By Scott McKelvey

Milwaukee Tool:
Changing the Game with Disruptive Innovation

According to historical data researched and recorded by Milwaukee Electric Tool, as World War I drew to a close in 1918, Henry Ford approached a manufacturer, A.H. Petersen, about producing a small, light, portable 1/4-inch capacity power drill. Other two-handed electric drills of the day were so heavy that only the strongest mechanics could operate them effectively. Peterson seized the opportunity and created the Hole-Shooter, a 5-pound drill with a series type Westinghouse motor. Ford enthusiastically approved the Hole-Shooter, which became the industry's first lightweight, one-handed drill that could handle a heavy duty workload.

In 1922, A.F. Siebert joined Petersen and formed the A.H. Petersen Company, but the company was forced to shut down a year later after a devastating fire struck their facility. Bought at auction with the intention of developing the Hole-Shooter to reach its full potential, A.F. Siebert began the Milwaukee Electric Tool Corporation. Even as Milwaukee Tool was opening its doors, the company was already focused on solving problems, improving safety and enhancing productivity for its users, a tradition that continues today.

Steve Richman, president of Milwaukee Tool at its global headquarters in Milwaukee, joined Milwaukee Tool about five years ago after the company was acquired by Techtronic Industries

Milwaukee's new thermal imager

Company (TTI). The executive team evaluated all aspects of the business to determine a strategy for the next 50 years, and Richman believes this strategy is what makes Milwaukee Tool an industry leader and innovator.

"The first thing we did was step back and evaluate where we came from," said Richman. "If you look at what really made this company successful in post-World War II America, it was the focus on clear core vertical trades—electricians, plumbers, mechanical contractors, HVAC. That led to significant innovation in the marketplace."

"We don't view ourselves as a power tool company," continued Richman. "We're an outside-in company. Instead of focusing internally on our meetings, our thoughts and our ideas, we focus on the outside users and distribution partners, providing products that solve problems and enhance safety and productivity. We want to understand the concerns that our users think about from the time they wake up in the morning until the time they go to bed at night. This allows Milwaukee Tool to deliver disruptive innovation."

Milwaukee Tool takes pride in its ability to bring this disruptive innovation to market in the fastest possible way. This is accomplished by eliminating organizational bureaucracy, relentlessly focusing on the needs of its core users and making sure all of the necessary ingredients for product development are internal. With everything from rapid prototyping to industrial design to front end engineering and development being done in parallel instead of having them done in sequence with an outside company, Milwaukee Tool can develop new products faster and more effectively.

A perfect example of this is Milwaukee Tool's new fluorescent lighting tester, set for launch in February 2012. During a brainstorming session, a lot of users pointed out the inefficiencies of how lamps are tested in large facilities. Did the lamp just burn out? Is the ballast bad? Is there an issue with the lamp pins? If Milwaukee Tool could find a better way to determine the root cause of lighting issues, these users said it would save a significant amount of time, increase productivity and reduce costs.

Enter Milwaukee Tool's new fluorescent light tester, FLT, which can answer these questions in

less than a minute. The total time from initial concept to shipping of the product was approximately 14 months.

"Some of our competitors will say that developing a complicated product like this isn't worth it, based on the projected ROI," said Richman. "However, we know that both users and distributors benefit when we keep a focused commitment on providing solutions that increase productivity and safety."

Milwaukee Tool has also led the charge in improving battery technology. Even though NiCad batteries had improved over the years, Milwaukee Tool recognized the need to step back and identify the technology that would really change the game. About 15 years ago, they invested people, money, resources and intellectual property into this process. Today, Milwaukee Tool is on its sixth generation of lithium technology, and their new REDLITHIUM™ battery technology provides up to 40% more run-time, 20% more power and 50% more recharges than standard Lithium products. The new technology will also operate in extreme temperatures as low as 0°F/-18°C and will run 20% cooler with fade free power and no memory effect.

"It's not only the battery," contends Richman. "For Milwaukee, it has been the advancement of our entire lithium ecosystem, which includes the technologies for the battery, electronics and motor. How you leverage the development of the entire ecosystem determines how you can change the game. Milwaukee's entire lithium ecosystem is dramatically changing the

Milwaukee's new fluorescent lighting tester (FLT)

game to where we have products that once were hand tools are now power tools and that once were corded tools are now cordless."

New products on the horizon for 2012 include the fluorescent lighting tester discussed earlier, new thermal imaging technology that provides more benefits at a better value price, and a new product line called Fuel that is expected to be a game changing technology in the cordless tool arena.

Milwaukee Tool also continues to expand their M12 system with products such as the revolutionary M12 Cable Cutter in 2012. The growing M12 system now offers over 35 products that can provide powered solutions to once manual tasks in applications from drilling, fastening, cutting and beyond. By saving time, energy and money with fewer tools in a smaller space, the cable cutter is just one example of how Milwaukee Tool is dramatically changing how people look at cordless tools. Richman points out that a new hand tool line and Milwaukee's Shockwave power tool accessories are also examples of how Milwaukee is clearly focused on the IMARK customer.

"Most importantly, our product strategy is driven by core verticals, with a large core vertical being the IMARK end user, and how we deliver productivity and enhanced safety, all while retooling our playbook to allow these wholesalers to make the kind of profit they need and maximize working capital. These new-to-the-world products represent incremental sales and incremental margins to IMARK members. The value proposition is that they'll be able to sell something innovative and disruptive."

Richman envisions a growing partnership between Milwaukee Tool, IMARK and its members, leveraging their promotions and marketing collateral as part of a comprehensive marketing strategy. The Milwaukee Tool leadership team and sales forces is dedicated to this channel of distribution.

"Bottom line, IMARK is our conduit to the market," claims Richman. "There's absolutely no question about that. Many IMARK members are at the forefront of new product introductions, spreading awareness and creating demand for Milwaukee Tool products. Our wish is that the entire IMARK community views Milwaukee Tool as a valuable partner that can help them sell these products specifically designed for their core users."