

Les disparus et les survivants: leçons à tirer

Michael McLarney

Président & Rédacteur en chef du HARDLINES Inc.

Directeur général, NRHA Canada

6^e
CONGRÈS
des
Décideurs

&

75^e assemblée
générale
annuelle

15 et 16 juin 2015,
Auberge Godefroy,
Bécancour



HARDLINES

Canada's Fax Newsletter for the Home Improvement Industry
February 13, 1995

Michael McLarney, Editor

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CASTLE ANNOUNCES DEAL WITH COTTER

The presence of Pro Wylie, Castle Building Centres Inc.'s new general manager, at Cotter's fall '94 show in Winnipeg fit into place last week.

On February 6, Cotter Canada Hardware and Variety Cooperative Inc. announced the formation of a strategic alliance with Castle, the nation-wide lumber and building materials buying group.

The deal allows for all Castle dealers to have access to Cotter's full range of programs, via individual membership under the True Value banner.

Cotter's True Value members can, in turn, have access to Castle's buying strength in lumber and building materials.

The forum for the announcement was a supplier breakfast during the second day of the Canadian Hardware Show. More than 250 people were present, including Dan C.

board," he said.

Dan Cotter, chairman of Cotter and Company in the U.S. was also present. He noted that the Canadian company is actually more sophisticated in terms of technology. Already, 32% of Cotter dealers here are on electronic POS, while 68% of them utilize auto-replenishment.

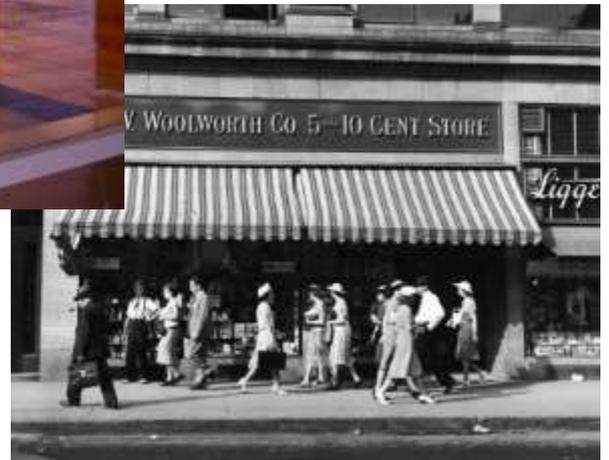
He boasted of Cotter's performance in 1994, citing a total of \$2.6 billion (US) in sales, an increase of 6.5% over the previous year, with a patronage dividend of 11%. A renewed focus on hardlines was the reason, he said, for the recent sale of the V&S Variety business in the U.S.

David Grubbe, who took over Nolasowski's position at the end of 1994, announced the Canadian company's re-

