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SIGRID FORBERG, EDITOR

THE DAYS ARE LONG, BUT THE YEARS ARE SHORT

By the time this issue reaches you, we should be a few weeks into 2019. It's hard not to get stuck wondering what happened to all 12 months of 2018. But here we are, firmly in Q1 2019.



he start of a new year tends to get people feeling reflective, and we often take stock of our successes and failures over the past year. Our cover story this issue offers a closer look into the stories of the 2018 Outstanding Retailer Award winners. While they're all successful retailers, some have also faced failure from near bankruptcy to catastrophic fires—and emerged on the other side stronger than ever. when their store burned down one cold winter night, they set up trailers within 36 hours so their customers wouldn't experience a disruption.

The right choice isn't always the easy choice. In John Caulfield's Selling to Pros column on page 44, we meet some more retailers who are quick on their feet to respond to their community's niche needs. It's the little things they do to offer more value or convenience for their customers

While the 2018 Outstanding Retailer Award winners are all successful retailers, some have also faced failure—from near bankruptcy to catastrophic fires—and emerged on the other side stronger than ever.

There's a lot we can learn from these retailers. One especially important quality is resilience. Michel Robidoux and Marie-Josée Hébert, owners of Quincaillerie Sainte-Julie, nearly lost their business until they began selling their inventory online as an act of desperation. The business now has "Power Seller" status on eBay. And for Connie Gutoskie Lasalle and Jean-Guy Lasalle, owners of Matériaux JLS-BMR, that really add up. While these business add-ons may not account for huge margins, they do keep your business fresh and top of mind for your loyal clientele.

Our urban stores feature on page 34 also explores this convenience factor. Malcolm Firsker, owner of four Home Hardware stores in Toronto, couldn't understand why 20-kilo bags of rock salt weren't selling—until an employee pointed out no one wanted to lug them home—so he downsized, and product started to move. And Jonathan Lavoie, manager of La Shop, BMR's urban pilot in Montreal, even offers customers without cars the option for employees to assist them with on-foot delivery (to reasonably distanced locations) of bulky items like Christmas trees.

As all the retailers featured in this issue remind us, giving back to your community can be simple and fun—and while carrying someone's Christmas tree sounds like a big ask, Doug Anderson from Peavey Mart took it to the next level. In our Endcap, Anderson fills us in on his adventure raising money for rural air ambulances, where he was dropped into the Rockies by helicopter and was rescued only once he'd hit a fundraising goal.

It was an interesting year. We're looking forward to what 2019 has in store for you all and how you'll top 2018—but mostly, we can't wait to hear your stories at the end of it.





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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 humourous and informative content.



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INDUSTRY FORECAST FOR SLOWER GROWTH THROUGH 2019

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Dealers may count on the repair and renovation market to a much greater degree than new builds. However, both markets are slowing.

he new housing market may be a good indicator of buoyancy for commercial yards and large gypsum supply dealers, but most home centres and contractor yards rely on existing home sales, and the renos and repairs those so-called resales generate, to drive business. That may have been a good thing this year. Aside from a surge in June, housing starts have been declining steadily throughout 2018.

Even markets that were experiencing an active housing scene had high inventories of housing for sale, which has dampened prices, and made many reconsider moving.

Those who stay will spend more fixing up—and those who sell will pass their home along to new owners who will likewise spend money. So resales have become the key indicator for dealers. In fact, Canadians will continue to focus on essentials, like maintenance and repairs, with less emphasis on major renos. Favourite projects include painting, flooring and landscaping.

Unfortunately, after resales started out strong for the first half of the year, they



dipped in September by 0.4 percent. While that was only the first decline since April, resales are tracking well below most other months since 2014.

In light of these declines, dealers have faced headwinds, despite some positives, including a favourable start to the year, along with a combination of higher lumber and commodity prices. However, the addition of extreme weather conditions turned out to be one more challenge for dealers. The summer was so hot in most parts of the country that outdoor projects were limited, while forest fires, especially in Western Canada, had a further negative effect. That was followed by a cold autumn, further discouraging outdoor activities and projects.

Hardlines' forecast for this industry coming off of 2018 is slightly less than the 5.1 percent growth in 2017. It's expected to drop to about 4.2 percent in 2018, and remain stable in 2019 and 2020.

This is in line with external forecasts (e.g. TD Bank's 3.0 percent GDP growth in 2018, followed by 2.8 percent in 2019, and 2.0 percent in 2020; and Dodge Data & Analytics' 2.5 percent, 1.7 percent, and 1.8 percent GDP growth from 2018, 2019, and 2020, respectively).

With overall conditions of dampened housing, slower resales and mixed consumer confidence heading into 2019, dealers should prepare for moderate growth in 2019 and 2020.

Retail Home Improvement Industry: Growth



¹⁰ FIRST QUARTER / 2019 Hardlines Home Improvement Quarterly



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NEWSROUNDUP OF THE HOME IMPROVEMENT INDUSTRY

HOME HARDWARE USES INFLUENCERS TO BOOST BRAND

ome Hardware Stores is reaching beyond its traditional marketing and promotional channels in its efforts to connect with a whole new demographic. The company has set its sights on new homeowners and young families, recognizing the importance of creating a relationship with a new generation of DIYers and contractors.

One important but little publicized approach has been by working with social media influencers. Going beyond the bloggers of an earlier era, these tastemakers have large followings on social media platforms such as Instagram and Facebook and dig deep into lifestyle areas that connect to Home Hardware and its wide range of products. Home Hardware is working with social media influencers to connect with a whole new demographic.

"We're working with influencers to promote products and projects," says Jessica Kuepfer, public relations manager at Home Hardware Stores Ltd. Kuepfer says Home Hardware works with up to 20 different influencers in general through the year, and that number can reach into the hundreds. But the co-op retailer focuses closely on just four or five of the more popular influencers, sending them products, often on an exclusive basis, for their review and evaluation. The online style gurus Home Hardware has connected with include the individuals and teams behind accounts like "Modern Day Wonderland" and "This Little Estate."

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This latest initiative, she adds, shows that Home Hardware is moving ahead to appeal to a new generation.

Home plans to roll out its most cohesive influencers program yet in 2019. "Last year was a lot of testing and learning, and this year we'll be rolling out promotions with our best partners," Kuepfer says.

WESTERN REGIONAL WHOLESALER CONTINUES EXPANDING ITS RANKS AND OPERATION

Coast Distributors is adding to its team and its distribution network as it expands its reach in the West. The Nanaimo, B.C.-based hardware wholesaler has opened a second distribution centre in Surrey, B.C. Both facilities in that community are designed to better serve Coast's direct import program and its customers in the Lower Mainland. Coast also has two main DCs, in Nanaimo and Kelowna, which serve British Columbia and Northern Alberta. Coast Distributors was established in 1986 by Alex Guy—in his garage. In 1998, Brad McCluskie joined as a sales rep for Southern Vancouver Island and eventually moved into the office as Guy's second in command. In 2006, McCluskie bought into the company. In 2010, a group of senior employees and managers purchased the final shares when the founder exited.

The team continues to grow at Coast, as well. Bonnie Kellogg has recently joined as

purchasing manager. She will work out of the company's Surrey office, connecting with Coast's re-buyers in the Nanaimo and Kelowna branches. Kellogg takes over from Anthony Snell, who has moved to the Nanaimo operation in the role of general manager.

These expansion efforts will, in part, support the push Coast is making on its own private-label lines. Under the "TerraTuff" name, the company offers more than two dozen lines, including hand tools, paint brushes and paint accessories. Coast's full range of products also includes electrical and plumbing, garden supplies, automotive accessories and housewares.

TIMBER MART EXPANDS LBM DISTRIBUTION NETWORK INTO ONTARIO

IMBER MART is expanding its lumber and building materials distribution network into Ontario with the addition of a five-acre property in Mount Forest. The buying group says the new facility will be conveniently located within a six-hour radius of a large number of TIMBER MART member locations.

The new DC will offer a wide selection of LBM products and provide weekly deliveries, cross-docking/furtherance service and access for dealers picking up orders. It was slated to open in January 2019.

"Our new distribution centre in Ontario will offer our members all of the conveniences that our existing facilities provide and that our members in B.C., Quebec and New Brunswick currently enjoy," says Bernie Owens, president of TIMBER MART.

