

HARDLINES **20** YEARS

H1Q

HOME IMPROVEMENT QUARTERLY

SECOND QUARTER / 2015

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- La Coop buys BMR. What's next?
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SECOND QUARTER / 2015 • VOLUME 5, NO. 2

528 Queen Street East, Toronto, ON M5A 1V2 • 416-489-3396

EDITOR & PRESIDENT

Michael McLarney, mike@hardlines.ca

PUBLISHER

Beverly Allen, bev@hardlines.ca

ASSISTANT EDITOR

Sigrid Forberg

ACCOUNT AND PRODUCTION MANAGER

Katherine Yager, kate@hardlines.ca

CONTRIBUTING WRITERS

John Caulfield, Geoffrey McLarney,
Terrance Stack, Thomas Stack,
Anthony Stokan, Bill Wilson

ACCOUNTING

Margaret Wulff, margaret@hardlines.ca

ART DIRECTION

Shawn Samson, TwoCreative.ca

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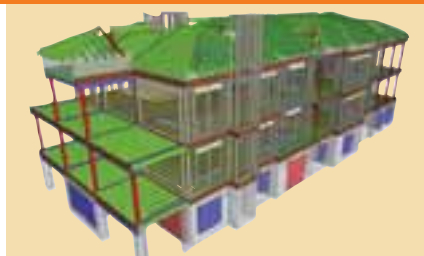
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Pat Mauro
Capreol, ON



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COVER STORY

22 DO CUSTOMERS CARE WHERE PRODUCTS COME FROM?

For some domestic suppliers, any marketing advantage is purely logistical, while others make it a central tenet of their brand's positioning.

VOLUME 5, NO. 2

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HOME IMPROVEMENT QUARTERLY

YOUNG LEADERS PANEL

LEARNING TO LEAD

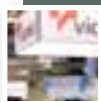
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Superior Plus refocuses on construction products business



WRLA show has strong start at new venue in Calgary



Quebec soirée honours gala winners



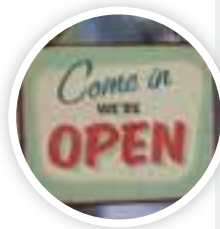
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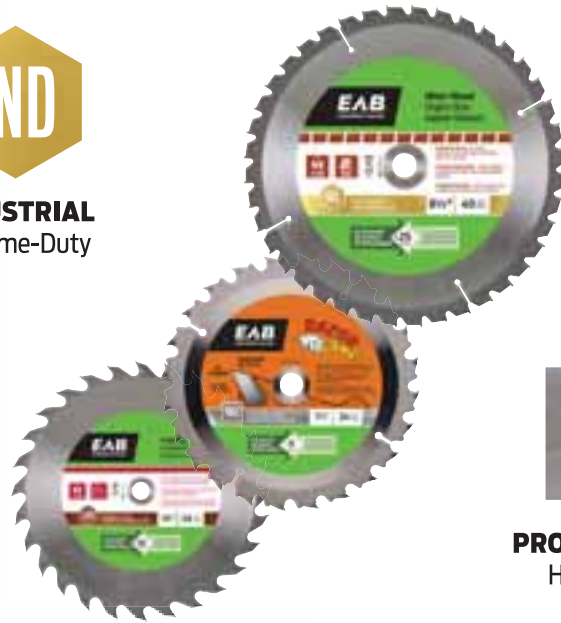
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ARE THINGS GETTING BETTER, FINALLY?

**Know your local market to stay competitive today.
Understand the larger retail issues to stay competitive tomorrow.**

MICHAEL McLARNEY, EDITOR

The industry has entered 2015 with no shortage of challenges. A late spring (again!) has been compounded by a falling dollar and falling oil prices, and dealers are watching prices rise and spending power shrink.

However, innovation abounds in this industry. Did you know, for example, that some Home Depot stores are displaying lawn and garden products this spring that can only be bought online? Or that RONA is re-opening stores it closed more than a year ago, modelling them after the successful low-cost, contractor-targeted prototype

aware of these changes will help you respond better to the competitive issues facing your business. Change, innovation, new ideas. It's the very stuff that we've been reporting on since HARDLINES began in 1995.

We are almost mid-way through our 20th anniversary year, a time for celebration—but also for reflection. As the only home improvement news organization left in the country that can boast a legacy of 20 years in existence, we must always look ahead. What are the challenges and opportunities that face dealers in the coming months and years?

“These kinds of changes keep this industry fresh, vital, and competitive. And being aware of these changes will help you respond better to the competitive issues facing your business.”

that's been developed for its Réno-Dépôt stores in Quebec? Or the fact that Home Hardware is looking at ways to develop more loyalty among its members for existing store programs? How about the fact that Castle has gone from one dealer in Quebec to more than 30 in the space of just six years?

These kinds of changes keep this industry fresh, vital, and competitive. And being


To help you understand those challenges and opportunities, we continue to do our Business Conditions Survey each quarter. Please take the time to fill out the survey online. The results help all of us understand where the industry is going.

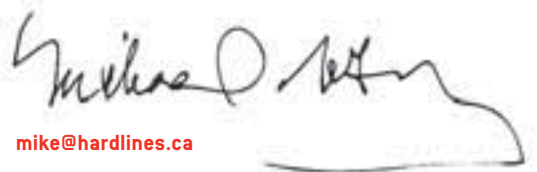
Starting this issue, we are expanding our geographic reach (check out our “Regional Roundup,” which takes the pulse across

the country, courtesy of the heads of each regional LBM association). And we always dig deep tell the stories of successful dealers in this industry.

Keeping you informed on the latest news is our job. That's why we generate 400 percent more traffic to our website than any other Canadian online home improvement news provider. I encourage you, as leading edge dealers, to stay connected to the big picture of what is changing in retail by checking in with us every week through our sister publication, the weekly HARDLINES e-newsletter, and on a daily basis with our free Daily News Updates.

The lightning pace of change and information may have made our job even more challenging, but it's all so we can make your job easier.

In closing: Nominations are now open for the 2015 Outstanding Retailer Awards. Why not enter your store? Check out www.outstandingretailerawards.ca for full details on this year's ORA Awards Contest. 


mike@hardlines.ca

QUARTERLY BUSINESS CONDITIONS

FOURTH QUARTER 2014

The decreasing price of oil, the exchange rate with the United States and a recently lowered interest rate from the Bank of Canada are all impacting sales forecasts for 2015.

However, despite the economic environment of slow and steady growth, vendors are extremely optimistic about 2015 with more than 80 percent expecting sales increases. Retailers are more reserved with their estimates for 2015 growth with

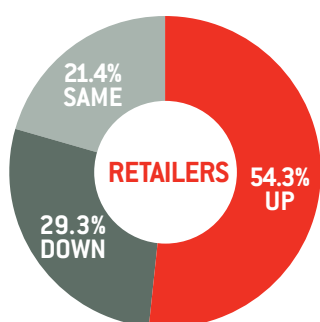
just more than half estimating 2015 to be a strong growth year. However, when looking at the remaining retailers, around a quarter are expecting no sales increases in the next 12 months.

Going into 2015, we asked retailers and vendors what their companies are going to do to achieve growth this year. Retailers answered that they plan to use social media as a marketing tool, better train staff, and offer new products/services—in that order.

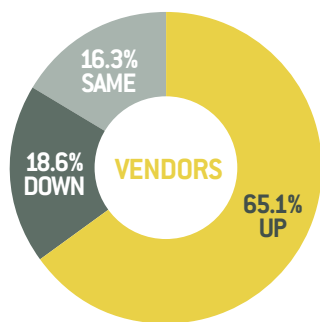
Vendors are expecting to use the same three tools, but with more of an emphasis on offering new products/services, followed by using social media, and thirdly, better training staff.

The top issues for retailers are staffing, increased competition, and customer retention. Whereas vendors are concerned about the exchange rate with the U.S. dollar, higher raw material/shipping costs, and increased retailer demands.

How did your business compare with the same time last year?

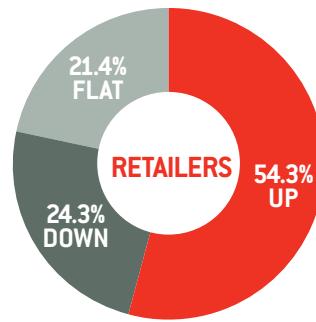


Year-over-year, the percentage of retailers experiencing better sales than last year is up almost eight percentage points from Q4 2013, when 46.3 percent of retailers reported increased sales.

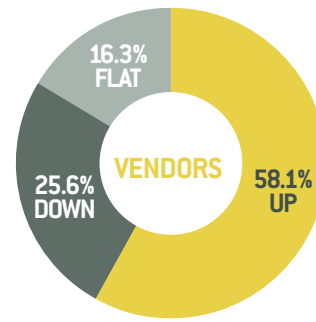


The percentage of vendors experiencing better sales than last year is up 12 percentage points from Q4 2013, when 53.7 percent of vendors reported increased sales.

In 2014, how did your business compare with 2013?

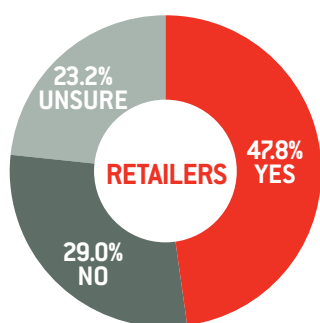


Retailers experienced a stable year, with many seeing sales increases. This is in line with answers from last year, demonstrating the economy is stable, but not growing quickly.

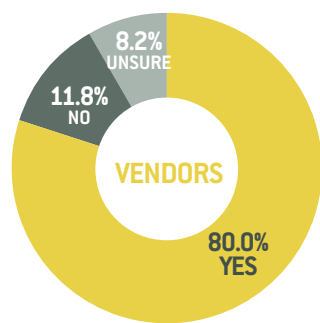


Vendors overall experienced a stable year with all responses within two percent of 2013. Looking back, vendors have seen steady sales for the last two years with slow growth.

Do you expect your sales to increase over the next six months?

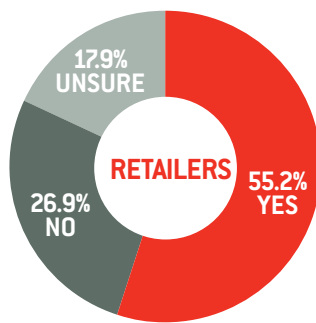


Looking back, the percentage of retailers expecting sales to increase in the next six months is down drastically from 68.4 percent in Q4 2013, revealing uncertainty about the first half of 2015.

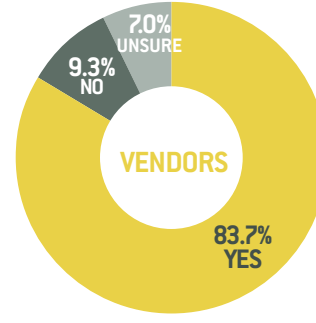


Year-over-year, the percentage of vendors expecting no sales increases in the next six months has decreased by half from 23.5 percent in Q4 2013. The majority of vendors are optimistic about the next six months, up from 65.4 percent a year ago.

Do you expect your sales to increase over the next 12 months?