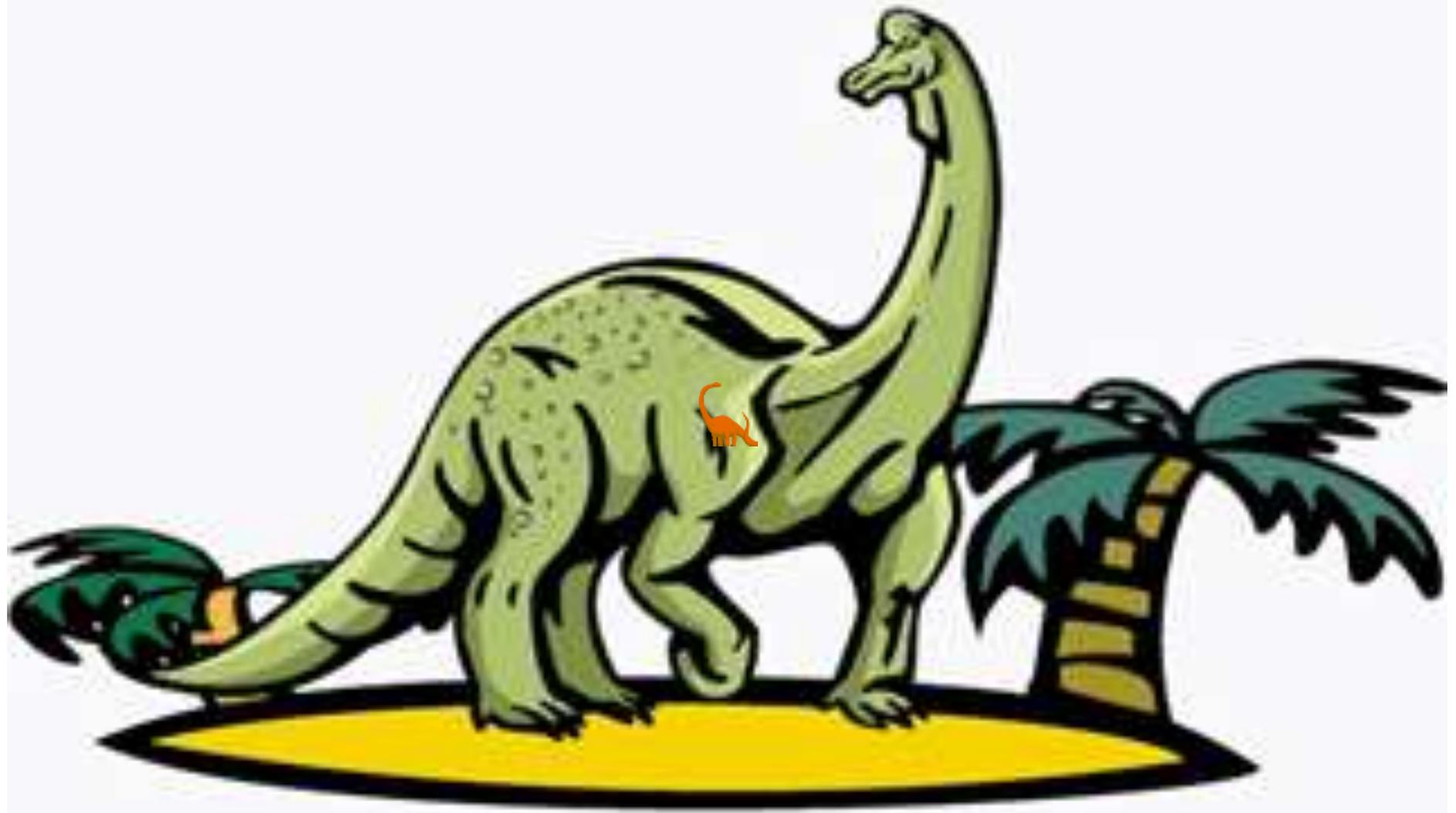
Howden-Sodisco finalizes its ownership structure

Sodisco Howden's executive vice-president Phil Cooke released a press release at the Canadian Hardware Show on February 6, outlining details of the latest developments in the national hardlines distributor's ownership structure.

