

Lifestyle trends revitalize Ontario's interior industries



Lifestyle and workplace trends have combined to give interior design, furniture and furnishings an unprecedented importance in the new millennium. Employers are now convinced that providing a stylish, comfortable and functional work environment pays off in productivity. For many people, the line between workplace and home space has blurred or disappeared.

Others seek sanctuary from the outside world with a well-appointed home. Specialty retailers are springing up all over, while new television shows, web sites and magazines feed a huge consumer demand for the latest on trends and techniques. As Ontario's furniture and related sectors capitalize on these trends, the industry is being transformed.

More than 150 years of experience, a reputation for innovative design and easy access to the massive U.S. market have given Ontario a vibrant furniture manufacturing sector. Canada's furniture industry got its start here in 1835, when an English craftsman started The Gibbard Furniture Shops in Napanee. Gibbard is still in business today and, like many of Ontario's furniture makers, is a small-to-medium sized enterprise (SME) that has successfully adapted to a very competitive North American market.

"It's a mature industry that generates about \$4 billion in residential sales alone each year," says Michael Knell, Canadian editor for Furniture Today, the weekly journal of record for the North American furniture industry. "Ontario accounts for more than half of the Canadian industry's shipments. After going through some tough times, it's now an industry with a lot of strengths."

The history of the Durham Furniture Company Limited offers an excellent example of both the challenges and the potential within the Ontario industry. Durham Furniture was established in the town of the same name in 1899, with the specific goal of providing local employment. It grew steadily, weathering a fire, the Great Depression, and many other challenges.



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Umbra's products are a familiar sight in homes around the world.



The branding of Canadian design

More than 20 years after they started the company that put Canadian design on the world map, Umbra Ltd. founders Les Mandelbaum and Paul Rowan are working harder than ever. The two are constantly traveling on business. In late September, Mr. Rowan is getting ready for a month-long trip to India, China, Thailand and other points east, seeking new ideas to produce well-designed products at affordable prices.

“We introduce about 500 new products each year,” says Mr. Rowan, “so we’re always looking for new ideas, new technology. We travel around the world to do our product research, go to all the trade shows. We have to know what’s out there. You can’t design in isolation.”

While Mr. Rowan and the company’s design associates are collecting ideas and inspiration, Mr. Mandelbaum and the sales associates are making weekly trips to meet the company’s retail customers.

“We export about 85 per cent of our products to over 50 countries,” says Mr. Mandelbaum who just returned from the southwest U.S. “In today’s market, it’s not enough to just have a great product. The manufacturer has to package it perfectly, pre-ticket it, merchandise it in the store, and supply it at a great price. It’s a very competitive environment.”

Umbra was built on this combination of design and business savvy. The company’s first product was a printed-paper window shade, designed by Paul Rowan and marketed by Les Mandelbaum. Today, Umbra’s catalogue comprises about 1,500 products, ranging from clocks, chairs and garbage cans to picture frames and window treatments. All share the company’s trademark of intelligent, appealing design.

“We’re a high energy company,” says Mr. Rowan, “and we’re playing in a world market. We’re innovators, but you can never be sure about a product until the

consumer buys it. We have a motivated, energetic staff, and we learn from every product we design.”

Along with brainstorming, Umbra’s in-house designers meet regularly with sales staff to investigate market-driven ideas and needs. Umbra also works with outside designers like Karim Rashid, the designer of the *Oh* chair (see page 14). The company is also a strong supporter of Ontario’s design schools, including Humber College, Sheridan College, George Brown College, and the Ontario College of Art and Design. Student interns work at Umbra, and both company founders serve on advisory boards.

From the initial two employees in 1979, Umbra’s staff now totals about 200 people in Toronto and 350 worldwide. The company has facilities in Hong Kong and Buffalo, New York, where a 500,000 sq. ft. warehouse serves U.S. and other export customers.

Most of Umbra’s Canadian staff work in a converted warehouse that also serves as a working model of the company’s design and business philosophy. Located near a busy expressway in suburban Toronto, the building’s exterior plastic cladding diffuses daylight through the offices within, and is backlit at night to become a huge Umbra billboard. Following its founding principles, Umbra has become a worldwide design brand with a distinct personality.

“Our longer term plan is to have an operation in continental Europe,” says Mr. Mandelbaum. “There are still many, many, fantastic opportunities for designed products. Every geographic area has its own needs.”

Visit www.umbra.com for more information.

Good business by design

Its dramatic headquarters in the old Toronto Stock Exchange building still gets most of the attention, but the Design Exchange (DX) is much more than a showcase for Canadian design or a memorable venue for corporate meetings. When DX opened in 1994, founding president Howard Cohen expressed the non-profit group's vision clearly: "The Design Exchange is based on the belief that design and business are inextricably linked."

Over seven years later, DX continues to explore and promote the economic potential of Canadian design, with numerous programs aimed at businesses in all sectors. In short, design sells, and the people at DX want the Ontario business community to know it.

"Our goal is to create and promote a design-led culture in Canada," says Arlene Gould, Director of Business Programs at DX. "In the case of business, we're helping companies use the design advantage, whether they make chairs or sell financial services. Design is the tangible face of research and development for any business."

Ms. Gould uses the financial services sector as one example. Since most companies are selling what are essentially the same financial products, the design of the brand, image and communication vehicles are crucial to distinguish a company from its competitors.

"By using an integrated design strategy, you can add value to any product or service, and to the corporate identity and brand," she says. "Look at the success of the Intel Inside strategy, or Loblaws' President's Choice. It's not only product or service design. Successful companies are using design as a competitive advantage. And Ontario companies have a tremendous opportunity right on their doorstep, because we have an internationally-recognized talent pool right here."

DX links business and designers in a number of ways. Businesses can search a database of available designers and suppliers, and visit a virtual store for products and services at www.dxnet.net. The Design Exchange also houses an Advanced Visualization Centre, which lets designers use computer modeling to showcase their products in virtual reality. The 2008 Toronto Olympic Bid used the service in a presentation to IOC delegates. *Exchange*, a sophisticated design/business journal published by DX, is distributed to the CEOs of Canada's top 1,000 public companies. Regular exhibitions and lectures at the Bay Street site (now home to kuboDX, a new restaurant for business meetings) create new links among designers and their potential corporate customers.

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Appropriately housed in the former Toronto Stock Exchange building, the Design Exchange is forging new links between the business and design communities.