TIMBER MART's new distribution centre is located at 555 Perth Street in Mount Forest, Ont. The buying group operates two other DCs. One is in Quebec.

TIMBER MART currently has distribution centres in St-Nicolas, Que., (right) and in Langley, B.C. (below).

When TIMBER MART rationalized its hardware distribution business, Chalifour Canada, in late 2014, it shuttered a hardware distribution centre in Victoriaville, Que., before selling the business to U.S. hardware wholesaler Orgill. But the LBM facility in St-Nicolas was left untouched, maintaining TIMBER MART's commitment to the Quebec market.

In April 2017, the buying group opened a 27,000-square-foot LBM distribution centre in Langley, B.C. That facility shares space with Orgill, which houses its hardlines products serving dealer customers in parts of the Western market.

TIMBER MART expects to hire about 25 staff for the facility in the Mount Forest area when fully operational.





BRIEFLY

NEW FORMULATION OPENS DOOR FOR SAFER PAINT STRIPPER SALES

Paint chemicals producer Super Remover has developed a new formulation in partnership with the Toxics Use Reduction Institution (TURI) at the University of Massachusetts Lowell. According to Sébastien Plourde, president of Super Remover, the new product, called Super Remover New Generation, has been thoroughly tested and is just as effective as the toxic products, but doesn't contain the harmful chemicals methylene chloride and N-Methylpyrrolidone (NMP), which many retailers have stopped carrying.

BMR INCREASES PRESENCE ACROSS ATLANTIC REGION

Groupe BMR has announced the addition of 17 new stores to its network. The stores, which will remain under their current Co-op Country Store banner unless and until they choose otherwise, are former members of Co-op Atlantic. Specializing in the sale of agricultural products along with hardware products, the stores are spread across the Atlantic region, with nine in Nova Scotia, four in New Brunswick, three in Prince Edward Island and one in Newfoundland and Labrador.

FCL SUPPORTS JUNIOR HOCKEY

Contributions by Federated Co-operatives Ltd. to the Saskatchewan Junior Hockey League Assistance Program have surpassed \$768,000. The fund was launched in the wake of the Humboldt Broncos bus crash to support mental health in the province's junior hockey community, with FCL as one of the earliest donors. "Co-op has always rallied to support our communities," said FCL CEO Scott Banda, "which is why we partnered with the SJHL on a program that will help people heal across the league and eventually across the Junior A hockey community across Canada."

FEDERATED CO-OP FOCUSES ON HOMEGROWN HARDWARE PRODUCTS

ederated Co-op is working closely with domestic producers in a program called "Made by Us." It's FCL's latest marketing campaign to spotlight its private-label product lines created together with small Canadian manufacturers.

NEWSROUNDUP

It was the second year for the campaign, which proved successful in 2017 as a way to support Canadian businesses and give a major sales lift to the products featured in the campaign.

In 2017, the featured product categories were fuel and food. And in 2018, hardlines were promoted for the first time. The latest TV and social media campaigns feature FCL's own Imagine line of paint brushes and rollers. It tells the story of how Co-op makes these applicators together with Bennett Tools in Concord, Ont., which



claims to be the only remaining Canadian manufacturer of paint tools.

The family business, run by Henry Silberman and his sons, shares FCL's values

of product sustainability, profit sharing and charitable giving. The Silberman family brought production of the company's paint brushes back to Canada from Asia in 2010.

CANADIAN TIRE INTEGRATES ONLINE ORDERING WITH IN-STORE PICKUP IN SELECT STORES

Canadian Tire has expanded its e-commerce offerings with self-serve options in-store, as it battles to refine its presence as a mobile shopping destination.

The retailer has installed automated, 16-foot self-serve pick-up towers at four



of its busiest stores across the country: in Vancouver, Calgary, Saskatoon and Toronto. It claims to be the first-ever Canadian retailer to use the concept. Customers at these locations can pick up their online purchases by scanning a QR code from their phones at the towers. The product is searched and delivered to the tower, all within a minute, the company says.

The concept is being further rolled out at one of its Ottawa stores. There, self-serve lockers and automated check-in terminals are being tested. To use the check-in terminals, customers enter a unique PIN code on the in-store tablet, prompting staff to bring their order directly to them. The aim of these new options is to reduce in-store pickup times. Canadian Tire has been searching for ways to connect online effectively with its customers. With a network of 501 stores, and a boast that 90 percent of Canadians live within a 15-minute drive of one of its stores, Canadian Tire has a substantial bricks-andmortar presence. But the road to becoming an effective online seller has had its share of obstacles, including delayed test programs and inadequate in-store fulfillment.

"We're a test-and-learn culture and a big part of that is finding new ways to help our customers shop when they want and how they want," says Greg Hicks, president of Canadian Tire Retail.

These new additions to Canadian Tire's e-commerce offerings follow a recent rollout of nationwide ship-to-home, after a test in the Ottawa market and the launch of Triangle Rewards, the company's updated loyalty and credit card program.

LOWE'S CANADA SHOWCASES ACE GROWTH AT RONA ACE BUYING SHOW

he most recent RONA Ace Buying Show in Montreal showcased the integration of the Ace banner with the rest of the Lowe's Canada family. Bill Morrison, divisional VP for Ace Canada, said that the Ace team is "continuing to find ways to leverage the knowledge" of the parent company's leadership. "We've had an incredible year and that's only possible with Lowe's Canada's support."

Ace and RONA dealer services, including the online Ace Learning Labs adopted from Ace in the U.S., were based in a single hub at one end of the exhibition hall. The Learning Labs feature online tutorials that allow staff to pick up and retain essential knowledge in a short time. Store management can assign specific lessons and track completion.

The more than 1,000 tutorials cover topics from product knowledge to sales skills, to make staff more confident and improve customer experience. "A lot of the time you see new staff run away when a customer comes into the store and wants, say, to get a key cut," explains Guy Lichter, Ace Canada's director of operations. The online training lets them lock down those skills. Stores also benefit from a telephone helpline.

Offers from the Craftsman line and appliance selections were geared to allow stores of any size to customize their product mix. Appliances are offered on a modular basis, so that stores can provide a basic selection of the most popular items in as little as 400 square feet. Stores prepared to devote more space to appliances can then add as many modules as they can accommodate.

Regardless of the in-store selection, all Ace stores are linked to the banner's online channel with its full range of products. Ace's e-retail system is "happening very fast," says Morrison, a boon to Ace's largely rural base.

Morrison is confident about the role Ace

has to play among Lowe's Canada's banners, using the company's services and resources to support local independent dealers in their own unique contexts. "We don't just provide the tools, but the training and support from end to end."

Lowe's RONA Ace Buying Show offered dealers even more services this year, with more than 1,000 tutorials covering topics from product knowledge to sales skills.

BRIEFLY

CANADIAN TIRE EXPANDS REWARDS PROGRAM

Canadian Tire is expanding its Triangle Rewards with the addition of Husky gas stations. Customers will be able to earn electronic Canadian Tire Money on fuel purchases through the new partnership. They already can earn points for fuel purchases at Canadian Tire Gas+ locations.

HARDWARE STORE MANAGER COMPETES ON BAKING SHOW

An assistant manager at Brockville Home Hardware Building Centre was one of 10 contestants on the CBC's The Great Canadian Baking Show. Tim Chauvin learned to bake growing up near Windsor, Ont. "My earliest baking memories would go back to Christmastime," he told the *Brockville Recorder & Times*. Despite being knocked out of the competition early on, the 38-year-old landed his place in the contest, according to CBC publicists, with "a delectable cake adorned with homemade peanut butter cups."

AQMAT LAUNCHES NOT-FOR-PROFIT TO PROMOTE DOMESTIC PRODUCTS

AQMAT, the Quebec association for the home improvement industry, has finalized the creation of a not-for-profit organization aimed at encouraging consumers to buy Canadian when shopping for hardware and building supplies. Called Bien fait ici-Well Made Here, the federally chartered organization will promote awareness of products made in Canada. The group's initial efforts over the first year will be focused in Quebec. By this spring, thousands of hardware products and building materials bearing the Bien fait ici-Well Made Here label will be listed at 2,500 Ace, BMR, Castle, Home Hardware, Lowe's Canada, Patrick Morin, Reno-Depot, RONA, TIMBER MART and Unimat stores in the province.