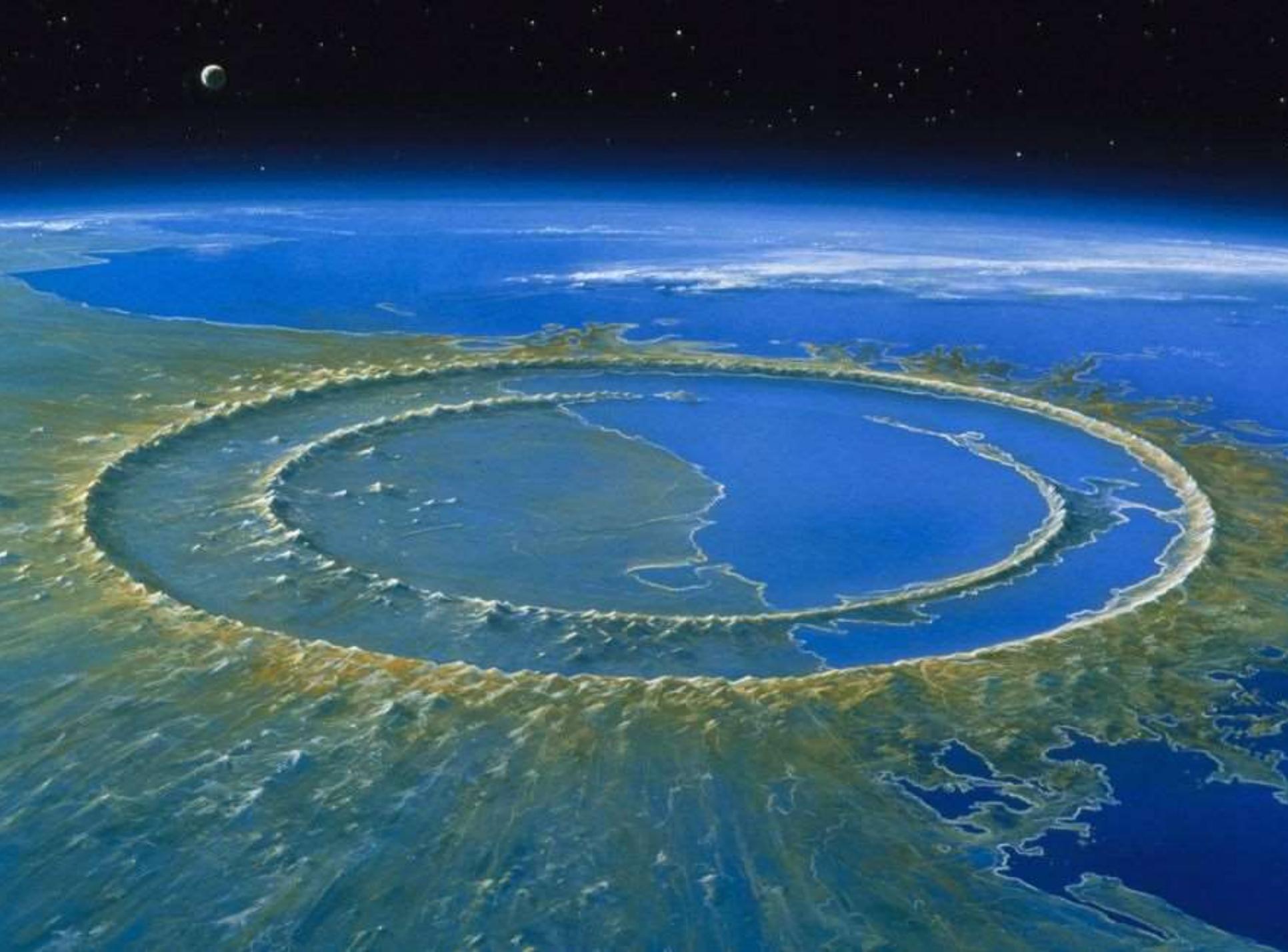
●CAI Capital Corporation and related parties have become a significant shareholder of the company, with approximately 23.6% of the outstanding common shares, following the issue to it of 25 million common shares at a price of \$.40 per share.











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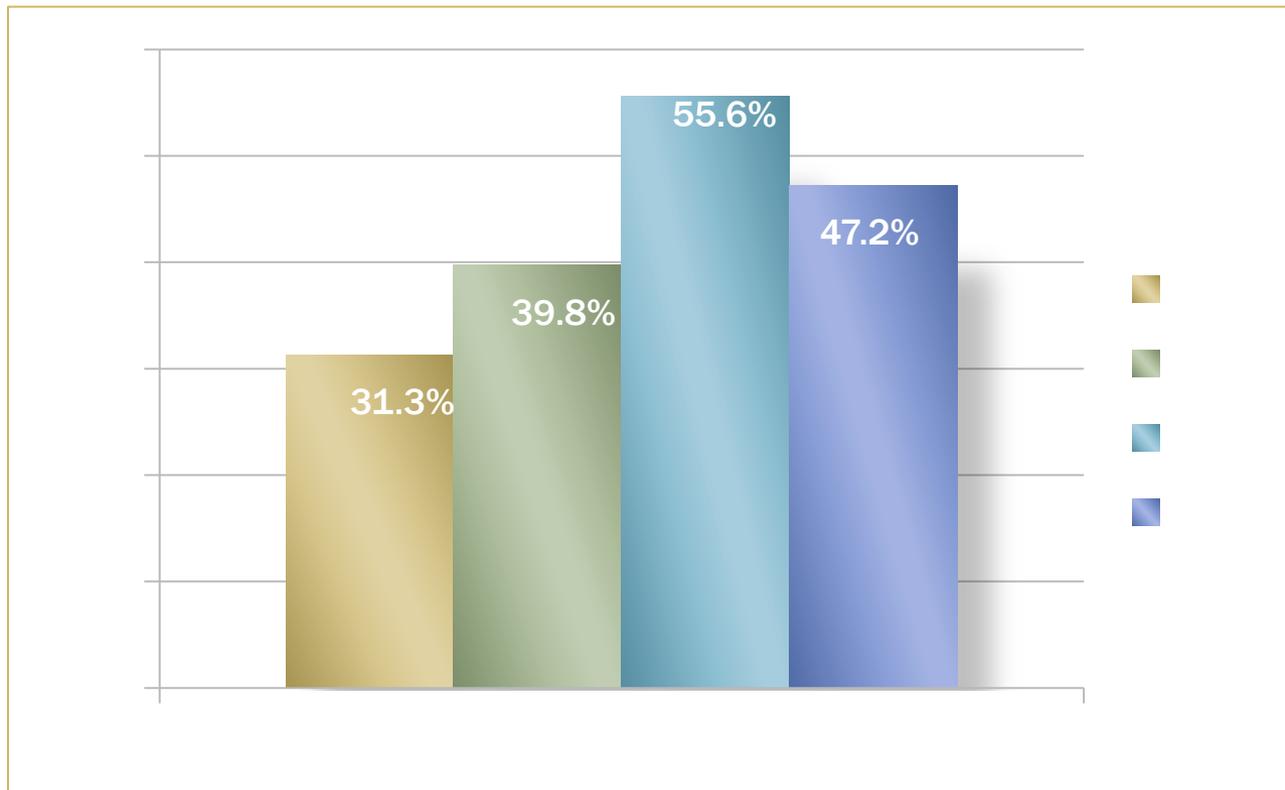


