

Snap-on®

THE MARKET

Snap-on has more than 80 years of one-on-one relationships with professional tool end-users. The company markets its products and brands through multiple distribution sales channels in more than 100 countries. The essential ingredient to Snap-on's marketing success is consistently delivering high-value-added products to customers in the way they desire. Snap-on's customers include automotive technicians and shop owners, vehicle service centers, manufacturers, industrial tool and equipment users, and those involved in commercial applications such as construction, electrical, and agriculture.

Snap-on serves customers primarily through three channels of distribution: the mobile dealer van channel, including the company's technical representatives organization; company direct sales; and distributors. The dealer channel consists of Snap-on's franchised dealers selling directly to customers at their places of business. Customers include technicians who work in every aspect of transportation, including automobile, marine, railroad, and aviation, and technicians working on heavy equipment for construction and transport. The direct sales channel allows Snap-on to reach government, vocational schools, and the aerospace and other industries, as well as many large national accounts. Through differentiated product offerings and multiple brands, Snap-on expands the scope of its business to other professional tool users and sells through distributors in Europe, North and South America, Asia, and other parts of the world.

ACHIEVEMENTS

Over the years, Snap-on has earned the enthusiastic approval of vehicle service technicians, racing



teams, engineers, vocational schools, and government agencies. In addition to providing tools that service 40 percent of the world's vehicles, Snap-on tools are used extensively in industries such as utilities and manufacturing, and in military applications. Snap-on consistently ranks among the world's best for being a supplier that demonstrates excellence in quality, value, and customer service. Many publications list Snap-on in their "best of" polls. For example, Snap-on has been repeatedly recognized in *Entrepreneur's* Franchise 500 listing and in the *Franchise Times* "Top 200" franchise chains report. *InformationWeek* magazine has cited Snap-on as one of the most innovative companies in providing technology to improve the customer experience, and the company has also been voted one of the foremost 100 global e-businesses by *InternetWeek*.

HISTORY

Pioneering the idea of interchangeable sockets and wrench handles, Joseph Johnson and William Seidemann formed the Snap-on Wrench Company in 1920. The company manufactured and marketed ten sockets that would "snap on" to five interchangeable handles, a concept that revolutionized the tool industry. Snap-on has to this day continued its innovative leadership across an ever-expanding line of products.

To sell the products, Johnson and Seidemann worked with Stanton Palmer,

who took the tools directly to customers at their places of business and demonstrated the benefits, which became the cornerstone of the company's marketing success. As a result of this successful sales strategy, Palmer enlisted Newton Tarble to share the increasing workload. These four founders — Joseph Johnson, William Seidemann, Stanton Palmer, and Newton Tarble — were responsible for putting Snap-on on the map.

Shortly after its founding, Snap-on entered the international arena in 1931. Also in the 1930s, Snap-on began offering credit to customers, the first in the industry to do so. In the 1950s, Snap-on expanded on the concept of bringing product to the customer by using fully stocked walk-in vans and, as a result, pioneered today's familiar dealer van channel.

Through the years, Snap-on led the way with a vision of becoming the customer's total solutions provider. Committed to meeting rapidly changing needs, the company enhanced its leadership position by increasing the capabilities it offered and expanding the availability of solutions, including diagnostics, under-car equipment, vehicle service information, product procurement/facilitation, and business management systems.

Today, Snap-on is a \$2-plus-billion, S&P 500 company headquartered in Kenosha, Wisconsin, offering products and services that are available around the world.

THE PRODUCT

To know Snap-on tools is to love Snap-on tools. Snap-on's wide range of products become treasured objects for most every type of professional tool user, because Snap-on is obsessed with innovation and quality. Never satisfied, Snap-on's designers, engineers, and machine operators are continuously looking for ways to improve the company's products. Every patent, every benchmark, every process improvement is simply another rung in a ladder that continues to reach higher.

Snap-on's hand tools constantly push the envelope of design possibilities: spark plug sockets with patented tapered hex design that retain spark plugs securely without the need for inserts to prevent damage; indexable head ratchets that actually work around corners; the Flank Drive® Plus wrench's patented jaw design, which represents the first

substantive change to the open-end wrench in a century; hard-working soft grip screwdrivers that give more leverage . . . the list goes on.

Strength, force, and energy in action best describe Snap-on's power tools. From impact wrenches to air hammers to air ratchets, Snap-on is committed to engineering and building power tools that improve performance, balance, and feel for the customer.

Snap-on's tool storage redefines a customer's workspace, offering flexibility for organizing tools. Tool chests and roll cabs give users an array of options and features so every user can create a storage system that suits his or her needs.

Power and intelligence are incorporated into Snap-on diagnostic equipment, which includes groundbreaking products like the MODIS™ system, MicroVat™ battery tester, Vantage® power graphing meter, and Snap-on's scan tools and lab scopes. Snap-on integrates experience-based information with instrumentation to deliver powerful diagnostic capabilities that technicians and shop owners can easily understand and use.