BMR SHOW FEATURES NEW CATEGORIES, DOZENS OF DEALER PROSPECTS

Foupe BMR held its 2018 Trade Show in November at the Quebec City Convention Centre, gathering some 700 representatives from its dealer ranks, with approximately 330 exhibitors on a 75,000-square-foot show floor.

NEWSROUNDUP

Guests at this year's show included 27 "prospects". These dealers, who are considering joining BMR's ranks, had the opportunity to see the buying group and wholesaler's latest offerings. Nine new product categories introduced this year point to a focus on offerings outside the core hardware lines. Among them are bicycle parts and accessories, windshield wipers, kitchen accessories, vacuum cleaners and RV accessories.

The show floor featured a dedicated space for learning about turnkey merchandising solutions. A pavilion dedicated to horticulture and agricultural products was built to house several suppliers exclusive to BMR. A particular focus at this show was on the impact of the company's "digital shift" in customer service, including the bmr.co site, which became transactional last year. The company's efforts in that department were previously recognized in October with the Digital Shift prize from Quebec's retail council.

Winding down the show was the BMR Gala. This closing event was an opportunity to recognize outstanding performance by dealers and suppliers over the past year.

BRIEFLY

CANAC TAKES FIRST STEP TO EXPANSION OUTSIDE QUEBEC WITH PLANNED ONTARIO STORE

The Eastern Ontario town of Hawkesbury will be the site of the first Ontario store for the independent retailer, Canac, as well as the banner's first outside of Quebec. It's part of an overall plan by the town to convert a former Amoco oil plant. The \$71 million development project includes an expansion of the existing shopping centre on the site. Jean Laberge, president of Canac, and its parent company Groupe Laberge, has confirmed that the land has been purchased, but adds that development of the site is not likely to begin until late in 2019, and may even be delayed until 2020.



CONTRACTORS GET MORE LOVE AT LATEST HOME HARDWARE DEALER MARKET

Home Hardware Stores continues to hone its program for contractor customers. As Home's dealers have been encouraged to grow the size of their stores over the past decade, more and more of them have the broad assortments to cater effectively to contractors and trades. To support those dealers, Home is creating programs and services to help pros do their jobs better.

Not the least of these is Home's series of regional pro shows, held each spring in a

number of communities across the country. That idea, along with some others that are pro-focused, was inherited with Home's acquisition of Beaver Lumber back in 1999.

Dealers attending the co-op's latest dealer market, held in September, found some new ways to attract pro customers. Alec Thompson, marketing manager, contractor communications for Home Hardware, explained a new series of e-offers developed for trade customers. "They're not as fast to adapt as consumers, but now if you're going to connect with them, online is the way," Thompson says.

And loyalty has its rewards. The company's Top Notch rewards program, a loyalty program exclusively for contractor customers, now has 25,000 members across Canada.

Just as Home has been targetting Quebecto add new member dealers, Thompson and his team see the potential to work more closely with Home Hardware stores in that province to help them develop their pro business. "Our growth will be in Quebec," he says.



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ORGILL SHOWCASE

SPECIAL SPONSORED SUPPLEMENT

Here's a sneak peek of products you can expect to see at the spring Orgill show from some of the great vendors who sponsor our Canadian retailer event. If you're headed down the Orgill Dealer Market in Orlando, from February 21 to 23, retailers should be sure to swing by our Canada Night event at B.B. King's Blues Club, on the evening of February 21 at 6:30 p.m.

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18

ORGILL SHOWCASE



EAB Exchange-A-Blade Razor Thin

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www.exchangeablade.com



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www.nortonabrasives.com



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HOME HARDWARE'S NEW CEO EXPECTED TO BRING OUTSIDE EXPERTISE

FILE

For the first time in the company's history, Home Hardware selected an external candidate for its CEO position. The appointment of Kevin Macnab, a former Toys "R" US executive, is just one of the many changes happening at Home.

ould they hire from within or from without? The mystery was solved when Home Hardware Stores Limited announced the appointment of the former head of Toys "R" Us, Kevin Macnab, as president and CEO.

Macnab has more than 30 years of retail industry experience, including heading up Toys "R" Us for Canada, then as president of the company's international operations. His CV also includes stints at Marks & Spencer and the D'Allaird's clothing store chain.

That outside experience, both nationally and internationally, is apparently just what Home was looking for.

"Kevin brings a combination of global retail experience and a deep understanding of the Canadian market," said Christine Hand, chairman of the Home Hardware board. "He understands the importance of adapting to the fast-changing retail landscape and has a track record of increasing market share through omnichannel strategies and new store growth. Most importantly, he understands the unique value and potential of the Home Hardware brand."

Macnab replaced Terry Davis, who had served as CEO since 2014, and as both president and CEO since May 2018. He was with the company for 48 years. He stated in a previous interview that he would stay long enough to manage a smooth transition of duties. His last day was October 10, when Macnab stepped in officially.

"I am honoured to have been selected to lead such an iconic Canadian retailer with a storied past and strong, dependable brand," Macnab said in a release. layout, which has had a similar format for years, had been altered to emphasize the range of services Home offers to its dealers, while emerging categories were given more prominence than ever.

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Dealers found a showcase of outdoor living products in what appears to be a larger space each show. Heavy appliances were also given a place of prominence,

I look forward to working with the dealer-owners and the entire team at Home Hardware to develop and implement strategies focused on engaging with our customers in new and innovative ways, both in-store and online.

"I look forward to working with the dealer-owners and the entire team at Home Hardware to develop and implement strategies focused on engaging with our customers in new and innovative ways, both in-store and online."

The announcement of Macnab's appointment came right before Home Hardware's annual Fall Dealer Market. More evidence of change was apparent at the show. The a statement about Home's intention to capture more of this growing market.

Conversations with just about anyone wearing a red jacket at the show would elicit a thoughtful "change is good" response, as everyone from dealers to senior management company-wide are coping with the shift.

Macnab also made an appearance on day two of the show to walk through it and get familiarized with Home's culture.

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"

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-Gary Fletcher, General Manager, Trail Building Supplies

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(I-r) Doug and Shelley Gallinger, Mark Birse, Tyler Dueck, Michel Robidoux, Connie Gutoski Lasalle, Jean-Guy Lasalle, Patrick Lasalle, Ashley Pasch, Monica and Jeff Davie.

HARDLÍÑES

This year's Outstanding Retailer Award winners are champions for their communities.

THE RETAIL WAR 🤇

aunched in 1992, the Outstanding Retailer Awards (ORAs) are the industry's only national awards program dedicated to celebrating the achievements of hardware, home improvement and building supply dealers in Canada. In its 26-year history, the program has honoured more than 160 retailers.

The winners for 2018 represent a variety of sizes, store formats and banners within the industry, and hail from across the country. These are some of the best retailers in the country and we're proud to celebrate them.

For more information on the ORAs, or how you can apply for this year's awards, visit **www.hardlines.ca/events/oras/**



Marc Robichaud Community Leader FORT ST. JOHN HOME HARDWARE BUILDING CENTRE

hen the Fort St. John Revelstoke store was purchased by Home Hardware in 1987, the right of first refusal was offered to the existing Home Hardware in town, which opted to invest in the business. Four of the Revelstoke employees, including Doug Gallinger and Darrell Alexander, also bought in and ran the business for the investment stakeholders. In 2014, Doug, his wife Shelley, and Darrell and Debbie Alexander, bought the store outright.

Today, the Gallingers run the store and the Alexanders are investment owners.

The store's original location was on two acres of land and its footprint grew steadily over the next 20 years. It was moved to its current location in 2006, where it sits on nine acres. In 2014, they undertook a renovation that added kitchen design offices. Each year, the owners picked a new area of the business to improve. In 2015, they did a big remerchandise. The next year, they renovated the shipping/receiving office to accommodate staffing increases, expanded their paint counter and renovated the contractor counter.

In 2017, they increased the size of the drive-through warehouse, added appliances to the kitchen display, implemented new training and replaced their outside lighting.