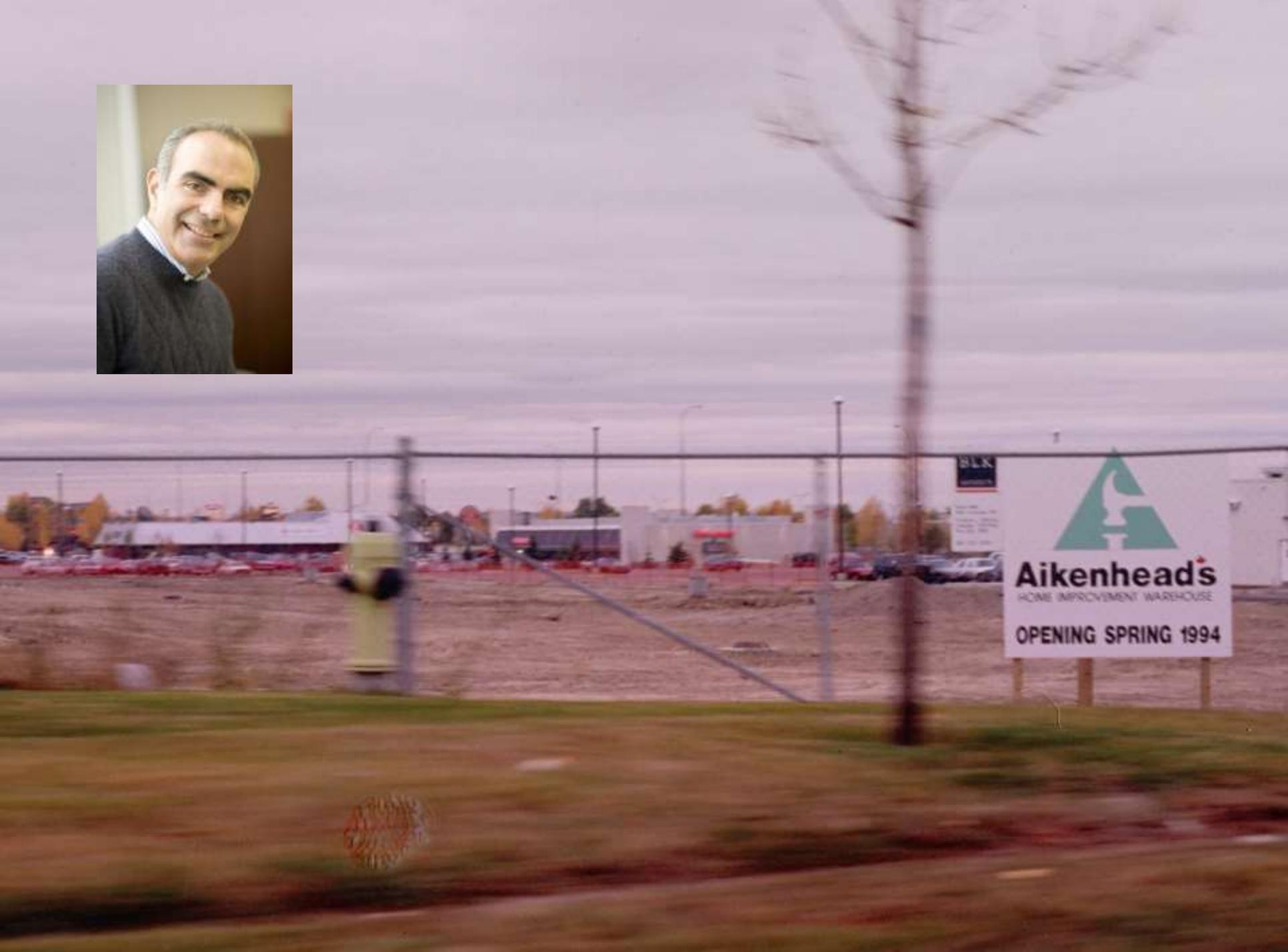
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RÉNO-DÉPÔT

