

THIRD QUARTER / 2018

HARDLINES

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HOME IMPROVEMENT GROUPS

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# HARDLINES HIQ

HOME IMPROVEMENT QUARTERLY

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Thomas Dam, a Danish woodcarver, as a gift to his daughter designed her doll differently from traditional mythical trolls. The originals were either angry, bad or dangerous. His goofy looking dolls were thusly named, 'Good Luck Trolls'. As Scandinavian tradition would have it, nothing bad can happen to someone laughing. Because these trolls were so ugly you couldn't help but laugh, and when you laugh luck follows you. And now we have the plastic versions in colourful array adorning Bingo Halls across the country.



# REDEFINING CUTTING

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## HARDLINES

# HiQ

HOME IMPROVEMENT QUARTERLY



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BEVERLY ALLEN, PUBLISHER

## DEAR FRIENDS & COLLEAGUES,

**H**eraclitus, the Ancient Greek philosopher, said: “Change is the only constant. There is nothing permanent except change.”

I have mixed emotions as I write this final Publisher's letter to say goodbye to you as I retire this summer. It's been a great experience. Over the past 22 years, I've been here to see strong brands and retailers come and go. The top 20 in this issue reflects the ongoing changes in our Canadian retail landscape. There are so many things to say to you and to write about, but there's a word limit to this page.

You work in a great industry. I came into home improvement by chance in 1997—it was a job in my neighbourhood with the hours I was looking for. I never meant it to be where I spent the rest of my working life. What kept me? You did! This industry is formed and maintained by the amazing people working in it at every level. I'm proud to have known you and wish you all the best as you face the challenges of world change. I've been proud to represent Canada and Canadian home improvement across the country, as well as

in the U.S., and Europe. Canadians have an extremely positive reputation worldwide for our products and innovation. I'm also delighted to see more women in the industry and am sure that equalization of roles and opportunities will continue.

As for me, I am going to pursue my art career. I have been exhibiting my art for several years now and it's reached the stage where it will keep me as busy as I care to be. I will be in art shows and exhibits in Chicago, Toronto, and Berlin over the next several months. If you want to follow my art, I'm on Instagram and Twitter as @NomadBev and on Facebook as Beverly Allen – Artist. I'd love to hear from you.

It's been a great ride. Thanks so much to you all and I wish you luck, a positive retail environment with growth—and how about currency at par with the U.S. to spark more growth while we're wishing for things.

Thank you all for your kindness and your friendship. It's been a blast. 🍷

*Beverly Allen*

[bev@hardlines.ca](mailto:bev@hardlines.ca)

### A NOTE FROM THE EDITOR

To see Bev in a crowded room is to see her in element. As a young woman and a newcomer to the industry, it was inspiring to see a female leader who commanded such respect and yet was so well-liked by everyone we met. I have never taken it as an insult when people's faces fall when they find out Bev isn't with me at events—I get it, she's great.

And for a long time, she was one of the only women working in this industry. She and Michael helped organized women's networking events, she championed and advocated for women coming up in the industry. And she listened and advised as the next generation that has worked to build on the foundation she's laid.

We're going to miss Bev around the office. Her insights, compassion, and creativity have helped make Hardlines into the company it is today. Our team at Hardlines World Headquarters wants to thank Bev for her contributions and wish her well on this next—hopefully less stressful—chapter. —Sigrid



SIGRID FORBERG, EDITOR

# EMBRACING FAILURE

When it comes to business, the best lessons are sometimes learned from our most testing experiences.



**A** retailer once told me that to be successful in this industry, you can't make decisions based on whether you might fail. Failure is a given in retail. But how you recover from those endeavours isn't the most important lesson, it's what you learn from the process.

Every sports analogy is based on this principle. But there's so much pressure in business to do things right the first time that we often overlook better opportunities when we're just trying to make something

that generally pays off, but catering your offerings to a specific niche—or simply following your instincts—can make all the difference.

Taking risks is easier when you know you have a safety net. John Caulfield spoke with several dealers and buying group executives about the relationship between retailers and their banners. From negotiating with vendors on their behalf to helping them through expansions and renovations, each banner offers its

20 Report. We look at how these retailers are finding success and pushing the needle forward in the Canadian home improvement market. This top-level research informs our analysis for the rest of the year. And it helps us put the stories we tell in this magazine in context.

When we look at the numbers on a page, it's a real reminder of how what you do is such an important part of our society. As Frank puts it in his story, home improvement stores serve a variety of needs in their communities. This is a \$48 billion industry—there's room for a few ambitious mistakes here and there. Because even if one effort doesn't pay off, people are still going to need lightbulbs or snow shovels at some point, and they're going to keep coming back for the knowledgeable and friendly assistance they get at their local hardware or home improvement store.

“There's so much pressure in business to do things right the first time that we often overlook better opportunities when we're just trying to make something work.”

work. At the risk of using one too many idioms, though, remember: what doesn't bend, breaks.

One of our cover stories on page 32 explores this theme. Frank Condrón spoke with several retailers from across the country that have unique insights into the communities they serve. They each provide unique experiences and personalities, along with their retail offerings. It's risky to stray from a formulaic business model

members something different—it might take “trying on a few for size” for retailers to find their best fit. Read more about that on page 42. And in Bill Wilson's regular column on page 46, he explores how investing in your most important asset—your employees—helps to increase their confidence and knowledge, which will always bring up your bottom line.

Our main cover story this issue also offers you an excerpt of our annual Top

*S Forberg*

sigrid@hardlines.ca

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## WHAT'S TRENDING IN HOME IMPROVEMENT

# ONE CLICK AWAY FROM YOUR COMMUNITY

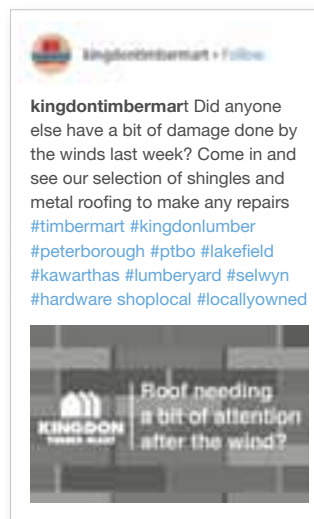
In this department, we're highlighting a few fun and innovative ways dealers across the country are using social media to engage their communities. The best posts combine selling products with humorous and informative content.



**Out like a lion, in like a lion?**  
We're all living this [#wildweather](#) life!

**TSC shows it doesn't take much time to invest in your space.**  
[#greencleaning](#)

**Castle Spring Valley makes bursting your customer's balloons fun.** [#popping4prizes](#)





Call it what you like, Copp's will help you bling it out. #throneeroom

Stores across the country pulled together to reach out to a community in grief. #humboldtstrong

The suns never set on a good play on words. #jedilessons



# HOUSING UPDATE: TORONTO COOLS OFF AS WESTERN MARKETS HEAT UP

**Canada's real estate market is cooling off, which may not be a bad thing. The good news is that dealers are staying busy—even as the house sales weather a correction.**

**O**ne-quarter of Canadian homebuyers say they feel pinched by changes to Canada's mortgage lending rules, which includes a "stress test" to ensure that first-time homebuyers could withstand increases to mortgage interest rates. However, projections for the spring market show optimism, with most markets expected to remain stable or improve.

These are just some of the findings of a recent survey conducted by Leger on behalf of real estate organization Re/Max. And while the slowdown can be expected to have an impact on new home construction, the repair and renovation market continues to be strong, based on anecdotal feedback from dealers across the country.

House prices in the Greater Toronto Area actually fell almost 10 percent from the first two months of 2017, and prices are expected to continue softening throughout the year. At the same time, the average residential sale price in Western Canada continues to increase, apparently less impacted by the stress test rules than in Eastern Canada. Greater Vancouver saw prices increase almost 11 percent in January and February to \$1,051,513, up from \$950,184 during the same period in 2017. Victoria has also seen an increase in average residential sale price, which was \$831,000 in January and February this year compared to \$761,000 during the same period in 2017.

In Alberta, first-time homebuyers looking for affordability in Calgary and Edmonton continue to drive the market,

**House prices in the Greater Toronto Area fell almost 10 percent from the first two months of 2017 while Greater Vancouver saw prices increase almost 11 percent at the same time.**



with single millennials and young couples gravitating toward the condominium market, which the Re/Max report says is relatively stable. The average residential sale price increased 1.4 percent in Calgary to \$481,775 in January and February of this year, up from \$475,288 in 2017. In Edmonton, by comparison, more housing inventory has resulted in a small increase in activity and more stable year-over-year prices going in to 2018.

Activity in Atlantic Canada experienced increased demand from first-time homebuyers, many of whom are young couples and families. At the same time, the condo market is being driven by retirees who are looking to downsize. Prices continue to rise across most Atlantic markets, especially in Saint John, where the average residential sale price in January and February this year was \$201,328, compared to \$168,956 during the same period in 2017.

By April, the market was continuing to soften, with sales down 2.9 percent from March, according to the Canadian Real Estate Association (CREA). Year-over-year sales were down even more dramatically, showing a 13.9 percent drop from April 2017. The number of newly listed homes also fell in April, down 4.8 percent from the previous month. And even though CREA's house price index was up 1.5 percent year over year, the year-over-year national average sale price declined by 11.3 percent in April.

However, in speaking with dealers in several parts of the country, all are positive about business over the first half of the year—despite a slow start in most regions. With areas like Alberta on the rebound, and even Newfoundland, which took a downturn in 2017, getting busy again, the home improvement industry is well poised to weather the latest corrections in the housing market.



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Paver Sealers



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Richelieu, the fastener and cabinet hardware maker based in Montreal, is marking a number of milestones this year.

## WITH THE HEART OF AN ENTREPRENEUR, RICHELIEU CEO STAKES GROWTH ON INNOVATION

**R**ichelieu Hardware is celebrating a number of milestones this year. It's been a quarter of a century since the hardware and fastener company went public. Its president and CEO, Richard Lord, has been with Richelieu for three decades. And the company itself is celebrating its 50th year.

Not bad for a fastener and cabinet hardware maker that was doing \$30 million in sales when Lord took the helm in 1988. By the end of this year, Richelieu will be a \$1 billion company with 110,000 SKUs and 80,000 customers.

But more important than the growth, the market dominance, and the national presence of Richelieu is perhaps the fact that it remains a Canadian company. In an era that sees more and more Canadian companies being swallowed up by larger players, most of them from south of the border, Richelieu has set itself apart as the one doing the acquisitions, many of them in the U.S.

Lord talks of these accomplishments with the enthusiasm of an entrepreneur. And in many ways, Lord is an entrepreneur at heart. A former EVP with RONA, with experience in manufacturing in Asia, he says, "My dream was to be an entrepreneur."

When he joined Richelieu, he saw the potential and wanted the company to operate in a way that would maximize that potential and be a leader in hardware production in Canada. "Richelieu was very small, and it fit my dream," he adds. "I took the responsibility to change the market in Canada."

Today, Richelieu works hard to be a market leader, and its range of products reflects the company's adherence to innovation. And much of that is aimed at the commercial market that comprises 85 percent of its business.

Walking through the company's showroom at its head office in Saint-Laurent, on the northwest side of Montreal, one can see firsthand the range of unique space-saving and convenience-driven products for cabinet manufacture, as well as for homeowners



Richard Lord, president and CEO, has taken Richelieu to a \$1 billion company in his 30 years at the helm.

looking to create a shelf, closet, or kitchen cupboard that works best for their home.

"Richelieu's strength is that we have access to anything around the world," says Lord. That has enabled the company to stay on top of, and lead, product trends. "For example, when we started, we sold plastic cabinet knobs for 15 cents. Now the world has changed, with knobs that now sell for \$10."

# RONA ROLLS OUT PARCEL DELIVERY TO ACCOMMODATE ONLINE PURCHASES

**R**ONA is now offering parcel shipments, allowing customers to shop online and have their order delivered almost anywhere in the country in one to two days. This new service complements the in-store pickup and truck delivery services introduced by the banner in 2017.

“With the parcel shipping service, we’ve completed RONA’s online shopping offer,” says Serge Éthier, EVP of RONA’s proximity and pro business. “Over 17,000 products can now be pur-

chased online and shipped by mail. Customers can shop when they want and how they want—in the comfort of their home, at the office, or even from a construction site.”

Pricing varies according to the size of the order. Under \$25, the cost is \$4.97; up to \$50, the cost is \$9.97. Pricing increases gradually until the \$100 level, after which the charge is \$24.97.

The new functionality follows a mobile-responsive web design that was rolled out last December.

**RONA has launched parcel delivery, allowing customers to shop online and have their orders shipped almost anywhere in the country.**



**The new delivery option follows the new mobile-responsive website RONA rolled out at the end of 2017.**



## BRIEFLY

### CANADIAN TIRE UPDATES LOYALTY PROGRAM

Canadian Tire is making changes to its loyalty program, rolling out the new Triangle Rewards card in the first major shakeup of the program since it first introduced a loyalty card in 2014 to enhance—and ultimately supplant—the retailer’s own Canadian Tire money. With Triangle Rewards, the company will for the first time extend its loyalty program to Sport Chek and Mark’s. With the digital rewards app, the card complements the familiar Canadian Tire money notes.

### UFA HAPPY WITH FLYER SUCCESS

UFA re-introduced paper flyers at the beginning of 2017 for the first time in many years and has been pleased with the results. The flyers were part of a new series of promotional and marketing efforts for the farm and hardware co-op’s 35 retail outlets. Twelve marketing flyers were printed over the year, which were delivered as an insert in the Alberta Farmer Express newspaper and made available in UFA Farm & Ranch Supply stores, petroleum agencies, and online. Based on positive feedback from customers and stores, UFA plans to expand the distribution of the flyers in 2018.

### LOWE’S OPENS ITS 100TH ACE STORE IN CANADA

Lowe’s Canada, which owns the license to the Ace brand in Canada, has opened its 100th Ace store. Owen Sound Ace Country & Garden located in Owen Sound, Ont., is owned by the Huron Bay Co-operative, which is adding the Ace banner to its FS Co-op location there. This latest addition to the Ace banner’s network is also considered an important milestone for Lowe’s, which has been working aggressively to add locations since taking on Ace when it purchased RONA in 2016.

