

# HotTimes

A NEWSLETTER ON WHAT'S HOT AND WHAT'S NOT

AUGUST/SEPTEMBER 2003

ISSUE 5

VOLUME 2

## Western Hearth, Patio, and BBQ Forum by Mike Harstone

The Forum was held on May 23rd to 25th, at the Richmond Hotel. It was very well attended and from all the positive feedback it was a huge success. The head of HPBA membership thought it was the

reviewing their fine products and answered many questions from sales people and installers in attendance. It was good to see Ray taking notes from the suggestions made, and we look

all areas of our industry. It was a great evening.

Sunday's highlight was an educational seminar by Tom Pugh. Tom is a real pro. He entertains while delivering down to earth, practical information with his presentation "Blueprint for Success, Profit Strategies for Specialty Hearth Retailers". This day-long seminar gave us all lots to work on in the months ahead.

I had the pleasure of spending a couple of days on the road with Tom a few weeks after the Forum. It was amazing to see how many of the dealers we visited had already put some ideas from Tom's seminar into action. One dealer mentioned he has already paid for the cost of taking his staff to the Forum, just by implementing some of Tom's ideas. If you missed the Forum, but want a copy of Tom's book "Blueprint for Success" give Dave Rosvold a call at our office.

The tradeshow floor and burn areas were open on Sunday and Monday. To date, we are seeing items that were displayed at the show, appear in dealer's showrooms. Most noticeable was Alan Jackson's new "R2D2"-like BBQ. When you see this unit, you'll know the tradeshow really does work.

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THE BBQ CELEBRITY COOKOFF WAS HOSTED BY TV'S MAG RUFFMAN

best organized affiliate meeting they had ever attended.

On Saturday, Northwest Stoves held a small dealer training session on RSF Fireplaces and ICC Chimney. Ray Bonar, vice-president of ICC/RSF, did a great job of

forward to seeing some of these put into action in the months ahead.

Saturday night featured the stand-up comedy, magic and mind-reading of Randy Charach, as well as dinner and a dance. This event was a sellout with 200 guests from

**NORTHWEST  
STOVES LTD.**

5505 - 268th Street  
Langley,  
British Columbia  
Canada V4W 3W1

Phone:  
**(604) 857-8816**  
Toll Free:  
**1-800-663-0462**

Fax:  
**(604) 857-8963**  
Toll Free Fax:  
**1-800-667-6162**

Website:  
[www.northweststoves.ca](http://www.northweststoves.ca)

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# Create A Better Margin

(with permission from Tom Pugh)

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## Quick Facts

### HearthStone Colors

HearthStone is currently in the process of adding some new enamel colors and dropping others. Please see the new price pages for current color availability. If you have a request for a color available in the past, but not available today, please give us a call, as HearthStone may still have stock.

### New Skytech Remotes

We sent out a new price list for the Skytech Remotes (dated March 15, 2003). Please ensure you have this in your catalogue, and if you need a new one, or want additional copies, please give Dave Rosvold at Northwest Stoves a call.

It may appear that some of the remotes went up in price, but it should be noted that the package now comes complete, with batteries included. The DS-1001LCD replaces the DS-1001 and now comes with a LCD screen to display the room temperature. The DS-1010TH replaces the DS-3001 and retails for \$21 less!

Let us consider an average homeowner who is shopping for a wood stove. He or she will normally begin by focusing on, and comparing, the appliance. That's where the dealer has to be more aggressive on price. Without taking into account exclusivity, appliances are available from a variety of sources; heating contractors, mass merchants, builders, specialty dealers,



**TOM PUGH (RIGHT) WITH RICK FRIESEN, CRANBROOK'S FIRE PLACE**

etc. The gross margin on a product like a wood stove tends to be in the range of 25 to 40 percent.

That appliance becomes an integral part of a home, only after it is installed with the required and optional accessories. The gross margin on a chimney system or stove pad often ranges from 35 to 60 percent. Why? Because the items associated with installation are unique selling features of specialty hearth dealers.

Installation products are profit centres because specialty retailers are the remodel turnkey experts. No other hearth competitor puts together such a complete, customized hearth package. In fact, many specialty retailers cut appliance pricing in order to clinch sales, because they can secure better margins on the subsequent

sales of chimney and installation products. Customers can buy a wood stove from Canadian Tire, or on the Internet, but who is going to install it with the décor that matches their interior? That uniqueness creates better margins.

Labour can also be a profit centre, especially in season, as it goes hand in hand with installation.

The longer the season, the heavier the demand, and labour's profitability increases. But what if a retailer has to carry an installer year 'round? That can cut into those profits. So each retailer needs to analyze how much seasonal labour profits are drained by off-season slumps. Efficiently managing labour costs is the secret to maximizing labour's contribution to profit.