All the while, the energy sector had tumbled and the building boom in the West collapsed. The Gallingers opened their doors to a community suffering amidst this economic downturn. They host customer appreciation tea parties. Nearby daycare centres are invited in to learn about plants and careers. And an annual live-on-location fundraising drive with the local radio station fills a sleigh with thousands of dollars and hundreds of gifts each Christmas.



Shelley and Doug Gallinger (centre) with Dan Tratensek and Dave Gowan, of the NRHA, which sponsors the award.

The local RCMP detachment also uses the store and property after hours to train their canine unit.

In early November, staff decorate the entrance of the store to honour veterans and raise funds for the local Legion. They make T-shirts, and the proceeds go to the local Legion. Tearful veterans will stop in to thank the store owners for the display.

Teamwork is a priority at the store. When one of their employees, Darlene, qualified for the Special Olympics, the team made shirts saying, "Go Darlene," and surprised her by wearing them on her last day of work as a send-off. The shirts were also sold to raise money to sponsor her.

The store supports employment programs that offer a wage subsidy to assist workers with back-to-work training. And two part-time employees have been hired through a program that allows specialneeds individuals to work at a job with their support worker by their side.

The store is active on social media, promoting community events, product advertising and in-store competitions. Customers



can win gift cards for voting in competition categories on Facebook such as pumpkin carving, ugly sweater contests and springtime plant puns—employees are encouraged to have fun with their posts. One even tested the mosquito preventer in below-zero temperatures to show how it worked.

With the alteration in the economy, Doug, Shelley and the rest of the team worked the inventory level and finally saw an increase in turns in 2017. At the end of the day, they're successful because customer satisfaction and superior service are their top priorities.



Best Large Surface Retailer



Rick Truant, market director for Lowe's Canada and Mark Birse, general manager of Lowe's South Windsor, pose with Sue Swing from DOW, which sponsors the award.

owe's opened its South Windsor store right in the middle of the worldwide recession in 2008. Despite a rocky start, the store quickly established itself as a valued retail destination. From 2012 to today, sales have nearly doubled. By 2017, the store was registering the second-highest sales of all the Lowe's stores in Canada and it's on track to be number one for 2018. And it currently rates at number one for Lowe's stores in Canada for patio and barbecue sales.

The store was part of the second group of Lowe's stores opened in Canada, and among the original 16 opened in the first two years of the company's entry into the Canadian market.

In the decade since it opened, Lowe's South Windsor has adapted to meet its customers' needs. It's located in a section of town where there's a lot of new construction, which means it has to keep all the essentials on hand, while also catering to a new and more upscale clientele with fashion-forward items in plumbing, lighting and seasonal categories.

The store serves a market of approximately 218,000 people. Windsor, a 20-minute drive

from the American border, is known as the automotive capital of Canada and has a large industrial and manufacturing heritage. Since the decline of the auto industry, young artists and creatives have flocked to Windsor's popular areas, revitalizing the city. Unemployment is currently at an alltime low and construction is catching up and booming. Prospects are bright with the construction of a new hospital within the next 18 months and a planned new bridge to Detroit.

Manager Mark Birse has been in retail all his life. Lowe's South Windsor is successful because of Mark and his highly motivated staff. Mark is the first to single out his employees for their ability to work under pressure, their professionalism, their knowledge and their dedication to customers. His door is always open for associates and managers to drop in with suggestions or issues.

Employees' hard work is rewarded with quarterly bonuses based on Customer Focus Scores and individual store performance. Not only that, but associates can count on birthday cakes, Christmas dinner, potlucks, end-of-season lunches, hot dogs on holidays, Easter egg hunts and more.

The store is also very involved in the





community. Besides donating tools and supplies to local schools, the university and the mobile library, it also frequently donates items to auctions for causes ranging from Cerebral Palsy to Crime Stoppers.

Special events include an annual "tractor-palooza" where customers test-drive lawn tractors, a Christmas toy drive, Food Bank collections and support for the Children's Miracle Network and Ronald McDonald House.

Lowe's South Windsor has earned numerous awards from head office for its sales, fundraising and growth accomplishments. Mark was named Store Manager of the Year at Lowe's Canada in 2017—and he says he has his team to thank for that. "They make the store successful on a daily basis and I support them by maintaining clear expectations, two-way communications and ample recognition along the way. And rolling up my sleeves when necessary."





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Best Building Supply/Home Centre (under 15,000 square feet) ACE BUILDING CENTRE-KASLO



ounded in 1990 by Fred and Elaine Richinger, Ace Building Centre-Kaslo in Kaslo, B.C., is truly a family affair. In 1997, their daughter Monica and her husband, Jeff Davie, took over the store. Since then, all three of the Davies' children have worked there. And today, their youngest son, Jo, is the yard foreman—with aspirations to manage the operation himself someday.

The business has evolved based on a vision to provide exceptional service and quality products. According to the Davies, "At Ace Kaslo, we challenge ourselves to recognize and seize opportunities to grow."

In 1995, they recognized one such major growth opportunity. The Davies built a new store one kilometre south of Kaslo on two acres of land that tripled the retail area and added space for building materials. All the new space allowed them to stock all lengths of lumber and thicknesses of plywood, common drywall and insulation. A year later, they built a feed storage unit and started stocking asphalt shingles.

But the mix still wasn't perfect. The Davies noticed that customers would leave

town to buy garden items, so they added a greenhouse, complete with accessories.

Being in a small community gives Ace Building Centre-Kaslo the flexibility to fill some unusual niches. The store has been able to sell pallets of everything from running shoes and bed sheets to kayaks and even live chickens. A lot of their new offerings centre around helping out the community—a few years ago, during a firewood shortage, they worked with the local mill to build firewood packs from leftover materials. From there, they started a "Lumber Pack" program with leftover siding and flooring.

The Davies challenge their team to make work fun through having a positive and engaged attitude. With that in mind, one employee suggested setting up a cowbell to promote their dog food loyalty program. When a customer purchases their 10th bag of dog food, they get one free. When that happens, the cashier rings the cowbell and everyone yells, "FREE BAG!"

And when the store began selling Lego blocks, one employee came up with the idea of hosting Lego competitions for kids. The children are divided into age groups, given a theme and encouraged to bring in their creations. While the kids have fun, it also helps to get their parents and grandparents into the store.

All this hard work and positive attitude have paid off where it counts most: on the bottom line. Ace Building Centre-Kaslo has had double-digit increases since 2015. The store also got an added boost when it joined the Ace banner in 2016 and did a full remerchandise.

But the Davies' dedication to the community goes beyond sales strategies. When the Butler family bought a local lodge that needed renovations and they didn't know how to proceed, they visited Ace Kaslo. Jeff was off the next day and offered to drop by and give them some advice and options. They've been regular customers ever since. But the relationship they forged goes beyond the professional—the Butlers even invited the Davies to their vow renewal ceremony. "What an experience when they let you into their lives," says Jeff.





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Best Building Supply/Home Centre (over 15,000 square feet) MATÉRIAUX JLS-BMR

onnie Gutoskie Lasalle and Jean-Guy Lasalle started Matériaux JLS in 1993 in Bryson, in the Pontiac region of Quebec, northwest of Ottawa. Five years later, they purchased a second store in nearby Mansfield-en-Pontefract. After more than a decade of expansion there, the unthinkable happened: just a month before Christmas in 2015, the store burned to the ground—a blow to both the business and the economically disadvantaged town.

With support from their Bryson location, Connie and Jean-Guy set up trailers and within 36 hours began serving Mansfield customers, a decision, they say, that "wasn't easy, but it was necessary." Without even being asked, the staff all came out to pitch in. "They wanted to help and support us because the store was their home and the community's home as well," says Connie.

After much discussion, they decided to rebuild the store in March 2016. By December, they had built two new buildings—a garden centre and a drive-through warehouse, that includes a heated area to house rental equipment and service trucks. They held a grand reopening party in the spring of 2017. Although it was hard, the Lasalles viewed the fire as an opportunity for a fresh start.

"We strove to create a store that would make everyone comfortable, excited and feel that we were their one-stop shop."

They take pride in the new store, pointing out its state-of-the-art lighting, lower sight lines and the drive-through warehouse. Visual signage is in both English and French, while electronic bin labels save time and reduce errors.