## ABSDA BUILDING SUPPLY EXPO GETS LIFT FROM MOVE TO NEW VENUE

**T**he Atlantic Building Supply Dealers Association (ABSDA) held its 2018 Building Supply Expo in late March, hosted for the first time at the Halifax Convention Centre.

There was an optimistic feeling at the show due to the new location. The ease of getting back and forth between hotels and the conference centre, with all show-related events right in one location, was important to dealers and vendors alike. And a strong presence from Newfoundland boosted the expo's overall success.

"The new location was amazing. It was state of the art," says Denis Melanson, president of the ABSDA. "Just being downtown was great."

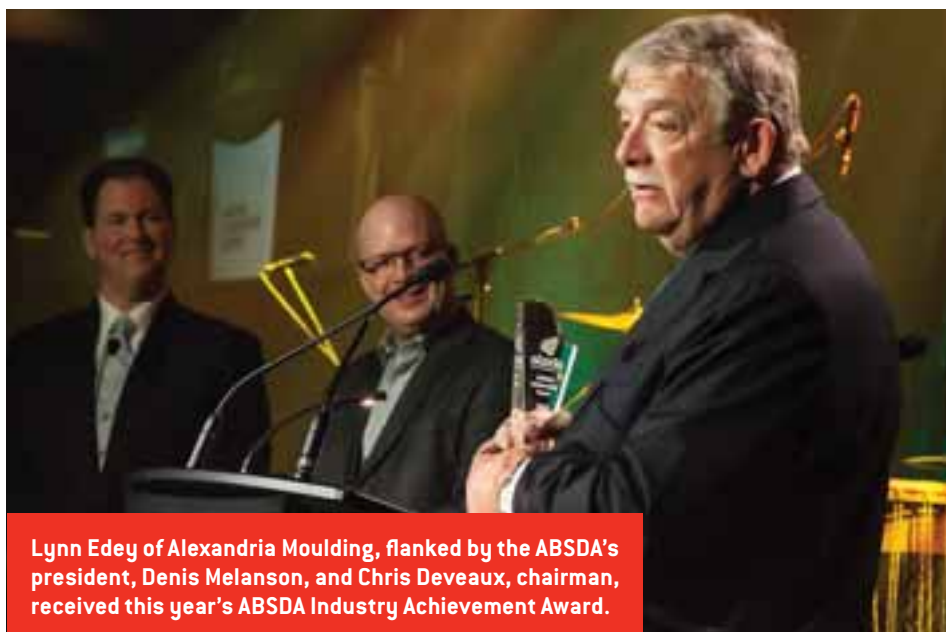
The show benefitted from the addition of private meeting rooms around the show floor's perimeter. Major exhibitors, who might have typically had multiple booths on the floor in the past, could use these private rooms instead to showcase their products and hold meetings with customers.

"People loved the experience of having one-on-one meetings with vendors and their clients," Melanson says. "That was a big plus."

The ABSDA gala dinner, held during the show, included the awarding of the 2018 Industry Achievement Award, given this year to Lynn Edey of Alexandria Moulding. "He's a true road warrior," says Melanson, "and everyone on the judging committee agreed he was most deserving."



The 2018 ABSDA Building Supply Expo changed locations to the state-of-the-art Halifax Convention Centre in downtown Halifax.



Lynn Edey of Alexandria Moulding, flanked by the ABSDA's president, Denis Melanson, and Chris Deveau, chairman, received this year's ABSDA Industry Achievement Award.



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# HOME HARDWARE'S TERRY DAVIS HAS NEW TITLE

**T**he announcement that Home Hardware chief executive Terry Davis has added the title of president to his responsibilities marks the latest step in propelling the 54-year-old company forward. While Davis has had the CEO position for the past four years, the president's role had remained with his predecessor, Paul Straus.

Straus, who has had a reduced role at the dealer-owned home improvement co-op, is now retiring, but will remain in a counsel capacity to the company.

As both president and CEO, Davis will continue to report to Home's board of directors, but now as president, he will also sit on the board, putting him in closer contact with the board as he

executes day-to-day functions. More specifically, he is accountable for the control of the business and the general conduct and affairs of Home Hardware Stores and its wholly-owned subsidiaries. He also remains responsible for the financial control and long-term health of the company.

Davis joined Home Hardware more than four decades ago in a junior warehouse position at the distribution centre in St. Jacobs, Ont. He moved his way up through the ranks, taking on a series of managerial and executive positions accountable for dealer support and dealer development, marketing, information technology, dealer finance and legal services, administration, and strategic planning.

## SEXTON GROUP EXPANDS IN ONTARIO WITH TWO NEW DEALER MEMBERS, NEW REP

**Sexton Group has announced the addition of two Ontario members, reports President Steve Buckle.** Tarpin Lumber & Truss, one of Ontario's largest family-owned building supply companies, is based in Innisfil and has been owned and operated by Dave Pratt and family since 1986. Tarpin's production team develops custom prefabricated wood roof trusses for its customer base of architects, project engineers, and other professionals.

Tampa Hall Ltd., which manufactures structural wood framing systems, has supplied framing construction technology to home builders since its inception in 1960. The Ayr, Ont.-based company, headed by Jordan Rothwell, holds patents for wall assemblies and prides itself on

its developments in wall framing and roof truss technology.

"I am thrilled with these recent developments," says Buckle. "Dave Pratt and Jordan Rothwell are talented entrepreneurs and their organizations are influential in Ontario. I appreciate their confidence in Sexton Group."

At the same time, the group has announced that Mike Fraser has taken on the newly created role of commodity wood products manager, Eastern Canada. "The ability to add someone of Mike Fraser's calibre and acumen to our team is a real coup and will accelerate our progress in Eastern Canada," Buckle adds. And most recently, Tom Bell has joined Sexton as business development manager for Western Canada.

### BRIEFLY

#### MIKE HOLMES TO REP GE

GE Appliances Canada has announced a new partnership with The Holmes Group, whose founder Mike Holmes will serve as a brand ambassador along with son Mike Jr. and daughter Sherry. Throughout 2018, in-store point-of-purchase displays, digital content, and social media and PR activities featuring the Holmeses will be used to boost sales of GE's full range of kitchen and laundry products. GE Appliances will also be seen on the show "Holmes and Holmes" and will receive the "Holmes Approved" stamp of approval.

#### CHHMA INDUCTS INDUSTRY VETERANS TO HALL OF FAME

The Canadian Hardware and Housewares Manufacturers Association awarded its 2018 Hall of Fame recipients at the association's AGM and annual convention this spring. The vendor recipient was Gerry Byle, former general manager of Kaz Canada and the Canadian division of Honeywell Consumer Products. He is also the former president of Bionaire. Vaughn Crofford, retired president of the CHHMA, was also inducted into the Hall of Fame for his leadership of the association over almost a quarter of a century. This year's retail inductee was Yves Gagnon, former president and CEO of Groupe BMR.

#### BEAUTI-TONE TEAMS UP WITH BLUE JAYS

As official paint of the Toronto Blue Jays, Beauti-Tone, the coatings division of Home Hardware Stores Limited, has released a collection of baseball-inspired colours. The Beauti-Tone team worked with three Blue Jays team colours—blue, navy blue, and red—along with seven more complementary colours, including the nostalgic powder blue hue of the 1977 to 1988 Blue Jays uniform.

# TONY STEIER, OF FCL'S HARDWARE AND BUILDING MATERIALS BUSINESS, RETIRES

**T**ony Steier, director of home and building solutions with Federated Co-operatives Limited (FCL), retired at the end of April at the age of 55, after 40 years of service with the organization. An outgoing and committed advocate and brand ambassador for Co-op, including being the first person from FCL to speak at a Hardlines Conference, he became well known and respected throughout the industry.

Stepping in to replace him is Cody Smith, who joined FCL in 2003 and served in a range of buying roles.

Steier was pretty much born into the Co-op life. His father operated the Co-op Service Centre in Maple Creek, Sask., and from the age of five, the younger Steier helped his dad with inventory and odd jobs at the service station. During those early years, he learned firsthand how the Co-op model connects with local communities and member owners in Western Canada.

Steier's career began in Westlock, Alta., where he worked as the hardware manager for Barrhead Co-op. There, he learned the day-to-day operations of the hardware business. A combination of business savvy and humour soon led him to larger responsibilities with a promotion to regional sales coordinator, responsible for store operations and merchandising in the Edmonton region.

In 1989, Steier joined the FCL home office team in Saskatoon as a buyer. During his years in that role, he would be responsible for several different product categories. An eagerness to take on new challenges helped him develop a repu-



After 40 years with FCL, Tony Steier retired at the end of April.

tation with the vendor community as a skilled negotiator and someone who wasn't afraid to challenge the status quo.

In 2003, he was promoted to the procurement manager role. In that position, he led the buying team and played an important role in FCL's support of the Spancan buying group.

Steier accepted the role as director of the home and building solutions department at FCL in 2014. As leader of the hardware and LBM business, he worked to implement long-term planning and strategic growth development, with a shift towards a customer experience focus.


According to his colleagues at FCL, Steier has demonstrated throughout his career a strong work ethic and drive for continuous improvement, often challenging his team—and others within the industry—to work harder and try new directions.

## BRIEFLY

### LEE VALLEY'S FOUNDING FAMILY EARNS LIFETIME ACHIEVEMENT AWARD

Robin Lee, CEO of specialty hardware retailer Lee Valley Tools, along with his parents, founders Leonard and Lorraine Lee, have been awarded the Excellence in Retailing Awards 2018 Lifetime Achievement Award. The award is presented by the Retail Council of Canada. It recognizes a family or an individual in retail who has demonstrated outstanding business success and community service throughout their career, and who has left an indelible mark on the industry through innovation and commitment to customers and employees.

### RENO-DEPOT ANNOUNCES NEW SPOKESPERSON

Reno-Depot, the big box contractor banner of Lowe's Canada, has a new spokesperson. Hockey star Dave Morissette is both a well-known sports figure and a home improvement enthusiast. He's currently starring in various Reno-Depot advertising campaigns. "Reno-Depot is celebrating its 25th anniversary this year and embarking on the next chapter of its history," says Guy Beaumier, EVP Big Box at Lowe's Canada. "During this growth phase, we wished to partner with a new spokesperson who is—just like the Reno-Depot brand—accessible, authentic, energetic, and professional. Dave is a down-to-earth, hands-on kind of guy who enjoys home improvement and knows how to overcome obstacles to complete his projects." 



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## Dahl 511-PX3-31

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Show contact: **Stephanie Steiner**  
[www.dahlvalve.com](http://www.dahlvalve.com)



## Diablo Tools 7-1/4" 24T Framing Blade

Diablo's next generation 7-1/4" 24T Framing Blade with new Tracking Point Tooth design delivers maximum life and durability with effortless cutting performance. It's the only 7-1/4" blade on the market to include tracking point tooth design. It's ideal for framers, roofers, remodelers, concrete formers, or anyone cutting pressure treated wood, 2x lumber, plywood, hardwoods, and softwoods.

Show contacts: **David Sparks and Luciano Iaboni**  
[www.diablotools.com](http://www.diablotools.com)

## Dow Great Stuff Smart Dispenser

Introducing the NEW GREAT STUFF SMART DISPENSER. Reusable. Use it again and again. No Drips means Less Mess! Foam stops when you stop. Precise. Great Control.

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[www.greatstuff.dow.com](http://www.greatstuff.dow.com)



## EAB Thin Kerf Metal Cutting Diamond Blades

EAB Exchange-a-Blade's power tool accessories offer high performance, unbeatable savings, and a unique recycling opportunity for both DIYers and contractors.

Show contact: **Danny Wight**  
[www.exchangeablade.com](http://www.exchangeablade.com)



## GSW Water Heaters

The GSW powered by Takagi condensing tankless water heaters are state-of-the-art and are Energy Star qualified with an Energy Factor of 0.95. Their primary heat exchanger is constructed of commercial-grade copper, which is more resilient against erosion.

**Show contact:** Kim Laurette

[www.gsw-wh.com](http://www.gsw-wh.com)

## Imperial Manufacturing Group

### T-Flex Semi-Rigid Metal Flexible Dryer Duct

The T-Flex Semi-Rigid Metal Flexible Dryer Duct Kit is the next generation of dryer duct. It has all the features and benefits of the flexible foil duct and semi-rigid aluminum air duct, with none of the drawbacks. T-Flex is easy to install and is tough yet flexible for tight 90-degree bends eliminating elbows. It keeps its shape and is safe for electric and gas dryers. T-Flex dryer duct kit includes clamps.

**Show contact:** Steve Finlay

[www.imperialgroup.ca](http://www.imperialgroup.ca)



## Mibro Vulcan Powertool Accessory Packaging and Merchandising

Improve the performance of your Power Tool Accessory assortment with NEW Vulcan packaging and merchandising. Enhanced branding, new colors, new packaging format and new space efficient racking gives the power tool accessories section of your store the presence it deserves allowing consumers to make informed purchase decisions quickly and accurately.

**Show contact:** Tom Nickelson

[www.mibro.com](http://www.mibro.com)

## Oatey Set-Rite

The Set-Rite system eliminates double-stacking wax rings, which may lead to uneven compression, and could cause potential leak paths. The leak-proof installation means getting the job done right the first time. No subfloor restoration required, eliminating time and money.

**Show contact:** Denise Deacon

[www.oatey.com](http://www.oatey.com)



## Sherwin Williams Purdy XL

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**Show contacts:** Grant Adams, Guy Monfette, Marc Cousineau  
[www.purdy.com](http://www.purdy.com)



## Weiser Cambie door knob

Welcome Cambie to the Weiser family. Cambie has an idealistic, simplified look. With defined lines and a variety of finishes, you can seamlessly upgrade to a contemporary style. Cambie can feature a round or square rose, so you can select the look you want for your home.

**Show contact:** Juliana Colangelo  
[www.weiserlock.com](http://www.weiserlock.com)

## Weiser Premis Smart Lock

Premis is a touchscreen smart lock that seamlessly integrates with Apple®HomeKit features such as Siri voice control, remote access through Apple TV and end-to-end encryption while delivering trusted security features from Weiser. The Premis app allows you to easily send, add, delete or disable up to 30 user codes, schedule access for certain times/days.