Over the past six years, our government has brought balance, growth, jobs and investment back to this province. As a result of the measures we have taken, today there are 824,000 new jobs. Take-home pay is up 20 per cent. More than 600,000 people have broken the cycle of welfare dependency. The budget has been balanced three years in a row. And while Ontario is currently dealing with economic uncertainties that flow from a slowing economy and the after-effects of September 11, our government will not surrender the hard-won gains that have restored Ontario to prosperity.



That was the message delivered in the province's annual Economic Statement. While recognizing that government revenues are down and difficult decisions lie ahead, the statement also emphasized that Ontario has the fundamentals in place for long-term economic growth and strength. We are well positioned to emerge from the current slowdown stronger than ever.

Certainly, we are seeing that strength in the furniture industry. As the focus of this month's Ontario Business Report, this industry – which can be traced back 165 years in Ontario – generates \$4 billion annually in residential sales alone. Further, many products designed for office use are finding their way into home office and residential applications, as the line between work and home continues to blur. Strong interest in home and home office decor has also led to the proliferation of home lifestyle stores and a surge in television shows that focus on home decorating. It has been a boon for building and renovation companies.

Furniture manufacturers export 60 per cent of industry shipments, primarily to the United States. Many other Ontario industries are equally focused on cross-border trade, with exports representing a main strength of our economy. Recently, I was privileged to lead a roundtable discussion of business, industry and government leaders to respond to the economic, border and security issues that have developed in this province since September 11. Our government understands that uninterrupted movement of goods and people across the border is vital to business success, economic growth, prosperity and jobs, and we will aggressively work to ensure continued ease of cross-border trade.

In this issue, we also introduce a new regular column: Open for Business. Each month we will profile one community in Ontario, and highlight the benefits that it offers the business community. This month, we are proud to feature Thunder Bay.

It is now the beginning of a new year, with all of the challenges and opportunities that may bring. In 2002, the government of Ontario will continue to build on its legacy of strong leadership, and renew its commitment to fiscal responsibility. On behalf of your provincial Government, I wish all of Ontario's businesses, investors, industries and citizens a successful and prosperous year.

Bob Runciman
Minister of Economic Development and Trade

Tom Deacon

Designer finds challenge in chair design



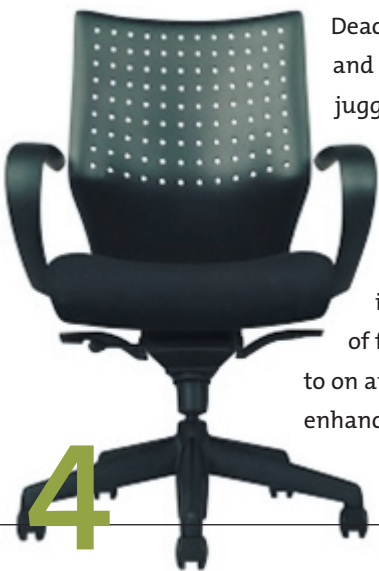
Tom Deacon is an independent furniture designer based in Toronto. “My work is almost entirely in seating,” he says. “Everything from technically involved ergonomic task seating, to fully upholstered lounge seating, to wooden meeting room chairs that would also work as dining room chairs.”

Deacon has a degree in architecture and worked briefly in the profession, but decided early on that furniture design was more satisfying. He has been freelancing for 13 years, working exclusively on a royalty basis for the contract furniture industry, which markets to the corporate and commercial world. The majority of Deacon’s designs are represented by Canadian furniture company Keilhauer, including the best-selling Tom line of task seating. He has received numerous design awards.

Deacon works from his home studio. “I design on paper, and very early in the process I build a full-scale, three-dimensional mock-up,” he says. “Depending on the technical sophistication of the product, at some point the activity will shift to the research and development department of the company that I’m working for.”

He is also looking at broadening his range of product types. Recently, he designed a plastic chair for Umbra, a manufacturer that caters to the retail market (see page 2 for full story). Deacon says, “That was an interesting switch for me because the chair is more accessible to the public, both in terms of price and where it can be purchased.”

Deacon clearly enjoys the complexity and challenge of chair design. “It’s a juggling act between the practical and the poetic,” he says. “You have to balance the realities of production economies and technical and ergonomic issues, with designing a piece of furniture that people can relate to on an emotional level and which will enhance the environment of those who are using it.”



Scot Laughton

Design and teaching are the perfect blend for Toronto designer



Scot Laughton started his career with a bang. While still a student with the Ontario College of Art and Design (OCAD), he designed a floor lamp that was selected by Time magazine as one of the top ten designs of 1987.

Fifteen years later, Laughton is an independent industrial designer for major furniture manufacturers including Umbra, Keilhauer and Nienkamper, designing seating, storage chests, dining tables, lighting and more. “Design is fun,” he says. “There aren’t a lot of jobs out there that allow you to explore new ideas and be challenged every day.” Laughton is further challenged by teaching part-time at OCAD, and enjoys the reciprocal relationship that he shares with his students. He says, “They learn from me, and I benefit by seeing design through their eyes.”

Laughton works from his home studio in Toronto, typically drawing up a few sketches for a product, drafting the design on computer and modelling it in his shop. “I’m not partial to any material,” he says, “I work with wood, plastic, upholstery or metal.” Design time varies. He says middle-technology pieces with relatively low tooling costs can be developed quite quickly. He has also worked on sophisticated multi-million dollar lines that have taken two years to perfect.

Laughton has just embarked in a partnership with a company that traditionally builds keel boats, and is diversifying into furniture. He will design the new lines. He also plans to continue building relationships with the furniture manufacturers for which he designs. He says, “I’d like to be part of helping their businesses become even stronger.”



Jonathon Crinion

Innovative designs focus on comfort and minimalism



Picture an office environment. Think of a six-metre long table that accommodates eight individual workstations. Picture that same, long table supported by only four legs. This new concept table is an engineering marvel that has met with very positive response in the European marketplace.

It was also the brainchild of Jonathan Crinion, an internationally acclaimed Toronto-based designer.

"As an industrial designer, I've worked on buses, trains, task lighting and electronic products, as well as thousands of products for the work environment and complete lines of office systems furniture," says Crinion. One unique facet of his work includes the development of marketing and distribution strategies, to assist companies as they promote and sell the office systems. Crinion's work has won numerous design awards including the International Design Review, the FX Awards in London, England, and many Neocon Awards in Chicago. In 2000, he won the Toronto Arts Award recognizing his design achievements.

