

BUSINESS EDITOR: KEVIN CROWLEY
894-2231 EXT. 2624
kcrowley@therecord.com

BUSINESS

BUSINESS - F4
The Great One
joins Mc-healthy
campaign.



WEDNESDAY, MARCH 9, 2005

DOLLAR 82.35 US +0.01	GOLD \$440.30 US +5.30	EURO \$1.6205 Cdn -0.39	TSX 9,903.34 +17.25	TSX VE 2,018.39 -21.90	TSX 60 546.36 +0.97	DOW 10,912.62 -24.24	S&P 500 1,219.62 -5.88	NASDAQ 2,073.55 -16.66
------------------------------------	-------------------------------------	--------------------------------------	----------------------------------	-------------------------------------	----------------------------------	-----------------------------------	---	-------------------------------------

LOCALS

Taking it to the next level

Personal goals fuel growth strategy of fabric and furniture distributor

BY RON DERUYTER
RECORD STAFF

KITCHENER

Now that Jon Woeller is 40, he is really getting serious about the business his family has run for 85 years.

It's not that he wasn't serious before. He has run Woeller Contract Inc. since 1990, reviving it, with his father's help, from the brink of extinction. But now he is ready to take the Kitchener company to the next level.

It's a passion, driven by his compulsion to restore the business to the prominent place it once held in the Canadian upholstery textile industry.

"It was very hard to see the old company go away," he says. "I'm really driven to build it and I believe we have found a way to do it successfully."

Woeller Contract, located in a nondescript industrial mall in the Huron Business Park, sells fabric and leather for custom furnishings, as well as upscale furniture and lighting products.

Mainly working with interior designers and architects, its products end up in luxury homes, banks, boardrooms, and upscale hotels and restaurants, not to mention the odd corporate jet, cruise liner or palace.

"We are sellers of artwork," says Woeller.

"Price isn't everything when it comes to our customers. They are looking for a specific style or look and they are willing to pay a premium for it."

GRANDFATHER'S ROLE

Woeller's grandfather, Eitel Woeller, started the business. He had worked in a bank, but ended up helping his father close Woeller Bullock, the family's furniture factory in Waterloo.

Eitel sold the leftover fabric to other furniture makers, and found he enjoyed the work so much he decided to make it a full-time business. E. Woeller Co. He would spend six months each year in Europe buying fabric, then criss-cross Canada by train with books of samples.

Eitel died before Woeller was born, but Woeller is full of admiration for his grandfather. Going through old ledgers, he discovered that during the Second World War, when textile shortages meant he could not meet demand, his grandfather was able to maintain his profits despite losing half his sales.

"He was a true entrepreneur, a master at what he did."

Woeller's father, Michael, took over the business in 1954 when Eitel died, even though he was only

18. "He didn't have any background in it at all, but he jumped right in," says Woeller.

Michael Woeller expanded the inventory and opened showrooms across Canada, creating a brand that became well known in major design centres despite its low profile at home.

By the mid-1980s, the firm was the biggest buyer and reseller of upholstery fabric in Canada. Michael, who turns 70 this year, still drives a car with the licence plate, JOBBER, reflecting his pride in being the country's largest "stocking jobber."

SMALL BUSINESS

In the late 1980s, however, big U.S. and European textile jobbers flooded the Canadian market with fabric, making life miserable for firms like E. Woeller Co. Woeller's father responded by pioneering a new way of selling. Rather than stocking rolls and rolls of fabric, he bought samples only and purchased fabric from textile mills as customers put in orders.

BANK CALLED LOAN

The new business model was successful. But the firm was stuck with a big bank-financed inventory of outdated fabric. With interest rates at sky-high levels, the bank called in its loan, even though the company was profitable and meeting all of its payment obligations.

"They just viewed that as not good enough," Woeller says, adding that his father "tossed them the keys" rather than fight a protracted legal battle.

The turn of events left an indelible impression on Woeller. He became determined to succeed — and without the help of a bank.