In the area, there are several big boxes or larger chains customers could visit, but Connie says they're not worried about competition. Between the bilingual service they offer, they're committed to having the



(I-r) Ashley Pasch, Patrick Lasalle, Connie Gutoskie Lasalle and Jean-Guy Lasalle, pose with Marc Leblanc from Acceo, which sponsors the award.



best possible services, products and pricing—and like their employees, customers appreciate the Lasalles' passion and remain loyal to the store.

Contributing to the community connection, Matériaux JLS-BMR supports a range of causes, including the local fire department, which in turn supplies firefighters to serve as Santa's helpers during his annual visit to the store. In fact, immediately following the fire, many of the children in town wrote the store asking if Santa's elves had managed to escape unharmed. Through Facebook, Connie and Jean-Guy quickly assured everyone that the elves were safe in their other store and would be back the following year. The store also supports all kinds of clubs, churches, schools, hospitals, cultural groups and associations in the community.



Before the fire, the store struggled to grow sales. But 2017 was a turnaround year, up 20 percent. And this year, which marks its 25th anniversary, is expected to be close behind.

Training and experience play an important role in the company's success. The Mansfield store has 12 full-time staff members, several of whom have been with the company for more than 18 years. And the Lasalle's son, Patrick, has inherited his parents' passion for the business. After finishing a civil engineering degree, he went to work for an engineering company and has since come back to work in the family business with his wife, Ashley.

With a philosophy of "the right product for the right job at the right place", the Lasalles are committed to continuously going above and beyond for their customers.

Best Hardware Store

QUINCAILLERIE SAINTE-JULIE



Michel Robidoux with Jeff McIntosh and Catharine Leko, from Techniseal, which sponsors the award.

ichel Robidoux and Marie-Iosée Hébert had both been working at Canadian Tire when they decided they were ready to be their own bosses. They set out to find a business, focusing on retail hardware, but had a hard time finding a banner and a store to take over. They eventually found an affiliation and a former lawyer's office in a strip mall in Sainte-Julie, Que., for a reasonable price. Armed with dust masks and sledgehammers, they turned the space into a hardware store.

They were filled with excitement when they opened the doors to Quincaillerie Sainte-Julie in 2009. They were ready, but it turns out the community was not. They only had three people come through the doors on that first day, with total sales of \$59. One man came in just to tell them they were going to fail. Over the next few days business was the same. By the fourth day, Michel knew he had to respond quickly.

Facing imminent bankruptcy, the couple tried to raise some cash by posting a lift jack on Kijiji. To their surprise and relief, they sold it within a day.

Michel and Marie-Josée quickly identified the opportunity online sales presented. But in the meantime, they had bills to pay. They created a website and started adding products.

Sales for the store have increased steadily in recent years, driven by e-commerce, and a customer count that went from three people per day to 300. Online sales have gone from \$5,000 in that first year with projections to reach \$1 million in 2018. The business now has "Power Seller" status on eBay.

Within the year, they were able to nearly double the store's size, add seasonal products, and hire their first employee. A lot of Sainte-Julie's success can be attributed to its team. When they switched to the Home Hardware banner and started selling Beauti-Tone paint, they sold only six gallons of paint in the first year.

But when they hired a Beauti-Tone paint expert, Patricia, everything changed. In 2016, the store won the Beauti-Tone Champion award. Customers come in specifically to see Patricia and if she's away, will wait until she's back just to be served by her.

And the store's manager, Marc-Andre, came to Michel seven years ago after losing his job in the airplane manufacturing industry. They couldn't afford to pay him







what he'd been making before, so they paid him minimum wage while he proved himself. He's now one of the "top guns" advancing the store.

Community involvement runs deep in Sainte-Julie, and Michel and Marie-Josée have a soft spot for single-parent families, children and animals. The store is involved in the Back to School program, supplying products to fill 500 backpacks. One year, they purchased \$10,000 worth of artificial trees to donate to families in need. Last winter, they set up a table at the front of the store with free gifts for children-"delivered by Santa."

Michel and Marie-Josée were both raised in low income housing and understand the value of money. Now, whatever they make goes straight to their business because that's what's most important to them-they know a lot of people took chances on them to help them live their dream, and they're committed to give their all for everyone who walks through their door.

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Best Contractor Specialist FORM & BUILD SUPPLY

n the spirit of a true entrepreneur, Bill Ross began selling concrete forming products 43 years ago out of the back of his truck in London, Ont., going direct to job sites. Back then, he had just two suppliers. From those humble beginnings, the company enjoyed continuous growth. It now has five branches across Southern Ontario and is a member of the TIMBER MART buying group.

In a field that's highly price sensitive, he's done it by keeping his customers loyal. "Form & Build Supply exists to be the recognized leader in the supply of specialized construction products," says Bill, by offering quality products that are technologically advanced and cost effective.

That mission statement is backed by a commitment to provide exemplary service and up-to-date knowledge. But that commitment goes internally as well, "to being a responsible employer and member of the communities in which we do business," Bill adds.

He believes in providing support to staff for personal and professional growth. The work environment is built on trust, collaborative working solutions and positive support. The company also provides a strong health benefits package and group RRSP programs and offers health and safety and policy training. Additionally, it will pay for any work-related training and education by



employees. With 60 full-time employees, five part-time and three summer students, that's no small goal.

In terms of competition, Form & Build squares off against a cross of local specialty businesses and manufacturing implementing direct-sales models. Big box stores also play a big part in the construction industry, so Form & Build works to support niche markets with high-quality products to distinguish itself.

Bill makes sure he goes to market in the most contemporary way possible. He partners with vendors to redesign product displays in his showrooms, and the company's web presence has recently been updated to improve how customers and prospects can learn about new products and contact their local store.

He also works hard to market his brand by travelling annually to trade shows, which helps drive new business and offer opportunities to network with industry specialists, as well as identify new concrete products.

In fact, the business recently added a new

line of construction products to the overall offering and now that line of "tools & fasteners" accounts for 10 percent of the overall business strategy.

In terms of customer service, there's a "new customer welcome" program. Each branch also hosts an annual customer appreciation event and will manage product knowledge demonstrations to showcase new vendor products and technologies.

Form & Build Supply uses a variety of promotional tools, including e-blasts, flyers, social media, customer appreciation events, product knowledge training and industry trade shows. And the sales force is provided with a list of everyone who is contacted through marketing promotions, so they can follow up directly. Bill also invests heavily in outside sales professionals who drive a high percentage of business and maintain strong relationships with key customers.

The company has supported many construction companies who remain loyal customers, while earning numerous awards from the London business community.



Greg Rea, general manager of Form & Build, poses with Yvonne Stephan, from the National Hardware Show, which sponsors the award.



Best Young Retailer

TYLER DUECK, RONA VALLEY ENTERPRISES

yler Dueck has worked at RONA Valley Enterprises in Rosenort, Man., pretty much all his life. He started cleaning up rocks and picking up strapping when he was a young boy for his uncle, who ran the business. By the time he was a teenager, he had secured himself a spot in the truss plant. And when he got his driver's license, he began running deliveries. After working his way through various duties inside the store, Tyler became general manager in 2008 when he was 24 years old. Within seven years, he purchased the store with his business partner, Cory Robert.

The store was originally founded as a truss plant in 1959, and a lumber yard was added in 1978. With no dominant hardware store in the area, it became a RONA affiliate in 2007. It has since become a one-stop shop, providing 98 percent of the materials used in a house. And under his late uncle's vision, Tyler has helped grow sales almost seven-fold since he took over as GM.

With a small team of seven full-time, three part-time and two seasonal staff, employees are a tight-knit group. Three employees were hired out of high school and are now managers. Ten years on, employee retention is close to 100 percent, with one employee who has been there for more than 50 years, bringing a nice balance to staff experience.

For Tyler, investing in his staff means they share his loyalty to their customers. In one instance, the store added a new line of paint right before Christmas, but they couldn't get the tinting machine to work. The staff quickly connected with a nearby paint store to get the right colour matches. Employees ran back and forth during the two weeks running up to Christmas to ensure customers got what they needed.



Megan Rippee, from LePage, which sponsors the award, and Tyler Dueck.



Tyler understands the importance of taking care of his community. That includes raising \$10,000 for "Cal's cages", a batting cage facility that was built in memory of an 18-year-old employee who drowned in a tragic accident. Cal had worked in the truss facility, and they had an extra truss package he'd built so they used it to put together the cages—making the project even more meaningful.