Any discussion of Margin always seems to need the explanation that Margin and Mark Up are not the same thing. The following is from Coleman Management Services:

Monday featured the BBQ cook-off with Mag Ruffman. Mag is best known for her role in the popular series "Road to Avonlea" and as the TV host of "Men on Women" and "A Repair to Remember." Mag was great throughout the Forum and did a fantastic job as MC for the cook-off. Steve Abrams won first prize and our own Dawne Schildt had fun helping her team to a second place finish. The Forum ended with the 50/50 draw for a VC BBQ which was won by someone named Mike Harstone. Proceeds from the 50/50 and the show totalled \$1,550, which was donated to the Richmond Fire Fighters Fund.

If you missed this Forum, there is another one planned for the Richmond Hotel in two years. We will let you know when we have the dates.




## How much must you Mark Up your costs to obtain the Profit you desire?

### Example:

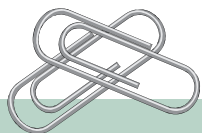
If Overheads = 30% of Sales

If Net Profit = 5% of Sales

Gross Margin = 35% of Sales

To get this Gross Margin you must Mark Up your costs by 54%. If you Mark Up by 35% you will not even cover your overhead!

<u>For This</u> <u>Gross Margin</u>	<u>You Need This</u> <u>Mark Up On Cost</u>
20 %	25 %
25 %	33.3 %
33 %	49 %
40 %	66.7 %
50 %	100 %
67 %	200 %



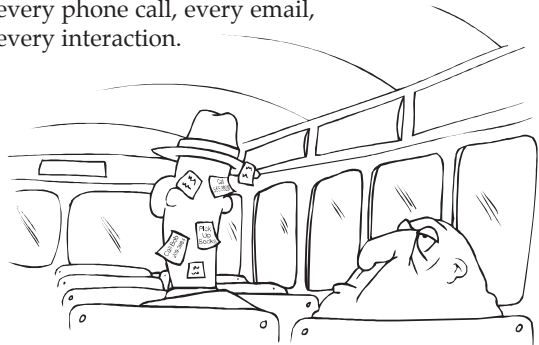
"One only needs two tools in life: WD-40 to make things go, and duct tape to make them stop."

- G. M. Weilacher

# Stay Customer Focused

This article comes from Gary Chomyn, who organizes and manages the production of this newsletter. Gary is a man of many talents and abilities. One of his services is a regular marketing/sales email that he sends to his clients and associates. The following is borrowed from one of these emails. If you want to know more about Gary and his company check him out at [www.promoBC.com](http://www.promoBC.com) or [www.salesMD.net](http://www.salesMD.net).

Whether you call them customers or clients, they are the reason we survive. Our customer service, good or bad, will determine how long and how many customers we will have. It is said that if you have experienced excellent customer service, on average, you will tell 13 people. If you have had a bad experience, you will tell 29. Everything counts; every meeting, every phone call, every email, every interaction.



How many people are your customers talking to? Will their comments be positive?

The following comes from an unknown author. It covers all the bases and can help you stay customer-focused.

- Because the customer has a need, we all have a job to do.
- Because the customer has a choice, we must be the better choice.
- Because the customer has sensibilities, we must be considerate.
- Because the customer has an urgency, we must be quick.
- Because the customer is unique, we must be flexible.
- Because the customer has high expectations, we must excel.
- Because the customer has influence, we have the hope of more customers.
- Because of the customer ...we exist.

**RSF**  
WOODBURNING FIREPLACES

"Just like Sunday dinner doesn't come out of a can and fine wine doesn't come out of a box, a real fire doesn't come out of a pipeline."

For more information on the complete line of RSF woodburning fireplaces, and for the dealer nearest you, please call:

**NORTHWEST**  
STOVES LTD.

604-857-8816 or 1-800-663-0462  
[www.northweststoves.ca](http://www.northweststoves.ca)

## Quick Facts

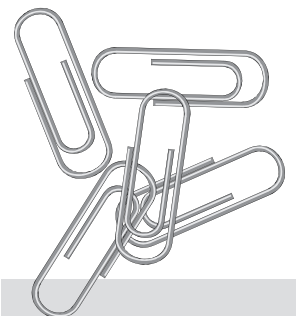
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### Close the Ash Door Please

For any stove with an ash door, or ash dump, it is important to keep the door closed and the gasket sealed. The uncontrolled air coming through can cause over-firing and stress on the firebox materials. We have had two situations on Oslo wood stoves where this happened, and the cast base of the stove had to be replaced. This problem can be avoided.

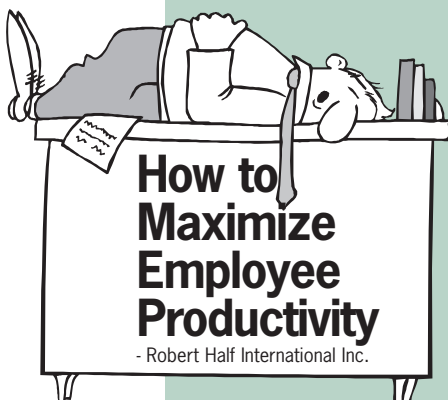
### Peterson Real-Fyre Log Sets

We are now stocking the new Western Campfire log set. This is a unique and beautiful accent to any gas-burning fireplace. For more on these, we have new brochures and price lists available, dated May 2003. If you need additional copies, call Dave at Northwest Stoves.