Retailers' outlook for sales in 2015 isn't optimistic; the percentage of retailers expecting increased sales decreased 20 percent from a year ago. In Q4 2013, 66.3 percent of retailers were expecting sales increases throughout the year.



Year-over-year, the percentage of vendors predicting increased sales is up from 78 percent in Q4 2013. More than 80 percent of vendors expect sales increases in the next 12 months.

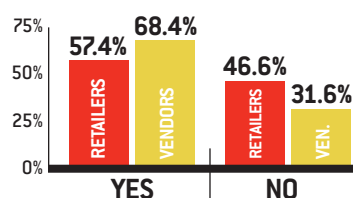
RETAILERS:**Top issues in fourth quarter**

1.	Staffing
2.	Increased Competition
3.	Customer Retention
4.	Decreasing Margins
5.	Training
6.	Adding New Services
7.	Exchange Rate with U.S. dollar
8.	Expanding Products
9.	Succession
10.	E-commerce Challenges

VENDORS:**Top issues in fourth quarter**

1.	Exchange Rate with U.S. dollar
2.	Higher Raw Material/Shipping Costs
3.	Increased Retailer Demands
4.	Retail Consolidation
5.	Housing Market
6.	Competition from Asian Sourcing
7.	In-store Merchandising and Replenishment
8.	E-commerce Challenges
9.	Increased Presence of U.S. Retailers
10.	Cross-border Shopping

Source: HARDLINES Quarterly Business Conditions Survey

Did you offer new products/services in Q4 to better compete?

Year-over-year, the percentage of **retailers** offering new products and/or services to better compete is slightly down from 61.3 percent in Q4 2013.

Vendors offering new products/services is up almost 10 percentage points from 58.7 percent increasing their offerings in Q4 2013. With so many vendors offering new products and/or services in late 2014, it's no wonder vendors are expecting strong growth in 2015.

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OFFICIAL PARTNER



Dealers and suppliers alike gathered for Sexton's 30th anniversary celebration (below), as Joe Collerone, director of marketing (right), played host to the evening's events.



SEXTON GROUP CELEBRATES 30TH ANNIVERSARY

Sexton Group kicked off its 30th anniversary at the WRLA Buying Show with a reception in Calgary, Alta., before the opening night of the show. In a room filled with Sexton management, dealers, and suppliers, Sexton president Steve Buckle spoke about the longevity of

the group. "It's been a great model and we haven't changed it. There's a group of dealers that this really works for."

He also paid tribute to the late Bob Mondy, general manager of the group from its inception in 1985 until 2008, when Buckle took over. Mondy continued to work

with the company until 2010. "He had a real connection and a real vision," said Buckle.

Buckle later shared some insights into how the company has endured. It was founded by Ken Sexton, who himself was a dealer, with the Kenroc chain of stores. "Sexton understands from the get-go what it takes to be a building supply dealer because he did it for many years—and also gypsum specialty distributing, because he did that for many, many years. So the roots of the company are in the hands of entrepreneurs." He adds that resonates with his members, who themselves are "hands-on entrepreneurs."

SUPERIOR PLUS REFOCUSSES ON CONSTRUCTION PRODUCTS BUSINESS

Energy and chemicals giant Superior Plus has had its Construction Products Distribution division under close scrutiny over the past couple of years. That business, which includes outlets operating under the Winroc banner in Canada, with Allroc as its buying group, and a commercial and industrial insulation distribution business in the U.S. called Specialty

Products & Insulation (SPI), has made some big changes in its structure.

Michael Farrell is the new president of CPD, replacing Paul Vanderberg, who has left the company to pursue other interests. Most significantly, Farrell will be located in Dallas, Tex., whereas Vanderberg had previously run the CPD business from Calgary, Alta.

CASTLE'S KEN JENKINS: DEALERS WELL-POSITIONED AS OIL, DOLLAR FALL

Lowering oil prices and a falling dollar threaten to make the rest of the year a challenging one for the retail home improvement industry, but one retail leader believes that independent dealers are well-suited to cope with what might be a rocky ride ahead.

Ken Jenkins, president of Castle Building Centres Group, has confidence in the resilience of independents.

"Dealers don't overreact when conditions change," he said. "They understand there are going to be cycles and they prepare well for those cycles. They don't over-expand during good times and they contract well when times get lean." This kind of flexibility gives them an advantage over the larger chains and big box retailers, he added.

Jenkins expects that the upside of the falling Canadian dollar will give manufacturers, especially in Central Canada, an advantage, while Canadian tourist dollars could stay here at home, boosting renovation spending.

"I honestly believe the oil issue will be a relatively short-term dynamic, but that being said, independents are,



Ken Jenkins, president of Castle Building Centres Group, says dealers understand there are going to be cycles and they prepare well for those cycles.

I think, very well-positioned to deal with the challenges of fluctuating market conditions."

BRIEFLY

RONA TAKES OVER MILLWORK STORES IN ONTARIO

RONA inc. has taken over the assets of Millwork & Building Supplies Limited. RONA will continue to operate Millwork's stores in Oshawa, Ajax, and Peterborough, along with its truss plant in Bowmanville, Ont. Millwork joined RONA as an affiliate dealer in 2012.

CANAC CONTINUES QUEBEC EXPANSION

Canac is building a new outlet in Drummondville, Que. The company has reportedly acquired 650,000 square feet of land in an industrial park there. The new facility will be built at a cost of \$4.5 million and create 70 new jobs. Canac has been building, on average, one new store per year over the past decade.

NEW PRIVATE LABELS FOR CANADIAN TIRE

Canadian Tire is launching a line of cleaning products and consumables this spring. The "Frank" line picks up on the success of the kinds of endcap products, such as household cleaners, that have become staples for Canadian Tire shoppers in recent years. The line includes spray cleaners and paper products, including paper towels. The retailer plans to expand the Frank brand into other categories as well, such as coffee pods and filters.

Plagued first by a weak housing market in the U.S. and then a slow recovery and pressure on margins in Canada, Superior did an evaluation of the CPD business over the last year. During that time, Allroc left the umbrella buying group Byco only six months after the group was formed in late 2012.

Superior next tried to sell the division, but

a deal fell through at the eleventh hour, and Superior has re-committed to building the business. The entire division, in both the U.S. and Canada, is investing in systems and infrastructure, including the formation of a new team and the move to the Dallas office.

According to Luc Desjardins, president and CEO of Superior Plus, growth in Canada is

getting better, but not quickly enough. He also cites the closing of a "major competitor in the B.C. region" that's giving us a positive lift on the West part of Canada."

Overall, however, he says Canada "has been flat and not extremely good for us for the last few years," but is "showing a positive trend for 2015."

WRLA SHOW HAS STRONG START AT NEW VENUE IN CALGARY

Dealers from Western Canada, along with vendors from across the country, headed to Calgary, Alta., in January for this year's trade show by the Western Retail Lumber Association. The show has a new name this year, as the Prairie Showcase moniker is replaced with the more inclusive "WRLA Buying Show."

But more significantly, the show's new location at the BMO Centre in Calgary's Stampede Park, after years in Saskatoon, Sask., marks an attempt to draw a wider range of dealers, while settling in a city that can accommodate the show's expanding attendance by both dealers and exhibitors.

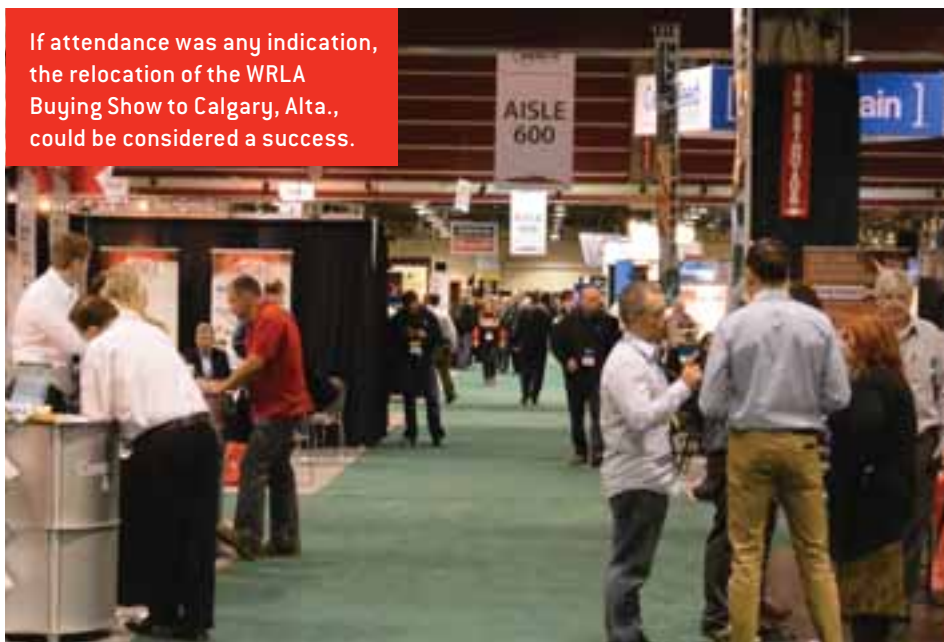
And if attendance was any indication, the relocation of the show could be considered a success. With more than 270 exhibitors on hand, the event managed to draw at least as many dealers as last year, although attendance from Saskatchewan fell even as dealer representation from Alberta and British Columbia was up.

The show was preceded by a number of dealer meetings by buying groups including Castle, TIM-BR MART Group, Windsor Plywood, and Sexton Group. (Sexton also sponsored the show's closing night party featuring country star Paul Brandt.)

In the evening, the show kicked off officially with a meet-and-greet at the Hyatt Regency, sponsored again this year by Castle.

Traffic was generally brisk on day one of the show, and even though day two was slower—typical of any trade show—yellow dealer badges still abounded throughout the hall. Most of the exhibitors HARDLINES spoke with expressed satisfaction—and some relief—that attendance by dealers was strong enough to justify their investment in

If attendance was any indication, the relocation of the WRLA Buying Show to Calgary, Alta., could be considered a success.



the new location. Again, as with any show, there were disgruntled detractors, but even Saskatoon-based vendors expressed satisfaction in the move.

Certainly, some were concerned about the higher costs attached to the show, such as for lunches and parking, further exacerbated by the overall higher

costs of doing business in Calgary versus Saskatoon, including more expensive hotels. However, these negatives were offset by the ease of getting around the city, the efficiency of move-in and move-out of the show itself, and the unseasonably warm weather, which saw temperatures in the high single digits.

QUEBEC SOIRÉE HONOURS GALA WINNERS

Retailers and suppliers from across the Quebec home improvement industry gathered in Quebec City on January 24 for a “Gala Reconnaissance” awards soirée at the Chateau Frontenac.

The event was hosted by the Quebec industry association AQMAT and overseen by Richard Darveau, president and CEO of AQMAT; the evening also marked

the 75th anniversary of the association.

“The Gala Reconnaissance is a testament to the dynamism and leadership that characterize our association,” said Guillaume Saillant, president of the board of AQMAT and director of sales for JRTech Solutions. “The whole process leading to this event reflects our values of fairness and transparency to all our members,” he added.