Another time, they contributed \$35,000 to build a new fire hall. The store also counts local festivals, sports teams and school clubs in its roster of good causes.

After the harvest is in, they host a customer appreciation barbecue, which typically draws up to 400 people—not bad in a town of only 700. The store's mission



statement is to treat every customer with respect, no matter the size of their project or sale they're enquiring about.

Tyler's wife, Coral, also has a business selling homemade pierogi, which are sold in the store, along with ice cream treats. Some contractors come in for lumber and a dozen perogies. They even bring in new customers who look around for other products while they wait in line for their perogies.

The store is active on social media, with regular promotions on Facebook. Using Kijiji, it sells products across Western Canada and as far away as Newfoundland and Mexico. "We may live in a small town," says Tyler, "but we have big ideas!"

HARDLINES CONFERENCE BRINGS TOGETHER NEW IDEAS, NEW RELATIONSHIPS

Industry leaders from every sector of Canada's retail home improvement industry, and from across Canada, gathered for the 23rd annual Hardlines Conference in November.

nder the theme, "The Power of Brand", about 150 people gathered at Queen's Landing hotel in Niagara-on-the-Lake, Ont., for the latest Hardlines Conference. It kicked off with a pre-conference Pub Night, sponsored by RONA, where attendees could network and chat in a casual setting.

The two-day event started the next morning with insights from one of the country's leading brand experts, Ian Madell, managing partner and president of Level5 Strategy Group. "Your brand is the value of a promise consistently kept," he explained.

Other presenters included Darrin Noble, VP and general manager of Home Hardware's Beauti-Tone paint division; Steve Buckle, president of the Sexton Group; Peter Norman, VP and chief economist for Altus Group and Charles Valois, VP central marketing for Lowe's Canada.

Day one ended with a cocktail hour, sponsored by Home Hardware, which led into the Outstanding Retailer Awards Gala Dinner.

For more on this year's winners and their stories, turn to page 22.

Two retailers also took the Hardlines stage during the conference. Russ Jones, a RONA dealer with three stores on British Columbia's Sunshine Coast, gave a deeply moving account of his personal involvement in the community and beyond. Jillian Sexton,



a TIMBER MART dealer with three stores in the Maritimes, delivered a powerful message about the role, and challenges, of women in this industry.

The Hardlines Conference, which marked its 23rd year, is the only national event for the retail home improvement industry in Canada. It gathers dealers, suppliers and retail head offices for two days of learning and networking. The next Conference will be held November 13 to 14, 2019.

HARDLINES CONFERENCE

SHOW REPORT



Darrin Noble, who heads up Beauti-Tone for Home Hardware, spoke of the power of private-label brands.



Charles Valois, of Lowe's Canada, fields questions about his presentation on how the company manages its multiple banners.



Jillian Sexton, a TIMBER MART dealer, elicited a standing ovation with her presentation on navigating the world of business as a young woman.



RONA Pub Night kicked off the two-day conference with pints and networking.



Anthony Stokan, a retail consultant, sat down with Hardlines' Michael McLarney for a big picture look at the challenges and opportunities retailers face.





Robert Bigler from eBay Canada was on hand to provide an overview of how eBay is innovating to create new, relevant buyer and seller experiences.

BY SIGRID FORBERG



alcolm Firsker owns four Home Hardware stores in Toronto. His first location, Sunnybrook Home Hardware, which he has owned for 30 years, is in the city's Leaside neighbourhood, a wealthy community north of downtown. He'd been ordering the same products for his three east-end locations until an employee informed him the different neighbourhoods had very different needs.

"I was so used to Sunnybrook, where we had sold skids of 10- and 20-kilo bags of de-icer, but at my Pape store, you could hardly sell one," says Firsker. "People want the smaller jugs because they're walking. I never even thought of that until a staff member pointed that out to me."

As soon as Firsker ordered more portable de-icer options, they began to fly off the shelves. It was an important reminder that urban shoppers, who frequently wander in on foot, will only purchase what they can carry. In Vancouver, Jeffrey Ho, owner of three Home Hardware stores, experiences the same situation.

"Because Vancouver is so dense, a lot of people are walking," says Ho. "That obviously affects how people purchase; we notice the basket sizes are a lot less in our two stores in more urban areas." But the walkability factor isn't entirely a downside. Firsker thinks of his stores as "local convenience community stores." While he's not the first stop for homeowners doing major renovations, he's their go-to for missing parts and extra nuts and bolts.

CULTIVATING A NICHE

Jean and Marc Lanouette, who are fifthgeneration owners of their family business, have cultivated a niche for themselves. Bordering on Griffintown, Montreal's upand-coming downtown district, and under the RONA banner, the Lanouette brothers'

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> **Roy Perkins, Cornwall** RONA dealer since 1988

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SERVING THE URBAN MARKET FEATURE



business caters mostly to building maintenance customers.

"That's our main bread and butter," says Jean Lanouette. As the area has transitioned from industrial to more urban residential, condos continue to pop up, which their store, Quincaillerie Notre-Dame de St-Henri, helps provide the products to maintain.

"We also supply a lot of the hospitals and schools in the downtown area," says Lanouette. "We're very specialized in the building maintenance and it's permitted us to have a very loyal customer base."

Unlike many of his downtown peers, Lanouette has an abundance of square footage—in fact, with 18,000 feet of retail space over three floors, and 110,000 SKUs, he says he knows his store isn't for everyone.

"There are customers that walk into our store and I have to admit that they walk right out because they find it too overwhelming,"



says Lanouette. "It's piled high as best we can, but it works for us and my father always said, 'If it's not broke, don't fix it.' "

RESPONDING TO YOUR COMMUNITY

In Griffintown, not far from the Lanouettes' store, BMR has set up a new urban pilot store, La Shop. Store Manager Jonathan Lavoie says the neighbourhood is predominantly composed of condo buildings, populated equally by young students and older couples who've sold their larger homes to live downtown.

"These people are living in small, 800to 900-square-foot spaces," says Lavoie.



The Lanouette brothers, Marc and Jean, are fifth-generation owners of their downtown hardware store.

"And they're looking for products adapted to those needs, as well as great service."

Adapting to those needs means Lavoie and his team pay close attention to the customers they serve. A good number of residents live active lifestyles, so La Shop stocks plenty of bicycle accessories. Many are also pet owners, so it boasts a large section for pets with high-end dog food. In terms of services, because people are living in small spaces, the store also offers access to a tool lending library for purchases over \$75. If a client purchases the supplies to do a project, but doesn't want to keep a full tool kit, they can borrow from the library


Malcolm Firsker and his dog, which goes to work with him every day, outside his Danforth-Pape location.



Firsker says customer service in his store is a top priority.

for free for 24 hours. Lavoie has even found that some shoppers who purchase tools will return after they've finished their projects and donate the tools to the library.

Space is a common urban concern, but downtown dwellers also often find they're sharing that space with unwelcome pests. Firsker says with a high number of apartment buildings and renters near his east end stores, there are high incidences of that. In response to that issue, he started Home Pro Pest Control, which he says does great business with building managers in the area.

"We've been particularly successful with that," says Firsker. "With the transient renters, they sometimes bring in bed bugs or cockroaches, and so we've set up an office where those customers can call directly to handle that issue for them."

FINDING THE RIGHT MIX

Another major issue these retailers report facing is staffing. Finding the right employees with experience and knowledge is a real challenge for urban retailers, who must compete with restaurants, tech companies and the energy sector.

Lanouette says it's currently his number-one issue. While the store pays more than minimum wage, they do expect their employees to put in the time to prove themselves and learn how the company runs before they can work their way up the ladder.

These urban stores are competing to keep themselves top of mind in the neighbourhood. These dealers have found the best way to do this is through offering top-notch customer service. And that requires a top-notch team with their finger on the pulse. For Lavoie's staff, with a brand-new store, that means recording every single piece of feedback they receive and sending it to head office-he says they've already passed along 100 tips.

For Ho, it means keeping things in perspective for both his team and himself.

