

HotTimes

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

JANUARY/FEBRUARY 2003

ISSUE 1

VOLUME 2

www.northweststoves.ca by Grant Beich

Northwest Stoves has a new, award winning website that you should definitely check out!

We have been getting an extraordinary amount of "hits" on the site since its facelift late last year. As with any good web site, **we are continually updating and adding to the site, so I encourage you to keep coming back to see what's new!** You can expect more dealer specific content to be added throughout 2003.

Last year, we realized we needed to spend more time and effort maintaining our website on an ongoing basis in order to generate sales for our dealers. To do this, we had to clearly define what needed to be done to make this happen.

What we decided was that the site needed to:

- Be easy to navigate
- Have a polished professional look to attract consumers
- Have a great deal of useful information for consumers, dealers, and designers
- Answer Frequently Asked Questions from: consumers, dealers and designers
- Contain proprietary information for dealers currently available from Northwest Stoves via fax or email

We are finishing up the first stage of the facelift by error-checking the consumer portion of the web site. It would be a great help if you were to report any errors you find on the site to Grant Biech (gbiech@northweststoves.ca), or any other Northwest Stoves employee.

Dealers Note: Please check your Dealer Listing. If you are a dealer displaying one of our appliances in your showroom, you should be listed on our site. Check your contact information to ensure it is correct (company name, address, phone, email, website).

As I mentioned before, the site is still "under construction" and any comments or suggestions would be greatly appreciated.



Serving the Fireplace Industry.

Celebrating **25 YEARS**

Northwest Stoves Ltd. is the quality hearth products distributor located in the Fraser Valley of southwestern British Columbia, Canada. Our products include wood burning stoves, gas fireplaces, fireplace inserts, wood stoves, patio heaters, venting and caps and a complete line of hearth accessories.

We do not sell directly to the public nor do we sell to the USA, but we will be happy to help you contact one of our Western Canadian retailers if you are interested in any of the products we distribute.

Our value can be found in the reliability of our products and our outstanding retailer sales and technical support.

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Quick Facts:

Pacific Energy Wood Stoves

Did you know that Pacific Energy has a five-year warranty on the wood stove's fans, speed controls, and thermal switches?

New Pilgrim Website

Check out Pilgrim's new website. It shows the product in clear photographs and gives a good idea of what products match up with each other. Note: prices are in US dollars. Take a look at www.pilgrimhearth.com



Mid-Winter Sales

Pacific Energy, HearthStone and Jotul all have sales under way and all three end February 28th, 2003. Information has been sent out, but if you have any questions regarding these promos please call us at our office.

Re-lining S629 Chimneys

by Zigi Gadomski, President WETBC

I've been asked if running a listed liner up an old 1" factory built chimney is code compliant. In our WETT manual it states that ULC S635 liners are certified for masonry and metal chimneys. They are only certified for ULC S629 chimneys. In other words, if the 629 chimney is in good condition and needs to be downsized, then you can install a liner to do the downsizing.

Installing a liner into an old ULC S604 or a ULC S610 chimney will not upgrade the chimney to a High Temp chimney that is suitable for working with a wood stove installation. If you start with a ULC S604 chimney, and install a liner into it, you still have a non-code compliant ULC S604 chimney that is being hooked up to a stove.

The following is a message directly from Underwriter's Laboratories of Canada (ULC) on this issue:

Dear Zigi,
In regards to your e-mail message dated December 3, 2002, I have spoken with our Engineering Dept. and they advised that the use of a S635 or S640 Liner within a factory-built chimney does not change the rating of the Chimney. If we may be of further assistance please do not hesitate to contact us.

Yours very truly,
Lesley-Anne Coleman

Think Before Cutting Prices

- this is adapted from a handout by Coleman Management Services.

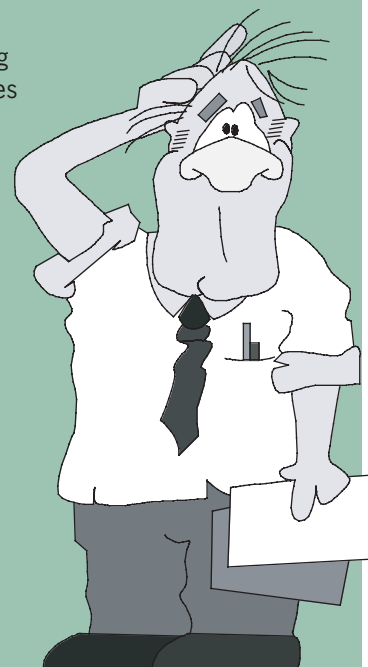
Do you ever want to cut your price to make the sale? Do you want to have a sale to ensure you keep the installers busy? Before you do, consider the following to help you determine the amount you should (or shouldn't) discount:

Normal Gross Margin	Percent Price Cut	% Increase in Sales to make the same \$ Profit
30%	5%	14%
	10%	35%
	15%	70%
	20%	140%
	25%	350%
40%	5%	8%
	10%	19%
	15%	35%
	20%	60%
	25%	100%
	30%	179%
	35%	419%

In summary, if you have a gross margin of 40%, a 20% cut in pricing will mean you need to increase sales by 60% just to ensure you make the same amount of profit.

When the HPA conducted a study in 1997, the average dealer's gross margin was 38/39%.

How do you compare?