**Show contact:** Juliana Colangelo  
[www.weiserlock.com](http://www.weiserlock.com)



## Task Tools Task Heavy Duty Component Apron with Suspenders

New! Check out the Task Heavy Duty Component Apron with Suspenders from Task Tools' all new Ballistic Work Gear line! Crafted in 1680D polyester for ultimate durability and abrasion resistance, the hard-working belt has more than 30 pockets to organize and store all the must-haves. See all 19 pieces on our website.

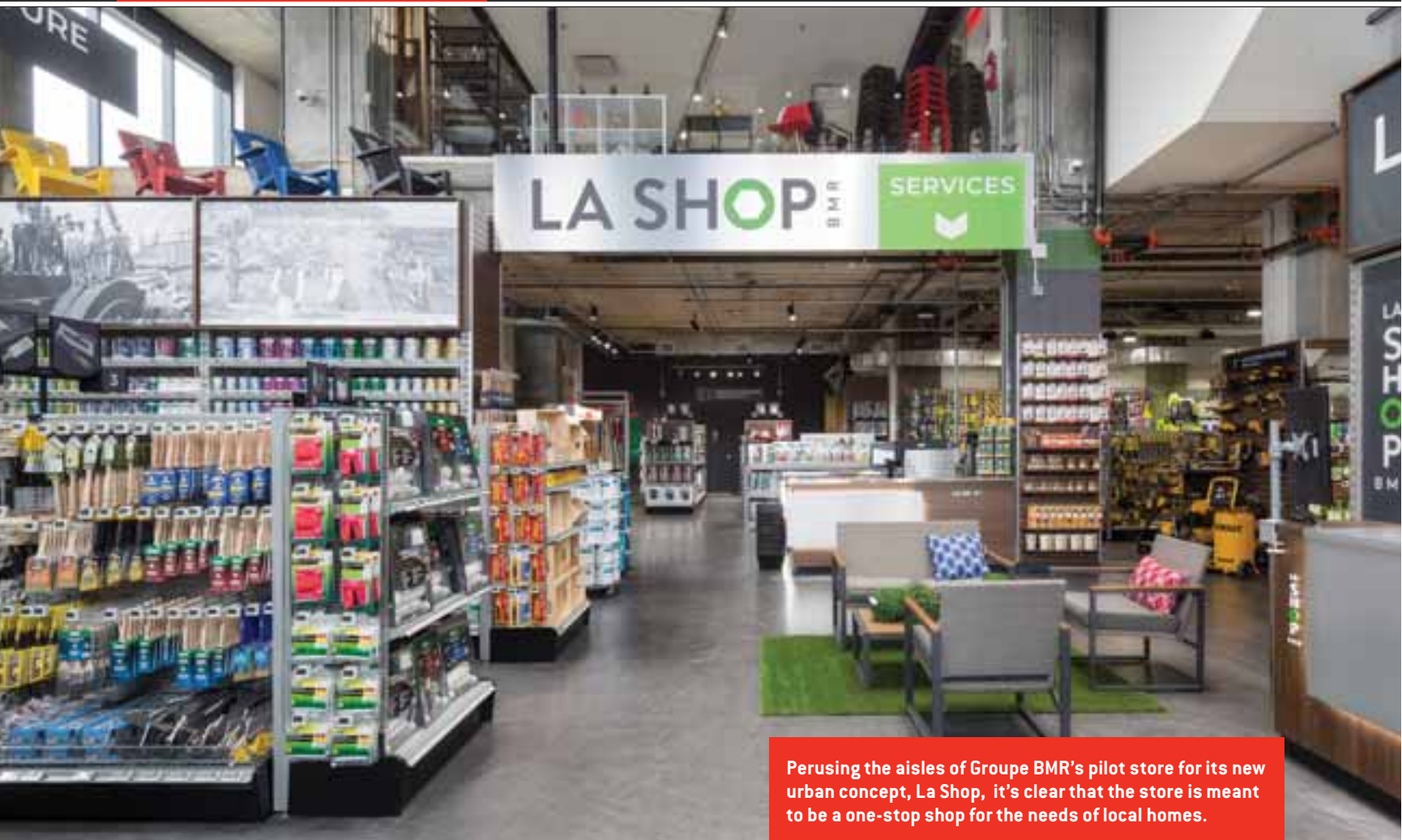
**Show contact:** Scott Dore  
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Perusing the aisles of Groupe BMR's pilot store for its new urban concept, La Shop, it's clear that the store is meant to be a one-stop shop for the needs of local homes.

## BMR UNVEILS LA SHOP, AN URBAN CONCEPT STORE IN DOWNTOWN MONTREAL

A hip Montreal neighbourhood location is being used as the testing ground for BMR's new store model catering to younger, downtown shoppers.

BY GEOFFREY McLARNEY

**G**roupe BMR recently opened the pilot store for its new urban concept, La Shop, in Montreal's Griffintown neighbourhood. The traditionally industrial quarter has been the site of a condo sales boom in recent years, and with attractive prices and a central location, it's an appealing destination for the

millennials BMR hopes to court with its new store format. A soft launch was held for media guests the day before the store opened to the public.

"We are determined to be the reference point for urban hardware," Martin Lecomte, BMR's VP of retail, told the crowd, noting that, as a millennial himself, he was

"feverish" with excitement. "What distinguishes La Shop from traditional hardware stores is its product offerings," he added.

Indeed, perusing the aisles of this 7,000-square-foot location, it's clear that the store is meant to be a one-stop shop for the needs of local homes. Paints and tools are complemented by décor products



such as scented candles and oil diffusers. According to CEO Pascal Houle, traditional hardware categories like plumbing and electric account for about 75 percent of inventory, and alongside them are such offerings as stationery and premium pet foods. Dogs are even welcome—on-leash—in the store.


Houle underscored BMR's pride in the new store, which he said was "100 percent focused on local consumer needs." Ghislain Gervais, president of BMR's parent company, La Coop fédérée, praised the "diverse, original, and local" concept.

Jonathan Lavoie, the store's youthful manager, praised the "incomparable, redoubtable people of Griffintown" and highlighted the store's ties to Canadian suppliers.

La Shop's retail offerings, sold at the "best price guaranteed", are rounded out with personal touches like handyman services and free tool sharing, important for establishing the kind of relationship that younger customers seek from their retail experience. It also promises an omnichannel

experience, enabling customers to order products online for next-day delivery, supported by BMR's recent, extensive investment in its digital sales platform.

The initial pilot test will be fine-tuned

through the fall, after customer feedback has been considered. The takeaways from the experience over the next few months will be key to BMR's decision about any future expansion of La Shop. 

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# Canada's Top 20 HOME IMPROVEMENT GROUPS

**Our definitive report** on the top 20 players in the Canadian home improvement and hardware industry for 2017 is your authoritative information source on growth in this industry and the trends influencing consumer spending.

BY SIGRID FORBERG

# A closer LOOK

The state of the industry is about more than just overall sales and in what order the retail banners rank. Here, we identify some of the major trends the top four retailers are tapping into while they jockey for position. And we'll look at who made what moves last year and what you can learn from their successes.

**T**his past year saw the Canadian home improvement industry grow by 5.1 percent. Valued at \$48.2 billion, that increase exceeded Hardlines' projections from a year ago.

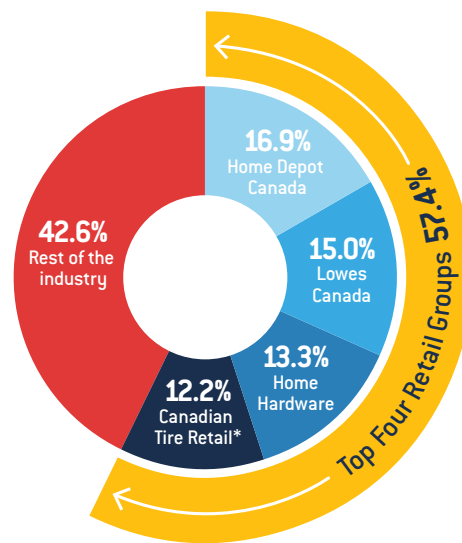
Our annual assessment of the industry reveals that our list of top 20 retailers has remained consistent from 2016. The top four, which account for 57.4 percent of the market, fall in the same order as last year. For the fourth year in a row, Home Depot Canada ranks first on our list. Lowe's Canada, with the RONA acquisition going into its second year, comes in second. Home Hardware Stores Ltd. holds steady in third. And Canadian Tire comes in fourth.

What accounts for this impressive growth? There are several trends influencing consumer spending, such as the increased investment in appliances and private labels. These home improvement retailers are also upping their e-commerce game, offering eager customers an omni-channel approach.

## GETTING INTO THE BUSINESS OF APPLIANCES

The closure of Sears Canada came as no surprise, given that the company had been ailing for a decade. But Sears's woes were

## CONSOLIDATION AT THE TOP



\* Excludes automotive, sporting goods, and other non-related products.

being watched carefully by hardware retailers. With the company now gone, the appliance category has opened up. Both Home Depot and Lowe's have been putting more emphasis on the category which Sears had long dominated.

With its dominance in heavy appliances and strong customer service, Lowe's has been sharing that expertise with its multiple

Company (sales are in the millions)	2017
#1 Home Depot Canada	\$8,150
#2 Lowe's Canada	\$7,240
#3 Home Hardware Stores	\$6,428
#4 Canadian Tire Retail*	\$5,884
Rest of the industry	\$20,531
<b>TOTAL INDUSTRY</b>	<b>\$48,233</b>

- The Top Four retail groups comprise well over half of all sales in the industry.
- Consolidation continues at the top, thanks in 2016 to Lowe's takeover of RONA.
- The market share of the Top Four remained more or less stable in 2017, dipping slightly from 57.5 percent in 2016.

banners, rolling out appliances in 100 RONA stores across the country. And at its dealer show in Montreal this spring, Lowe's featured a RONA kiosk front and centre with a 2,000-square-foot section dedicated to home appliances.

These moves have put Lowe's chief rival, Home Depot Canada, on the alert. In response, Home Depot has also expanded

its appliance department and increased its range of decorative building materials, including flooring and paint.

### PRIVATE BRANDS

Canadian Tire and Lowe's have also been respectively increasing their private brand selections for consumers. In recent years, Canadian Tire introduced the Frank and Canvas living lines, as well as the Maximum tools line, and Woods and Outbound brands in the camping and outdoors category. It has also invested in Mastercraft, MotoMaster, Yardworks, and Padinox, the company that owns Paderno kitchenware. This spring, Canadian Tire also used its annual general meeting to announce it had acquired Norwegian outdoor clothing company Helly Hansen.

Last fall, Lowe's made an announcement that it was making another addition following Sears's exit from the market: the Craftsman tool line. Craftsman isn't intended as a proprietary brand—Lowe's own hand tool line is sold under the Kobalt brand. But the new addition is considered a strong addition to Kobalt and Lowe's current national brands. And Lowe's says it will work with Craftsman to co-develop exclusive products.

### REFINING THEIR PRESENTATION

Each of the top four also put some effort into their corporate branding over the last year. Home Hardware's "Here's How" campaign

### COMBINED TOP 20 GROUPS (\$MILLIONS)

Rank	Company	2016	2017	Change
1	Home Depot Canada	\$7,700	\$8,150	5.8%
2	Lowe's Canada	\$6,900	\$7,240	4.9%
3	Home Hardware Stores	\$6,140	\$6,428	4.7%
4	Canadian Tire Retail	\$5,690	\$5,884	3.4%
5	ILDC	\$3,800	\$3,928	3.4%
6	TIMBER MART	\$2,800	\$2,935	4.8%
7	Castle Building Centres	\$1,950	\$2,073	6.3%
8	Sexton Group	\$1,800	\$2,070	15.0%
9	Groupe BMR*	\$1,200	\$1,240	3.3%
10	Kent Building Materials*	\$784	\$909	15.9%
11	Delroc	\$713	\$743	4.2%
12	Canac	\$580	\$609	5.0%
13	Federated Co-operatives*	\$554	\$554	0.0%
14	WSB Titan	\$500	\$640	28.0%
15	UFA Ltd.**	\$348	\$366	5.2%
16	Peavey Industries/TSC	\$419	\$417	-0.5%
17	TORBSA	\$371	\$408	10.0%
18	FBM/Winroc	\$350	\$358	2.3%
19	Patrick Morin**	\$255	\$286	12.2%
20	Windsor Plywood***	\$225	\$235	4.4%
TOTAL		\$39,713	\$41,883	5.5%