In equipment, Snap-on offers everything from wheel aligning and balancing to air conditioning and tire changing equipment. Committed to taking equipment to the next generation, Snap-on offers the Optima™ wheel balancer with laser profiling for increased accuracy. Snap-on recognizes that an equipment purchase is an investment in the customer's business, productivity, and profitability.

RECENT DEVELOPMENTS

Snap-on is driving for faster customer responsiveness and is strengthening internal processes to advance its competitive position and increase sales and earnings opportunities. Snap-on's Driven to Deliver™ strategic framework aligns the organization and serves as a catalyst for change, emphasizing a balance of three business principles: Quality People, Operational Fitness, and Profitable Growth.

- **Quality People**, the most critical of the strategic elements, means ensuring that Snap-on has the right people and systems in place to drive results.
- **Operational Fitness** is the way to make certain that Snap-on's business units are functioning at a high level of efficiency and effectiveness. Key to creating this culture of continuous



improvement is the implementation of lean business principles throughout the organization.

- **Profitable Growth** means growing the company while delivering a measurable increase in financial performance. Snap-on's enhanced long-range planning process facilitates profitable growth through internal development and acquisition, growth of its customer base, and a continuous stream of innovative new products.

PROMOTION

The one-on-one relationships that Snap-on dealers have with customers are the primary way that the excellence of Snap-on is sold. Snap-on dealers pay weekly visits to customers, providing a valuable and necessary service. The dealers keep customers up to date on new products and service ideas. They also handle warranty repair and replacement when necessary, and they provide affordable programs for technicians to build their tool inventories and their capabilities.

Snap-on's greatest promotion arguably comes from word-of-mouth testimonials, but the brand is also visibly associated with motor sports. Snap-on has had a professional relationship with auto racing for more than 70 years. Snap-on tools can be found at NASCAR, CART, NHRA, IRL, and AMA races every week. The company's employees spend time with some of the best racing teams in the world to understand exactly what they need from tools and equipment under extreme race conditions. Snap-on monitors how products perform at the track to consistently enhance the quality, durability, and performance of the tools for the professional tool user.

Snap-on's motorsports program is a source of exciting innovations and promotional products. Snap-on dealers and customers share a unique passion for motorsports and the thrill-a-minute excitement it delivers. The company is continually developing new race-themed tool storage, hand tools, power tools, and equipment, with products that bear the names of drivers and race personalities like Doug Herbert, Richard Childress, Ryan Newman, Sterling Marlin, Rusty Wallace, Dale Earnhardt Jr., and Kevin Harvick.

BRAND VALUES

The word "Snap-on" conjures up images of quality, service, and innovation. It is a strong word that conveys superior workmanship. There is a distinct pride of ownership among customers who use Snap-on products.

The essence of the Snap-on brand can be boiled down to seven key attributes: high-quality products, exceptional service, innovation, expertise, premium price, productivity, and leadership.

High-Quality Products. Snap-on tools are subjected to stringent specifications, and the tools often last for generations. Developed in close cooperation with customers, Snap-on products use high-quality materials and are designed to unite ergonomics and utility.

Exceptional Service. Customers rely on the expertise of Snap-on dealers to provide solutions. In turn, Snap-on strives to exceed customers'



expectations before they buy, while they buy, and after they buy.

Innovation. Snap-on delivers products that incorporate customer knowledge, the latest technology, outstanding design, and high functionality. Every year the company secures more patents, which continuously demonstrates Snap-on's market leadership through innovation.

Expertise. Expertise is born of the knowledge that Snap-on has developed of its industries, its customers, and the environments in which they work. Snap-on thoroughly understands professional tool-users — how they work and what they need to perform that work.

Premium Price. Snap-on products and services compete in the premium segment of their respective categories. As the overwhelming choice of professionals, our customers have high expectations and are willing to pay more for products that deliver higher value and performance.

Productivity. From the way Snap-on tools are delivered to the way they perform, the company is continually seeking ways to save time for customers. Snap-on tools are known for helping users enhance productivity, providing high-quality work in a short amount of time.

Leadership. Snap-on is at the forefront in its industry, taking the lead in a multitude of areas — from how it provides service to the customer to the use of cutting-edge technology in product development.

THINGS YOU DIDN'T KNOW ABOUT SNAP-ON

- Snap-on, known for its innovative solutions that improve customer productivity, holds more than 3,000 active or pending patents.
- Snap-on makes special products to meet its customers' needs. Snap-on made for an industrial customer a socket that weighed 550 pounds. The socket was 18 inches in diameter and 24 inches long.
- The longest tool Snap-on ever made was a square drive extension wrench, which was used in a nuclear reactor. The wrench was 25 feet long and always had to float upright in water.
- Snap-on has extended its reach to new and existing customers through its Web site, www.snapon.com, which was launched in 2000. The site enables visitors to purchase apparel, merchandise, and, of course, quality Snap-on tools.