Eight manufacturers and eight retailers were awarded at the third annual Gala Reconnaissance by AQMAT: Groupe Isofoam; Duchesne & Fils; Marcil Centre de rénovation; Home Hardware Quincaillerie-Pierre Machabée; Groupe Matériaux Godin-Castle; Drakkar International; Quincaillerie Mélys-TIMBER MART; Metrie; Produits forestiers Ampro-Mur Design; A. Richard Tools; King Materials; Matériaux Lavoie-TIMBER MART; Émile Bilodeau & Fils-TIMBER MART; BMR Dionne & Fils; and Polyform. Missing: Quincaillerie A. Pouliot-TIMBER MART.



BRIEFLY

SEXTON ADDS MEMBER

Sexton Group has added a new member company, Champion Canada International. It's also going to be one of the group's largest purchasing members. “Champion Canada is the largest manufacturer of modular homes in Canada,” says Sexton president Steve Buckle. “They operate five plants in Canada and it's these five plants that are joining the group.” Champion entered Canada through the acquisition of two existing modular home builders in this country: SRI Homes and Moduline Industries.

HOME HARDWARE NAMED MOST ADMIRIED

Home Hardware Stores Ltd. has been named one of Canada's 10 Most Admired Corporate Cultures, in the 10th anniversary of the accolade. The award was created by executive search firm Waterstone Human Capital to distinguish great workplaces where culture impacts performance. The winning organizations are selected by a panel of experts based on six measurement criteria: vision and leadership; recruitment and hiring for fit; cultural alignment and measurement; retention, rewards and recognition; organizational performance; and corporate social responsibility.

NORBORD AND AINSWORTH MERGE

Norbord Inc. and Ainsworth Lumber Co. Ltd. have announced a merger that will create one giant OSB maker with presence in North America, Europe, and Asia. Under the terms of the agreement, Norbord will acquire all of the outstanding common shares of Ainsworth in a transaction valued at \$762.6 million.

TORBSA GETS SERIOUS ABOUT GROWTH

After years as a regional buying group, TORBSA is getting more aggressive about recruitment. That includes exhibiting at trade shows and the hiring of Bob Hill, whose background includes RONA and Beaver Lumber, as business development manager to handle dealer recruitment.

Bob Holmes, general manager of TORBSA, explains why the group is emerging as a good alternative for independent dealers considering a new option. “We bring to the table the fact that we’re a low-cost group. We have five people that work in our organization.” He says the group strives to develop a culture of strong communication and involvement, not just between head office and the members, but among the members themselves.

He also notes that TORBSA doesn’t promote a national banner, leaving that branding up to the members. “They’ve been successful in their markets since their



Bob Hill (left), who has been hired to increase TORBSA's membership, is working with general manager Bob Holmes to meet with dealers at regional trade shows.

inception and there’s no reason why that should change.” Instead, the group looks for ways to help them operate more successfully and share best practices.

After being centered mainly in Ontario, the group is starting to spread its reach. Its newest member is Crown Building Supplies in Surrey, B.C. What was the attraction for a dealer located so far from TORBSA’s head office in Bolton, Ont.? “What drew him,” says Holmes, “is that we allow him to be an

independent and to have the ability to buy from whomever he wishes.” Not only that, but dealers who feel that other banners or buying groups are already well represented in their markets have the opportunity to differentiate themselves.

While TORBSA’s membership consists mainly of commercial dealers, the group’s ranks are more diversified than that, Holmes adds. “We can answer the needs of any dealer.”

ATLANTIC SHOW FACES BAD WEATHER, AND A SAD MOMENT

Legendary rock band Foreigner headlined the Gala Dinner at the Atlantic Building Materials Show in Moncton, N.B., earlier this year. The evening brought together an estimated 900 people despite the storms ravaging the Maritimes and causing concerns about attendance at the show itself.

The event, held by the Atlantic Building Supply Dealers Association, also paid tribute to Don Sherwood, former president of the

ABSDA, who died suddenly in December. Sherwood, who began transitioning into retirement last summer, was to have enjoyed a send-off at this show; instead, the industry held a sombre memorial.

Day one of the event had a fairly strong showing of dealers, though some dealers who would have otherwise driven in were thwarted by bad weather conditions, following a dump of more than 100

centimetres of snow on the city in the week running up to the show. On day two, attendance fell dramatically. The number of exhibitors also appeared to be down, judging by the empty spaces on the show floor.

Despite the challenges posed by weather and industry consolidation, the event still offered a chance for dealers and suppliers to meet face to face, celebrate, and reflect.



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ProductSPOTLIGHT

BY GEOFFREY McLARNEY

A new line of snow throwers from Husqvarna ▶

Husqvarna has released a new line of snow throwers to make snow removal on driveways, sidewalks, and parking lots easier. The nine models in the ST 100-, 200-, and 300-series each include a Husqvarna engine specifically designed for cold weather endurance. The 100-series is designed for occasional removal of new snow in small spaces. The medium-duty 200-series works on old and new snow in large driveways and paths, while the 300-series is geared toward large areas in all snow conditions. The engine uses a quiet muffler system, manual idle-down throttle, oversized recoil handle to fit winter gloves, and other features designed to maximize comfort and performance. A five-year engine warranty and five-year start guarantee are included.

husqvarna.com/ca



◀ Blanco's unique single-bowl sink design

From Blanco's Precis collection comes the Silgranit kitchen sink with drainboard. Its single-bowl design is suitable for small kitchens and incorporates a drainer board with an undulating modern design. The board is extended to the stainless steel grid tray that fits over the sink's drainboard and can slide inside the sink as the drainboard extension. The grid tray is included with the sink purchase; it can hold hot pots, pans, and dishes not only on the sink surface but also on the kitchen counter, and even function as a trivet on a dining table.

www.blancocanada.com

Multy eco-friendly planter ▶

This outdoor planter is part of Multy Home's new line of garden furnishings. It's made from recycled tire rubber for anyone trying to create an ecologically friendly patio or backyard. With a 365-day no-crack guarantee, they can be used all through the winter. The planter even features a built-in reservoir, which allows for self-watering, ensuring that plants are watered regularly and not over-watered. The European-inspired design comes in 20" and 26" sizes.

multyhome.com



Compact gas grill from Weber ▶

The Weber Q 1200 gas grill is now available in six vibrant colours. Designed to fit the performance of a larger grill into a compact size, the Q 1200 has 189 square inches of cooking space, porcelain-enameled cast iron cooking grates, two folding work tables, electronic ignition, and a built-in thermometer. Its split cooking grate allows grillers to remove half of the grill grate and replace it with a porcelain-enameled cast iron griddle for cooking foods like scallops, eggs, or smaller vegetables. The grill is portable and can be transported to picnics.

weber.com



▼ Wood siding program from Nicholson and Cates

Nicholson and Cates introduces the Fraser Wood Siding 553 Program. The stocking program consists of five of the company's most popular siding colours, plus five of the company's most popular profiles—and N&C assures us they can deliver to retailers in three days. A full range of trims is also available. "Our aim is

to make the most popular siding products available for immediate delivery. This will give both retailers and their contractors the ability and flexibility to react when customers make last-minute changes or leave siding choices to the very last minute," says Rick McQuin, N&C's vice president of market development.

niccates.com



▶ Steel shelving kit from FFR

FFR Merchandising's Steel Shelving Kit with Bins features durable grey steel shelving that holds 96 clear bins. The clear bins allow for quick identification of contents and low inventory, and include an identification label area that can be color-coded by item categories. Each shelf has a capacity of 227 kg, providing a heavy-duty storage solution.

ffr.com

RETIREMENTS SPUR MANAGEMENT CHANGES AT HOME HARDWARE

BY MICHAEL McLARNEY

Renowned for its stability at head office, Home Hardware Stores Ltd. has nevertheless recently faced changes in its senior ranks—just the latest step in the dealer-owned co-op's evolution.



Home Hardware Stores has made some changes to its management team, including the retirement of one of its top executives and the departure of a key manager from the operations team.

After 46 years of service in this industry, Eric Konecsni, vice-president, operations, retired at the end of 2014. Konecsni, who got his start at Beaver Lumber, was part of the team that went over to Home Hardware when the hardware wholesaler purchased Beaver for \$68 million in 1999. His expertise, along with the skills of other Beaver alumni including Jack Baillie and Joel Marks, helped Home grow its retail building supply business over the past 15 years.

Another Beaver expat, and most recently the head of Home Hardware's dealer development team, Dunc Wilson, has taken over Konecsni's duties as acting vice-president, operations.

Taking Wilson's place is Dale MacPherson, who has been promoted to the role of senior director, national retail operations. He'll be responsible for all retail operations

and dealer development across Canada, in addition to his existing responsibilities as director, central retail operations and national corporate stores.

Bill Ferguson, director of dealer support, is stepping back from his responsibilities, while remaining with the company. A 35-year veteran of Home Hardware, Ferguson grew up working in hardware stores in communities around Home Hardware's head offices in St. Jacobs, Ont., including the towns of Fergus and Kitchener. He eventually moved to head office as an area manager for Home Hardware, serving Eastern Ontario. From there, he moved up, overseeing first the Ontario district managers, then the entire Canadian team. Fifteen years ago, he was appointed director of dealer support, helping the Home Hardware

dealer-members access and use the wide range of services available to them.

Ferguson was also the contact person for the North American Retail Hardware Association in Canada, providing a valuable link between that association and dealers' needs nationally.

He has been replaced by Sherri Amos, who was formerly retail education and communication assistant manager at Home Hardware. She has also been actively involved in guiding Home's Young Leaders Group.

These changes in the senior ranks follow less than a year after a shuffle at the very top of the Home Hardware organization. In the spring of 2014, Terry Davis became just the third CEO in the company's 50-year history, replacing Paul Straus. Straus has stayed on as president and a member of the company's board. 

Left to right: Sherri Amos takes over from Bill Ferguson as director of dealer support; Eric Konecsni has retired from his role as vice-president, operations, following a career that began 46 years ago at Beaver Lumber; Dunc Wilson has taken over Konecsni's duties as acting vice-president, operations.

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LA COOP FÉDÉRÉE COMPLETES TAKEOVER OF BMR

BY MICHAEL McLARNEY

With its takeover of all assets of Groupe BMR, La Coop fédérée has created a combined entity that is second only to RONA in Quebec's retail home improvement arena.

The deal, which makes BMR a wholly owned subsidiary of La Coop, is the conclusion of a union that began more than a year ago, when La Coop bought up 20 percent of the closely held buying group and wholesaler, effective the beginning of 2014. Hardware supply to the giant co-op company's home improvement dealers, under the Unimat banner, has transferred to BMR's operations in Boucherville, Que.

The takeover marks the latest, and most dramatic, move by the Quebec farm co-operative to position itself as a leader in the hardware and building materials arena. And while La Coop first approached BMR less than two years ago, the company's focus on hardware and home improvement dates back almost four decades.

Serving the farm market through its network of co-op stores, La Coop watched the market's decline with the consolidation of small farms and the rise of factory farming. "In 1977, the company made the decision to increase the hardware and building supply



Yves Gagnon, honorary president of Groupe BMR; Denis Richard, president of La Coop fédérée; and Gaétan Desroches, CEO of La Coop fédérée.

side to support the farmers," says Gaétan Desroches, CEO of La Coop fédérée. In 1986, the Unimat banner was introduced.