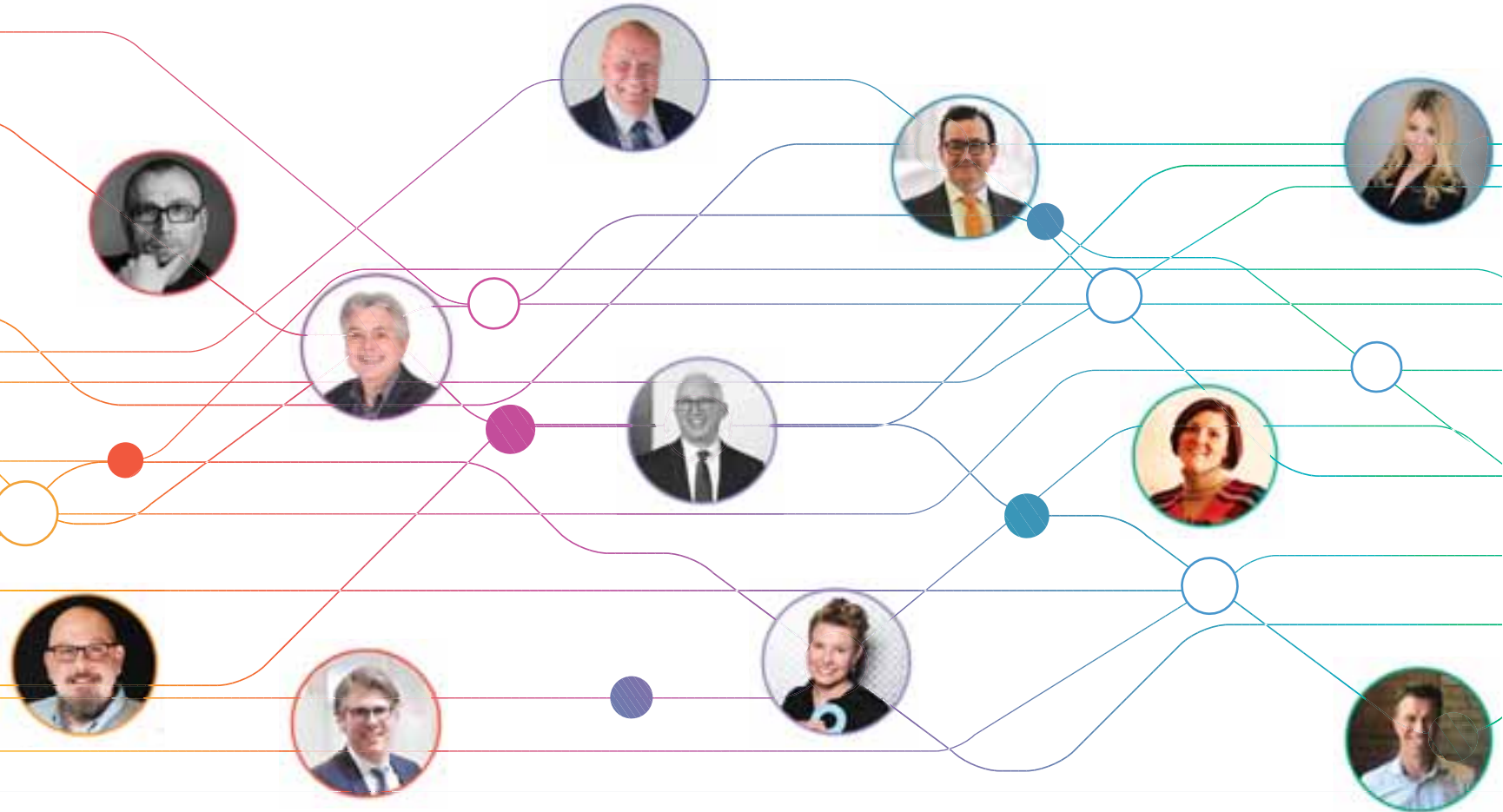
\*BMR, Kent, Patrick Morin, & FCL are included with ILDC, so their sales have been backed out of the total to avoid double-counting. Kent's dramatic increase reflects its acquisition of Central Supply at the beginning of 2017.

\*\* UFA is included with Sexton, so its sales have been backed out of the total to avoid double-counting.

\*\*\* Windsor Plywood is included with Delroc, so its sales have been backed out of total to avoid double-counting.

# POWER OF BRAND

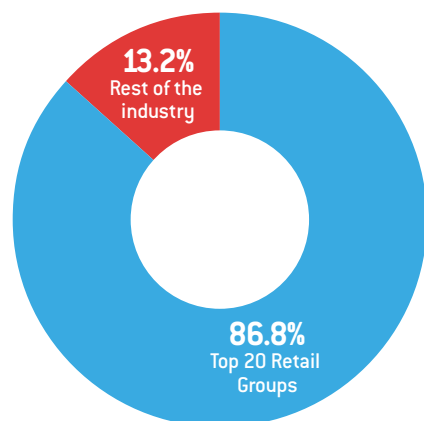
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## TOP 20 VS. THE OVERALL MARKET



	2017
Top 20 Retail Groups	\$41,883
Rest of the Industry	\$6,350
Total Industry	\$48,233
Market Share of Top 20	86.8%

- The Top 20 retail groups managed to increase their overall share of the Canadian home improvement market by a small margin, from 86.4 percent in 2016.

## RANKING OF THE BUYING GROUPS BY SALES (\$MILLIONS)

Buying Group	2017
Home Hardware Stores*	\$4,307
ILDC**	\$3,928
TIMBER MART	\$2,935
Castle	\$2,073
Sexton Group	\$2,070
Groupe BMR	\$1,240
Delroc Industries	\$743
TORBSA	\$408
Rest of the Industry	\$31,769

- Home Hardware is not strictly a buying group, but in fact a dealer-owned co-operative. However, its stores that sell building materials (Home Hardware Building Centres and Home Building Centres) act as a buying group to negotiate those purchases. Therefore, the company is included here.
- Among what we recognize as traditional LBM buying groups, ILDC ranks as number one, with TIMBER MART as number two.

\* Home Hardware's home centre and building centre dealers only.

\*\* ILDC's sales here include BMR, which is also a member of ILDC.

## BUYING GROUP SALES YEAR-OVER-YEAR (\$MILLIONS)

Buying Group	2016	2017	Change
Groupe BMR*	\$1,200	\$1,240	3.3%
Castle Building Centres	\$1,950	\$2,073	6.3%
Delroc Industries	\$713	\$743	4.2%
Home Hardware Stores**	\$4,114	\$4,307	4.7%
ILDC	\$3,800	\$3,928	3.4%
Sexton Group	\$1,800	\$2,070	15.0%
TIMBER MART	\$2,800	\$2,935	4.8%
TORBSA	\$371	\$408	10.0%
TOTAL	\$15,548	\$16,464	5.9%

\* BMR's sales are not included in the total, to avoid double counting, as it is also a member of ILDC.

\*\* Home Hardware's home centre and building centre dealers only.

has targeted the lucrative young adult customer. With this brand-new marketing slogan and a shift from product to project promotion, as well as an emphasis on its Canadian-owned and operated status, the co-op hopes to increase its popularity with a new generation.

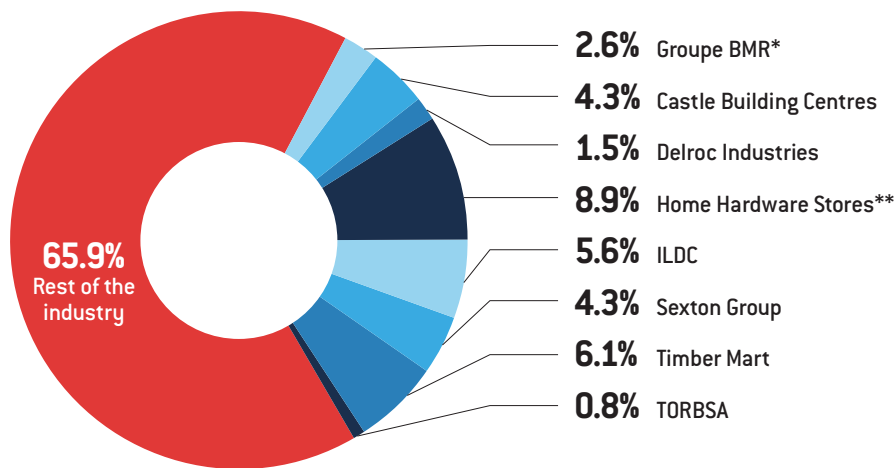
Canadian Tire has made a few attempts to refine its loyalty program over the last few years, only to find resistance from Canadians. The company's new digital rewards program, Triangle Rewards, doesn't replace the paper money, but it now offers shoppers the ability to acquire points digitally and use them across the company's many divisions—Canadian Tire, Sport Chek, and participating Mark's and Atmosphere locations.

For its part, Lowe's has been working to sort out its plans for the assortment of banners it acquired when it purchased RONA. The company announced earlier this year the conversion of its Marcil stores to the RONA banner. The stores, known for catering to a mix of DIY and contractor customers, will fit into RONA's format for its small to medium-sized building centres, known internally as "proximity stores". While the move reflects a common direction taken by many companies to unify their brand with fewer banners, it also points to Lowe's commitment to continue to support the RONA banner, at least in Quebec, where it remains dominant.

## IT'S ALL ABOUT OMNI-CHANNEL

This past year also brought a big push from each of the top four to refine their omni-channel offerings. Home Depot headquarters in Atlanta have been investing considerable resources in the company's online initiatives. The company also plans to build seven e-commerce fulfillment centres to help speed up deliveries to customers' homes or job sites and hire 1,000 technology professionals—including 100 in Canada—over the next year. It's part of an \$11 billion overall plan to re-engineer

## MARKET SHARE OF THE BUYING GROUPS



\*To avoid double-counting, ILDC's sales here do not include BMR, which is also a member of ILDC. For ILDC's total share of the market, add back in BMR to equal 8.2 percent.

\*\*Home Hardware's home centre and building centre dealers only.

Home Depot and position it for future growth and viability.

At Lowe's, the "click and collect" option was already available in all Lowe's and Ace Canada stores, but, as of last fall, Reno-Depot customers can order online and have things shipped nearly anywhere in Canada.

And then in the spring, Lowe's announced RONA would also be offering two-day parcel delivery to complement its new responsive web design.

As for Canadian Tire, the company has made its digital platform a top priority. It's speculated that former CEO Michael

Medline was replaced because of his failure to deliver on the kind of online growth its board was looking for. The challenge for Canadian Tire is how to generate sales from a corporate level online and then push those sales—and customers—into the local stores, all of which are independently owned.

It's now aiming to make at-home delivery its next plateau. Online shoppers can, so far, have their purchases delivered to a nearby store for pickup. But a fully integrated delivery model to a shopper's own home is just now materializing for the giant retailer. There are challenges—such as logistics and inventory tracking—still to be worked out, which may push a wider launch further into this year.

Until recently, most of Home Hardware's online sales were being shipped out of its own warehouse, with the balance coming out of store inventory. However, customers can now order online for same-day in-store pickup or have products shipped directly to a local Home Hardware store for local pickup. The company is considering options to make ship-to-home available to its customers. And with a new website launched this spring, the company hopes to deliver on that promise by the end of the year.

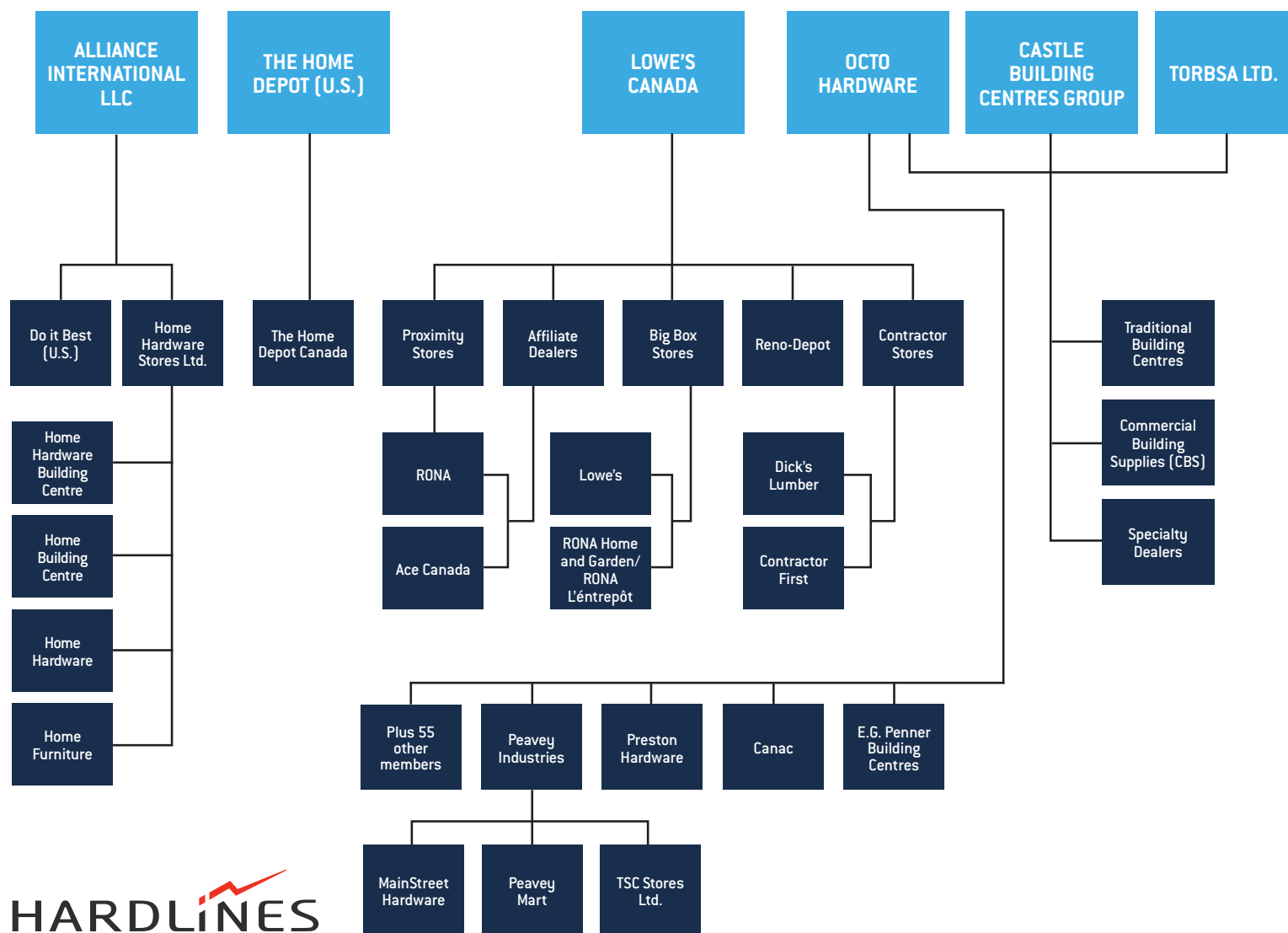
While the competition is tight at the top, it's clear that Canada's home improvement retailers are challenging one another to continue innovating and finding new solutions to better serve the market. 

### Where do we get this information?

We use sales and statistics from the companies themselves in most cases, combined with competitive intelligence—much of it proprietary. Sales and store counts for each company are as of year-end 2017, and based on company data and/or Hardlines estimates. Hardlines has tracked the growth of the retail home improvement industry in Canada since 1997.

The industry, as measured by Hardlines, comprises sales at retail by all hardware stores, building centres, and home centres in Canada, including related hardware and home improvement sales by Canadian Tire, club stores, co-ops, and mass merchants.