Pacific Energy Updates Units

This past year, Pacific Energy updated both the Esteem and the Estate models with new log sets and new burners. The flame and appearance of the two units have been significantly improved attracting a lot of positive feedback. Both units now come complete with NG burners, and if LP is needed, a conversion kit must be purchased.

The Esteem and the Estate now have optional screen doors available (see below). Please note, that to install these screen doors you must observe the new framing and installation instructions.

Currently, we have all of these items in the warehouse, including the screen doors, but please contact us for stock updates, as it changes daily.

Pacific Energy has been busy making changes to their wood stove line as well. Many of you will have noticed a new baffle is coming in the Super 27, Spectrum, Classic, and Summit series wood stoves and inserts. This new "encapsulated" stainless steel



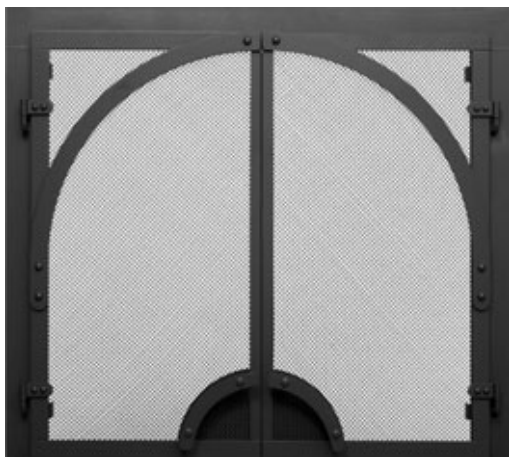
baffle has a layer of stainless steel covering the insulation. This will eliminate the occasional occurrence of the insulation interfering with the flue outlet. The

replacement baffle for the Super series now comes with this feature, and the price now includes the baffle, insulation, and air tube gasket; now packaged in one box (same code PS-SSER111, new price \$165.70 list).

The Super 27, Spectrum, Classic, and Summit series wood stoves and inserts are coming with stainless steel baffle rails. These will provide an additional level of durability to these already reliable units - and at no additional cost.

Both Northwest Stoves, and Pacific Energy, have some stock without the stainless steel baffles and also, without the new baffles. We will ship these first - and no, you cannot specify only new units when you order. There is no price increase for these improvements.

Our new screen doors for The Estate and The Esteem are opening doors for exciting new sales!



www.pacificenergy.net



Quick Facts:

Cariboo Woodstove Exchange

In the Cariboo during 2002, a total of 76 "Old Belchers" were turned in for destruction during the woodstove exchange program. Cariboo residents were offered rebates to replace old non-EPA wood stoves with new EPA stoves that can reduce emissions by up to 90%. It is estimated that this program helped remove 3,800 kg of emitted smoke, ash, and various gaseous compounds from the air in the burn season.

Northwest Adds Territory

Starting with December 2002, Northwest Stoves is now the looking after all four western Canadian provinces for Heartland Appliances. We are excited to take on this challenge and look forward to talking to any dealers we have yet to meet. If any of you have any questions give us a call. Mike Harstone will be the representative responsible for this area.

Pacific Energy POP

We have in stock the new Pacific Energy tent cards for both the wood and gas units. We also have assorted Pacific Energy posters in stock. You can't beat the price as they are all NO CHARGE, phone Dave (the "Newbie") to order.

Hear Northwest Stoves Ad Campaign on

Unforgettable
600AM
ADULT FAVOURITES

and

JRfm
937
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!

Mark Your Calendars!

BC Home & Garden Show

February 19th – 23rd
BC Place Stadium,
Vancouver, BC

International Foodservice Expo

March 2nd – 4th
BC Place Stadium,
Vancouver, BC

HPBA Expo 2003
March 5th – 8th
Hearth, Patio, and BBQ
Industry Show
Nashville, Tennessee

KBIS 2003
April 10th – 13th
Kitchen and Bath
Industry Show
Orlando, Florida

WHPBA Forum 2003
May 25th & 26th
Western Hearth Patio &
BBQ Show
Richmond, BC



A Good Bank Can Make A Difference

by Wayne Rourke

Lately, I have been thinking about some of the successes we've had at Northwest Stoves and the successes enjoyed by many of our customers. All have one thing in common: a good relationship with a bank.

When I first started, I applied for a loan at the local Royal Bank in Powell River. I still remember the manager's name; Mel Brotzel. I handed my projections in every month, and I think this helped him overlook the fact that I didn't have a lot of equity. What mattered were my projections.

Over the years, I have probably worked with ten Royal Bank Account Managers, and I got along with almost all of them. Every month, I would do up a

financial statement and a list of accounts receivables, accounts payable, and inventory, and send it all in.

Sometimes I talk to our customers, and ask them if they are making any money. Some of them don't know. Their books are at the accountant, and they don't seem to make it a priority to get them finished. Some don't know

what a gross margin is, and some don't use a bank. In this business, it helps if you have a good relationship with your banker. You can be more successful, providing you keep your accounting up to date, do realistic projections and compare them to the actuals.

If I can help you in anyway, with projections, or anything else, please give me a call (ext #32).



P.S. Numbers to Remember:

To calculate Gross Margin: take your selling price (e.g. \$1000) less your cost (e.g. \$650) and the difference is \$350. Now take \$350 and divide it by the selling price (\$1000) to get the gross margin of 35%.

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To leave VOICE MAIL
please phone:
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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

Please note the change of our email addresses to ".ca" from ".bc.ca". Please update your records if you have not already done so.

Our website:
www.northweststoves.ca