Desroches says the concept proved successful, and the company eventually faced the need to develop its infrastructure to support its growing dealer ranks. That's when the decision was made to consider an acquisition. "So we knocked on BMR's door," he adds.

Unlike some buying groups, BMR is closely held by a small group of dealers. One of their main dealers is also the past head of the company, Yves Gagnon. He was to have run BMR at least for the first two years, but decided to step down for health reasons in September 2014. Pascal Houle, who came over from La Coop, became CEO of BMR and will continue to run it.

Besides having more than 160 stores in Quebec—most of them dealer-owned—BMR is also active in Ontario, the Maritimes, and Saint-Pierre and Miquelon. It generates annual sales of more than \$1.4 billion and employs 5,000 people through almost 180 stores. The BMR stores are typically larger building centres, while the Unimat stores are usually, though not exclusively, smaller stores that can operate in smaller markets at a lower cost.

The merger gives La Coop a total of 350 building centres and hardware stores. Both the Unimat and BMR brands will remain in use, and total combined sales will be close to \$2 billion.

La Coop expects gradual expansion outside Quebec

La Coop fédérée's recent takeover of Groupe BMR is expected to help fuel BMR's continued expansion outside of Quebec. BMR is now a subsidiary of La Coop, managing both the BMR stores and La Coop's own farm hardware and building supply members under the Unimat banner.

According to Gaétan Desroches, CEO of La Coop fédérée, BMR will take a long-term view toward growth. He expects expansion in Ontario, where BMR has only a handful of stores, to be a slow, gradual process. In the Maritimes, the BMR has close to a dozen members.

Desroches says with the logistics to deliver in the Maritimes in place, they expect growth there to be quicker.



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BY JOHN CAULFIELD

DO CUSTOMERS CARE ANYMORE ABOUT WHERE PRODUCTS COME FROM?

THE ADVANTAGES OF “MADE IN CANADA” ARE MUCH DEBATED. FOR SOME DOMESTIC SUPPLIERS, ANY MARKETING ADVANTAGE IS PURELY LOGISTICAL, WHILE OTHERS MAKE IT A CENTRAL TENET OF THEIR BRAND’S POSITIONING.

On January 29, Super Remover, the St-Pie, Que.-based supplier of paint- and glue-removing solvents, opened a 10,000-square-foot manufacturing plant that will produce two million litres this year and has the capacity to make 50 times what Super Remover had been producing in its old facility.

But the company doesn't advertise that its products are "Made in Canada." That's partly because its containers are made in Italy and some raw materials come from Germany. But Super Remover also thinks customers are swayed more by its products' market-leading position vis-à-vis competitors than by where those products are manufactured.

"I don't really care about 'Made in Canada,' and I don't think most customers care, either," says Sebastien Plourde, Super Remover's CEO. He accepts that some Canadians and Americans prefer domestically made merchandise. But in the long run, "the lowest price determines purchases. It's a pocketbook issue, always," says Plourde.

Other Canada-based companies that manufacture domestically may not be so sure that "Made in Canada" can't influence consumers' buying habits. But with products coming into Canada from all corners of world, any competitive or logistical benefits from domestic manufacturing remain in the eye of the beholder.

"There's some equity in 'Made in Canada,' but that market is quite small," says Gerry O'Hanley, vice president of sales for Edmonton-based TWD Lawn and Garden Products. TWD doesn't make anything it sells: its landscape fabric comes from China and its seeds come from the United Kingdom.

O'Hanley doesn't believe most Canadians will pay more, either, just to say they bought locally made fare—least of all when there's an apparent parity in quality. "Price, availability, and supply are what retailers and end users value the most, he says.

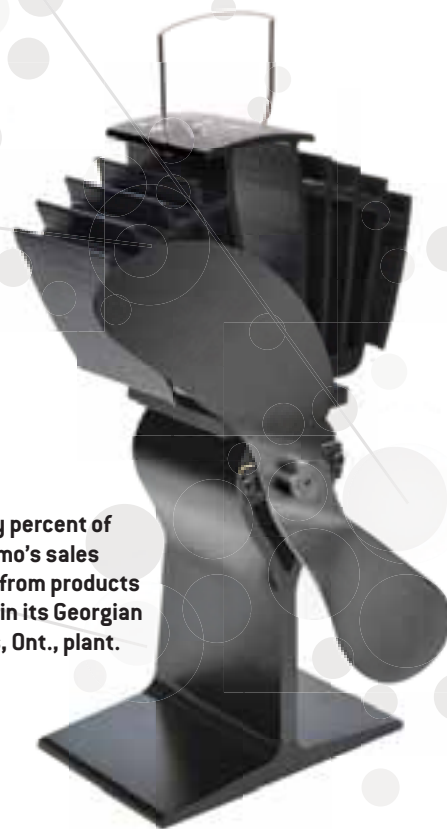
Domestic manufacturers may not share O'Hanley's globalist point of view. But most of them will concede that it's been quite a while since having a maple leaf on one's packaging was enough to win over dealers and customers. In fact, most suppliers promote their brands rather than their products' country of origin, which, if it happens to be Canada, is just gravy.

PROMOTING QUALITY OVER LOW PRICES

The extent that "Made in Canada" gives a product a marketing boost depends on its supplier's marketing and distribution strategies.

Take a category like portable fans and heaters, where low-priced imports roam freely. Caframo Ltd. in Georgian Bluffs, Ont., is one of those importers. But 80 percent of Caframo's sales still come from products made in its Ontario plant. "Made in Canada" is a valuable asset in Canada and, to some degree, the United States,"

Eighty percent of Caframo's sales come from products made in its Georgian Bluffs, Ont., plant.





Travis Reynolds, Steel Craft's national marketing manager, says that his company not only plays up "Made in Canada" in its marketing, but also "Made For Canada" with "homegrown" products that can withstand Canada's wide temperature swings.

says Trevor McMillan, Caframo's director of sales, marketing, and business development. "I think people assume it's easier to deal with us because we're Canadian."

To compete in this price-sensitive commodity category, Caframo has had to pick its spots, and focuses on niche markets that include wood-stove eco fans (of which it's the market leader, says McMillan), and 12- and 24-volt fans for boats and RVs. (It's also the originator of the tiny fan with no cage that has a "brake" to prevent fingers from getting injured.)

McMillan remains convinced that a certain percentage of Canadians are actively looking for Canadian-made products, and will pay more for them. His observation brings to mind research that the Business Development



Bank of Canada conducted in 2013, when it polled 1,023 Canadian adults and found that two-thirds had made an effort to buy local products in the previous 12 months.

Another company that supports domestic production is Edmonton-based garage-door supplier Steel Craft Door Products, that

makes 100 percent of what it sells from its own 450,000-square-foot plant. The company distributes nationally through four of its own DCs—in Kelowna, Vancouver, Calgary, and Toronto—and third-party distributors with which it has alliances in Saskatoon, Winnipeg, Regina, and Halifax.

Travis Reynolds, Steel Craft's national marketing manager, says that his company not only plays up "Made in Canada" in its marketing, but also "Made For Canada" with "homegrown" products that can withstand Canada's wide temperature swings.

QUALITY CONTROL IS EASIER AT HOME

Both McMillan and Reynolds assert that domestic production gives their companies better control over the quality of their products, and makes that quality message a bit simpler to convey to customers. McMillan points out that Caframo maintains a full engineering staff. And Reynolds compares Steel Craft's marketing approach to that of Volkswagen's, with its emphasis on Germany's reputation for high



EAB (formerly Exchange-A-Blade) in Delta, B.C., straddles the line between manufacturer and importer. It sells blades and other tool accessories that originally come from overseas sources.



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"You have to keep your quality up; it's a big issue," adds Eric Wilson, marketing manager for EAB (formerly Exchange-A-Blade) in Delta, B.C., which has its own in-house lab for testing the blades the company imports from Asia.

EAB straddles the line between manufacturer and importer. It sells blades and other tool accessories that originally come from overseas sources. Consumers and pros who buy these blades can return them once they've worn down for a new product. EAB takes the old blades and remanufactures them in its plant in British Columbia for resale.

Having a plant in Canada "is necessary for the whole exchange process," explains Wilson. It also helps EAB control its inventory.

Wilson says he sees considerable value in being able to promote products as Made in Canada. "And we're looking for ways we can do it legally. It's a grey area." (The Competition Bureau's guideline for "Made in Canada" labeling is that at least 51 percent of the direct costs associated with making the product occurs domestically.)

IS BUYING CANADIAN PATRIOTIC?

Braven Blackwell, president of Seljax, which sells home-estimating software, recently was walking the aisles of a trade show in Minnesota, where he encountered some American attendees who looked at his badge and thought he was from Alabama. Once informed that Seljax is based in Alberta, they suddenly showed more interest in his products.

"We're trusted. Canadians are trusted. And Canadians trust Canadians [because] we need each other, whereas Americans are more individualists," says Blackwell, whose company just completed its 20th year in business. He adds that customers in North America still believe the quality of products made in the U.S. and Canada surpasses what comes out of China.

But Blackwell also thinks that "Made in Canada" has been overplayed, especially by a government that, he posits only half-jokingly, has "psychologically tricked" its citizenry into believing that buying domestic products is a nationalistic act.

Indeed, about a year ago, the Financial Post reported that the latest federal budget

had included a plan to enhance consumer awareness of Canada-made products through a "Made in Canada" branding campaign, led by a government-formed private-sector steering committee.

Home improvement product manufacturers could have told the bureaucrats in Ottawa that such a plan would probably be futile, as it would inevitably run into retailers and distributors whose purchasing strategies lean toward products with the lowest prices and potentially highest profit margins—because low price is what their customers are demanding.

Many of these same manufacturers accept that it's impractical for their companies to compete with imports on price alone. "What we push is our value proposition," says Francois Panfili, CEO of A. Richard Tools, the Bethierville, Que.-based manufacturing and distribution subsidiary of Hyde Tools. A. Richard makes 75 percent of what it sells from its Quebec plant, which employs 185 people and is currently running three shifts.

Panfili says this "proposition" revolves around convincing enough dealers that his company offers the best quality and innovation, "which includes unique products that are protected by patents." This marketing process usually requires providing dealers with what Panfili calls "PK," product knowledge, to get them to understand the difference between competitors' tool lines. When it comes to consumers, in-store merchandising "is extremely important" for differentiating and explaining quality versus pricing. (A. Richard relies on its sales and service teams to make sure its products are displayed effectively.)

Vendors looking south of the border face patriotic sentiment

The weak Canadian dollar gives our suppliers a definite competitive advantage selling into the U.S. However, patriotic sentiment for homemade products runs deeper there than in Canada.

Last year, American trade publication *Home Channel News* polled 219 store managers from nine national home-improvement chains or buying groups about market changes. More than two-fifths said they had seen an increase in "Made in USA" packaging and marketing over the previous year. Eighty percent said that customers are willing to pay more for products made domestically.