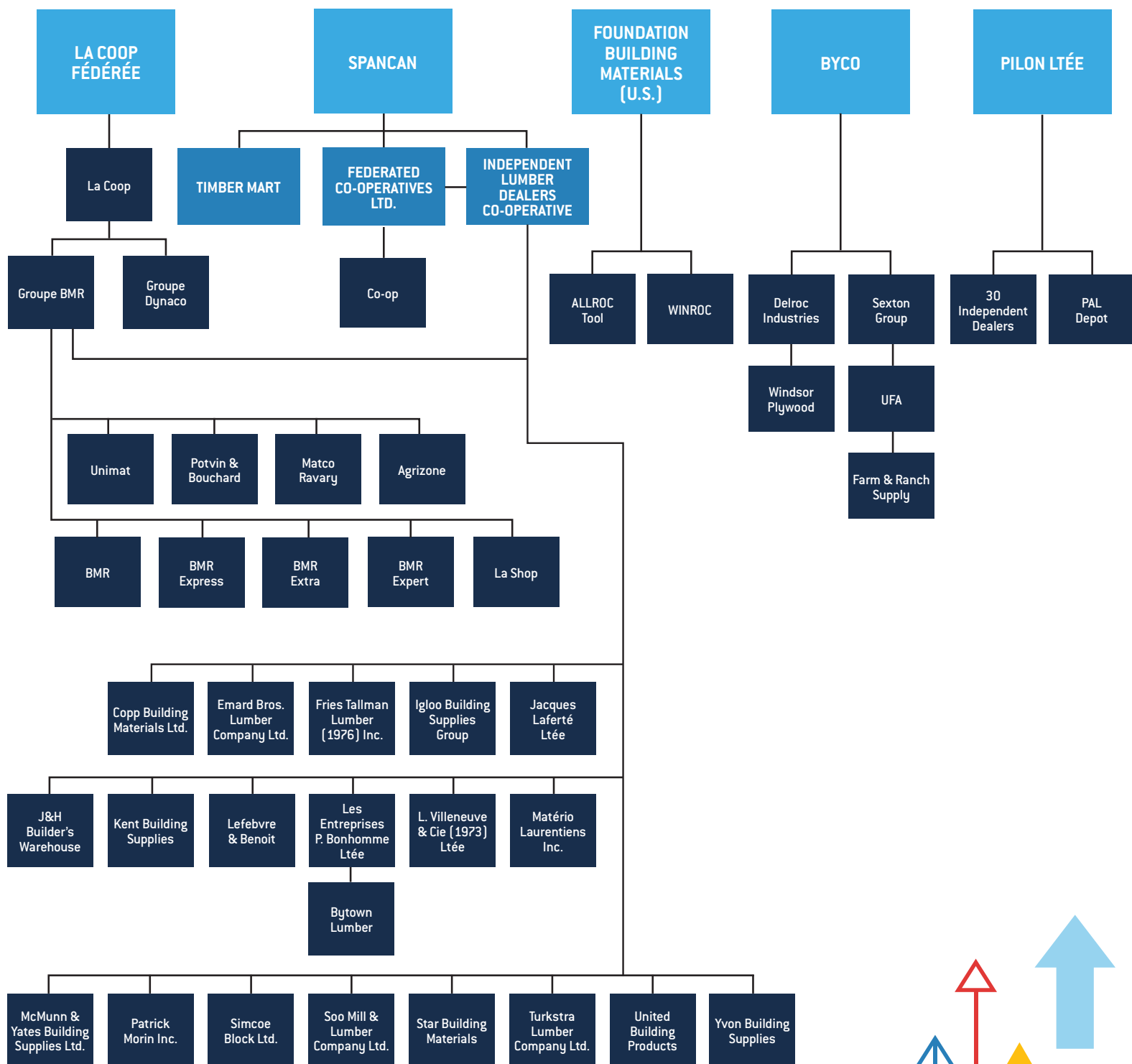
All data drawn from the 2018-2019 *Hardlines Retail Report* by the Editors of Hardlines. Sales in \$ millions. Go to [hardlines.ca](http://hardlines.ca) and click on "Publications & Reports" for more information.



**HARDLINES**

# 2018 Banner MAP

As part of our annual Top 20 coverage of the Canadian home improvement industry, here we break down the major banners and how they're connected. From the smallest independent to the biggest corporation, this map will help you sort out where everyone fits in.



# HOMETOWN HEROES

BY FRANK CONDRON

**As the country continues to become more diverse, so do its local leaders. With the hardware store traditionally acting as the heart of their towns, these hardware store owners and managers have forged their own paths and demonstrated how much representation really matters in their communities.**

**H**ome improvement retailers enjoy a special relationship with the communities they serve. That might be because most people interact with their local home improvement retailer on a semi-regular basis. While people with pets go to the pet store and people who play sports go to the sporting goods store, if you don't have a pet or play sports, you don't tend to visit those stores. On the other hand, if you have a home, it's just a matter of time until you need some lightbulbs, a washer for a leaky faucet, or a new snow shovel.

So while it's true that all home improvement stores provide somewhat of an essential service in their marketplace, there are some retailers that mean much more than that. In communities large and small across the country, it's possible to find examples of home improvement retailers who've found a way to move the customer experience beyond a simple business transaction. In so doing, they have managed to weave their business—and themselves—into the very fabric of the communities they serve. Sometimes they even manage to change the rules of the game in home improvement retailing itself.

## BACK TO THE FUTURE

If a fledgling retailer was looking for a textbook example of a modern home improvement store to model their store after, Osoyoos Home Hardware probably wouldn't fit the bill. But if they were looking for an example of a highly successful business that is perfectly suited to meet the unique needs of its marketplace, Frances and Larry Sologuk's store in Osoyoos, B.C., should be Exhibit A.

Since the couple bought the store in 1985, the Sologuks have provided this small town



**If you were looking for an example of a highly successful business that is perfectly suited to meet the unique needs of its marketplace, Frances and Larry Sologuk's store in Osoyoos, B.C., should be Exhibit A.**

of 5,000 in the Okanagan Valley with what Frances Sologuk describes as an “old-fashioned shopping experience.”

Larry Sologuk retired several years ago, and the store is now run by Frances along with their son, daughter, and son-in-law. The 8,000-square-foot building was erected in 1939 and has been in continuous operation as a hardware store since 1942, making it the oldest business in town. The interior features two floors, five sets of stairs, and loads of merchandise piled high and hanging from hooks on the walls. There is even a model train track suspended from the ceiling. Says Sologuk: “We use every inch of space; it's the exact opposite of a big box.”

Osoyoos Home Hardware carries all the products you'd expect to find in a typical small-town hardware store, like basic electrical and plumbing supplies, paint, and housewares, but that just scratches the surface. The store also has a specialty gourmet food section stocked with cooking and baking supplies as well as a wide



variety of barbecue sauces and hard-to-find spices. There is also an extensive selection of linens, towels, t-shirts, and hats, as well as souvenirs and pet supplies.

“That's the way community hardware stores use to be years ago,” Sologuk explains. “You have a little bit of everything; it's more like a traditional mercantile store in that way than a typical modern home improvement store.”

Picturesque Lake Osoyoos is surrounded by mountains and vineyards and the

Okanagan region enjoys one of the most temperate climates in Canada. These factors combine to make Osoyoos a prime vacation spot with a burgeoning year-round retiree community, and Osoyoos Home Hardware is set up to meet the needs of this unique clientele. Says Sologuk: “We are huge in seasonal—barbecues and barbecue supplies, fishing, paddle boards, beach toys, bathing suits, camping supplies, RV stuff, flip flops; we sell a staggering amount of flip-flops.”

Off season, the store continues to bring people in with cooking classes, pie-baking demos, and in-store tastings run in conjunction with local wineries. These kinds of activities are especially popular with the town’s permanent residents, who tend to skew older. In fact, the average age of Osoyoos residents in 2016 was 55.4 years, about 15 years older than B.C. as a whole. The average age of those residents over 65 is the second highest for any municipality in Canada.

“We get lots of grandmas and grandpas in our store, so we make sure we take special care of them,” Sologuk says. “That means being very patient and attentive in terms of customer service and carrying items they want. We have a baby boutique and stock toys just so older customers have a place to bring the grandkids when they come to visit.”

“When people come in, they usually say they haven’t been in a store like this in years.”

At first glance, Osoyoos Home Hardware seems like a retail time capsule wholly unsuited to meet the demands of the modern consumer. But the store’s unique character and its ability to cater to the needs of the local community have made Osoyoos Home Hardware a “must-see” destination in the region. The store has no real competitors because there is simply no other store like it. Sologuk believes people keep coming back because of the “feeling” they get when

they walk in. Says Sologuk: “When people come in, they usually say they haven’t been in a store like this in years.”

## BREAKING THE GLASS CEILING

Surviving in the home improvement business on the local level is challenging enough, but doing it while breaking down stereotypes in the industry is an entirely different challenge. That’s something Geneviève Gagnon has been doing ever since she took over as general manager of the company her father founded, Groupe Yves Gagnon.

Gagnon was born into a home improvement retailing family: her father, himself the son of a hardware store owner, started with one store in Cheneville, Que., in 1973 and eventually went on to add stores in Saint-Jean-sur-Richelieu and Mont Tremblant, Que., and Hawkesbury, Ont.

Gagnon worked in the Cheneville store as a teenager but showed no early signs of wanting to settle in to a career in home improvement retailing. While studying business at the University of Montreal, she spent time working on contract in Denmark and Tunisia and even represented the family farm on a trade mission to South Africa.

The turning point for Gagnon came in the spring of 2000, when her father asked her to use her university training to assess



Geneviève Gagnon is general manager of the company her father founded, Groupe Yves Gagnon.

What followed was an intensive, hands-on education in exactly what works—and what doesn’t—when it comes to running a home improvement store. Gagnon’s work for BMR brought her into close contact with owners of stores of all sizes across Quebec, Ontario, and the Maritimes, many of whom dismissed her because of her youth and, unfortunately, her gender. She quickly learned the benefits of simply watching and listening. Says Gagnon: “I learned to quietly observe facial expressions and body language from customers and employees in the stores and figure out what’s happening through that; if you pay attention, you can learn a lot and take action to correct things that aren’t working.”

Well-schooled in the family work ethic, Gagnon started a family and completed a Master of Law & Finance degree at the University of Montreal—while working 30 hours a week for BMR. After four years earning her stripes in the retail trenches and overcoming many skeptical male industry counterparts along the way, her father decided Gagnon was ready for bigger things. In 2004, Yves Gagnon asked his daughter to join him as general manager of the family business.

In the 14 years since Gagnon took on a leadership role at the company, Groupe Yves Gagnon has gone from strength to strength. The business has since grown from four stores and 200 employees to six stores (with the addition of locations in the Quebec towns of Saint-Faustin, Saint-Andre-Avellin, and Amqui) and more than 350 employees. Under Gagnon's direction following her father's retirement, the company acquired two factories and launched a second business, Evolution Structures, which employs 175 people manufacturing roof and floor trusses and wall panels for tract builders. Not surprisingly, her male colleagues in the business don't dismiss her anymore.

When it comes to identifying the keys to success at the local store level, Gagnon says involvement in the community is essential. "In every market where we have a store, we have lots of competition," she explains. "But I think we connect with people because we

and working for vendors. Slowly but surely things are changing."

### FOUND IN TRANSLATION

If there was ever a home improvement professional who embodies the phrase "in the right place at the right time," Danny Tse is it. Back in 2007, when RONA went looking for a manager for its new store in the heart of the emerging Chinese community in the northeast corner of Toronto, it only made sense to find a person who shared their heritage and could speak their language. Tse was the perfect choice.

"I speak Cantonese and Mandarin; I learned at home when I was growing up," Tse explains. "We had three generations of the family living together under one roof. My parents spoke English to me around the house, but I had to speak Chinese if I wanted to speak to my grandparents. In this store, it's essential; I would say about 90

In response to the demographics of the local market, the McNichol store features in-store signage in Chinese to help customers navigate their way around. In addition, there are numerous associates on staff able to assist customers in Cantonese and Mandarin, as well as Tamil and Hindi.

"We have to cater to the local language communities if the store is going to succeed," says Tse. "If you just throw up a cookie-cutter-type home improvement store in a market like this, it would never connect with the people. When I'm hiring, I also try to look for team members who reflect the face of the community we serve."

Tse points out that serving specific ethnic communities is not just about language; there are also many cultural differences to take into consideration. For example, he says, his store doesn't stock white flowers in its garden centre because in Chinese culture, white flowers are reserved for funerals. Similarly, high-end outdoor living products and materials don't work in his store because Chinese immigrants prefer to spend money on products to beautify the inside of their home, rather than their backyard.

"There is also no real DIY culture in China, so our customers tend to need lots of advice and guidance when it comes to doing projects around the house," he adds. "So while lots of home improvement stores are self-serve in many ways, we can't get away with that in our store."

To that end, Tse has become somewhat of a home improvement guru for Toronto's Chinese community. In addition to managing what has become a destination store for Chinese immigrants across the GTA, Tse hosts a weekly home improvement radio show in Cantonese where he fields questions from homeowners. "They call me the Chinese Mike Holmes," laughs Tse. "But it's all about connecting with the community, educating consumers, and providing people with the support they need to make good buying decisions."

“There is also no real DIY culture in China, so our customers tend to need lots of advice and guidance when it comes to doing projects around the house.”

put a lot of emphasis on being community oriented, getting employees involved in local events and organizations, serving on charity boards and councils. I am personally involved in the Chamber of Commerce in every region where we operate, and as a company, we sponsor and donate as much as we can. We have to give back to the community, because they support us so much."

As far as the climate for women working in home improvement retailing goes, Gagnon believes the industry has come a long way since she got her start. "The manufacturing industry is still a bit of a boys' club, but on the retail side I'm seeing a lot more women," she says. "There are more and more young women now, in their 20s and 30s, willing to take over the family business, and I see them getting active in industry associations

percent of our customers are Asian."

Of course, cultural heritage wasn't the only credential that qualified Tse for the manager's job at the RONA McNichol store. Tse got his start in the home improvement retailing business working part-time at Canadian Tire. He stayed at that job right through college, where he would study urban planning in preparation for a very different career. When the time came to actually start that career, though, Tse realized where his true calling lies.

