately 70 percent consumer and 30 percent professional accounts. The professionals are primarily builders, painting contractors and light industrial businesses. While many of those professional accounts were initially attracted by the paint, they appreci-

ate that Dugan's has a mix of floor covering products as well.

"What we try to emphasize when working with a builder is they can buy most of their products here in one stop," Chuck said. "We try to cater to



the builder and contractor trade by offering them the products they prefer. For instance, we'll stock a certain type of tape at one of the stores just because we have customers who ask for it."

To get products to all of the stores in a timely manner, Dugan's has a truck on the road five days a week making deliveries. "Vendors deliver 80 percent of our products to Sedalia," Chuck explains. "Then, we have our own truck deliver the products to the



○ Dugan's added a fourth location in Warrensburg in 1997.



○ Kyle Gilmore and Chuck's daughter, Tyger, talk with a paint customer.

other stores. We've found it to be more cost-effective that way, and we pass that value along to our customers."

Chuck acknowledges that it's challenging to have four stores that are located so far apart, and he's quick to give credit to the first-rate store managers and department supervisors who conscientiously do their jobs on a day-in, day-out basis. "Whenever you open a new store, it's all about getting the right personnel," he says. "We were blessed that the right people came along at the right time. We've always been blessed with having good people. The growth and success of our business is directly attributable to our staff."

But Chuck realizes that in order to have good employees, he has to be a good employer. He does what he can to show how much he appreciates their efforts. "You spend more time with them than you do your own family, so you better get along and treat them right," he says.

Emphasis on Education

Dugan's has a total of 30 employees in all, spread among the four stores. More than half have been working for the company at least five years or longer, and there are six employees who have a tenure of 10 years or more.

Employees include Chuck's nephew, Jason Kempton, who serves as the Sedalia store manager, and Chuck's

daughter, Tyger, who works in Sedalia store's paint department. "She's learning the business from the ground up," Chuck says, "and you can't do that unless you get some paint under your fingernails."

Employees are knowledgeable and well-educated, which makes them able to handle a wide range of customer questions and concerns. "People have their specialties," Chuck says. "For instance, our designer Donna Ventura focuses on floor covering and decorating, but she's able to jump over to the paint side and sell those products, too."

Chuck has been very diligent about adding to his employees' knowledge base, taking advantage of educational opportunities as they become available. He's been one of the most enthusiastic supporters of the PDRA's Coatings Specialist course, signing up 13 of his employees to take the program online.

Tyger took the course when she began working at the store, which enabled her to get up to speed with paint knowledge quicker than she otherwise would have. Other store employees—some with as much as 10 or 15 years experience—also took the course and were able to sharpen up their knowledge of paint, color and customer selling techniques.

"I took the course, too, and even though I've been working in

the industry for 30 years, I found it to be a great refresher," Chuck reports. "It helps you feel more energized about the products you're selling and reminds you of things to say during the sales process."

Competitive Advantages

Having this knowledge is a key way that Dugan's differentiates itself from the competition. However, Chuck acknowledges that Dugan's has its share of competitors on both the paint and the floor covering side of the business.

Big boxes, company-owned stores and independent flooring stores are all vying for the same business, but Chuck contends that Dugan's has them beat when it comes to customer service and also comes pretty close in regards to price. Buying right is important, and that's why Dugan's is a member of the ALLPRO buying group.

"Price-wise, we're usually in the game," he says. "People have the perception that if you're bigger, you're cheaper. That's not always true. In most cases, we're usually right there or sometimes even lower. If we can get them in our store and show them what we can do, then we have a very good shot of making the sale."

In addition to offering competitive



○ Dugan's uses the showroom floors to display products. Shown here: the Laurie location.

pricing and unparalleled service, Dugan's also stands behind its products even after the sale. A unique way of doing this is the store's "Color-Back Guarantee." This is a new program that is meant to give customers the confidence to select their paint color, knowing that they are doing it risk-free. The guarantee promises customers that if they buy two gallons of paint in the same brand, type and color and are not completely satisfied with their color choice, they have 14 days to return the paint and receive it in a different color—absolutely free.

"This is our way of giving them reassurance so that they'll go ahead and buy the paint, rather than leaving the store and possibly going somewhere else," Chuck explains. "We're trying to make it as easy as possible to make the decision. This is something that won't happen at Home Depot or Lowe's."

In the time that the Color-Back Guarantee has been in place, Dugan's has had very few people return their paint. The pluses have outweighed the minuses, since having the guarantee in place has helped sell paint to customers who otherwise might have walked out the door.

By getting them into one of the stores, Dugan's also can dazzle customers with a very attractive environment that has its big-box competitors beat hands-down. All of the stores are neat, fresh and attractive in a manner that appeals to customers who are looking to upgrade their own surroundings.

A great product selection is yet another drawing card that Dugan's offers to customers. The stores sell three lines of paint: Benjamin Moore, Pittsburgh Paints and Coronado as well as specialty coatings from Akzo Nobel/Sikkens, Zinsser and Old Masters. An additional price point is presented with a private-label line of interior wall paint. On the flooring side, Dugan's participates in the Mohawk Floorscapes program, a high-end floor covering program that is designed for independent dealers.

"We joined the Mohawk program in 2003, when we were in the process



○ Paint accounts for 30 percent of sales at Dugan's.

of updating our showrooms," Chuck reports. "Mohawk came in and helped us design our showroom. We put as much flooring on the floor as possible to allow people to visualize it."

Since then, there have been some modifications made to the showroom to capitalize on Dugan's personalized way of selling. "We promote a welcoming environment," Chuck says. "We make sure we greet customers when they come into the store and take them around to the various options available. We put a lot of emphasis on relationship-selling."

Seeking Out New Customers

As important as building those relationships is, Chuck also is focusing on attracting new customers by making the most of both traditional and new media. Overseeing the company's efforts in this regard is Dena Parkhurst, who holds the title of marketing coordinator. Dena is responsible for advertising and promotion, and most recently has been exploring the use of Facebook and email marketing as a means of attracting younger consumers. She also uses such tools as search engine optimization to maximize the number of visitors to Dugan's website (www.duganspaint.com), where they can learn about store specials and print out coupons that they can take into any of

the company's four stores.

Chuck stresses the importance of keeping abreast of new ways to attract customers, since the rapid changes in the marketplace demand it. "I've seen more changes in the last 18 months than in the past the 25 years," he says. "In terms of how they shop, consumers are better educated than ever. They go online to learn about products before they ever even walk in the store."

At this point, Chuck is unsure just how much being involved in new media is helping his business. "It's hard, at this point, to figure out the impact," he says. "Did I sell an extra gallon of paint or yard of carpet because we're on Facebook? At this point, I don't know. However, we feel it's important to be where the new consumers are going."

And the way to do this, Chuck realizes, is to use tools that no one could have ever even conceived of when Dugan's was founded 140 years ago. But this is how a business moves forward into the future—by embracing new technology and new practices that will ensure a steady flow of new customers.

"We're trying to attract an age group that has yet to experience us—that may not have even heard of us," Chuck says. "They're using iPhones and iPads, and we want to reach them. We want them to learn about us. That's what this is all about." ■