The magazine also reported on other research that found that 60 percent of consumers polled are shopping more actively for U.S.-made products, compared to five years ago. And nearly 200 home-building companies had joined the "We Build America" initiative, which promotes the notion that homes built with 95 percent American-made products can still be cost effective.



ADVANTAGES TO DOMESTIC SHIPMENTS

Domestic manufacturing can also make a company's distribution more efficient and reliable, say suppliers. Boshart Industries makes about 15 to 20 percent of what it



Gary Boshart, president of Boshart Industries in Milverton, Ont., says making about 15 to 20 percent of what they sell has shortened lead times and improved fill rates.

sells—flexible couplings and other plumbing, water wells, and sump and sewage products—from its plant in Milverton, Ont. By doing so, it has shortened lead times and improved fill rates, says Gary Boshart, its president.

Boshart Industries only sells through distributors in Canada and the U.S., and relies heavily on its reputation for quality. “We recently picked up \$1 million in business from a company that ships into the U.S., and the reason we got this business was because of better quality and reliable production,” Boshart says. His company imports parts and products from China, Taiwan, Indonesia, and Malaysia, “but it doesn’t matter because we have the same quality control for all of our suppliers.” And by making products with injection moulding that is less labour intensive, Boshart Industries is able to compete on price with other imports.

Another Canadian company for which distribution and branding are far more important than where its products are made is Richelieu Hardware, which offers more than 100,000 SKUs that it distributes through 60-plus facilities in North America. A minor portion of its sales comes from products that Richelieu makes at two manufacturing plants in Canada: one, in Montreal that produces edge bending and veneers, and another in Quebec City that makes floor protection products like felt tips for chair and table legs.

Still, Richelieu uses Made in Canada labeling whenever it can, says Alain DiVincenzo, its marketing manager for retail sales. For example, that labeling helped Richelieu get its felt products into Costco, which was looking to increase its purchases with local suppliers.

DiVincenzo believes most customers look for price first, brand second, and then—maybe—country of origin. That’s okay with Richelieu, which imposes design and production standards on all of its suppliers.

The same is true for Alexandria Moulding, which has its own employees in South America to monitor its supply-chain partners’ production on that continent.

Alexandria generates about 35 percent of its sales from products it makes at its three Ontario plants, which include a hardwood facility it acquired three years ago. These plants are attached to three of Alexandria’s five domestic distribution centres, and contribute significantly to the company’s commitment to 100 percent fill rates.

Manufacturing domestically has helped the company reduce lead times for special moulding orders to about two weeks, says Marianne Thompson, the company’s vice president of sales and marketing. And while the supplier is in the process of consolidating its manufacturing into its largest facility in Alexandria, Ont., it won’t scale back on its production volume, she says.

EYEING A SUPPOSEDLY JINGOISTIC U.S. MARKET

Auto-Stack Systems, which makes racking, sheds, and other storage products for lumberyards, doesn’t own any manufacturing plants. But it has longstanding strategic alliances with manufacturers in Vancouver, Alberta, Toronto, and Montreal, and ships its products from coast to coast.

“We raise the flag whenever we have the opportunity,” says Paul Tagarelli, Auto-Stak’s operations manager, about promoting its products’ “Made in Canada” bona fides. Like other domestic suppliers, Tagarelli claims his company’s products are “price competitive” when all factors—particularly transportation—are taken into account.

Auto-Stak also does business in the United States where, in 2001, it merged



"We raise the flag whenever we have the opportunity," says Paul Tagarelli, Auto-Stak's operations manager, about promoting its products' "Made in Canada" bona fides.

New England. And while U.S. expansion isn't an immediate priority for Steel Craft, the company has been getting some business from customers in Alaska, the Pacific Northwest, and upstate New York, says Reynolds.


However, Canadian suppliers thinking of moving into the U.S. must contend with dealers and consumers who may be more avid about purchasing locally made products than their Canadian brethren have proven to be.

Not a problem, says Plourde of Super Remover. If his company expanded south, it would build a plant there so it could claim its products were U.S.-made, he notes.

INNOVATION STILL RULES

Regardless of where they make products, or how they label them, Canadian suppliers uniformly agree that their future success will be based on the quantity and quality of genuinely new products they can roll out and create markets for. "Survival," says Panfili of A. Richard Tools, "is proportional to our ability to innovate." His company has its own 3D printers for product development, and its manufacturing and distribution are fully integrated with R&D, "so it's easier to start marketing new products."

This year, Caframo is coming out with three new lines, including a room heater with wireless controls and a low-temperature wood-stove fan. And Richelieu's Onward Hardware division, which sells primarily to builders, this spring will bring out a new line of polymer gate hardware.

New product rollouts, says DiVincenzo, "are the most important thing for us." 

with Indianapolis-based Krauter Solutions. That alliance has helped both companies smooth out exchange-rate bumps that have been known to create trading headaches for importers.

Being associated with an American company, says Tagarelli, "gives us the flexibility to offer customers the best value at any given time." For example, for customers out west, Auto-Stak can ship equipment either from its plant in Alberta or Krauter's plant

in Lodi, Calif. At the moment, it's a lot cheaper to ship from the U.S. into Canada than vice versa because of gas prices. On the other hand, when products come from U.S. plants, "you lost that 'Made in Canada' veneer," he says.

With the U.S. dollar now worth as much as \$1.20, more Canadian suppliers are eyeing the U.S. EAB has been expanding into markets along America's West Coast, and recently placed salespeople in



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BY SIGRID FORBERG

LEARNING TO LEAD

L-r: Sherri Amos, director, dealer support at Home Hardware, and moderator; Eric Palmer, then Canadian sales operation manager at Jeld-Wen Windows & Doors (now at Sexton Group); Joel Seibert, general manager of Mountain View Building Materials; Lee Harney, the director of market development in Ontario for RONA inc; Kim Ytsma, dealer owner of the Alliston Home Hardware Building Centre.

Last year's Hardlines Conference brought four young leaders in the home improvement and hardware industry from all levels of the industry—dealer, vendor and corporate retailer—together to discuss the issues facing retailers today. They shared their perspectives on where they see the industry headed.

When Sherri Amos, director, dealer support at Home Hardware, and moderator of the panel, was introducing the young leader panellists, the first thing she asked them was how many thought they'd end up in the home improvement industry.

Of the four, almost all thought they would end up elsewhere.

But they all unequivocally agreed that they were happy with their career choice and they stood behind it as the best decision they'd each ever made.

"It comes down to doing what you love," says Kim Ytsma, a dealer owner of the Alliston Home Hardware Building Centre. "It's so amazing to have a job you enjoy going to every day."

"REAL ADAPTIVE TIME"

The changes the millennial generation have ushered in have forever altered the way retailers approach everything from a store's aesthetic to how business owners interact with their customers—both online and in store.

But the home improvement and hardware industry was founded on, and is still sustained by, families and their needs. As a result, the retail landscape has always gravitated more towards traditional structures, where community outreach was as simple as being out and interacting with your community.

Some in the industry that have more traditional leanings have been resistant to technology-driven changes. At the same time, says Joel Seibert, general manager of Mountain View Building Materials in Calgary, Alta., there's no point in changing for the sake of change. As a result, he's doing things differently than the generation before him, but his changes aren't as dramatic as one might think.

"We're in a real adaptive time. We have to adapt to sell to our generation," says Seibert. "We're still selling the same products in similar ways, but to different people."

One of the major differences Eric Palmer, then Canadian sales operation manager at Jeld-Wen Windows & Doors, has noticed is the speed at which everything nowadays takes place. "We're communicating at a faster pace," he says. "And that's not just for our generation; it's for everyone."

That pace is just a matter of keeping up with the pack, though.

"Eighty percent of customers go online before they go in-store," says Lee Harney, the director of market development in Ontario for RONA inc. "We have to make sure our teams are as educated as our customers, if not more."

Ytsma echoes that concern. Whether it comes to your products or your customer service, she says what's being said about you online carries a lot of weight.

“Consumers put their trust in their peers. They’re online looking for good reviews,” says Ytsma.

Because of that, all of the four panellists agree that retail and product knowledge are crucial now more than ever. And that engagement extends beyond when customers physically walk into their bricks-and-mortar shop. Outside of the store, retailers need to be thinking about how they’re interacting with customers through both their online and social media presence.

“Ten years ago, we were trying to mimic our stores on our websites,” says Seibert. “But now, we’re gearing our sales towards a different generation and they’re used to finding things easily, so designing our stores needs to be the same way.”

LOOKING FOR A LIFESTYLE

But it’s not as simple as blaming the millennials for all the changes taking place. In the next few years, more and more baby boomers are going to be looking towards retirement.

And it’s the younger generation that’s going to have to step up and fill the huge gap they’ll be leaving. Harney says it’s more than just the bodies that the industry will be losing—there’s also all the talent and experience those boomers held.

He even goes so far as to identify that as one of the biggest challenges to moving the industry forward that his generation faces right now. So beyond just worrying about selling products to millennials, industry leaders have to worry about selling the industry itself to young people. “We need to look for those diamonds in the rough to shine up,” says Harney.

Seibert adds that the challenge there is that this generation has different philosophies about work and making a living from those who went before them. They know they have options, and even more than that, they also have opinions.

“So many employees don’t know what they want,” says Seibert. “We definitely spend time with them to figure out what drives them. They want flex time; they’re looking for a lifestyle.”

That many millennials haven’t narrowed down what they want to do “when they grow up” could, in fact, be a boon for retailers in the home improvement and hardware industry. When it comes to making the field appealing as a potential career, Ytsma adds that the best method is to enthusiastically share your passion for the industry.

“I think a lot of millennials don’t think of this as a career, but many could excel here,” says Ytsma. “It’s so important to have fun and to love what you do and they’ll see the career that’s available to them.”

SEIZING OPPORTUNITIES

And, of course, none of these young leaders will ask their staff to deliver on what they’re not willing to do themselves. “You have to lead by example and work with them, teach them,” says Seibert.

While they’re working on teaching the current generation, they’re also all doing their best to learn from their predecessors. The younger generations have definitely brought change to the industry, but they’re not eager to throw out the baby boomers (and their experience and knowledge) with the proverbial bathwater.

All four panellists each emphasized the importance of drawing from that precious resource while it’s still available to them. While there’s a great opportunity for industry leaders to learn from up-and-comers about social media, they shouldn’t discount what a more seasoned generation can still offer.

If anything, the four young panellists say that it’s the stories, anecdotes and enthusiasm that those experienced leaders and colleagues bring to the table that have helped influence their careers.

“It’s an awesome industry,” says Palmer. “When you listen to the stories of people who’ve gone before, you won’t want to leave.” 

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BY ANTHONY J. STOKAN

WHY STORES STILL RULE RETAIL

**And why rumours of the bricks
and mortar format's death have
been greatly exaggerated.**

In August 1994, a man in Philadelphia, Penn., went shopping for a music CD online, paid for it with his credit card—and in the process made history. In a small two-storey home in New Hampshire, champagne corks popped as a team of young cyberspace entrepreneurs celebrated the first retail transaction on the Internet.