Crinion designs for companies across North America and Europe, travels widely and is very mobile. "I work by computer and outsource everything, which enables me to manage several

projects at once," he says. "Right now, I'm working on a project that I drew up on my laptop, then e-mailed to

a CAD person in Toronto who helps create the three-dimensional design. That CAD file goes to England for structural analysis. The engineers then e-mail the drawings to California, where the product is molded into plastic from the computer drawings. That mold comes back to me via courier, and when it's all correct, it will be sent to Prague for tooling. In the end, it can be made anywhere in the world. It's truly the modern way."

Crinion's wide-ranging interests include a passion for architecture. He has recently formed a partnership to design high-tech buildings and building components, and plans to "start small with two residential homes." He is also working with a yacht designer in England to design an ocean-going racing yacht for a race from Plymouth, England to Newport, Rhode Island. "There are numerous opportunities in marine design," he says.

Crinion says his designs are all about visual comfort and minimalism. "It's easy to be inspired," he says. "It's all about walking around with your eyes open."



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Good business by design

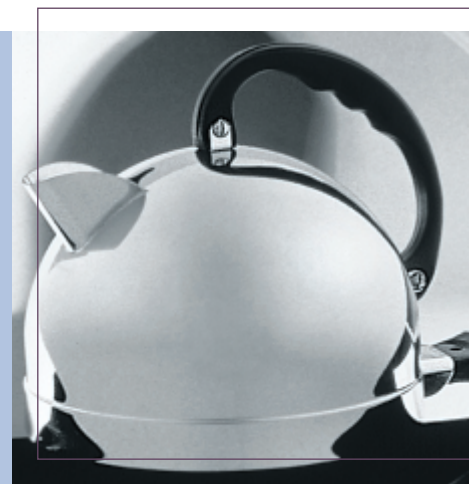
Small- to medium-sized enterprises are also part of the DX educational strategy. Small businesses in Toronto can take advantage of a pilot program called Design For Your Business. Supported by the Toronto Economic Development Office, the program is helping companies evaluate the use of design in their business, and develop design initiatives to help them grow.

"There are so many opportunities," says Ms. Gould. "Designers can help food processors package and position new product lines, or show high-tech firms how to brand a new technology. Companies are learning how to use design as a strategic tool."

The importance of viewing design from a business perspective has also been recognized by Ontario's colleges and universities. Ryerson University now offers a Certificate in Design Management, and York University and Sheridan College have developed a new design degree program which includes a design management course.

"We want to get both communities, design and business, to be more pro-active," says Ms. Gould, who also teaches a course in the Ryerson program. "The ultimate goal is to have a lot more design-related stories in the business section of the newspaper."

Visit www.dxnet.net for more information.



For more information on Canadian designs check Rachel Gotlieb and Corci Golden's book *Design in Canada: Fifty Years from Tea Kettles to Task Chairs*.



Barrymore Furniture:

combining quality and craftsmanship

Celebrating its 82nd year in business, Barrymore Furniture is a Toronto landmark. Its headquarters, manufacturing facility and 10,000 sq. ft. showroom are located in a century-old building in the heart of Parkdale.

Purchased in 1981 from Toronto Carpet Company by brothers Brian and Tom Callahan, Barrymore Furniture excels in high-end, custom-made upholstered sofas and chairs. “We believe we make the best constructed upholstery in North America,” says Brian Callahan, Barrymore’s President.

The labour-intensive construction process is one reason. A four to five year apprenticeship program trains unskilled workers in the highly skilled craft of upholstery. Detailed attention is paid to hand-securing hardwood frames with dowels and screws, and hand tying a web and coil seating construction. “Every finished piece is individually handcrafted by a master upholsterer,” says Callahan. “We have found a niche catering to the high-end client. Customers can reasonably expect that the furniture they purchase from Barrymore will last a lifetime.” Because of this, Barrymore’s reputation is passed on from generation to generation. “Repeat business is very good,” says Callahan. “Word of mouth is powerful.”

For many years Barrymore Furniture has supplied Canadian embassies around the world. Their sofas and chairs furnish many British embassies and were available in London’s prestigious Harrods. Upscale lobbies and suites of top-flight hotel chains such as the Fairmont Hotels and Four Seasons Hotels also have Barrymore furniture.

Canada, however, is the company’s principal market and Barrymore develops styles and designs specifically for Canadian customers. Callahan has found Canadian consumers to be much more demanding than American consumers and the market at home is growing. “We also export to Europe,” says Callahan.

“Consumers in Germany and Austria demand well-constructed furniture.” Aided by the low Canadian dollar, the U.S. market is a potential area for growth.

Surprisingly, longevity of construction is a subliminal consideration for consumers when they make a buying decision. “The ultimate purchase decision comes down to styling and fabric choice.” To meet customer demands, Barrymore offers over 200 styles and 5,000 fabrics, imported from around the globe.

Being Canadian-made has not always been a selling feature. “Twenty years ago this didn’t help us much,” says Callahan. “That has dramatically changed. We’re finding now that Canadians know we make a better product. We have spent a lot of time developing styles and designs that suit the Canadian market. We’ve taken the weakness and made it our strength.”

Traditionally, Barrymore Furniture was only available through fine furniture retailers and designers. In the early 1990s, the company departed from this practice in the Toronto area and ventured into the retail business. “We decided to become our own retailer and allowed the public to come into our factory showroom to buy our furniture at factory prices,” says Callahan. “It’s unique in the Toronto market and nationwide.”

Callahan feels that Barrymore has accomplished something many North American upholsterers have not. “It’s a very tricky business. You don’t see what’s inside. If it doesn’t look exciting, the assumption is that it isn’t a quality product. Our job has been to give the company fashion and to maintain the high quality construction. We have both sides of the equation covered.”

Visit www.barrymorefurniture.com for more information.

Gibbard Furniture Shops:

A heritage of quality

With a remarkable 160 years in business, Gibbard Furniture Shops is Canada's oldest furniture manufacturer. The Napanee-based company was founded on the banks of the Napanee River by English cabinetmaker John Gibbard in 1835.

Since then, Gibbard has carved an enviable niche as one of the most prestigious names in quality hardwood furniture in the world. Since 1941, the company has been run by the McPherson family, currently the third generation. Prior to that, the business was handed down through four generations of the Gibbard family. "The Canadian furniture product is generally looked upon as superior in quality," says Bruce McPherson, Sr., Gibbard's President. "At one time we'd have U.S. retailers come in and say, 'You make [furniture] too well.'"