"I just always loved retail," Tse says. "I like the pace of the retail environment. I have a real passion for it—every aspect of it. And I really love being able to meet the needs of a community that I have been a part of since I arrived in Canada from Hong Kong as a child."



# REGIONAL BUSINESS DEVELOPMENT DIRECTORS WANTED

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Erika Wolefel of Behr says it's important to guide consumers towards paint that will withstand wear and tear.

BY SIGRID FORBERG

## COLOURING OUTSIDE THE LINES

**Paint is a great way for consumers to express their individuality. But it can be hard to keep up with the trends influencing this popular category. Here, some paint experts break down what you need to know about what consumers are looking for and what colours are making waves.**

**F**ashion trends tend to reflect the cultural and political environment. In uncertain times, the idea of home as a refuge has become more important. Painting is one of the easiest ways to change the mood of a room.

According to Bev Bell, creative director for Home Hardware's paint and Home

Products Division, what consumers are now looking for at home is a sense of control and peace. "Times are changing. Normal isn't normal anymore," Bell says.

Painting helps homeowners create their own serene, quiet oasis, away from the uncertainty and chaos of the world. With trends like meditation and yoga becoming mainstream

practices, Bell says calming colours like pink, yellow, and blue have become popular choices.

And it doesn't hurt that a simple paint job delivers a lot of bang for the homeowner's buck.

"Despite being one of the smaller expenses relative to the overall cost of a renovation, paint is one of the most impactful elements," says Sharon Grech, a Benjamin Moore colour & design expert.

Bell echoes Grech's assertion, and adds that "for pennies per square foot, paint is the most effective way" for people to transform entire rooms.

## SEARCHING FOR THE SELF

One trend currently driving the category is the ability to express one's personality through design. For Bell, what retailers need to understand is that in decorating their home, consumers are trying to figure out who they really are and how to express that.

To that point, Grech says: "Consumers want their homes to be a reflection of their individuality, and their paint choice contributes to that."

While the calming shades have dominated the trends of late, Bell says there's also an emerging category of colours she calls "the opposite of calm": botanical, florals, turquoise, navy blues, deep reds, and rich greens. At the core of their design choices is "being their own leader" and "realizing the power of self," says Bell.

Grech says that choosing colours for your home can be a very emotional decision. Home improvement choices have gotten away from being "cookie-cutter", favouring customized choices.

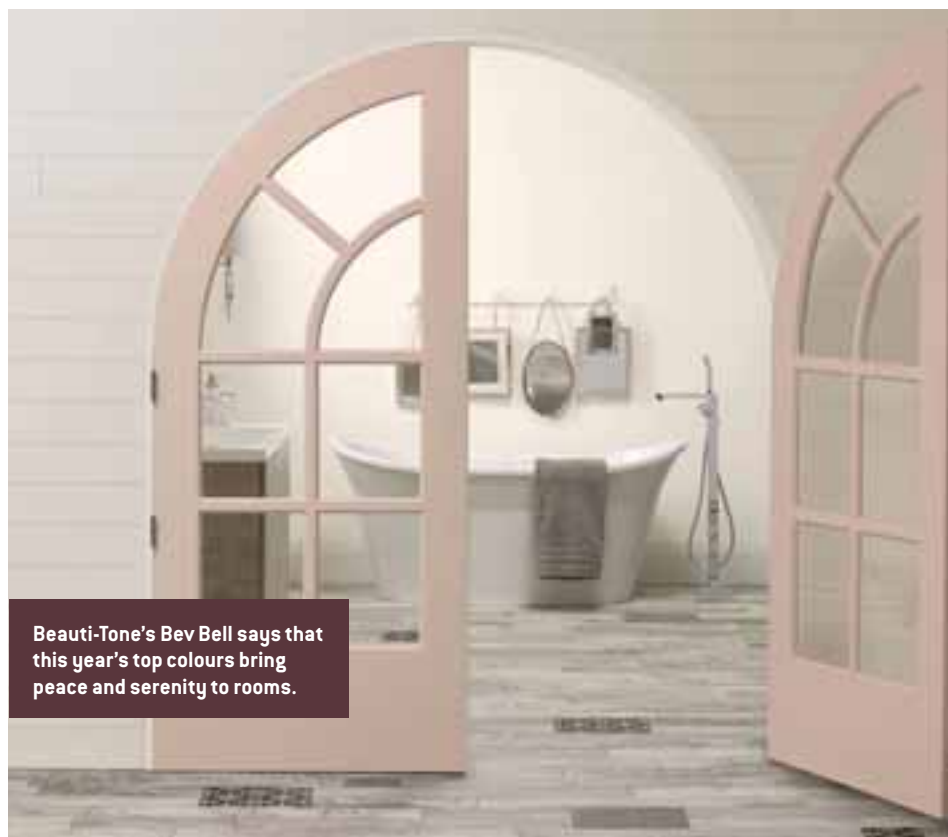
"Authenticity and tradition are both influencing trends in the home fashion category currently," says Grech. "Even in modern, minimalist spaces, consumers are seeking warmth by adding fewer but more intentional pieces with a sense of history."

## YOUR ROLE IN THE SELECTION

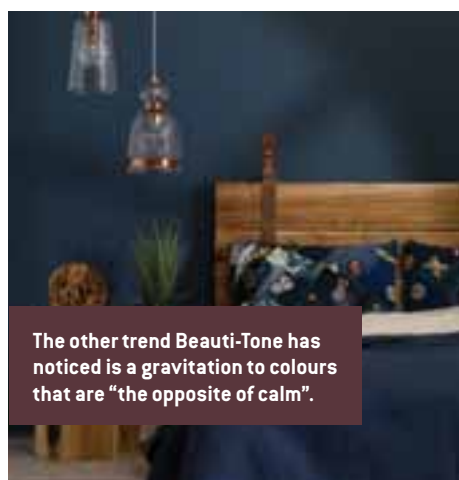
What role do retailers play in helping consumers pick out paint, knowing that it's such a personal and emotional choice? Erika Woelfel, vice president of colour and creative services at Behr, says dealers need to help guide them through the many options to help determine which colour suits the decorator best.

"People can easily get overwhelmed by the choices when shopping for paint," says Woelfel. "They're looking for an easy, inspired experience and tools that help them pick just the right colour and the right product for their home and project."

While Grech acknowledges that most customers will have done some research



Beauti-Tone's Bev Bell says that this year's top colours bring peace and serenity to rooms.



The other trend Beauti-Tone has noticed is a gravitation to colours that are "the opposite of calm".



Benjamin Moore's Sharon Grech notes that colours, such as this yellow, transform rooms instantly.

before they walk into the store, staff should still have technical knowledge about the product and colours available in-store. "Since paint isn't a 'one-size-fits-all' category, you have to be prepared to dig in to problem solve and help the shopper articulate what they are looking for," says Grech.

Another important thing Woelfel says retailers should keep in mind is that

painting isn't an annual undertaking for most consumers. It needs to be able to last in more ways than one.

"The reality is that people aren't painting every single year," says Woelfel. "They're looking for colour choices that will be on-trend for the years to come, and a product that will withstand the wear and tear of everyday life."

# UFA UPDATES ITS STORES WITH A FOCUS ON CONSISTENCY, PRODUCT PROGRAMS

**This Alberta farm co-op's retail arm gets a boost from store redesigns, better product assortments, and big box best practices.**

BY MICHAEL McLARNEY

**G**lenn Bingley is completely upfront about what needed to change at United Farmers of Alberta Co-operative Ltd. (UFA). “I admit there was a need to change the company to meet the needs of our members, and that meant we had to focus on the retail fundamentals.”

UFA has two businesses: petroleum and agribusiness. The latter consists of 35 UFA Farm & Ranch Supply Stores throughout Alberta, one building centre in Fort McMurray, and the commercial agriculture side. In 2015, as the oil industry was suffering, the retail side came under scrutiny—and was found wanting. As COO of retail operations for UFA, Bingley heads up that business. “We had lost our retail focus, and we had lost our ability to focus on the local community.”

UFA generated a total of \$1.5 billion in revenue last year, with \$1.2 billion coming from petroleum sales. The co-op's combined ag retail business totalled \$366 million in 2017, up from \$348 million in 2016. The overall business was up five percent, with categories like fencing and feed leading the way.

With a background working at Home Depot Canada for 17 years, Bingley is now focusing his team's efforts on improving service and refining product assortments. Both, says Bingley, had suffered in recent years under previous management with a different retail vision. Stores lacked cohesion and product lines were inconsistent from store to store. “So we've been working hard for just over two years to change the business—and the members are really noticing this.”

## IN PURSUIT OF THE CORE AG CUSTOMER

UFA's customer base consists of farmers, ranchers, and rural homeowners. The core products for the Farm & Ranch Supply stores include both commercial items farmers and acreage owners use to maintain their operations and retail home improvement lines for home and farm renovation and repair.

The division's supply chain team developed a new market strategy in 2017 that focused on key categories, such as calving supplies and fence posts, to improve the availability of seasonal products when co-op members and customers need them. These items were



Glenn Bingley, COO of retail operations for UFA, is focusing his team's efforts on improving service and refining product assortments.

added into store inventories at the start of the season to ensure seasonal items would be available as soon as the weather permitted.

“They expect us to have that stuff in stock,” Bingley says. Consistency of both products and services has been a goal for the stores across the chain. With a more rigorous approach, the company has also gotten better at fine-tuning standardized assortments to fit with the size of each store and market they serve.

The core ag categories performed well, “But lumber and building materials follow close behind,” says Bingley. In fact, those traditional LBM categories saw bigger growth last year than the ag side—up eight percent—Bingley says. Of the stores' overall sales, \$145.8 million was generated on the hardlines and LBM side. But, he points out, “Everything is sold out of the stores,” with the commercial side supported by its own external sales force that drives the orders back to the retail outlets.



UFA's hardware and building materials business experienced strong same-store sales growth, as the company has been actively investing in its retail operations with refined assortments and new merchandising.

## GROWTH DESPITE VARIABLE MARKET CONDITIONS

That growth came despite a slow start to the year, “even though we had extremely challenging conditions and weather last year, including a very delayed spring. But it picked up through the year.” The hardware and building materials business experienced strong same-store sales growth, as the company has been actively investing in its retail operations with refined assortments and new merchandising. New visual merchandising tools and operational initiatives were developed to help both members and customers better navigate the stores.

“We’re seeing some nice growth there,” Bingley says. “Working with our vendors is paying off,” he adds, and response from customers has been positive, with increased store traffic recorded along with the strong sales growth.

One of the ways UFA has been able to get more in touch with store operations is through its field merchants. “They’re our eyes and ears in the stores,” says Bingley. They can identify everything from slow-selling merchandise in particular markets to community needs that a particular store could respond to. “We’ve been working very hard to fulfill those needs,” Bingley adds.

## BORROWING BIG BOX BEST PRACTICES

In fact, the use of field merchants reflects just one of the many best practices UFA has borrowed from the big box retailers. Bingley himself came over from Home Depot Canada seven years ago. There, he had served in several roles over his 17 years with the big box retailer, ultimately as vice president of merchandising. Another big box alumnus, Mark DiGioacchino, was director of field merchandising



at Home Depot Canada before moving to Lowe’s Canada. He has now been at UFA for two years as director of merchandising.

“We learned a lot of strong retail fundamentals from the big box retailers,” Bingley admits. They include rigorous line reviews, better management of vendor relations to benefit both sides, and improved retail programs, with standardized assortments that vary only in size depending on the footprint of the store. The process, he says, has given UFA access to a broader range of new products and increased value for customers.

“That discipline is something Mark has been able to bring to his buying teams,” he says. “And ultimately we’re seeing improved sales.”

Bingley is confident the trend will continue. Despite the flat economy in Alberta last year, where most of UFA’s stores are located, the retail business was able to grow by just over five percent. And despite a slow start to 2018, something shared across the country, the year ahead looks good. “We’re very optimistic. We had a very, very strong 2017. The economy in Alberta is picking up.” 

# INTERNATIONAL HARDWARE FAIR GIVES CANADIANS A FOOT INTO THE GLOBAL MARKET

The International Hardware Fair (Eisenwarenmesse), one of the world's largest trade shows for the home improvement industry, brought together more than 47,000 visitors from 143 countries in March. One of the largest fairs in the world, the biannual show offers North Americans great insights into the hottest trends and products hitting the home improvement market.

INTERNATIONALE  
EISENWARENMESSE  
KÖLN



**B**uyers from Canadian Tire, Home Hardware, Home Depot, and even Patrick Morin made the trip to Cologne, Germany, to walk the show. Although it doesn't draw many Canadian vendors, the few that do make the journey have found it to be worthwhile. Cobra Anchors, which has been exhibiting for several years, was back with a booth. Alain Di Vincenzo from Cobra says in the first few hours he met buyers from all over the world, including South Africa and Tunisia.

This year's show returned to the previous four-day format, after visitors had expressed that three days wasn't enough in 2016. There was plenty new to see. Digitalization was a major theme as both the products and the booths that housed them reflected the technological advancements that are influencing the future of the home improvement industry.



The hardware fair brought together more than 47,000 visitors from 143 countries.



This Caterpillar smartphone, slated for release in Canada this summer, features a thermal imaging camera, laser-assisted distance measurement, indoor air quality sensors, is fully waterproof, and has a huge battery.



These hand-crafted tools from India were reminiscent of what you'd find in specialty tool stores in North America.


A “Start-up Village”, sponsored by the Global DIY Summit, brought together groups that are leading the way in digital ideas and processes for retail. They presented seminars and displays, including

a 3D printing exhibit that showcased many impressive 3D-printed items. Show organizers anticipate that 3D-printed products will soon be available for sale in retail stores, and they believe retailers

are wise to become familiar with them now. Germany’s Amazon Business was also on hand—for its second-ever show—to answer questions and help B2B owners understand how they can work with, rather than compete against, the online juggernaut.

Also of note at this year’s show was the growth of the Asian manufacturing presence. Three of the venue’s 11 halls were dedicated to exhibitors from Asia, especially China and Korea.