L'ENTREPÔT DE LA RÉNOVATION

ENTRÉE

A photograph of an Eagle Hardware & Garden store at dusk. The building is a single-story structure with a light-colored facade and a dark metal truss roof. The store's name is prominently displayed in large, illuminated letters. In the foreground, several cars are parked in a lot, and a shopping cart is visible. The sky is a deep blue, and the overall scene is lit by the store's exterior lights and the ambient light of twilight.

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RO-NA'S SECOND WAREHOUSE OPENS IN ST-LAURENT, QUÉ.

Québec DIYers, already acquainted with the growing warehouse store scene in the Montréal area, have even more to choose from with the opening of Le Groupe Ro-Na Dismat's second L'entrepôt store in August.

The newest 125,000-square-foot warehouse is located in Saint-Laurent and employs about 300 people.

The store is divided into 11 departments that are designed like individual shops within a huge indoor market. All staff members were trained for their particular departments, and took part in setting them up. L'entrepôt carries a total of 40,000 SKUs, with an additional 25,000 available through special order.

Aisles are a minimum nine feet wide, with 14-foot-

high racking topped by a pallet. Shelves are at eye level. Check-out time at any of the 25 cash stations is reduced thanks to the use of bar-code technology.

Special services include cut shop, computer-aided kitchen design, and guaranteed next-day delivery.

Ro-Na launched its L'entrepôt program in Québec last June with its first store in Laval. The Saint-Laurent store is the first to be operated by Matco-Ravary Inc., a seven-store chain based in St-Basile-le-Grand, Qué., according to a partnership



Two of L'entrepôt's biggest supporters: Robert Dutton, president and CEO of Le Groupe Ro-Na Dismat (l), and Gilles Nolet, president and CEO of Matco-Ravary Inc.



agreement struck with Ro-Na. Gilles Nolet, president and CEO of Matco-Ravary, expects sales at the Saint-Laurent location to exceed \$40 million in its first year of operation.

Of the ten most

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ENTRANCE



Rona achète Réno-Dépôt pour 350 millions de dollars

LAURIER CLOUTIER

Rona a annoncé hier l'achat de Réno-Dépôt au prix de 350 millions de dollars, payés comptant au leader européen Kingfisher, de Londres. Cette acquisition était attendue par plusieurs spécialistes, mais la rapidité de sa conclusion a tout de même provoqué de la surprise.

Le président de Rona, Robert Dutton, a assuré en conférence de presse que les 4300 employés permanents de Réno-Dépôt garderont leur emploi et qu'aucun des 20 centres de rénovation de l'ex-concurrent ne sera fermé. D'ici la signature officielle de la transaction, à la fin de l'été, les deux compagnies seront en outre exploitées de façon indépendante et les clients ne verront aucun changement.

Une entente de principe a été

Le président de Réno-Dépôt, Sylvain Toutant, confirme que le président du conseil, Pierre Michaud, et lui-même n'ont finalement pas présenté d'offre pour racheter la compagnie. La direction de Réno-Dépôt a plutôt recommandé à Kingfisher d'accepter l'offre de Rona, tout en lui manifestant son intérêt si jamais les négociations devaient échouer, a déclaré Sylvain Toutant à *La Presse Affaires*.

En conférence de presse, un peu plus tôt, M. Toutant avait cependant déclaré que « Kingfisher a accepté la meilleure offre » et que les acheteurs potentiels n'ont pas manqué. Kingfisher a reçu de nombreux appels, a assuré M. Toutant.