That same summer in his garage just outside of Seattle, Wash., Jeff Bezos was proceeding with plans to launch an online retail business called Amazon. In July of 1995, he sold his first book online and within two months sales reached \$20,000 a week. Bezos realigned the old model of catalogue sales via the Internet and pioneered online sales.



Five Tips to Give Your Store the Edge over Online

Of course, you can't ignore the threat online retailers such as Amazon or eBay pose to your store's success. But you must be proactive and identify ways to be more competitive against the future threat of online retailers.

Be price competitive: The primary reason for buying online is price. But once your customer starts trying to order products from the U.S. or overseas they'll quickly realize the loss of perceived savings as the taxes, duties, exchange, and shipping add up. Be sure you're priced as competitively as you can afford to be so your customers believe they're getting great value in your store.

Convenience is key: Your customers need a compelling reason to shop your store, versus the comfort and convenience of their tablet. Don't underrate convenience in planning every aspect of your store, from enticing windows, idea-inspiring displays, and in-store events to ease of checkout. Constantly reinvigorate your space as a destination.

Give genuine customer service: Be sure your employees are seen as experts in what your store offers, and not just cashiers or stock people. Most customers like interacting with people who are passionate about what they sell and do. This is one of the greatest strengths of a niche retailer.

I want it now: Instant gratification. This is what makes the best retailers large and small successful. Know what it is your customers want and be sure you always have these items in stock. Use vendor websites to show customers product alternatives that may not be part of your current inventory. Look for opportunities to increase the value of the basic sale with add-ons from the vendor.

Use your customers' sense of touch: You can't touch or feel any item online before you buy. Get merchandise into your customers' hands and encourage a tactile environment within your store. Engage your customers to value their use of the sense of touch.

Some days it's difficult to imagine that an entire generation has grown up that takes connectivity, WiFi, and e-commerce for granted. Consumers around the world are increasingly shopping online for more products—everything from electronics, books, music, and fashion to household and decorative items. Yet, for all the media hype of how online retail dominates, the vast majority of purchases are still made in person, in a physical location.

A LOT OF SPENDING ONLINE

The “shifting customer landscape” isn't theory. It's the reality retailers face daily. Never has the path to purchase been more complicated, with consumer interaction now involving social media, mobile devices, tablets, email, and traditional media.

E-commerce has created a minefield of free shipping, guaranteed on-time delivery, in-store pick up, and omni-channel expectations. Yet not all merchants are delivering—or even focusing—on these key initiatives. Are these retailers underestimating the e-com tidal wave?

Regardless of who's buying where, there's a lot of spending going on, and in North America, less than 10 percent of it is happening online. E-commerce wants consumers to believe you don't need to hassle with parking, crowds, and limited stock selection when there's a seemingly unlimited inventory of clothes, goods, and services at your fingertips electronically.

The reality is e-commerce still represents such a relatively small portion of all retail sales that it could be another decade before the average retailer feels genuinely impacted. The great divide in the years ahead may wind up being a generation of Boomers staying loyal to mainstream retail and a growing tribe of Millennials engaging in a delicate balancing act between online and in-store.

SALESPeOPLE MAKE THE DIFFERENCE

A more significant change in the past several years is our addictive reliance on our mobile devices. For younger people, it's even more likely they're looking at their phones or tablets while in stores and at malls. It has become routine to see people using their devices to research products and look for better deals while standing in the store.

That means pressure is increasing on retailers to offer more value to customers, and to do a better job marketing to them in the mobile arena.

The five most common ways consumers will use their mobile devices while shopping:

1. Price comparisons with retailers to decide where to buy an item.
2. Taking photos of products they're considering buying and asking peer advice about that potential purchase.
3. Researching product features.
4. Comparing prices to take advantage of price-matching guarantees.
5. Checking product reviews written by other consumers.

In some product categories, such as electronics, buying online makes sense. Products that can be easily researched and compared, with a purchase decision based largely on price, provide few compelling reasons to go to a store. This extends into music, entertainment, and gaming, which have experienced unprecedented online success.

But not all retail is created equal and some shopping needs to be done in person. Initial online research helps to mitigate choice on power tools, appliances, housewares, and home decor, but the

You still have to have an online presence of your own

Even as a single specialty store, it's viable and valuable to have an online presence. You don't have to launch an online version of your store. Be realistic: your customers are online and will search for products or a store like yours. It can be as simple as a home page, an overview of what you sell or do, and a location guide.

Through dialogue with your customers, determine if Twitter, Pinterest, Facebook or a blog will enhance your online presence, get some online buzz going and/or give you an opportunity to interact with your target consumer. Don't dismiss social media. Identify and use what's appropriate for your business and use it to drive consumers to your store and you'll reap the rewards.

vast majority of consumers still need to visit the store to test drive or engage in a tactile manner with the item being considered.

This is where the opportunity for retailers to distinguish themselves in meaningful ways presents itself. Once inside a store, a capable sales associate can do a superior job of answering questions, working within a budget or decorating direction, and more importantly, making the customer feel good about the choices they've made. That closes the sale!

A salesperson in a store can make the difference in a world where we all claim to be time poor, overwhelmed, and rushed, while talking constantly to friends and family electronically. It's a perfect recipe for success of bricks-and-mortar retailers. The Internet is great for so many things, including shopping. But in most of retail, the store still rules.

IGNORE THE MYTHS

Across the country, retailers large and small are re-thinking their current relationship with social media. Consumers have rapidly become bored with endless online product pitches. Less importance is being placed on following retailers on social media (such as Twitter and Facebook), finding out about new products through blogs, and participating in online retail customer communities. Consumers consider social media a less important part of their customer journey.


In fact, a trend could be emerging whereby social media is less important to the shopper journey compared with conventional retail store experiences. It appears as though social media is most relevant in the "awareness" and "choice" phases of shopping journeys (especially in fashion), but much less important when it comes to completing the transaction.

The largest polarization in retail during the past decade has revolved around value. Amazon and eBay have trained a new

generation of shoppers to expect cheaper deals online. Passionate online shoppers expect online prices to be lower than in store.

Don't let online shopping myths stop you from making your store a success. Mass media has been foretelling the death of the retail store for more than a decade and yet Canadians are still very passionate about their malls and stores. Across the country, we're seeing new store openings, mall renovations, and expansions.

With the exception of the books, music, movies, and video game categories, consumers don't yet seem ready to drop the traditional retail experience from their shopping routine. Nothing will ever replace a consumer's desire to see, touch, and try a product before buying. Getting the product immediately is just as important—something online ventures can't offer.

For more than a decade, news sources have been telling us online retail is cannibalizing the sales of physical stores; that "low price" is the only thing that will get consumers into your store and stores will soon be only showrooms. But truth be told, the death of the bricks and mortar store has been greatly exaggerated. 

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BY THOMAS STACK & TERRANCE STACK

LIFECYCLE PLANNING



The lifecycle curve reflects three phases in the life of a business: introduction, growth, and maturity. Each of these phases has an appropriate plan. The introductory phase requires a business plan, the growth phase a marketing plan, and the maturity phase a succession plan.

Lifecycle plans are strategic by definition: goal focused and long term. A business plan looks out two to five years, during which time up to half of new companies fail. Marketing plans have an annual horizon, while succession plans could take two to five years to implement.

Industry Canada states that 30 percent of new businesses fail in the first two years and 50 percent in the first five years. On most lists of why businesses fail, the lack of a business plan is at—or near—the top.

PHASE ONE: GETTING LAUNCHED

A business plan is the basis of a successful business. Beyond the executive summary, the plan will outline the business model (including description, mission, vision, and values) and its

sustainable competitive advantage. It will also contain resumés of the management team. Ideally, the team has complementary skills, expertise, and a bias for action. The plan then outlines realistic goals and the business plan, that is, the formula for operational effectiveness and strategic success. For example, it could be low cost, differentiation, or focus. It will contain financial statements: a balance sheet, income statement, cash flow forecast, and breakeven analysis. Finally, it will have a risk analysis and it will outline an exit strategy.

Business plans, which include marketing and succession components, are a key success factor all along the lifecycle curve, but are especially important during the introductory phase, making it easier for investors and/or lenders to assess financing proposals and the management team.

PHASE TWO: TIME FOR THE BUSINESS TO GROW

Unlike business plans, marketing plans don't include details about operational effectiveness. A marketing plan is a written document that analyzes the opportunities and threats for the firm, restates corporate policy, aligns marketing objectives, and maps out strategy. It also lays out tactics in terms of product/service, price, place, and promotion.

These all enable the firm to understand its future direction and the means to obtain support for new initiatives.

Marketing plans, which are a deep dive into one component of the business plan, become a key success factor, along with sales, especially during the second stage of the lifecycle—the growth phase.

PHASE THREE: MOVING THE BUSINESS TO A NEW GENERATION

During the mature phase, a business owner's attention will turn to succession planning.

Reflecting the ageing population as a whole, there has been an increase in the age and experience of small- and medium-sized enterprise (SME) owners, particularly those 50-plus and those with more than five years of experience. Over the next few years, a substantial proportion of current business owners will be seeking retirement and will want to transfer business leadership and ownership to family members or outside purchasers.

Succession planning is therefore an issue for many owners, and the evidence suggests that the majority don't have a plan in place.


One study indicates that only 10 percent of SME owners have a formal, written succession plan, 38 percent have an informal, unwritten plan, and the remaining 52 percent don't have any succession plan at all.

GET HELP TO CREATE A PLAN

Successful business owners likely already have a team of advisors: lawyer, accountant, insurance professional, investment advisor, private and commercial bankers, and perhaps an estate and trust professional, but may need more specialized help to co-ordinate the input from current advisors, add expertise in certain areas (e.g. business valuator and broker), lead the process, and write a comprehensive plan that will achieve their goals while they focus on the business and its value enhancement.

A lifecycle-planning consultancy can access those resources when and where they're needed. If selling the business, it will have to be marketed. Succession planners can also source potential buyers, draft the blind profile, and develop the confidential information memorandum.

The plan will be simple, leaving room for executive discretion. If not, there's too much plan! The analysis (science) and conversations (art) that lead to it are complex, but therein lays its value.

There are many templates for business, marketing and succession plans, but planning is a creative exercise. Every plan is one of a kind and as unique as the company it will guide. Moreover, the CEO could lead the process, but that would be a mistake. A facilitative leader must have a dispassionate, muted voice. The CEO's voice, however, must be heard—as one, albeit first, among many. 

TJS Business Development Ltd. is a professional services practice offering Lifecycle Planning to small and medium-sized enterprises. Thomas Stack, Principal Consultant, has had a distinguished career as a sales and marketing executive with industry leaders nationally and globally. Terrance Stack, Partner and Consultant, is an accomplished student of traditional, new, and social media with a background in sales and marketing communications.

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REGIONAL ROUNDUP OF BUSINESS CONDITIONS

Starting with this issue, we have invited the heads of each regional dealer association to share the business conditions and challenges facing their members.



THOMAS FOREMAN
President, Building Supply Industry
Association of B.C.

Dealers in British Columbia are doing very well. Reports from most parts of the province indicate that the early spring has had a profound, positive impact on sales. In fact, spring has come earlier than ever to the province and we experienced a full 30 days of virtually no rain. This has resulted in a flurry of buying activity in seasonal products, as people are getting out and grooming lawns, fixing, and building decks. Because of this, we are way ahead of the rest of the country.