Gibbard has built its solid 160-year reputation by crafting furniture in classic designs with ageless styling. "Some

of our designs are 40 years old. They are timeless," says McPherson. "Even some of our contemporary designs will be around for years to come."

The company's specialty is solid cherry or solid mahogany pieces. "They are two of the finest cabinet woods," explains McPherson. "Mahogany is more traditional and cherry is casual."

Gibbard makes eight different furniture lines in styles that range from French Provincial to their newest early Canadian country lines, *Acadian* and *Loyalist*. *Canadian Legacy*, the company's most popular line with over 100 different pieces and 60 per cent of total sales, was first introduced in the 1960s. It is the only line available in both woods. "You can furnish your whole house with it, bedroom, dining room and home office," says McPherson. "We keep it updated with new pieces like the home office. Consumers can add to it any time." The Canadian Legacy collection is a Grand Trillium Award winner for excellence in design/marketing.

Even a 160-year-old company with traditional roots recognizes that new pieces and contemporary designs must be added to reach new customers. "Young people are taking a long-term look at their investments. Our furniture is something they can depend on to not go out of style," explains McPherson. "Along with the high quality, they have this assurance."

Despite the trend towards mass-production, McPherson feels the company's traditional solid wood furniture is a growing niche. "When people look at their furniture as an investment, they want to feel confident and assured," says McPherson. "The home

is more important today. Furniture almost becomes part of the family. It represents quality of life."

The company's 120,000 sq. ft. manufacturing plant employs 135 people. Nearly one-third of Gibbard's staff has worked for the company for over 25 years. "Our people take a lot of pride in their work," says McPherson. "It's a great people industry."

Gibbard furniture can be found in more than 70 Canadian embassies where it is showcased to an international audience.

Gibbard furniture can be found in more than 70 Canadian embassies where it is showcased to an international audience. Despite this recognition, the domestic market remains the sales and marketing focus for Gibbard. An established network of dealers promotes the furniture in Gibbard Galleries.

McPherson feels that Canadians are placing more and more emphasis on family and home life. This in turn translates into increased interest in Gibbard's hallmark furniture. "Our plan is to maintain quality in our work and strengthen the established furniture lines," says McPherson. "By doing this, we support the future of the industry. And our pieces can be enjoyed as family heirlooms."



Moving home design into the mainstream



When did good design move into the average Canadian home? Many observers set the date sometime around 1986, when Toronto designer Lynda Reeves and a financial partner purchased *Canadian House & Home* magazine and re-positioned it to reflect what she saw as an emerging market opportunity.

"I wanted to take the existing magazine and make it successful," says Ms. Reeves, now a nationally recognized design and decor expert. "At the time, it was an aspirational magazine, where readers could only dream of duplicating the things they saw in it. I wanted it to be empowering, so that people could learn something from it. In other words, 25 per cent inspiration and 75 per cent information."

Ms. Reeves, who had no experience in the publishing industry, embarked on the venture on the eve of a recession. As she now knows first-hand, patience is a required virtue for success in publishing.

"We needed a lot of investment at the start," she says, "but we actually experienced tremendous growth during the recession. We struck a chord with the idea of giving readers a window on how Canadians live, and providing them with Canadian products. At the start, our magazine was simply not as good as the U.S. competition, but today we're selling it in the U.S. The market has grown along with the reader interest in design."

Reeves's background as a designer and teacher was ideal for a magazine that strives to teach its readers something about home design and decor. In 1991, she wrote a book, *Home Style: A Hands-On Guide to Decorating*, which was a national best seller.

"Our goal is to educate people about good design," she says, "and show them how they can use it to enrich their own lives. We have very talented people here. And we all have similar taste, so there are a

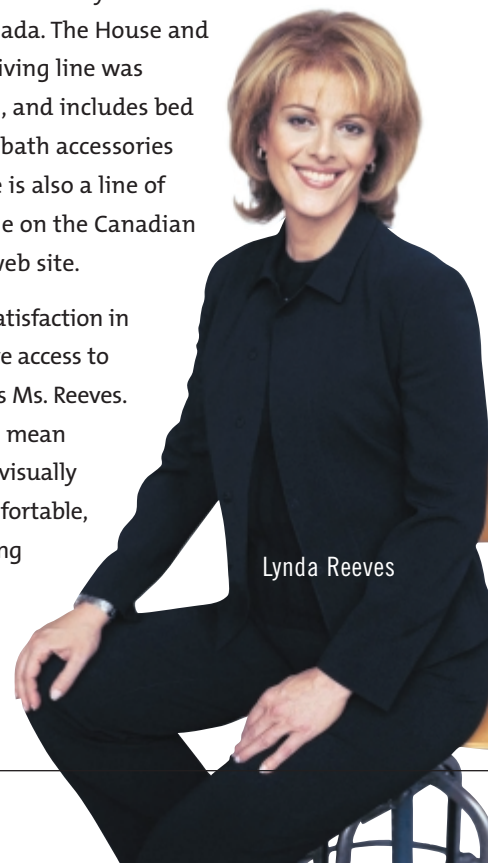
number of people involved in the products and designs we select."

That design expertise has provided steady growth for Canadian Home Publishers, which also produces a daily television show, *House & Home TV*, broadcast on the national Home & Garden network (HGTV). Reeves was a regular guest on the *Dini Petty Show* and had her own show on CTV before moving to HGTV two years ago. Content for the magazine, TV show and a web site (www.canadianhouseandhome.com) is carefully integrated.

"We'll feature a home in the magazine, tour it on the TV show, and offer more information on the web site," she says. "And magazine staff appear regularly on the TV show. We want all our media to be complementary."

Retailers and manufacturers are also well aware of the merits of well-designed products. *Canadian House & Home* editor Cobi Ladner has collaborated with Ms. Reeves to produce a new line of high-end home accessories sold exclusively at Eatons stores across Canada. The House and Home: Style for Living line was launched last fall, and includes bed and table linens, bath accessories and dishes. There is also a line of products available on the Canadian House & Home web site.

"We get a lot of satisfaction in giving people have access to good design," says Ms. Reeves. "By good design, I mean something that's visually pleasing and comfortable, and also something that is well made and serves its intended purpose."