Robert Dutton croit par contre que Lowe's, le principal concurrent américain de Home Depot, n'était pas sur les rangs. Selon lui, « plus de la moitié des nouveaux actionnaires de Rona sont des institutions américaines », arrivées à la fin de

2002 dans le cadre du premier appel public à l'épargne du groupe de quincailliers.

Home Depot, elle préfère d'habitude construire ses magasins.

Les analystes avaient prévu un prix d'achat de 400 à 500 millions, tandis que Rona versera 257 millions pour le fonds de commerce et 93 millions pour des immeubles que possède Réno-Dépôt. Rona, qui ne veut pas se lancer dans la gestion immobilière, revendra les édifices mais gardera ouverts les huit magasins qui s'y trouvent. La revente de ces immeubles baissera, en fait, le prix d'achat. Rona évalue en outre les synergies à un minimum de 35 millions. Le prix d'achat aurait pu s'élever jusqu'à 10 fois les profits de Réno-Dépôt, selon des analystes, mais Rona a conclu l'entente avec Kingfisher à l'équivalent de 6,1 fois les profits.

Le prix d'achat de 350 millions équivaut en outre à 5,3 fois le BAIIA corrigé (bénéfices avant impôts, intérêts, et amortissement), quand les huit immeubles de 93 millions auront été revendus, déclare Claude Guévin, premier vice-



Photo ROBERT NADON, La Presse

Robert Dutton et Sylvain Toutant, respectivement président et chef de la direction de Rona et Réno-Dépôt.

MISCHIEF Cops 'book' man near library

An extremely intoxicated man was found near the Barrie Public Library yesterday afternoon. The suspect was examined and cleared by medical staff at Royal Victoria Hospital. He was taken to police headquarters to sober up and has been charged with being drunk in a public place.

THEFT Chevy stolen from residence

INNISFIL — South Simcoe police are investigating the theft of a vehicle from a Beach Avenue address. A man returned home from a weekend at his cottage to find his vehicle gone. The stolen vehicle is a 2002 black four-door Chevrolet Cavalier, with a missing hubcap on the driver's side. It was taken sometime between July 27 to July 30.

ACCIDENT Wasaga cyclist crushed by truck

GA BEACH — A woman

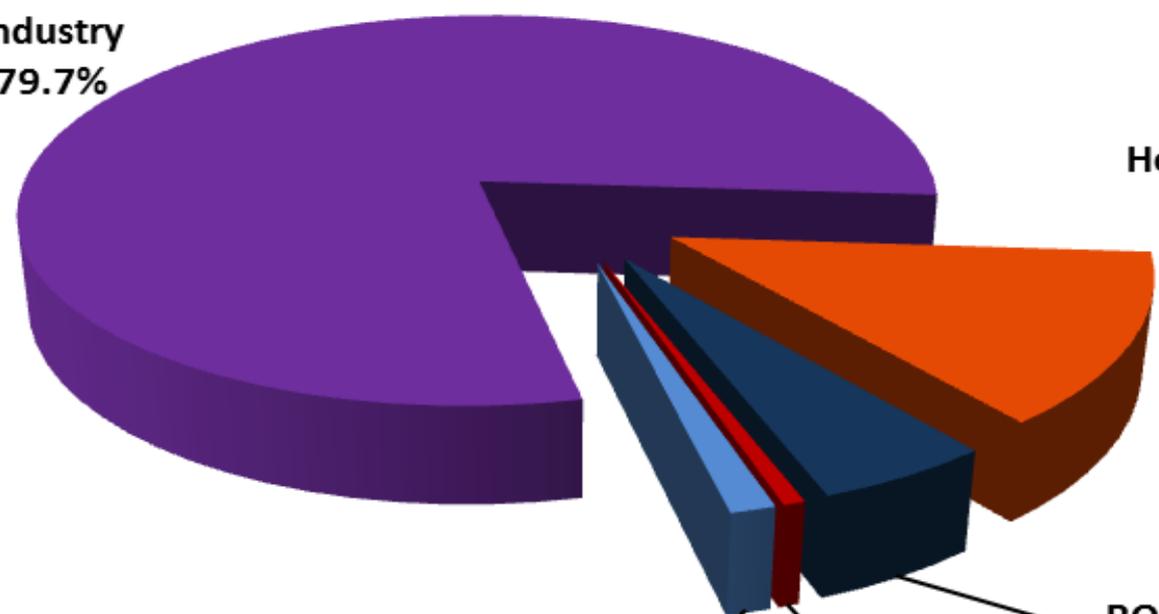
Research is key, say local experts when it comes to picking just the right air conditioning system for your home. Find out more by picking up Friday's Examiner.