"Obviously customer service, for us, is huge," says Ho. "I'm constantly preaching to my staff, 'We're in the people business, and we sell hardware. People can buy a hammer anywhere. The only difference is how we sell it.' That's what helps us compete." 2

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RETAIL TRENDS

spoga+gafa

Outdoor kitchens are a growing trend, especially in countries like Canada, where homeowners want to make the most of warm seasons.

OUTDOOR TRENDS ON DISPLAY AT GERMAN LAWN AND GARDEN SHOW

Visitors from around the world gathered at the Koelnmesse exhibition centre in Cologne, Germany, for spoga+gafa, the annual international lawn and garden trade fair. The event, held last fall, drew 40,000 visitors from 114 countries and some 2,000 exhibitors spread across nearly 2.5 million square feet of floor space.

how organizers reported that the share of international visitors rose again by four percent, to 64 percent overall. "This growth from abroad underlines the strong international significance of spoga+gafa. Both those in specialized trades and large-scale retailers were strongly represented," they stated in a release.

Visitors could see new furniture designs that responded to consumers' desire for more sustainable products, while maintaining durability and creative designs. One vendor experimented with polypropylene webbing stretched across a frame to create an ergonomic lounge chair. Another vendor developed an umbrella that easily fit above a narrow balcony, reflecting a move by more designers to offer space-saving solutions to urban dwellers.

Another common theme throughout the show presented sustainable alternatives to common products. Several vendors showed planters made of recyclable materials. One offered fireplace logs made from recycled

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RETAIL TRENDS

spoga+gafa







coffee grounds. For gardeners concerned about the negative impact of peat moss farming on the environment, another vendor offered an eco-friendly alternative.

The urban gardening trend continues to gain steam. Visitors at spoga+gafa saw many options for products that helped consumers grow fruits and vegetables in a small space, whether it was self-watering planters that hung easily on a balcony or a vertical container for growing strawberries. Multiple grill vendors offered portable cooking units designed for balconies or tailgate parties.



Another popular area at the show was Outdoor Kitchen World. Consumers still have an appetite for spending big on outdoor entertainment areas, especially with the aim of creating a gourmet experience when eating outdoors. Besides traditional barbecuing, consumers want other cooking options such as smokers and woks.

They also want to marry form with function when purchasing a grill or fire pit for their yard. In addition to its practical application, they want something that makes an artistic statement in their living spaces.



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David Dishke | Grand River Home Hardware

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BY JOHN CAULFIELD

PLAYING FROM THE SIDELINES

FILE

New ventures outside of the traditional hardware category might not account for huge sales percentages, but they can get new customers into your store, and they keep your business fresh and relevant.

ome improvement dealers are always searching for the next niche that will distinguish their stores and produce a steady revenue stream.

Usually, those niches—such as a kitchen and bath showroom, a home décor boutique, a flooring outlet, a truss plant-fall within the context of these dealers' everyday products and services. But some dealers are stretching the boundaries of their business models to bring in new customers and heighten their stores' profiles within their trading areas.

The following are three examples of home improvement dealers that have successfully cultivated niches, plus one where home improvement stores themselves are the niche.

SOLID GROWTH PLATFORMS

In 2005, Chad Sonnenburg, owner of the three-location RONA Sonnenburg Hardware Ltd., started building docks "just to keep our lumberyard employees busy" during slow months, he says.

Every year since, he's seen dock sales grow, to where the company now sells about 1,000 per year, at between \$1,300 and \$1,800 per dock. "We also do custom work," says Sonnenburg.

Standard dock units are 6x12-foot and 8x16-foot. They are prefabricated in a shop next to the company's headquarters store in Massey, Ont. (Drivers passing by the store on Route 17 can see the completed docks stacked high outside.) The shop has two fulltime employees and, during busy periods, uses two other lumberyard employees.

The docks are shipped to buyers in Ontario and Quebec. Sonnenburg sub-contracts installation within his store's trading area.



"This is definitely a revenue stream," says Sonnenburg. "It helps with our pressuretreated lumber bookings [he favours MicroPro Sienna] and with our hardware rebates." (In a typical year, he'll order 65,000 3/8-inch washers.) His stores also sell dock-related hardware and accessories.

Sonnenburg says his customers use docks for all kinds of purposes. One customer bought 10 units and built a boardwalk along his waterfront property. Another bought a dock to use as a deck in front of his trailer home.

Other retailers in his trading area sell docks, too. What separates Sonnenburg's docks, he explains, is their price point, "which is usually less than what it could cost a homeowner to build the dock himself."

GOW'S FISHES FOR CUSTOMERS

Gow's in Bridgewater, N.S., is one of Home Hardware's oldest dealer-members, with annual traffic of 330,000 customers whose spending generates about \$10.5 million in sales.

now sell about 1,000 per year, at between \$1,300 and \$1,800 per dock.

Aside from the home improvement products it sells, this dealer has become a local destination for fishing gear, known for its locally-sourced flies that a former employee ties. The tying service "gives us the opportunity to customize," says Amanda Fancy, Gow's owner.

For 15 years, Gow's has offered blade sharpening and restoration, done by the husband of one of its employees-a carpenter by trade—from the couple's home. Gow's also repairs screens and screen doors, cuts glass-which Fancy says is a "great business" with "very good margins-and replaces kerosene wicks and wood stove gaskets." When its garden centre turns into a Christmas centre during the holidays, it offers gift wrapping for customers who spend at least \$20. The store also sells honey and maple syrup from a local vendor.

All of this might seem like small potatoes, and on one level it is: these niches contribute only about \$150,000 in direct

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"We're always on the lookout for the next hot product or trend in our industry, and the National Hardware Show always delivers. There are so many opportunities to gain knowledge at NHS, whether it's through networking with retailers and vendors from across North America or participating in educational seminars. We always leave energized and full of new ideas."

Joel Marks Vice President – Merchandise

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annual revenue. But, says Fancy, 50 percent of customers who come into the store for a non-hardware item or service end up buying something else, too. The niches serve as a store within a store, support surrounding businesses and add a personal touch to in-store transactions.

L.B.H. OPENS NEW DOORS

Last year, Doug Lemieux, who owns L.B.H. Building Centre, a six-acre lumberyard in St. Albert, Alta., converted a 7,000-squarefoot warehouse into a custom door and metal trim shop. He spent about \$130,000 for equipment and installed wifi to operate the metal-cutting machinery.

The shop, says Lemieux, gives his company "full control over production and the quality of the machining," which in the past had sometimes been an issue for these products. The shop allows his company to be more competitively priced and improves delivery. (Lemieux notes that some metal products would normally take a week to get, but because he now stocks these, he can turn orders around much quicker.)

Lemieux—who also owns Onoway TIMBER MART, in Lac Ste Anne County, Alta.—does no advertising for his ancillary operation. But the shop brings in new





customers, notably from the multi-family arena. "It allows us to play in a field we couldn't play in before." Plus, existing customers who might have been buying doors and metal products elsewhere are now spending more at L.B.H.

He's hoping the shop, with two employees (a new hire and one of the yard workers), will produce "slow but solid growth." Lemieux is already thinking about moving the metal trim part into a 2,000-square-foot warehouse he's planning to build next spring.

HARDWARE STORES FILL A VOID

On April 8, 2018, La Coop Novago, an agricultural co-operative, was created from the mergers of four other ag co-ops. Now with 13,000 consumer members and 2,500 agricultural producers, Novago is one of the largest regional ag co-ops within La Coop fédérée's network, which also includes the wholesaler and buying group Groupe BMR, which Coop fédérée acquired in 2015.

Many home improvement dealers dabble in ag products. The 38-store farm and ranch

L.B.H. Building Centre, which has a six-acre lumberyard and 3,600 square foot retail space, recently converted a 7,000-square-foot warehouse into a custom door and trim shop.





Depending on the size of the store, 10 to 50 percent of a BMR location may be ag products, while almost all of the Agrizone's SKUs are ag.

chain Peavey Mart in Western Canada is perhaps the country's best-known example.

It is rarer, though, for an ag enterprise to commit as fully as Coop fédérée has to conventional home improvement outlets. Novago's retail division consists of 24 home-improvement locations that serve rural and semi-rural markets in Quebec and Ontario. These stores operate under the banners BMR (17 locations), Agrizone (four) and Unimat (three).