"I have a hate-on for banks," he says. "They claim to support small business, but they really don't."

Woeller hadn't planned on joining the family business.

But with the company failing, he left his job in the construction industry to help his father in sales. By that time, it had shrunk to two employees — his father and an office clerk.

"I learned the industry at a difficult time, but I truly and thoroughly enjoyed it. I found my niche."

When his father gave up the business, Woeller started over, incorporating as Woeller Contract. His father helped out for the first few years.

Woeller narrowed the customer base, but widened the product line by adding leather, custom furniture and lighting products. Rather than re-open showrooms, he took on commissioned sales reps.

That strategy will change somewhat next month when the company opens a showroom in the heart of Toronto's design district. Woeller says the 3,600-square-foot showroom will allow it to showcase its furniture and lighting products, and give designers a place to show fabrics to their customers.

Woeller also developed his own line of fabrics to give price sensitive customers, particularly those doing large jobs, a lower cost alternative to the high-end branded fabric he imports from U.S. textile mills.

His suppliers grumbled a bit, he says, complaining that he was competing against them.

"I told them: 'By bringing in our own private label, it makes us stronger and healthier, which ultimately is better for our partners.'"

Woeller says the firm, which has annual sales of \$2 million to \$5 million, is ready to ramp up its growth after focusing on slow, controlled growth.

It's building up its inventory, as Woeller gets serious about returning the business to its roots.

"I felt that in the industry our company was losing a little bit of its identity, so we decided to revive the old textile company using a new model."

The company has increased its inventory 50 per cent a year for the last four years. But to avoid tying up money in slow-selling inventory, it only stocks rolls of fabric it is almost certain will sell.

"We have created the illusion that this big in-stock inventory exists."

Woeller, who drives a Ford Explorer with the licence plate, TEXTILE, says the in-stock inventory allows the company to fill most orders within two days, giving it a turnaround time other fabric suppliers can't match.

The company forecasts demand based on responses to the samples it ships to customers. More than half its 13 employees prepare samples, in a variety of formats, including large swatches and thick sample binders.

"Some days, I say we are in the sample business," says Woeller.

"It's a huge expense, but it is a very important part of the business. Our customers need to feel the fabric. It is a very tactile industry."



RECORD STAFF

Jon Woeller started Woeller Contract Inc. in 1990, reviving a business his grandfather launched 85 years ago. Even earlier, his great grandfather operated a Waterloo furniture factory called Woeller Bullock.

The growing inventory has created a space crunch, so in August the company will move its warehouse, which currently is split in two

industrial units on McBrine Drive, into larger quarters on nearby McIntyre Drive.

As well, Woeller's wife, Lynn, a chartered accountant, will join the business full-time — she has worked part-time while caring for their children, ages 5 and 7 — to oversee implementation of an inventory-control system.

"In order to grow the business successfully, we have to automate and grow our systems," says Woeller.

The company also is expanding into the United States and Europe. It recently partnered with two U.S. interior design firms. It sells fabric, purchased from U.S. textile mills and imported from Europe, in their

showrooms and pays the design firms a royalty for the right to use their brand names on the fabric.

"It is an incredibly good concept for the U.S. market," says Woeller.

The company is making inroads in Europe because it supplies fabric and furnishings for Canadian embassies, and because of the strong reputation of Canadian designers.

"Canada is a small market, but Canadian design is recognized internationally, so many designers do a lot of work in Europe," says Woeller. "And because we work closely with them, they take us with them."

rdruyster@therecord.com

Q&A

We asked Jon Woeller, president of Woeller Contract:

Q. Your business remains in Kitchener, even though it mainly works Toronto, with interior designers and architects in major cities such as Toronto, Montreal and Vancouver. Why is that?

A. "I wanted to move the company to Toronto in the early 1990s. My father said: 'Young man, you will regret it if you move to Toronto. Your history and roots are in Kitchener.'"

"He was absolutely right. I have come to appreciate that you can have a balanced lifestyle here. This is a community that gives you a good perspective on the balance between life, business and work."