Lynda Reeves

It's a long way from Peru to Ontario, but for Juan Gayoso, his father Carlos, his brothers-in-law Raul Bolanos, Carlos Castagnino and their families, Bolton is now home for their two manufacturing facilities. After researching various North American cities, the benefits of Bolton's infrastructure convinced them it was the best choice.

Before Gayoso and his family immigrated to Canada in 1989, they successfully manufactured bathware and acrylic sheets in their native Peru. Knowing that the industry is traditionally freight-intensive played a role in their decision. "Ontario is strategically located. Here, within one day's trucking, there are about 100 million people," says Gayoso. "It's one of the richest markets in the world."

Galbocca Fixtures manufactures an extensive acrylic-surfaced, fibreglass-reinforced product line including shower stalls, inserts and doors, whirlpools, bathtubs, and a patented *Hotspa* system. Trim accessories are also manufactured. The products are both functional and elegant to appeal to a broad consumer base. Even the company name Galbocca – shortened from the surnames of the three families – has a distinct European flair.

Gayoso is proud of the craftsmanship, attention to detail and dedication that goes into every product. It's a selling feature that helps keep the company competitive. The labour-intensive production process

Galbocca Fixtures Inc.

keeps 65 people employed at Galbocca's 60,000 and 30,000 sq. ft. manufacturing plants.

Innovation in design and manufacturing has played a role in the progress of the company. Gayoso creates many of the new ideas himself. "We developed several new manufacturing processes [for our spas]. We are the first company in the world to mould spas with this depth of a draw where the inside and outside surfaces are finished simultaneously in one go," says Gayoso. "We also made them compatible with a 110-volt system while most spas are made for 220 volts, broadening our customer base."

Galbocca Fixtures was a front-runner in producing bathware that appealed to "Do-It-Yourselfers" since their units came pre-assembled and installation could be completed as a weekend project. "Now all our competitors offer similar products," says Gayoso. "Today we call it the "Buy-It-Yourself" market because many people make the product selection and do the buying, but bring in specialists to finish plumbing and tile work."

During the mid-1990s the company experienced tremendous growth in Canada. The sales ratio today is 90 per cent Canadian sales and 10 per cent U.S. sales. Last year, after landing Menards (the third largest hardware retailer in the U.S.) as an account, Gayoso expects the ratio of sales to change. "It's a new direction for the company."

Always responsive to customer demands, Galbocca will introduce three new lines will be introduced to the market in 2002. "Large retail customers demand more than one new product at a time," explains Gayoso. "Retailers require a product range developed around an idea, to accommodate the different needs of the end user."

Gayoso is pleased with his decision to call Ontario home. "It's been a place where both our business and families have grown."

Visit www.galbocca.com for more information.

Open for business:

Thunder Bay

Thunder Bay has a proud heritage. Its vast trading network began over 10,000 years ago with North America's First Nations people. Its first settlement was Fort William, which was the inland fur headquarters for the North West Company and the Hudson's Bay Company in the 1800s. Today, Thunder Bay is a modern, thriving community of 125,000 residents, situated on the northern shore of Lake Superior.

"Thunder Bay is the main urban centre for Northwestern Ontario," says Nancy Creighton, Manager of Development Thunder Bay. "It's the centre for business, retail, education, health care and regional government for the area."

A substantial part of Thunder Bay's economy is based in natural resources, including mining for base and precious metals, and forest products such as pulp, paper and lumber. "Our community has four mills," says Creighton. "About one-third

of our population is employed in businesses either directly or indirectly related to forest-based products." Approximately \$2 billion in wood and paper products are shipped from Thunder Bay annually.

Thunder Bay is also recognized as a major transportation hub. It is located at the gateway to the Great Lakes/St. Lawrence Seaway system. It has two railways, an international airport, and it is a primary junction of the TransCanada Highway and principal north-south routes. "There is a lot of cross-border trade," says Creighton. "People often don't realize that Thunder Bay is only 32 miles from the border. We have been working with our businesses to help them increase exports and also to attract new investment from the United States. Our annual Northern Networks Trade Conference has been very successful in this regard, facilitating cross-border sales and alliances."

Development Thunder Bay has been directly involved in many projects to help

diversify the economy and to build on the forest products industry. Projects include developing a Centre of Excellence in Aviation in conjunction with Confederation College, promoting Thunder Bay locations to the film and multimedia sector, and working to attract medical commerce.

"Thunder Bay has a great deal to offer," says Creighton. "It has an attractive lifestyle, short commutes, diverse business sectors, fine education facilities, affordable housing." It also has a strong community that pulls together. As just one example, more than 20 different agencies worked in partnership on an award-winning community brochure. This brochure, called *Thunder Bay: It's All Here*, is currently being used by public and private sector organizations in Thunder Bay for their targeted marketing and recruitment programs.

Visit www.developthunderbay.com for more information

Ontario Border Roundtable addresses cross-border trade and security issues

The attacks that occurred in the United States on September 11 have led to a call to increase security along the U.S.-Canada border. The Ontario government agrees with the need for greater security to enhance the safety of all citizens. It also recognizes that any changes must respect and protect the major trade relationship that exists between the two jurisdictions.

"Trade between Ontario and the United States is our economic lifeblood," says Bob Runciman, Minister of Economic Development and Trade. Ninety-three per cent of Ontario's exports flow south, with two-way trade last year exceeding \$360 billion. More than 1.5

million jobs in Ontario and 48 per cent of Ontario's economy depend upon trade with U.S.

In a bid to address the wide range of economic, cross-border and security issues that have developed since September 11, Runciman invited Ontario corporate executives and business leaders, and senior government officials from the provincial, federal and New York State governments to join him in a roundtable discussion. The forum, held November 2, led to the development of Ontario's action plan for dealing swiftly with these serious issues.

"One major theme was the need for a North American security perimeter that would allow for free flow of trade

Ontario's wine industry: Primed for greatness

With picturesque Niagara-on-the-Lake as a backdrop, the Ontario government and Ontario's wine industry announced a plan to strategically position Ontario on the world's wine-producing map.

Poised for Greatness: A Strategic Framework for the Ontario Wine Industry, is an ambitious 20-year strategy that lays out a road map for the wine industry's future. The October 19, 2001 announcement was made by Norm Sterling, Minister of Consumer and Business Services and Tim Hudak, Minister of Tourism, Culture and Recreation. Government partners include the Ministry of Economic Development and Trade, and the Ministry of Agriculture, Food and Rural Affairs. The Wine Council of Ontario, the Ontario Grape Growers' Marketing Board and the LCBO are among the industry partners involved.