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Lowe's Canada
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RONIA

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McDiarmid Lumber in Winnipeg

Putting the money on DIY

BY MICHAEL McLARNEY

The DIY market is something that got me into this business," says Tom Matthews, of McDiarmid Lumber in Winnipeg. "Whether the economy is good or bad, people will want to fix up their homes." Following that axiom, he went on to establish a chain of outlets that serves the city of Winnipeg from all points of the compass.

McDiarmid Lumber was started in 1977, when Charles McDiarmid formed McDiarmid Bros. Ltd., with his brother. Some years later, Charles bought out his brother's interest (J.S. went on to become lieutenant-governor of Manitoba), and changed the name to McDiarmid Lumber Ltd.

Before Tom Matthews got involved with the store as an owner, he was actively involved in it as a customer. McDiarmid Lumber was a contractor-oriented lumber store where 99 percent of the business was done with professionals. Matthews and his father had a contracting business that specialized in light commercial and warehouse construction. He became good friends with the owner and his son, Allister. After the elder McDiarmid died in January 1969, Matthews purchased half-interest with Allister in McDiarmid Lumber. In 1975, when Allister decided to take an early retirement, Matthews purchased the remaining shares in the company.



Tom Matthews, president of McDiarmid Lumber Ltd.



needs of the serious amateur. "I decided there must be a hell of a future in this home centre business," he says.

The store was refitted to accommodate a growing DIY market. "With a home centre, we are in a position to help the people do the work for themselves, and we are not subjected to slumps which occur when the economy is down," he says. "When times are hard, people are even more dependent on a home centre, because they have to repair and maintain the basics." His hunch certainly paid off. Today, less than 20 percent of McDiarmid's volume is on credit, and even less than that is with the contractor.

On September 30, 1970, the newly refurbished store was officially opened. At the time, it had 7,000 square feet of retail sales area. Even as the store was changing, Matthews was aware of changes in the marketplace. Line companies such as Rev-elstoke and Beaver were taking a larger share of the market, and independents were either being bought up or forced out of business. As one of these independents, Matthews felt he needed the expertise and purchasing power of a buying group. He joined Tim-BR-Marts Ltd. in Winnipeg, as one of its 16 charter shareholders. Today Matthews is one of the directors of Tim-BR-Marts Ltd.



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Jean-Guy Dugas is executive vice-president and general manager of Goineau-Bousquet.

and stock. It employs 110 people, compared with 150 at the other store, where a number of staff work in head office doing payroll, advertising, etc. Dugas says the Laurentian store did \$22 million in sales last year. With the estimated \$12 million generated by the Curé Labelle location, total sales for Goineau-Bousquet in 1988 are expected to reach more than \$34 million.

Dugas says that they learned a lot of lessons from the first store when building the new one. For example, the black ceiling that looms over the customer's head on Laurentian has been supplanted at the new store by a blue-green shade called Pacific aquamarine. In fact, this color is evident throughout the store and in the signage; it is part of the store colors chosen specifically to identify Goineau-Bousquet.

The layout is more planned out as well: high ceilings and low fixtures—no shelving is over five feet high. Dugas wants to

But Dugas points out that when the store is busy this space is essential to accommodate the high volume of traffic at point-of-sale. "We have enough space [in the rest of the store] to do lots of merchandising," Dugas says. "For example, we have 24 feet alone of Gardena products in lawn and garden. That's more than even the department stores."

There is also room to warehouse all

high level of illumination—always a challenge for most stores—has been achieved by outfitting the roof with transparent plastic panes, which comprise about 35 percent of the ceiling area. Besides that, the area is clean. "We work very hard at that—to keep it clean," says Dugas.

Services for the customer include wood cutting at no charge, or for a small charge depending on the quantity.





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(C) "ON TOUR" poster - 100% cotton, black with gold KISS logo and city skyline. Each color. Adult size. \$10.00 each.



(D) "Rock and Roll Over" poster - 100% cotton, black with gold KISS logo and band members. Each color. Adult size. \$10.00 each.