The retail division generates annual sales of \$65 million, slightly under one-fifth of Novago's \$350 million annual volume, confirms Valerie Ouellet, the co-op's director of communications. Aside from the usual hardlines and building materials, the retail stores carry a complement of ag-related merchandise for such categories as farm maintenance, maple sugaring and forestry. They also stock automotive products, work clothes, equestrian products and pet food.

Depending on the size of the location and its proximity to farms, the BMR and Unimat stores devote anywhere from 10 to 50 percent of their selling areas to ag products. (The Agrizone stores are mostly ag products.) The retail stores sell to all customers, members or not, farmers or not.

Novago's retail and ag divisions share back office functions, like accounting, human resources, IT and marketing. "This assures a coherent strategy and one vision that we all share and work toward," Ouellet explains.

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NATIONAL HARDWARE SHOW

The tool that powers your business

BY BILL WILSON, RETAIL ADVISOR, NRHA CANADA

THE COST OF

BUDGETING

Would you go on a long road trip without a map, GPS or directions on your phone? No. Then why would you not budget for your business and create your own road map for the year?

budget is an absolute must for any retail business. The budget gives you guidelines for required growth, shows if you can afford the raises you and your staff deserve and whether you can afford inventory for growth or new categories. It will indicate if you have a forecast profit or loss at year end.

Creating a budget is not a difficult process. However, it does take time. If you're not sure where to start, there are formats available and some POS programs have a template that would match your financial statements. Or you can ask your accountant for a budget worksheet.

TAKING THE FIRST STEPS

Budgets should be created prior to your financial year's start. You'll need your last financial statements and your latest financial reports, if you receive them monthly or quarterly. Your best start is to create a total 12-month budget and then break it down by the month so you can follow up every few weeks. To start, predictions will have to be made on sales: will they grow or decline over the next 12 months? Forecasts from Hardlines are for sales growth industry-wide in the four percent range. Are you planning any changes that could affect margins? Changes in gross margin can be affected by new competition or opportunities, and factors such as lumber sales growth or decline can vary your overall gross margin significantly. A single percentage change can make a big swing in your profit. Talk with your team and create a plan to increase sales and maintain margins.

WHY TAKE THE TIME TO BUDGET?

Without a budget, how do you know how your business is doing financially? Your budget gives you guidelines on whether your business is going to be in the black or in the red at year's end. We all know there are months that lose money, and with a plan, you may be able to reduce costs. On the flip side, larger months need additional staff, and you need to determine how much you can afford. Your day-to-day business costs are not going to decrease, and your staff will be looking for wage increases, while taxes have increased and operating loans are anticipated to keep getting more costly. Without a budget, there's no way to navigate all those factors.

Sometimes, throughout the year, you may find sales and costs increasing or decreasing more than you had anticipated, and you might have to reforecast for the balance of the year to know what will happen to your bottom line. This may require some costcutting or additional resources.

You may be thinking, "I need help; who do I talk to?" You can get a lot of good information from your accountant, and, depending on your group or banner, many of the district managers have had training and can guide you to the range for costs and margins.

In today's retail environment, you are facing many challenges. Your competition is always looking for ways to update, grow sales and improve their return on investment. A lot of emphasis has been placed on new store formats with growth categories, improving online selling, and giving the consumer the choice of in-store pickup or home delivery.

Competition is tough: are you making investments for updates and growth? You need a budget to do that effectively and efficiently. And you need your team to buy in, so be specific on how you will collectively achieve your goals and have your team help set them.



for the North American Retail Hardware Association Canada. He has a background of more

Bill Wilson is Retail Advisor

than 40 years of experience in hardware and home improvement retailing and distribution and is committed to training for independents.

CALCULATING NET SALES*	Hardware	Home Centres	LBM Outlets
COST OF GOODS			
Gross margin before rebate	39.7%	30.4%	22.1%
Purchase rebate	1.7%	1.9%	1.1%
Gross margin after rebates	41.4%	32.3%	23.2%
PAYROLL EXPENSES			
Owners, other employees	18.8%	13.7%	9.0%
Taxes	1.7%	1.2%	1.1%
Group insurance (medical, etc.)	0.9%	1.2%	0.9%
Benefit plans (pension etc.)	0.3%	0.7%	0.4%
OCCUPANCY EXPENSES			
Rent	5.6%	3.2%	0.8%
Utilities	1.0%	0.7%	0.4%
Building Repairs	0.7%	0.5%	0.3%
Total Other Operating Expenses**	9.5%	8.7%	6.0%

*Source: NRHA Cost of Doing Business Survey; **These costs should include advertising and promotion, vehicle expenses, telephone and internet expenses, insurance (liability & casualty), interest expense (which is expected to rise), bad debt losses and all other operating expenses. Make sure you break out the costs by line.

The chart above includes just the basics. There's always the change for some additional categories on your financial statements and you should always have a plan for that, as well; These percentages have been reviewed with Canadian numbers gathered from retailers and are like our Canadian numbers, which vary by dealer. For example LBM dealers in Canada show gross margins of 21 to 31 percent. For your first pass at a budget, forecast sales and gross margin numbers using your current expense numbers, unless you know differently.



Some say horseshoes are lucky because they were historically made of iron, which dispelled mischievous fairies. Or as legend has it, Saint Dunstan, a blacksmith, nailed a horseshoe to the devil's foot, and received a guarantee that Lucifer would avoid any home with a horseshoe on the door. Of course we choose to believe a horseshoe is just a shoe for a horse, and you make your own luck.

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PEAVEY CEO PROVES HE'S A FUNDRAISING STAR

FILE

Many rural communities in the West are too far from public services for paramedics to arrive by land in time when an emergency strikes. In an effort to help fundraise for life-saving air ambulance services, Peavey Mart's top executive participated in an unorthodox fundraiser.

BY GEOFFREY McLARNEY

or Peavey Industries CEO Doug Anderson, it started with a simple line of licensed merchandise—and ended in a scramble to ransom himself out of the Rocky Mountain wilderness.

Peavey is a company that has expanded its reach well beyond the Western and largely rural regions where it arose, but it remains deeply connected to them. Many of those communities rely on STARS (Shock Trauma Air Rescue Society), an air ambulance system serving both the Prairies and Nova Scotia—and an organization Anderson has come to know well.

"We've known about STARS for a long time," he says. "We noticed the area STARS covers aligns with the area Peavey Mart covers in the West."

STARS is "very impactful for people living in rural, more remote areas," says Anderson, "people who may have gone to a regional hospital, but need more advanced services and need a way to get there quickly."

Peavey became a contributor to the ambulance service, and later its exclusive retail partner. In that role, Peavey carries STARS-branded merchandise at its Peavey Mart and MainStreet Hardware banners, including clothing, toys and a fundraising calendar.

It was his counterpart at STARS, CEO Andrea Robertson, who suggested taking the relationship further. Anderson accepted her invitation to join other CEOs in STARS' Rescue in the Rockies fundraising challenge, in which executives are airdropped in a mountain location and must marshall their Rolodexes to buy their way back to civilization.



The process, Anderson explains, is "like a jail-and-bail", and the only tools participants take with them to the dropoff are the mobile phones they will use to rally their donors. "The premise is they take you out and leave you somewhere in the mountains until you raise enough and they come get you."

The locations, of course, can't be too far off the beaten path, since cellphone reception is the key to the challenge. Still, participating executives get a taste of a rescue worker's life on the job through training exercises, from intubating dummies to building a shelter from scratch.

The most important preparation, however, is networking, and Anderson had done his homework: "I thought, 'If I'm going to do this, I'm doing it right'," he recalls. "We reached out to vendors and business colleagues. We set our target pretty high." To accomplish that, Anderson ensured that staff and customers were on board, as well as business contacts. "We wanted to promote it in the stores," he relates. "We asked our employees how many had been impacted [by STARS] or knew someone who had." It turned out about 40 percent of employees had felt the impact of STARS. Customers, too, opened their wallets and were welcomed on the day of the event to a celebratory barbecue.

Anderson hoped to raise more than \$100,000. In the end, his sponsors had contributed \$240,000 by the time he emerged from the spot in Kananaskis Country where he'd been left.

"It was a great collaborative effort among staff, customers, vendors and the business community in Central Alberta," he says. It's also a key accomplishment in a relationship Anderson looks forward to nurturing and growing for years ahead.



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