The Ontario Wine Strategy's goal is to ensure that Ontario wines compete successfully for their share of Ontario and selected export markets. The strategy calls on the industry to capitalize on marketing opportunities for

Ontario's award-winning wines. The Niagara Region is identified as a key market for increased tourism based on its abundance of quality wineries and its proximity to Toronto, with that city's cosmopolitan appeal and cultural diversity. Essex County, Pelee Island and Prince Edward County are identified as communities with long-term potential. "This strategy is a vision of the future," said Sterling. "It's a road map for the industry, by the industry, to expand Ontario wine markets, employ thousands of Ontarians and generate millions more in economic benefit."

Icewine: Ontario's flagship product

The announcement comes on the heels of a lengthy and passionate lobby by the provincial and federal governments, together with the Wine Council of Ontario, a non-profit trade association representing some 40 Ontario wineries that successfully enabled Ontario's award winning Icewines to be available to European consumers.

Capitalizing on the growing international recognition accorded to Ontario wines means

focusing on three strategic documents set out in the Ontario Wine Strategy: *Poised for Greatness: A Strategic Framework for Ontario's Wine Industry*; *Wine and Culinary Tourism in Ontario*; and *Wines of Ontario: Sales and Marketing Plan*. The ultimate goal is to be acknowledged as one of the best wine producing regions in the world and to achieve \$1.5 billion in sales by 2020.

At last Ontario's flagship wine product can make its mark outside international award shows and where it counts – with European consumers. Combine these recent international successes with the announcement of the aggressive Ontario Wine Strategy, and the potential for long-term growth of Ontario's wine industry is assured. The future of Ontario's wine industry indeed looks prosperous.



while maintaining the safety of people on both sides of the border," Runciman said. "It is obvious that for the continued prosperity of both Ontarians and Americans, we need to address security concerns without hampering the smooth flow of trade between our countries."

Included in the *Report on the Industry Leaders Roundtable on Border Issues* are recommendations to:

- establish a North American security perimeter;
- harmonize border procedures between Canada and the United States;
- increase the use of pre-clearance and identification procedures; and
- use new and existing technological measures.

Runciman has shared the report with his federal counterparts, and has called for urgent action by all parties on the report's recommendations.

The importance of improved traffic flow across the border was identified last summer during the New York-Ontario Economic Summit. A primary finding was that both federal governments must allocate more resources to ease traffic at border crossings. This need was made even more apparent following September 11, as delays at the border immediately affected the economy and jobs.

"The United States and Ontario continue to share the same economic objectives, just as we share the same border," said Runciman. "Balanced with the proper security measures, it is vital that any border discussions respect the importance of trade."

HOME lifestyle stores sizzle for shoppers

Home lifestyle is a growing player in Ontario's retail scene. Customers are flocking to stores that combine fashion, furniture, bedding and bath, gardening, giftware, foods and more, each item a careful complement to the entire collection. "These stores cater to all levels of lifestyle, and within that they carefully target their collections," says Meg Crossley, Design Editor of *Canadian House and Home*. "The first lifestyle store I saw was Donna Karan in New York. They had all of their products displayed in colour blocks, so you could go to the black and white section and buy a vase, a table or a dress in black and white. It was a very specific look."

Designers have become increasingly interested in home decor, with Calvin Klein linens and dinnerware as prominent as jeans. "Fashion is often the kicker to these stores," says Crossley. "For instance, Club Monaco is fashion, but it brought in home furnishings, built a collection that suited its look and created Caban. The hope is that their customers will grow with them. Buy a shirt today and a chair tomorrow."

Not all home lifestyle stores have a fashion element. Pottery Barn and Williams-Sonoma recently opened in Toronto and have a

focus on home decor and kitchen specialty. "These stores are one-stop shopping, in a really great way," says Crossley. "You don't have to spend a lot of money to get something unique. Even if it's the best hot chocolate mix, you can find something well-packaged to suit the need." Branding is very important, extending also to the fact that their stores' exterior and interior are designed to complement the style of the merchandise stores'.

Crossley equates the home lifestyle stores to mini-department stores that specialize in one key look, and if customers like that look they can buy anything they want. She expresses some concern that small boutiques and independent retailers may have difficulty competing with the home decor giants. But with each individual store targeting its own niche market, there should be exterior and interior room for all.

"The evolution will be interesting to watch," Crossley says. "People who are interested in fashion can be drawn into the lifestyle stores, and become very interested in home decor. And people who are interested in home decor are in the stores anyway. They're always looking for something new and unique, and these stores can meet the need."

Erin Rothwell: Country classics with a modern edge



On the main street of Erin, there stands an old hardware store built in the 1800s that has been converted into a stunning home decor store. Named Erin Rothwell, after its owner, the store has been open for almost three years and sells home furnishings and accessories described as new country. "Country isn't all about pine furniture," says Erin Rothwell. "We do a lot of beautiful modern surfaces. And in mixing the country with the contemporary, and adding a little bit of the eclectic, it makes the store very special."

Rothwell has a fashion background, but enjoyed decorating her own home in Erin so immensely that she slipped from fashion to home decor. She works with local experts to design the Erin Rothwell furniture collection and the furniture is crafted by hand. She has her own line of dishes and table linens, and

travels widely to purchase unique home accessories. "I love trends but don't necessarily follow them," Rothwell says. "My policy is if I wouldn't put it in my own home, I won't carry it."

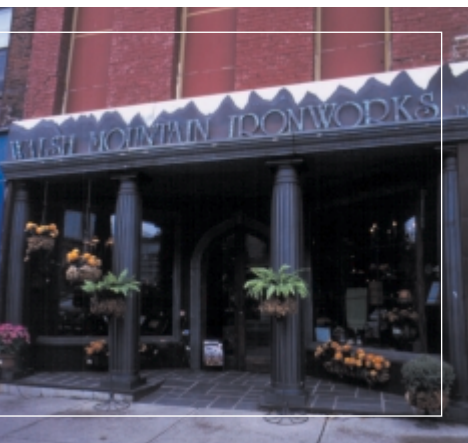
Customers seem to agree with her selection. "The business is growing, particularly the furniture line," Rothwell says. "People are always coming into the store and saying this is the look they want, right down to the paint on the wall."

Visit www.erinrothwell.com for more information.