(E) "Rock and Roll Over" button - 100% cotton, black with gold KISS logo and band members. Each color. Adult size. \$10.00 each.



(F) "Rock and Roll Over" hat - 100% cotton, black with gold KISS logo and band members. Each color. Adult size. \$10.00 each.



(G) "KISS" hat - 100% cotton, black with gold KISS logo. Each color. Adult size. \$10.00 each.

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(A) KISS "ON TOUR" T-shirt \$10.00
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 (D) KISS "Rock and Roll Over" poster \$10.00
 (E) KISS "Rock and Roll Over" button \$10.00
 (F) KISS "Rock and Roll Over" hat \$10.00
 (G) KISS "KISS" hat \$10.00





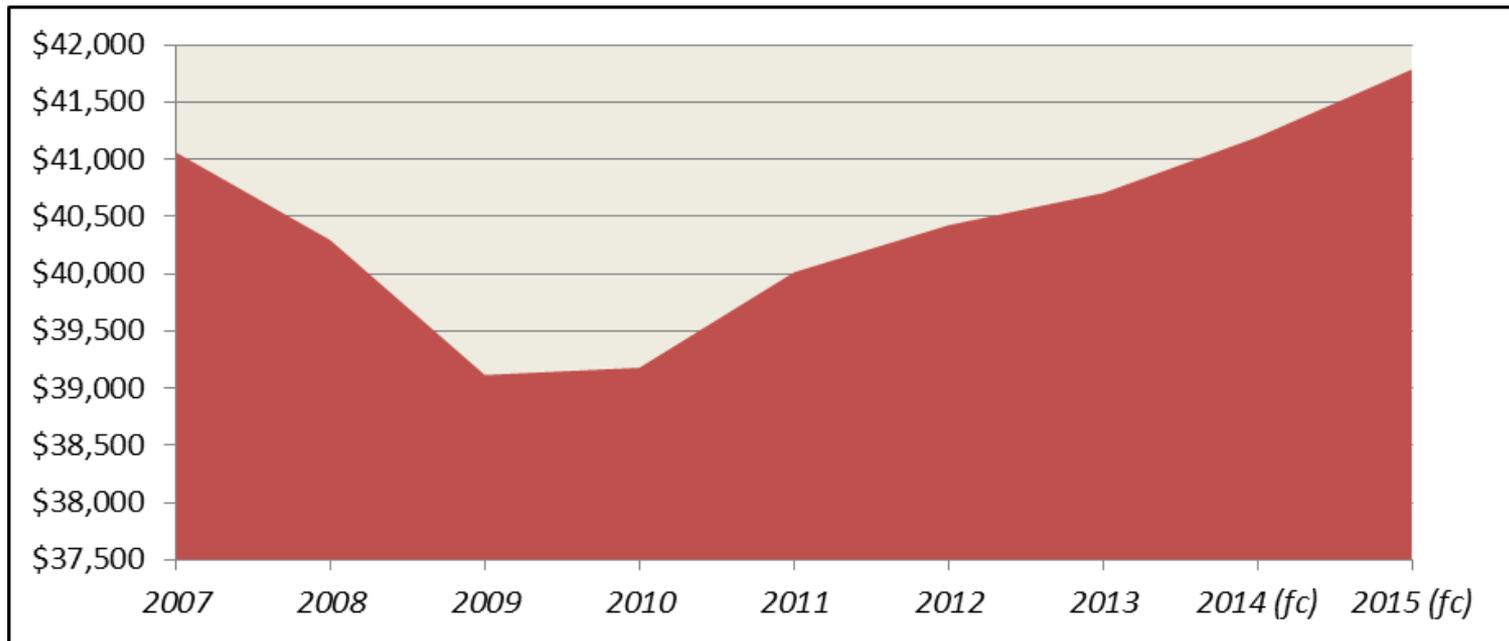
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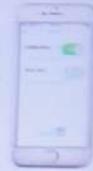
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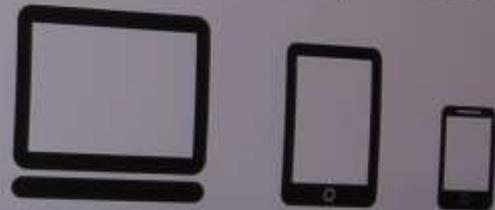




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