Facing such good weather, a large segment of our members have reported record months in January and February. However, our distribution members have been, until now, somewhat slower as dealers have relied on existing inventory. Now, as that pipeline has dried up, the suppliers are scrambling to play catch-up.

B.C. is the only province with a balanced budget, and the latest budget set aside \$10.7 billion for infrastructure spending over the next three years. That means more money for roads, bridges, and hospitals, which will

ensure growth for the province. In addition, the mining sector is strong, and forestry has recovered nicely, affected positively by the upturn in the U.S. housing market, and offsetting the slowdown in Asia.

Based on these positive indicators, we forecast a very strong quarter and a healthy year ahead for dealers here.



GARY HAMILTON
President, Western Retail Lumber
Association

Traditionally, the WRLA Buying Show has been used by both dealers and suppliers as a barometer for business trends in the West. This year's show in Calgary certainly generated lots of energy and excitement. We had record attendance of more than 3,000 delegates, 400 dealer stores, and 31 new exhibitors—and all 780 booth spaces were sold out. However, the enthusiasm from the show was tempered by two factors: the price of oil and the devalued Canadian dollar.

Overall, I believe the cautious optimism we experienced last year will continue through 2015. Geographic location will also have a large impact on business. Those

dealers reliant on business related to the oil patch in Alberta, southeast Saskatchewan, and southwest Manitoba may feel an initial downturn in sales. However, the real impact may not be felt until September when the patch gears back up.

Fortunately for dealers in agricultural areas, business will be strong. We have just come off two years of bumper crops and beef prices are at record high levels.

The exchange rate will affect dealers across the country, not just Western Canada. If demand in the U.S., China, and Canada remains close to last year, any product originating in the U.S. or purchased in U.S. dollars will experience a price increase. On the positive side, dealers near the U.S. border could experience an influx of American customers trying to take advantage of the weak dollar. Our manufacturer and distributor members selling into the United States should also see an upturn in sales.

For the past few years, immigration has been a key component to the increased housing and renovation markets throughout the West. But with lower oil prices dampening investment and economic growth, particularly in Alberta, employment growth and net migration will subside, slowing housing demand. Housing starts in the Western region are expected to decline by 10 percent.

Any store in the vicinity of oil activity has experienced a combination of labour shortage, staff turnover, pressures on salaries, and project delays. With the recent layoffs in the oil sector, those issues will be mitigated as dealers should have access to a new labour pool.

Being a home improvement retailer is tough...

Time for a little recognition

Apply for the 2015 Outstanding Retailer Awards!

A woman with short brown hair and glasses, wearing a striped shirt, is shown from the chest up. She has her hands on her head and a wide, joyful smile, suggesting a moment of triumph or relief. Behind her is a chalkboard with a hand-drawn business plan diagram. The diagram is a flowchart with 'BUSINESS' at the top, leading to 'TEAM', 'FINANCE', 'PLAN', 'HR', 'BUDGET', 'MANAGE', 'DEADLINE', and 'PROFIT'. 'PLAN' and 'MANAGE' are central boxes, with 'TEAM' and 'FINANCE' branching off from 'PLAN', and 'HR' and 'BUDGET' branching off from 'MANAGE'. 'DEADLINE' and 'PROFIT' are at the bottom, connected to 'MANAGE'. The word 'SUCCESS' is written at the very bottom of the diagram.

DEADLINE FOR ENTRIES IS JULY 31, 2015

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CATEGORIES TO ENTER:

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- Young Retailer Award (a store manager 35 or under)
- Marc Robichaud Community Leader
- Best Large Surface Retailer (over 65,000 square feet)
- Best Contractor Specialist Store

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“Any store in the vicinity of oil activity has experienced a combination of labour shortage, staff turnover, pressures on salaries, and project delays.”

As you can see, there is good news and bad, and the extent of each is determined by location. Our dealers are true entrepreneurs. They will be taking advantage of every available opportunity and connecting with their customers and their suppliers to ensure a profitable year.



DAVE CAMPBELL

President, Lumber and Building Materials Association of Ontario

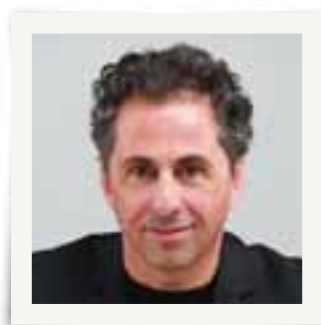
February 2015 was the coldest February on record in Ontario! However, retail sales in home improvement stores were not as affected as compared with last year, when cold weather and snow hampered business and prevented contractors from working outside and consumers from planning indoor renovation projects. As most of us can remember, last January and February and into March were disastrous from a sales perspective.

Most retailers are reporting steady sales and contractors are bearing the cold weather to get projects completed and planning for the spring business. As a result, we should see a fairly buoyant spring and summer business cycle.

It is worth noting that Ontario experienced an annual increase in residential building permit applications of 31.2 percent in 2014, with a December gain in residential intentions of 24.8 percent (current Statistics

Canada information on building permits, employment statistics, and business conditions are posted on the LBMAO website). This would indicate that we should see a robust market in new home construction and renovation projects coming into the spring—keeping in mind that weather will have an impact on timing.

With the low dollar and the growing U.S. market, Ontario will start to reap the benefits in the manufacturing sector. This should have a positive impact on employment opportunities and stimulate consumer spending, from which the home improvement sector will benefit. The only dark horse besides global conditions outside of our control will be the provincial debt and whether the government will address this through spending restraints or tax hikes. I encourage reducing the cost of government over increasing taxes. However, it remains to be seen how the provincial government will respond.



RICHARD DARVEAU

President & CEO, Quebec Hardware and Building Materials Association

So far in 2015, a chill prevails over La Belle Province.

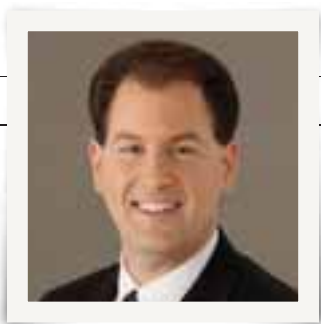
The public inquiries into collusion and corruption, the numerous police arrests, combined with more and more rulings, have slowed down the construction

business. This is forcing AQMAT to launch, in the coming weeks, a large coalition drawing on other associations and professions (architects and town planners, home builders, etc.) to raise awareness at all levels of government about two related problems: undue delays provoke the cancellation of too many development projects, while those projects that do get approvals fall victim to a certain lack of quality due to a blind quest for the lowest price for materials.

We would like to expect less movement in the Quebec market after so many changes that happened over the last months: Ace stores became TIMBER MART with the obligation to create awareness around this banner—which is new to Quebec. RONA took over Ace's distribution for the country, and therefore has to establish both to Ace in the U.S. and its own merchants the benefits of this partnership. The completion of BMR's buyout by La Coop fédérée represents the merger of two very different cultures, which will need constant attention from the new executive team.

Nevertheless, we expect a positive outcome for 2015. Housing, which reached 40,000 starts last year, is expected to remain stable for the current year and into 2016. On the renovation side, AQMAT lobbied strongly during the last provincial election in the spring of 2014 and we were able to convince the government to establish a renovation tax credit called LogiRenov. About 220,000 families are expected to benefit from this program, generating about \$3 billion in spending, half of which should go directly to dealers.

We are now campaigning in favour of an extension of this program, which is scheduled to end on July 1, 2015.



DENIS MELANSON

President, Atlantic Building Supply Dealers Association

We would be kidding ourselves if we thought that the weather didn't impact the building materials industry in Atlantic Canada. Here at the ABSDA head office in Moncton, N.B., we have received well over 250 cm of snow in 30 days! Some of our retailers have closed for a total of five days in that period and many have closed for half days. I do not need to tell you that it's nearly impossible to make those days up, especially this time of year.

Fiscal year 2014 is still firmly etched in the minds of many of our members. Following a dismal first six months, most were scrambling to catch up during a relatively busy summer and fall. While most experienced a stronger back half of the year, it was difficult to make up for lost ground.

As we look ahead at 2015, commodities are holding for the moment, but are on somewhat of a shaky foundation. This comes after some gains over the previous three months. These gains were largely due to the devaluation of the Canadian dollar against U.S. currency and supply issues with respect to timber supplied to some Atlantic mills.

With much of the Atlantic Seaboard experiencing the nasty effects of Old Man Winter, demand for lumber has been weak. Margins continue to be a struggle with many of our members, faced as they are with poor sales. In fact, most of our members are down so far at this point in 2015. Many retailers are reporting customers inquiring about spring projects, thus there is some optimism on the horizon. During our recent Atlantic Buying Show, many experienced strong sales and remain cautiously optimistic for 2015.

It will be extremely important to focus on good fiscal management and lean operations in 2015.



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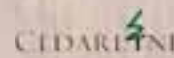
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HICKEY'S TIMBER MART

MARC ROBICHAUD COMMUNITY LEADER



Lou Valeriati, vice president of Chalifour Canada; Beverly Allen, publisher of Hardlines, which hosts the Awards; Brad Hickey and Jay Hickey of Hickey's TIMBER MART; and Peter Thompson of Taymor, sponsor of the Award.

THE STORE

Mary and Jim Hickey opened their first store in Harbour Main, Nfld., in 1973 from the back of a van. Since then, they expanded with a second store in Conception Bay in 1981, and after the small store had more sales than it could handle, the Hickeys opened their third store in St. John's in 2012.

With the whole family involved—including their three children, Brad, Jim and Ashley—their competitive advantage

comes from being locally owned and operated. That's something that the big boxes in Newfoundland can't compete with.

THE COMMUNITY


Hickey's TIMBER MART was chosen as community leader due to the store's commitment to going above and beyond to help their local community. The Hickey's stores support Stella's Circle, a registered charity that offers education, training, and employment to help people with minimal

or broken job histories break into the workforce. After working with Stella's Circle to transition people out of the program, Hickey's has even kept two program participants on staff as permanent full-time employees.

To give an example of the Hickeys' commitment to helping the community, one Christmas Day, Jim Hickey got a call from a customer whose hot water boiler had broken. As soon as dinner was finished, Jim went over to open the store to make sure that all the parts to fix the water boiler were available. That's the approach the Hickeys take towards their community and their customers—to always be there no matter what else is happening.

Hickey's TIMBER MART also supports many local sports, including Brad and Jay Hickey helping to organize local triathlons. Hickey's encourages their employees to be active and the store will even pay half the registration fee for employees wishing to enter local races and sporting events.

Additionally, Hickey's recently donated all the materials to help Rainbow Riders, a therapeutic horse-riding program for children with physical, cognitive, and emotional disabilities, rebuild their broken fence.

The Hickeys embody the philosophy that business, family, and community are intertwined. This dedication to the community is why Hickey's TIMBER MART was selected as the 2014 Outstanding Retailer Award winner for Marc Robichaud Community Leader. 



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ALF CURTIS HOME IMPROVEMENTS

BEST CONTRACTOR SPECIALIST STORE

Alf Curtis Home Improvements is and has always been a family business. Today, it is run by Brent Perry, who is the third generation to operate the store.