Long recognized as the show to visit to glimpse the trends expected to hit North America in the next few years, Eisenwarenmesse puts a huge emphasis on innovation. Cutting-edge products that also incorporated the theme of sustainability were recognized at the show.

The next International Hardware Fair will be March 1 to 4, 2020 in Cologne. 



**Cobra Anchors, from Montreal, was back at the show this year. Cobra representatives say the show offers them a chance to connect with both Canadian and international buyers.**



**This box company created an eye-catching display for its product.**



**Amazon Business was on hand to work with retailers in a B2B capacity.**



**Hardlines hosted a Canada Night reception at the end of the first day of the show.**



**Three of the venue’s 11 halls were dedicated to exhibitors from Asia. Compared to the booths in other halls, they were more compact and uniform in look, but still did brisk business.**

# BANNERS OFFER MORE THAN JUST BUYING POWER

Where are independent dealers asking their buying groups for help the most?  
We polled 16 dealers and co-op execs to get answers.

BY JOHN CAULFIELD



**I**t wasn't an uncommon occurrence when, this spring, Sexton Group's president Steve Buckle personally interceded on behalf of one of that buying group's dealer-members, Nor-Ont Supply in Thunder Bay, Ont., to persuade the dealer's drywall supplier to extend a locked-in price that was about to expire because of delays on the construction project Nor-Ont was feeding.

"The price increases that we've been getting on a lot of products have been unbelievable lately," said Mark Lendrum, Nor-Ont's general manager. In many cases, Sexton has helped to abate the risk.

"We focus on the vendor side," confirmed Buckle about his group's primary function for its members. And as the supplier

community consolidates, Sexton, he added, "needs to do more research to help our dealers put together solid business programs."

Products and pricing are still where independent dealers most frequently turn to their buying groups for assistance. Windsor Building Centre in Windsor, Ont., for one, buys 90 percent of what it sells from Groupe BMR, whose purchasing services "are really good" and often include technical support, said Enzo Bonitatibus, general manager of this 25,000-square-foot store on five acres, which has been a BMR member for a decade.

Philippe Element, divisional vice president, RONA dealer sales and support at Lowe's Canada, described his group's critical role this way: "To ensure we can offer

[dealers] the product selection that meets the demand of this customer segment."

But purchasing, while essential, isn't the only thing that dealers say they value from their memberships. Equally important to why independents stay with or switch co-ops is the groups' responsiveness to their requests for programs, services, and advice to run and grow their businesses.

## TAPPING INTO OTHER DEALERS' EXPERIENCES

The extent that dealers participate in buying group programs varies widely. And it's not unusual for dealers to have tried out membership with multiple groups before they find a suitable fit.



# Invest in your managers.

The Foundations of Leadership Program is a 16-week, college-level online course. It teaches new and upcoming home improvement retail managers to be stronger leaders and communicators so they can work toward solving business issues like employee engagement, productivity and turnover.

FOR MORE INFORMATION AND TO APPLY, VISIT [NRHA.ORG/FOL](http://NRHA.ORG/FOL).



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CTI Building Supply in Saskatoon, Sask., has been a member of Castle Building Centres Group since 2010. Its owner, Tim Braitenbach, lauded Castle's flexibility and product knowledge. But he admits that his contact with the group is "random," primarily because his company has its own

buying program (which passes along savings from volume purchases with vendors), AIR MILES customer loyalty rewards, an annual Contractor Show, and its Home and Cottage Plans program. The group also sends out a monthly contractor newsletter.

**“We strive to answer their questions promptly, and our dealers can reach any member of our team at any time.”**



procurement office. CTI still bills much of what it buys through Castle and uses the co-op's flyer program to supplement the marketing it does to First Nations customers.

Over 25 years, TimberTown Building Centres, with five locations in Alberta, has moved from Home Hardware to Sexton to TIMBER MART, which it currently belongs to "primarily for the rebates," says vice president and co-owner Dick Karperien. TimberTown has its own wholesale hardwood flooring division that buys direct. TIMBER MART, said Karperien, "allows us to be independent, and there's no penalty for staying independent."

Karperien was among the dealers interviewed who said they valued their buying group membership because it gives them access to a network of dealers with whom they can trade best practices. Before it signed up with Spruce Computers to use its operating system, Weismiller TIMBER MART—an 11-acre lumberyard with a 3,500-square-foot store in Bala, Ont.—consulted with Springfield TIMBER MART, which was already a Spruce client, for advice.

Bill Goltz, Weismiller's senior product specialist, added that his company, which has been around since 1906, uses TIMBER MART's marketing and banner programs, and buys 98 percent of what it sells through the buying group.

Bernie Owens, TIMBER MART's president, contends that his group's membership has stronger bonds with its pro customers specifically because of its competitive

Pierre Nolet, BMR's vice president of business development, said that members regularly ask his group about products, bookings, and global market development. "We strive to answer their questions promptly, and our dealers can reach any member of our team at any time."

Element said that "the top of the list" of dealer requests for help from RONA revolve around store planning, especially for renovations and expansions, and local marketing, for which RONA has a dedicated team. "More recently, we've noted more requests for support regarding e-commerce, which is one of RONA's strongest assets," Element said.

In 2014, RONA signed a long-term master licensing agreement for the Ace Hardware brand in Canada. Two years later, Kaslo Building Supplies, a 6,000-square-foot

store on two acres in Kaslo, B.C., joined Ace Hardware, after stints with Irly Distributors and TIMBER MART. Its co-owner, Jeff Davie, started using most of Ace's programs immediately, including its "Click 'N Collect" program that allows customers to shop his store online. Each month, Kaslo's staff does a different Ace training program, for which the company pays them a

bonus upon completion. The store also uses Ace's flyers and gift cards and attends all of the co-op's trade shows and dealer meetings.

## THE BENEFITS OF A MERGER

Michael Allen, co-owner of RONA Home Centre in North Vancouver, B.C., has been a RONA member since 2005. "Our relationship has evolved, to where we participate in virtually every program as a beta store or 'first in.'" His fealty to the group is, in no small way, attributable to his store's long-time connection with Bill Bofulich, who has been RONA's district manager in this market "forever," said Allen.

When Lowe's Canada acquired RONA in 2016, one of its first actions, according to Element, was to create a dedicated business unit for dealer-members that oversees sales, merchandising, and operations, and gives



Manager Chad Mielke plans to rely on RONA's help to expand his Osogoos Contractor First store.

BMR is overseeing every aspect of operations in its new urban pilot in Montreal, La Shop.



the co-op's district managers and business development managers more tools to support dealers in all aspects of their businesses.

Durriyah Mithaiwali, who owns the 10,000-square-foot Ace Hardware in Barrhead, Alta., near Edmonton, said she noticed the difference in the quality of service right away. "The DMs under Lowe's are very responsive. I'm in contact with my DM at least once a month, and can email him any time."

Mithaiwali also points approvingly to Lowe's willingness to help defray some of its dealer-members' costs for store improvements and expansion through the creation of a \$10 million Joint Investment Program.

Chad Mielke said his company might be availing itself of that investment program soon, to expand its 2,200-square-foot Contractor First store in Osoyoos, B.C., which since opening in August 2016 "has wildly exceeded our expectations."

Contractor First is a no-frills, pro-oriented concept that RONA developed specifically to supply the jobsite needs of builder and remodeler customers. The location in Osoyoos is a former auto body shop that Mielke—who also manages a 52,000-square-foot RONA in Penticton, B.C.—and his team converted in 60 days. RONA provided the product distribution, advertising, computers, and HR support. "They treated it like it was a corporate store."

## OFFERING SUPPORT, AVOIDING INTERFERENCE

There's always a delicate balance between how much of their independence dealers are willing to cede to their buying groups.

For some dealers it makes sense to let co-ops manage their credit-card or insurance programs. Dealers that sign up with Home Hardware Stores also know going in that this co-op imposes "fairly strict" rules for using its branding and marketing, said Adam Macleod, co-owner of the 48,000-square-foot Geerlinks Home Hardware Building Centre and Home Furniture in St. Thomas, Ont.

Buying groups usually take the lead, too, when it comes to launching new concepts, such as La Shop, the 7,000-square-foot pilot store for urban markets that opened last spring in the Griffintown neighbourhood of Montreal. Jonathan Lavoie, a former contractor who is that store's manager, confirmed that BMR designed La Shop and is overseeing every aspect of its operations. "Not a day goes by without BMR's support being felt on our daily operations," said Lavoie.

Not surprisingly, buying group execs say that some programs continue


to be underused. BMR's Nolet thinks dealers concerned about succession planning would benefit from enrolling employees in the co-op's skills development program. Element wishes more of RONA's dealers would take advantage of its training programs (which are now offered for free) and installed sales program.

Buying groups are always looking for new ways to connect with their members. For example, Sexton hired Mike Fraser, a former commodities purchaser for ALPA Lumber, to bring Sexton closer to lumber mills and improve its commodity wood purchases.

The one thing buying groups want to avoid, though, is getting in the way of the one-on-one relationships between members and their pro customers, which Buckle called "the dividing line."

"The relationship between the pro customer and the store is unique and personalized," said Alec Thompson, Home Hardware Stores' contractor communications marketing manager. Except for email offers, each Home Hardware store determines its own pricing strategy.

Geerlinks' Macleod noted selling to pros ultimately is less about a store's buying group affiliation than the consistency of its service. Forty of Geerlinks' 102 employees are dedicated to selling lumber and building materials that account for nearly three-fifths of its annual revenue. And some of Geerlinks' salespeople have more than 15 years' experience working with pros.

Home Hardware supports its members' outreach to their pro customers, said Thompson, by hosting 14 PRO Contractor shows annually, as well as contests and seminars. Home also offers pricing specials for pros via email and newsletters, and rewards their purchases through its Top Notch program, where contractors earn one point for every \$20 spent. 



BY BILL WILSON, RETAIL ADVISOR, NRHA CANADA

# GROWING YOUR BUSINESS BY INVESTING IN YOUR MOST IMPORTANT ASSET

What are your plans to grow your business for the future? Many businesses plan for growth, but don't always succeed. What are you missing?



**G**rowing your business can be affected by many areas: the economy, store size, competition, marketing, advertising, inventory, house-keeping, store employees—and most importantly—the customer experience.

Your most important asset is your employees. Are you investing in your team? Do you have a comprehensive training program, not just one that covers mandatory courses?

I've heard all the excuses: I'm too busy; training is too expensive; I tried it, no one participated; I don't have the financial or employee resources to spare!

## GROWING YOUR EMPLOYEES

But if you don't train, how do you expect to grow your employees? You need a plan for succession, so who will be your next managers? Some retailers make training a condition of employment.

Looking to the future, when you want to slow down or think about retirement, you'll need a replacement. You may be looking to the next generation of your family business, but you still need to think about leadership training for them.

Are you not training? It will cost you in the long run. The time and money you spend training an employee is a small investment considering the high cost of not training. Poorly trained employees provide poor

customer service, miss add-on sales, and may not stay employed with you. Training is not a cost, it is an investment in your business.

## HOW TO GET STARTED

- Set your goals for training, then decide who to train and what type of training to give them. Commit resources to training and evaluating the results of your program. The new LMS program from the NRHA will give you up-to-date information on your employee training results.
- For new employees, training should start the first day on the job. Review company policies and procedures, review expectations, and set your new hires up with a mentor who will assist them in learning retail skills. All new staff need to learn to be successful on the sales floor. They must also complete any mandatory government training, which is available through your local association.
- The NRHA has developed a Train the Trainer guide that gives trainers the knowledge they need to lead training with easy-to-read, step-by-step instructions, for creating an effective training program.
- The NRHA also offers a Trainer's Toolbox series as an ongoing resource for employees. This is ideal for use during employee meetings.
- Make someone responsible for training—many retailers use their assistant manager or human resources manager to manage staff training.

## LONG-TERM BENEFITS TO TRAINING YOUR EMPLOYEES

Trained employees sell more products and they increase their customer service levels, which also increases sales and transaction size. Your investment in training also works to decrease employee turnover by building employee confidence, job satisfaction, and sales skills.

Supplying a good training program can also be beneficial in recruitment. We know how difficult it is to find good staff that

want to make retail in our industry a life-long commitment. The best way to hire and keep good people is to train them.

Finally, providing training and support demonstrates a company's commitment to employees in terms of personal and professional growth.

## WHERE DO YOU FIND GOOD LOW-COST COMPREHENSIVE EMPLOYEE TRAINING?

Membership with the North American Retail Hardware Association (NRHA) gives retailers access to a fully administered online training program complete with testing and record keeping. Your annual membership fee gains you and your staff access to more than 238 training modules spanning seven comprehensive training programs:

- 1) Basic Training in Hardware Retailing—Canadian Edition
- 2) Basic Training in Building Material Retailing—Canadian Edition
- 3) Basic Training Course in Selling Skills
- 4) Basic Training Course in Merchandising
- 5) Basic Retail Accounting
- 6) Loss Prevention Series
- 7) Project PRO (NRHA's new project-based sales training program)

These training modules and more are available online 24/7 for everyone on your team. The Cost of Membership is just \$295 for your first store and \$129 for each branch store. You can find more information about the NRHA and its programs at [www.nrha.org](http://www.nrha.org).

## LEADERSHIP TRAINING

The NRHA Retail Leadership Institute keeps the industry moving forward. Retailers can use these leadership programs to help promising employees gain skills and confidence to grow within their organization. Whether you have staff members just starting their leadership journey or you're prepping someone to take over the business, the NRHA has a program that fits your business goals.


## NRHA Foundations of Leadership Program

This 16-week online course introduces independent home improvement retail employees, who are new to management, to key concepts of leadership and personal development.

## NRHA Retail Management Certification Program

This six-month college-level course is designed to teach key employees, future owners, and new owners industry-focused business practices across all areas of running and operating a retail hardware, lumber, or home improvement business. This advanced leadership course is ideal for next-generation leaders and owners with experience in home improvement retail and with leading teams, but who are looking to improve their skills in strategic planning, decision-making, and leadership.

The question is not where you should start training—you cannot afford not to train. Your competition, the big boxes, spend heavily on training their employees, and your successful local independents are also using training.