Walsh Mountain Ironworks: From gothic arches to Muskoka twigwork

Greg Walsh started creating ironworks on a whim. "I told him I'd love to have a wrought iron coffee table," says Anne Cadoret, joint owner with Walsh in Walsh Mountain Ironworks. "Greg felt he could make one, went out and purchased welding equipment, designed and built the table, and it was great."

Almost 10 years later, Walsh has a vast repertoire of original ironworks to his credit, and customers flock to Walsh Mountain



Ironworks stores in Port Hope, Stratford and Savannah, Georgia. Products including chandeliers, planters, gothic pet stations and beds, from the simple to the ornate, are designed by Walsh and manufactured by a dedicated team of three. "We also sell items to accessorize the ironworks," says Cadoret.

"For instance, we sell silk flowers and foliage for our window boxes, candles for our candleholders and lampshades for our lamps."

Cadoret says the business is customer-driven. "When we started we did a lot of craft shows, which was great for talking to people and learning what kind of ironworks they most wanted," she says. "That's part of the reason for our success today. We deliver the products our customers are asking for, with Greg's great sense of style and design."

Visit www.walshmountain.com for more information.

studio b home: International contemporary at its finest

Homeowners seeking high-end, well-built

furniture with a very clean design are turning to studio b home. This Toronto-based store focuses on the best in international contemporary furniture as well as lifestyle products,



including woven leather baskets, fine linens and retro pedal cars that complement its modern look. "I come from the contract furniture business, and always wanted to do something in residential," says David Beaton, owner of studio b home. "I saw a great opportunity at this location on King Street."

The loft-like retail space, which was a munitions factory at the turn of the century, has been thriving since it opened more than two years ago. It represents leading-edge furniture design by international manufacturers including Baker, Living Divani, Magis and Edra. "studio b is focused on a few good quality lines, and we keep our furniture in stock which benefits the impulse buyer," says Beaton. "It's all good design energy and great ambience in our showroom."

Visit www.studiobhome.com for more information

Quantum: Home accessories for personal expression

Quantum specializes in accessories that personalize the home. Based in London, this home decor store stocks furniture from armoires to club chairs to dinette tables, a full bath line, gift baskets, candles and many other special touches. "People are spending more time at home. They may have home-based offices or they want to personalize individual rooms as an expression of themselves," says Joseph Branco, interior designer and owner of Quantum. "We offer items from \$1.50 to several thousands of dollars in order to meet a wide range of needs."

Canadian designs and merchandise are very well represented in Quantum, and Branco seeks products that complement both the classic and contemporary look. He says, "We aim for multi-functional pieces with clean and simple lines that are reasonably priced."

Contact Quantum at **519.438.5944**.



Roots Home: Something for everyone

Roots Home was launched because based on the popularity of the leather chairs found in the shoe sections of Roots stores. "Customers were always asking where they could buy the chairs," says Rima Biback, Director of Home Division for Roots Canada.

Now in operation for three years, Roots Home is found on Avenue Road in Toronto. Its focus is leather furniture, with metal furniture a very strong seller. A boutique at Bayview Village, in north Toronto, sells Roots bedding and accessories. A third Roots Home is located in Montreal. "Our look is classic style on a contemporary line," says Biback. "We've taken traditional furniture and adapted it to fit the style of today, as well as to fit space from studio apartments to larger homes. We have something here for everyone." Home accessories are a careful complement to the overall look.

Biback says there is limited crossover in fashion from the Roots stores. "We really focus on the home," she says. "Although, we might bring in some Olympic products because they are so very important to us."

Visit www.rootscanada.com for more information.



Lifestyle trends **revitalize** Ontario's interior industries

By the 1940s, Durham was known as one of Canada's best producers of fine furniture, even helping to furnish (then) Princess Elizabeth's first home. The company thrived under two different owners until the 1980s, when the Free Trade Agreement, a recession, a strong Canadian dollar and high interest rates put many Canadian furniture makers out of business.

Durham went under with its bankrupt second owner in the early 1990s, after a disastrous decade for Ontario's furniture makers. A consortium of local investors and management led by President Orville Mead re-opened the company as Durham Furniture Inc. The group restructured its product line to focus on solid wood bedroom designs, set up a U.S. distribution network, and added state-of-the-art machinery and technology.

"They went from bankruptcy to \$100 million in sales in 10 years," says Mr. Knell. "The Free Trade Agreement was a nightmare for a lot of Canadian companies, but one of the positive outcomes is that we now have an industry that is stronger, market-focused, and export-oriented."

Mr. Knell notes that the bulk of opportunities for Ontario's casegoods (wood furniture) manufacturers lie in products at the higher end of the market, for sale in the entire North American market.

"Overseas manufacturers don't have the design or production expertise to compete in this sector," he says. "They're focused on the lower end. A lot of production of inexpensive, entry-level furniture has moved to the Pacific Rim. The primary opportunities for Ontario's furniture manufacturers now are with products at the quality price points, selling into the U.S. and Canadian markets."

Ontario is also strong in the upholstery sector, with success stories like Simmons Canada Inc. (mattresses and box springs), Superstyle Chesterfield Co., and Sklar-Peppler Furniture Corporation, Canada's largest upholstered furniture company. Like Durham Furniture, Simmons has a corporate turnaround story. The company began business back in 1891, went through several owners in the 1980s, and emerged as a \$100 million (in sales) company after a management-led buyout in 1998.

Manufacturers are represented by the Ontario Furniture Manufacturers Association, which sponsors the prestigious Trillium Awards to recognize achievements in marketing, design and production. "Our manufacturers have a lot to offer," says Mr. Knell. "They excel at producing what the market wants. To continue their success, they'll have to work more closely to export development and marketing to ensure continued growth."

Umbra's Oh Chair.

Exports fuel industry growth

Furniture has become an international best seller for Canada. Industry shipments totalled about \$7.5 billion in 1998, with estimates for later years significantly higher. Close to 60 per cent of industry shipments were exports, totalling \$4.4 billion. Ontario produces well over half of the entire country's furniture shipments.

Exports grew at a rate of 26 per cent per year between 1991 and 1998, while domestic sales rose by less than 1 per cent and imports by 12 per cent per year. The United States is by far our biggest furniture customer, accounting for 96 per cent of all exports in 1998.

Canada's office furniture and residential furniture producers each account for about one-third of the furniture market, with the balance from hotel/restaurant/institutional (17 per cent), beds and mattresses (8 per cent) and other furniture and fixtures (9 per cent).