Alf Curtis started in business with his brother, installing aluminum siding products in the late 1960s. Shortly afterwards, Alf separated from his brother and started Alf Curtis Home Improvements in 1975 with his wife, June. Originally a supply and installation company, in 1978, they opened a cash-and-carry division to sell the products they installed.

In 1995, the store joined under the Castle banner and expanded its product offerings into a full line of building materials. Two

years ago, succession plans were successfully implemented and ownership of the store was moved to the second and third generations.

THE STORE

Since its founding, the store has grown from being housed in a single-car garage to a 22-acre facility with more than 50,000 square feet of warehouse space and 9,000 square feet of retail space. The team at Alf Curtis prides itself on their depth of inventory, believing that you can't sell what you don't have and your customer won't want to wait for it. The store carries a heavy inventory of all their products so they always have what the customer wants in stock.

COMPETITION

The trading area that Alf Curtis operates in serves about 80,000 people, but the store is competing with 10 other dealers within a 15-kilometre radius, including three Home Hardwares, a Home Depot, two RONAs and two TIM-BR MARTs.

Alf Curtis Home Improvements prides itself on customer service. The store delivers to job sites including unloading material inside or outside the house and even unloading shingles on the roof. The store boasts zero employee turnover and some staff have been there for more than 20 years.

INNOVATIONS

The store has embraced technology and offers an electronic delivery tracking system that keeps customers up to date via text or email on the status of their delivery. In 2013, Alf Curtis developed their own online store



Outstanding retailers honoured: Rich Russo of the National Hardware Show, sponsor of the Award; Chris Curtis, Brent Perry, Larry Curtis, and Chase Curtis of Alf Curtis Home Improvements; and Beverly Allen, publisher of Hardlines, which hosts the Awards.




where anyone can go to shop from more than 50,000 SKUs and have them delivered right to their door.

COMMUNITY

In the community, Alf Curtis is a major partner with Habitat for Humanity, supplying

them with the majority of their building materials. On a regular basis, the store also offers product knowledge barbecue lunches with vendors, where customers can come into the store and learn more about the products being sold.

Alf Curtis aims to not only serve its

contractor base, but the community as a whole. The store strives to stay ahead of the competition and is constantly innovating: these attributes are why Alf Curtis Home Improvements was selected as the 2014 Outstanding Retailer Award winner for Best Contractor Specialist Store. 

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BACK TO BUSINESS BASICS

Have you set a budget for 2015?
If the answer is “no,” then read on!

BY BILL WILSON,
RETAIL ADVISOR, NRHA CANADA

With all of the turmoil in the retail business, the Canadian dollar's slide and forecasts of further decline, oil prices plummeting and the increase of online purchasing, it is a must that you use basic business tools to manage your business.

How do you know if your business will be profitable or what the key targets are that you must attain monthly? You cannot manage your largest asset without a budget. Budgeting for a business is a process of preparing a detailed statement of financial results that are likely to happen in a future period of time.



BUSINESS BUDGET

You're best to start with an annual budget and then break it down into monthly segments. This allows for different calculations based on seasonality. The key components for a budget are:

- **Sales forecast:** A sales forecast by month is required because of the number of sales

days in a month and fluctuation in seasonal sales. Target five percent-plus.

- **Gross margin:** This requires monthly calculations because of seasonality and peak lumber sales that can change monthly margins by four to six percent. Rebates should be added for total gross margin. Target 25 to 28 percent.

Four tips for managing your business better:

1 Accounts receivable should be tightly managed and can be costly when not collected. Your actions in this regard must be ongoing. Based on results from the NRHA's 2014 Cost of Doing Business Survey, average collection is 54 days.

2 Salaries represent one of the few operating costs that can be adjusted. Keep a close eye on seasonal and weather-related highs and lows in your customer traffic and adjust staffing accordingly.

3 Increased sales are a challenge for any business. The best way to grow sales is through your existing customers. Increases can come from step-up selling, add-on sales, impulse sales, more promotions, special events, and more online selling. Train your employees to ask for the extra sale.

4 Most LBM retailers follow lumber pricing and **adjust their contractor and retail prices ongoing**. However, the same retailers are often not as diligent with their hardlines inventory. If you don't increase prices until you replace your inventory at a higher cost, then you'll have to invest additional dollars to maintain the same inventory.

KEY PROFITABILITY AND PRODUCTIVITY MEASUREMENTS

	Lumber Outlets		
	Typical*	High Profit*	Canada**
Gross Margin After Rebate	27.8%	25.9%	21-35%
Operating Expenses including payroll	25.7%	21.4%	23-27%
Total Payroll – incl. Benefits	16.5%	13.3%	9.0-19%
Inventory Turnover	2.6x	4.1x	2.5-4.6x
Average Collection Period (Days)	54.1	54.6	63 - 65
Sales per Full-Time-Equivalent Employee	\$225,801	\$241,487	
Sales per Customer	\$76	\$87	\$55-\$150
Consumer Sales	25%	25%	10-80%
Return on Net Worth (Pre Tax) (owners' equity)	13.1%	17.0%	4.4-17.4%
Profit Before Taxes	3.8%	5.1%	

**Canadian numbers have been gathered from retailers showing ranges that we have received.

- **Total wage costs:** These will include owners' salaries with benefits. Monthly changes are required for seasonality and the number of pay periods in the month. You may target 13 percent of sales, however with this calculation and a 22-percent margin, you'll lose money. A calculation that's now being used for wages for businesses with high LBM sales is a percentage of margin dollars. The target is 42 to 45 percent of margin dollars. This calculation will work for every store. If you're over 50
- percent, you'll likely lose money.
- **Operating expenses:** Generally, these are consistent monthly and typically difficult to reduce as they're fixed costs. Target eight percent.
- **Inventory levels:** Inventory should be turning four times; if not, review inventory and check the zero sales items.
- **Profit before taxes:** You want to end up being profitable. Target five percent-plus. The benefit to budgeting is knowing what your results should be at end of the year if

you manage and adjust your costs depending on business sales and margins.

FOLLOW YOUR FINANCIALS MONTHLY

You can't manage it if you don't measure it. It wouldn't make sense to create an annual budget and then not track it with a monthly statement. Then, if you're not meeting your forecast targets throughout the year, you can take action, such as adjusting costs, looking at ways to adjust margin, or creating new promotional activities.

Many retailers now use a key operating indicators report on a weekly basis—your retail system should be able to provide this. The report should show comparison against the previous year for sales, gross margin, wage costs, account receivables and inventory level, all on a weekly, month-to-date, and year-to-date basis.



Bill Wilson is Retail Advisor for the North American Retail Hardware Association Canada. He has a background of more than 40 years of experience in hardware and home improvement retailing and distribution and is committed to training for independents.



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Come celebrate and learn from speakers from across the country sharing their insights. Network with the industry's top retailers and vendors.

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“SIMPLE CAN BE SUCCESSFUL”

BY SIGRID FORBERG

Cook St. Castle in Victoria, B.C., has been a fixture of the downtown core for 25-plus years. Vicki Hagel, co-owner of the store, spoke with us at the 19th annual Hardlines Conference about her view from the front lines.

For Vicki Hagel, the hardware and home improvement industry is more than just a family business—from her wedding to the birth of her first child, her growth within the industry has always mirrored her own family’s growth.

And after 28 years, maybe that’s why she’s so serious about her role as a Castle dealer and owner of Victoria, B.C.’s Cook St. Castle.

So serious, in fact, that in the late ’80s Vicki and her husband, Frank, even bought a house across the street from their store. “That proximity has been invaluable,” Vicki says. “It’s really given us perspective on what the people in the community really need.”

customers know they can always trust the quality of their materials.

And the fact that loyal customers keep coming back is a good sign their priorities are on point. “Keeping it simple can be successful. You have to know your customer and what you can and can’t do,” Vicki says. “And you have to be ready to embrace change.”

In some cases, catering to their customers for Cook St. Castle has meant focusing on the basics. Vicki says they don’t use flyer coupons anymore because she found that when they were busy helping customers who came in just for the deals, they weren’t able to provide their loyal shoppers with the attention they deserve. Instead, the store

“You have to know your customer and what you can and can’t do.”

And with those needs in mind, the Hagels have focused on supplying the products their neighbours and customers need to make their houses homes, like garden supplies—one of their fastest-growing departments—while always acknowledging that home products are considered a major investment for their customers.

With that in mind, they’ve put an emphasis on stocking a well-curated assortment of products. While they know that with a small store they have to be selective about what they sell, they’ve built their reputation on the fact that their

now rewards regular and loyal customers with surprise flash sales.

The employees are another important part of their success, Vicki says. She laughs that they’ve become known as “Victoria’s alternative building supply,” with a staff of around 25 and a 50-year age gap between the youngest and oldest employees. But, she adds, their common trait “is their heart.”

Serving as Castle’s Western Director and working with Castle’s vendor community, she’s continually looking for opportunities for growth—from all angles of a small, independent business owner’s role.



Vicki Hagel, Castle dealer and owner of Victoria, B.C.’s Cook St. Castle, is continually looking for opportunities for growth—from all angles of a small, independent business owner’s role.

Her position on the board has also been a great way to connect with colleagues in the industry who share her enthusiasm and heart. She adds that her fiercely independent colleagues at the Castle shareholders’ table have inspired her, and that she’s drawn inspiration and enlightenment from the experience.

“We’re all in the business of helping others,” she says. “I’m proud to be in this industry among such a worthy group of professionals.”



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"I am definitely a believer in Orgill. Since we have converted to Orgill, I can't say enough good things about them. They see opportunities for our business that we might not have even seen ahead of time."

Brent Perry

Alf Curtis Home Improvements
Peterborough, Ontario

Alf Curtis Home Improvements

Alf Curtis Home Improvements is a third-generation family business that operates two lumber and building materials facilities with locations in Peterborough and Lindsay, Ontario.

The company primarily services contractors and tradesmen but has begun to expand its operation to meet the needs of more walk-in D-I-Y traffic.

Alf Curtis' Peterborough facility sits on approximately 18 acres and includes a 1,400-square-foot showroom, a 42,000-square-foot of warehouse space and a 17-acre yard.

The Lindsay facility, which was opened in 2005 is a 4-½ acre site with 25,000 square feet of warehouse space, a 1,400-square-foot store and a 3-½+ acre storage yard.



Expanding Your Market

"We are a pro yard, but we are slowly trying to build our retail trade. Since we started our relationship with Orgill, there is no doubt that we have been able to improve our walk-in traffic."

Helping Your Operations

"Throughout our entire remerchandising process, Orgill was heavily involved. They had a whole team of people that made the process go so smoothly."

Living Up to Commitments

"One of the biggest differences between Orgill and our old supplier is the fill rates. With Orgill, fill rates are just fantastic."

Presenting Options

"Since we started working with Orgill we have returned to and expanded a number of categories because we can be competitive, even with 11 competitors in our market, which has a population base of only about 80,000 people."

"If I could say one thing to other dealers about doing business with Orgill it would be—do it yesterday!"

—Brent Perry



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