The consumer has come to expect you'll have knowledgeable sales staff that can support their needs. Your strength as a retailer against the online seller is personal service. Are your employees providing the best customer experience with everyone who interacts with the customer? The only way to be sure is to give them the proper tools. 



*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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# FROM SWEEPING THE STORE TO COO

BY GEOFFREY McLARNEY

**For Jillian Sexton, managing three busy stores in Nova Scotia and Prince Edward Island is just one of her many responsibilities. But like everything the TIMBER MART dealer does, she runs the business with passion and an understanding of the importance of its role in the communities it serves.**

**J**illian Sexton is a force to be reckoned with. She was in her 20s when she became the chief operating officer of Hector Building Supplies, then with two locations in Nova Scotia. Being the boss's daughter didn't accelerate her rise, either: she started out sweeping floors at the Stellarton store when she was 15.

Last year, the business made its first foray outside its home province, adding a third store in Charlottetown that had gone bankrupt under another banner. Prince Edward Island was new terrain for the family, but the experience wasn't wholly novel.

"Fundamentally, all three of our stores are similar in footprint and heavily contractor-based," says Sexton. All three stores serve markets of similar sizes, and the 38 staff Sexton kept on in Charlottetown provide continuity.

Overseeing three stores in two provinces might seem like a full-time endeavour, but Sexton still makes time for extensive community involvement. She sits on the boards of Timberkids, the TIMBER MART buying group's charitable venture, and the Tearmann Society for Abused Women and Children. Last year, she rappelled down the side of Halifax's tallest office building to raise funds for the Easter Seals.

How does a busy manager juggle all those commitments? For starters, she says, she has "excellent staff—I never for one minute have to do it all by myself. It's definitely a huge team effort."

But another factor is simply Sexton's personality. "I've always been a busy person: as a kid I was in an activity every night of the week. A busy lifestyle is a normal lifestyle for me."

And finally, she has a sense of obligation to her clientele. "Our stores depend on the community, so we want [the community] to be able to depend on us."


Sexton worked hard to work her way up in the company. She started at the very bottom and learned everything there was to know about running the store. "I didn't know how to sweep," she recalls. "I didn't know how to use a push broom." Her father, Don Sexton, reasoned that if she ever wound up in management, she'd need to understand every job to know if it was being done well.



Overseeing three stores in two provinces might seem like a full-time endeavour, but Jillian Sexton still makes time for extensive community involvement.

But even if he had foreseen the possibility of his daughter following in his footsteps, it was something of a surprise when she did. "My dad had two daughters and building supply is still unfortunately a male-dominant industry," says Sexton. "I don't think he thought his daughter who was doing ballet five nights a week would be involved full-time."

Sexton recalls a question her father used to ask her: "Are you going to work hard to make yourself successful, or to make someone else successful?" So she zeroed in on the family business and "gave it a shot" working full-time.

Sexton quickly fell in love with the industry. "It's such a relevant industry," she says. "Everyone owns a house or lives in one and has to fix their house at some time." Her focus on the business is sharp, yet in a way she hasn't changed from the extracurricular overachiever she was in high school. Her full portfolio of community activities fulfils Sexton's drive to stay busy with plenty of irons in the fire. 

**“I’ve always been a busy person: as a kid I was in an activity every night of the week. A busy lifestyle is a normal lifestyle for me.”**

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## Market Driven

National buying power boosts local dealers

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# Market Driven

## National buying power boosts local dealers

***There is no doubt that running a successful building supply dealership is a complicated task.***

Along with mastering essential skills that apply to any business, building supply dealers also have to possess extensive product knowledge and always stay one step ahead of trends and changes in the local construction market they serve. Still, mastering these skills won't lead to success if the dealer can't secure an adequate supply of products and materials at prices that allow them to remain competitive. That's where Sexton Group can help.

For more than three decades now Sexton Group has been providing

its members with the kind of price negotiation and vendor management skills that lead to success. Each year the Sexton team puts literally hundreds of years of combined negotiation experience to work to secure pricing programs for its members with dozens of product and material manufacturers.

"Months of preparation go into formulating our negotiation strategy, which is based on intense market analysis and price tracking at both the national and local level," says Steve Buckle, President of Sexton Group. "This allows us to use Sexton's national presence to leverage the best price, thus ensuring that each of our

members is able to address the unique opportunities and competitive pressures that exist in their particular marketplace."

For 30-year Sexton member Glenora Lumber in Edmonton, staying price competitive is just part of the challenge. Established in 1960 by Dugald and Dorothy MacDougall, this third-generation family business has seen its local market change dramatically over the years due to added competition from national building supply chains and struggles in the provincial economy. Glenora, which caters to a clientele made up of more than 70% professional contractors and builders, relies on quality as much as price.

**Jamie Emin and Kerry Connelly**  
Glenora Lumber



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*Sexton is also great at promoting teamwork between the members, which gives us all a stronger voice and presence in the market.*

— Kerry Connelly

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*Once they know the scale of our members' combined business, suppliers value it accordingly and work hard to ensure those needs are met.* — **Steve Buckle**, Sexton Group Ltd

“We have carved out a niche in our market by focusing on carrying higher grade lumber and specializing in interior finishing materials, like moulding, construction-grade stairs and pre-hung doors,” explains Kerry Connelly, who now runs Glenora with her brother, Jamie Emin, after taking over for their parents, Jim and Barb Galbraith. “That way we mitigate the competitive pressure somewhat because we don’t have to always be locked in at the lowest price point. In our market, we differentiate ourselves by staying competitive on price while providing that extra level of quality and service; Sexton helps us do that.”

For new Sexton member Tarpin Lumber & Truss, based in Innisfil, Ont., the market conditions are very different. Tarpin specializes in supplying framing lumber, trusses and related materials for tract and custom home builders and large scale renovation projects all

over the Greater Toronto Area. Tarpin Service Team Leader Dave Pratt says the company joined Sexton earlier this year to take advantage of the group’s buying power.

“Price competition is the name of the game in our business, so we need every edge we can get when it comes to purchasing,” says Pratt. “We feel Sexton is a good fit for us because their commodity buying power and experience is tailored to our type of business. It would be a lot more difficult to be competitive without Sexton’s volume; it gives us a distinct advantage for all the products we sell.”

Pratt says Tarpin also benefits greatly from being a member of Sexton’s Commodity Wood Council. Pratt takes part in a weekly conference call with key Sexton buyers and consultants that allows Council members to share market intelligence and insights and ask questions.

This information is included in a newsletter sent out to all Sexton members. Says Pratt: “The wood commodity market is volatile and prices change all the time for a variety of reasons; we monitor the market ourselves, but it’s really useful to get informed opinions from industry experts and fellow dealers to help us make better decisions for our business.”

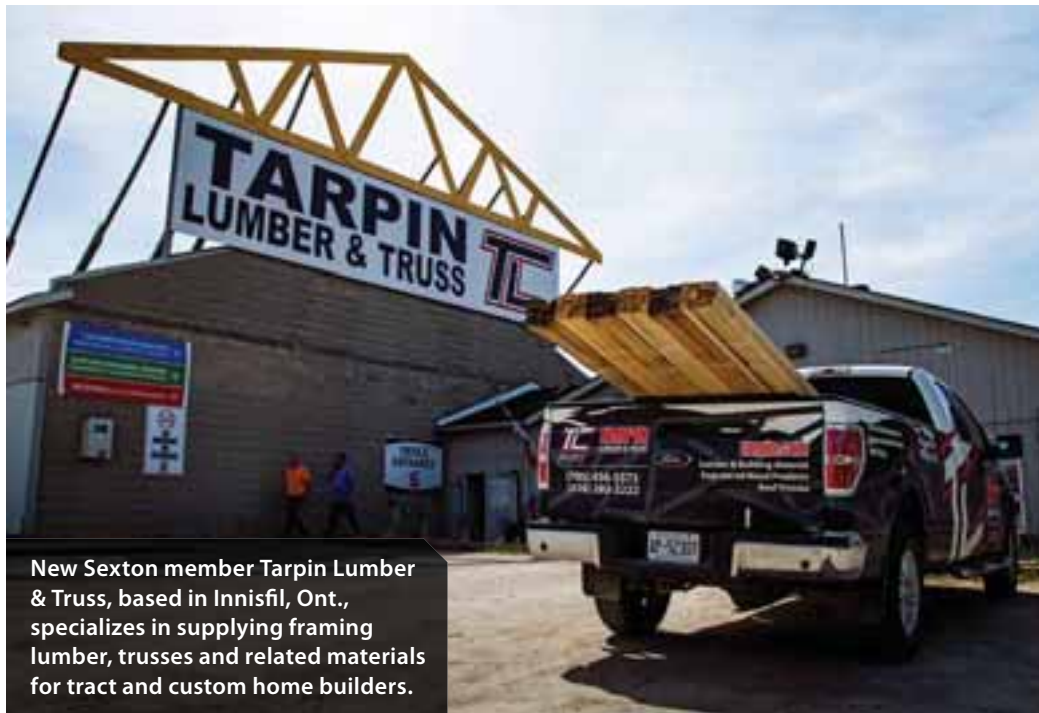
Buckle says Sexton’s national presence lies at the heart of its price negotiation strategy. By aggregating the buying power of the group’s over 400 member locations across Canada, Sexton is able to generate the kind of volume purchasing power that gets the attention of multi-national suppliers.



For 30-year Sexton member Glenora Lumber in Edmonton, staying price competitive is just part of the challenge.



Glenora, which caters to a clientele made up of more than 70% professional contractors and builders, relies on quality as much as price.



**New Sexton member Tarpin Lumber & Truss, based in Innisfil, Ont., specializes in supplying framing lumber, trusses and related materials for tract and custom home builders.**



"Once they know the scale of our members' combined business, suppliers value it accordingly and work hard to ensure those needs are met," says Buckle. "With a powerful tool like that in their hands, our experienced negotiation team is in a great position to work out highly competitive vendor programs for our members."

"Plus, given consolidation within the industry, relationships have never been more important than they are today," he adds. "Years ago, independent building supply dealers dealt one-on-one with local and regional suppliers and distributors, but many of those have disappeared. We develop and maintain senior relationships with a range of large product and material manufacturers to benefit our members"

Buckle points out that Sexton's work for its members doesn't end once vendor programs have been negotiated. Programs require day-to-day vigilance and often have to be revisited and adjusted from time to time as market conditions change. The Sexton team stays engaged to make sure vendor programs continue to deliver the benefits negotiated and to help solve supply and delivery problems quickly when they arise. "It's a hallmark of our group that we are always there to act as an advocate for our members."

"Over the years we've developed excellent relationships with the entire Sexton team and we definitely benefit from their support on our behalf with suppliers," says Connelly.



**Dave Pratt**  
Tarpin Lumber & Truss

**“”**  
*Price competition is the name of the game in our business, so we need every edge we can get when it comes to purchasing.*

— Dave Pratt



**Tarpin benefits greatly from being a member of Sexton's Commodity Wood Council that allows members to share market intelligence and insights and ask questions.**



# Group Thinking

**While individual businesses and markets may vary,** every independent building supply dealer across Canada has one thing in common: they all require a dependable, sufficient supply of construction materials at competitive prices to remain profitable. Sexton Group is dedicated to meeting this essential need for its members.

The job of keeping Sexton members well-stocked at competitive prices is two-fold: first, it requires having the right contacts in the industry to source materials; second, it requires a deep understanding of the commodities markets so members can be confident they are buying at the right price. Both tasks call for extensive industry knowledge and experience, and that's where the Sexton team excels. Mike Fraser, who recently joined Sexton as Wood Products Manager—Eastern Canada, has more than 30 years of experience in the wood commodities business, both buying and selling lumber, plywood and OSB for large suppliers like Alpa Forest Products and Weyerhaeuser.

"Commodity prices can change daily and they are affected by a lot of things—supply and demand, natural disasters, changes in tariffs and taxes," Fraser explains. "You have to stay on top of it all so you know when to buy certain materials and when not to buy. Our wood products team monitors market conditions constantly, and we stay in touch with the mills, brokers and dealers. We know



**Mike Fraser and Rick Royce**  
Sexton Commodity Wood Council

our members watch the market as well, but they all have businesses to run; getting them what they need at the best price is all we do."

Sexton took a major step forward recently in the way it monitors the market and negotiates product purchases with the establishment of the Commodity Wood Council. The Council, which is made up of ten of Sexton's largest volume lumber dealers across Canada, is the result of an effort to maximize the group's buying power and secure better commodity prices for all members.

"What Sexton has put together with the Commodity Wood Council has never been done before in this business," says wood products consultant Rick Royce, a 40-year veteran of the industry who worked with the group to establish the Council. "We knew if we could bring in the big dealers and get them to work together on purchasing we could create a very powerful force in the commodity wood market."

Along with co-ordinating their efforts to put together large volume purchases,

Sexton Commodity Wood Council members also freely share market intelligence via a weekly conference call. "The wood commodities market is challenging and dynamic, and it's a full-time job to stay on top of it," adds Royce. "But with the creation of the Council, Sexton has been able to harness the collective experience, knowledge, contacts and instincts of its largest dealers to track the market regionally and nationally and make smarter purchasing decisions."

Fraser stresses that over 400 Sexton member locations across Canada benefit directly from the work of the Commodity Wood Council. Each week information and insights gleaned from the Council's weekly conference call are condensed into a single report which is sent out to the membership. "Our members have access to first-hand market intelligence that nobody else in the industry has," says Fraser. "That gives them a better idea of which way the market is going so they can plan ahead; that's a big competitive advantage." ■

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*Our small but dedicated team is focused on using resources where they will get our members the most bang for the buck.*

— **Steve Buckle**, Sexton Group Ltd

"Sexton is also great at promoting teamwork between the members, which gives us all a stronger voice and presence in the market."

Finally, Buckle adds that it is important to note that Sexton's low-cost structure ensures that member benefits don't get eaten up by group overhead. "Regardless of how well a pricing program is negotiated, it won't matter if that value comes right back out in operating costs," he says. "Our

small but dedicated team is focused on using resources where they will get our members the most bang for the buck. That's what differentiates Sexton and gives our members a competitive advantage." ■

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