Industry observers expect the U.S. to remain Canada's most important furniture client and supplier. There is room for market share expansion in the U.S., as Canada now has about 27 per cent of U.S. imports. World trade liberalization promises new opportunities in Japan and Western Europe.

The dollars in design

Ontario's furniture and related industries are supported by a vibrant design sector that has its own distinguished history, as a visit to the Design Exchange in Toronto confirms. Today, many Ontario manufacturers, especially in the office/institutional sector, have built their business on a foundation of innovative design.

Strong brands such as Nienkämper, Teknion, Krug and Prismatic are known worldwide for their functional executions of eye-catching furniture design. Many furniture products they design for office use are also finding their way into home office and residential applications, as the line between work and home continues to blur.

As more and more corporate clients recognize the benefits of a well-designed work environment, the importance of the furniture component increases. As a 1998 report by the Association of Registered Interior Designers of Ontario (ARIDO) found, design has a far-reaching economic impact. ARIDO's members design close to 20,000 projects annually, with about 800 located outside Canada.

Three H Furniture Systems: Office systems that fit... to the inch

Three H Furniture Systems began in 1973 with Heinz Dittmann, Helmer Pedersen and Helmut Moeltner, the original Three Hs. The New Liskeard-based company produced designer furniture for the home. By the mid 1980s Three H expanded to include the Function office product line which has evolved into the company's successful office products system.

With the overwhelming success of its office products in the 1990s, the residential business was discontinued. Heinz Dittmann remained active in the business until 1999. Today he enjoys retirement but still visits the employees regularly.

The current partners Karl Dittmann, Roy Dittmann, Brian Conlin, and Walter Pape have built on the base that Heinz Dittmann started in 1973.

Through the years, the company established a distribution network of North American dealers. "Our main Canadian markets are in Ontario and Eastern Canada. We're developing markets in Quebec and Western Canada," says Karl Dittmann. "Our American markets are located on the eastern seaboard from New England to Florida and Texas and make up about 60 per cent of total sales."

"Our business plan is to continue to grow our markets in North America," says Dittmann. "Global distribution doesn't always make sense."

To maintain its competitive position, Three H continually develops additional product designs with new laminates and fabrics. "The selection of products, designs, colours and features is often a response to dealer requests from customers. When a new or

modified product or design makes marketing and business sense, our turnaround time to introduction can be as little as three weeks."

Today the company's office products include workstations, multi-stations, boardrooms and reception areas, furniture and storage units. Its 72 employees produce the high quality furniture using state-of-the-art design, process and manufacturing systems at its 23,000 sq. ft. manufacturing plant and 9,000 sq. ft. warehouse. "Because we do not store any finished product, our space requirements are quite modest," says Dittmann.

The company's Northern Ontario location has had distinct benefits. "We have many advantages in Northern Ontario. Although distribution costs are higher than if we were located in Toronto, we have a more stable workforce with extremely little turnover. Our raw material supplier is in Huntsville so the shipping cost of our raw materials is comparable

to other manufacturers. Access to information and computer services is excellent."

Over the last five years the company averaged 25 per cent growth annually, increasing sales from \$2 million a year to \$11 million. Dittmann sees many new opportunities for Three H. "In the current climate some large manufacturers in our industry have seen a 10 per cent to 30 per cent drop in sales and several companies announced plant closures and layoffs," explains Dittmann. "We are 7 per cent ahead of last year and still proceeding with a modest expansion plan. The market we are targeting is the smaller, custom-sized office."

Dittmann's straightforward goal for the company's future is "Let's make it easy to do business with Three H."



Design drives Canada's top office furniture exporter



Teknion's award-winning xm line addresses the trend toward collaborative work styles with a new office aesthetic.

Listening to customers and quickly providing them with innovative designs that solve problems has put Teknion among the world's top office system and furniture companies. Teknion has led the industry since 1994, with compound annual sales growth of 40 per cent, more than five times the industry average.

Established in 1983 in Toronto, the firm now employs more than 4,000 people at offices and facilities in Canada, the United States, United Kingdom, Western Europe and the Pacific Rim. A network of more than 400 dealers in over 50 countries serves export markets, an area where Teknion is particularly successful. The company received the prestigious Exporter of the Year award in 2001, the highest award in Canadian exporting, along with a Canada Export Award.

Frank Delfino, president of the company's Canadian and international markets, credits a unique product development strategy for much of Teknion's success. Teknion is the only major office system and furniture company using the concurrent product development process pioneered in the automotive industry. In concurrent product development, a single team works on a project from conception right through to the product launch. All areas of the company are involved, including design, manufacturing, marketing, training and senior management. There is no handing-off of responsibility.

"It's a tremendous competitive advantage," says Mr. Delfino. "We've introduced a new product line each year for the past five

years, whereas the industry average is a new line about every two-and-a-half years. We are customer-focused, and our development time lets us take advantage of trends early."

Design is also a crucial component of Teknion's success. As Steve Verbeek, the company's design director says, the company is design-driven.

"It's been a major area of focus within the past five years," he says. "We've developed close relationships with the architectural and design communities, since they are key influencers who ultimately determine what our customers buy. We have focus groups with them and some of our key customers. And we attend a lot of trade shows around the world."

Teknion's xm product line offers a good example of the company's product development process in action. Described as "a blend of European-style desk-based offices and North American panel-based office furniture systems," xm also gives what Mr. Verbeek describes as variable privacy.

"The initial concept for xm came out of ideas gathered abroad, where the collaborative workplace is already well-established," he says. "But what our research also told us was that people wanted the ability to choose the degree of privacy they have at a workstation. This system lets them do that."

The xm office system was previewed at NeoCon 2001, a major office show in Chicago, where it won a Gold Award in the Office Systems category. It also won an award at IDEX/NeoCon in Toronto.

In the meantime, Teknion continues to develop new products and explore new export markets. The company's sales are already strong in Singapore and Southeast Asia, and a potentially huge Chinese office market is now emerging.

Mr. Delfino says he is confident that Teknion's inherent advantages will provide continued sales growth as markets and economic conditions change.

"We rely on Canada's marketing, design, and business schools to provide us with the people we need, and they've delivered," he says. "Even though we may be experiencing an economic slowdown, we have the right tools to continue our growth: our people, our strategy, the recent government tax breaks, and the lowest interest rates in 40 years. We're optimistic about our future."

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