"To ignore the facts does not change the facts."

- Andy Rooney



### HUMANIZE THE WORK ENVIRONMENT

People work harder and more effectively in a humanized work environment. What is such an environment? Nothing mysterious: simply one in which management recognizes and respects the need to treat each employee as an individual. Here are some of the basic elements:

- Healthy and pleasant working conditions.
- Salaries and benefits that are at least comparable to what other companies offer.
- Open communication between management and employees.
- Advancement opportunities.
- A clear commitment to basic courtesy.



## JØTUL Tech Tips

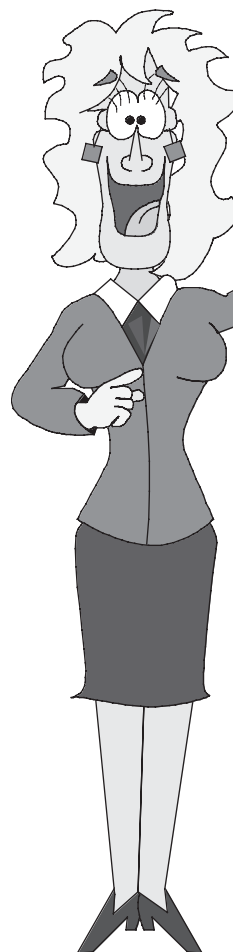
### Tech Tip #1

On B-vent units the thermocouple reading on a new unit should be 5 – 6 millivolts under load and 8 – 12 mv on a DV. The reason for the lower reading on the B-vent is the addition of the spill switch. The millivolts will drop over time due to corrosion, but you will need over 3 mv for the unit to work properly.

Running the pilot light during the summer can prevent minor corrosion that can build up when the unit is shut down. It may actually be cheaper to pay the cost of the gas for the pilot light, than to pay for servicing the spill switches and thermocouple because of corrosion.

### Tech Tip #2

Jotul tests their units before they leave the factory but if the thermodisc on an insert does not cut in within a reasonable time, Jotul recommends two checks. One is to ensure the thermodisc is sitting tightly in position and if the problem persists, then insulating the throat/damper area of the fireplace cavity will prevent cold air from affecting the operation of the thermodisc.



### ATTENTION All Jotul Dealers

Have you seen the information on how to

### "WIN A TRIP TO NORWAY"?

If not, ask us or your rep. There will be one lucky dealer in BC that wins a trip to Norway!

**Hear  
Northwest  
Stoves  
Ad Campaign  
on**

Unforgettable  
**600AM**  
ADULT FAVOURITES

and

**JRfm**  
**93.7**  
NEW COUNTRY

### New this year:

Northwest Stoves has added broadcast media to its marketing mix. All year long our commercials will feature key suppliers products!

## Our Staff

**TODD AYLEY** (ext# 21)  
email: taylor@northweststoves.ca

**GRANT BIECH** (ext#22)  
email: gbiech@northweststoves.ca

**DAN COOK** (ext# 26)  
email: dcook@northweststoves.ca

**MIKE HARSTONE** (ext# 30)  
email: mharstone@northweststoves.ca

**REID HARVEY** (ext# 55)  
email: rharvey@northweststoves.ca

**DAN KOSOVIC** (ext# 27)  
email: dkosovic@northweststoves.ca

**JOHN MITCHELL** (ext# 54)  
email: jmitchell@northweststoves.ca

**DAVID ROSVOLD** (ext# 31)  
email: drosvold@northweststoves.ca

**WAYNE ROURKE** (ext# 32)  
email: wrourke@northweststoves.ca

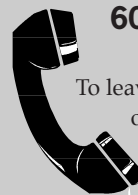
**DAWNE SCHILDT** (ext# 29)  
email: dschildt@northweststoves.ca

**GREG STALMAN** (ext# 36)  
email: gstalman@northweststoves.ca

### To leave VOICE MAIL please phone:

**604-856-8750**

**or 1-888-663-8816**



To leave a voice mail, call and enter the extension of the person you are trying to reach and you will be automatically directed to that person's line. We will take your call promptly, or you can leave a voice mail for a quick call back. No time to talk? Then just send us an email.

**Our email:** nws@northweststoves.ca

**Our website:** www.northweststoves.ca

## Mark Your Calendars

### Interior Provincial Exhibition

August 27th - 31st  
Armstrong, BC

### BC Fall Home Show

October 16th - 19th  
BC Place Stadium

### Hospitality Trade Expo

November 3rd - 4th  
Vancouver Trade &  
Exhibition Centre