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GANADA!

dmonton, Alberta is just a two-hour flight from Minneapolis, but it's a world away in many aspects, including some that relate to the distribution business. From extremes of climate and geography to navigating an exchange rate that changes daily, doing business up here can be very different than in the lower 48. But for all of those differences, there are strong similarities too. For our first Canadian distributor story, we are glad we found Edmonton-based

Launched by Ernie Desroches and his two sons, Dean and Brett, in 1989, Unicon has grown from a single location to a two-store operation. Through these two branches, Unicon can supply product throughout the province of Alberta.

Unicon Concrete Specialties.

With a core competency in concrete prep, forming and finishing products and equipment, Unicon focuses on going deep into its chosen product categories and offering

UNICON HELPS ALBERTA RISE IN OILERS LAND

concrete contractors "one stop shop" convenience and selection. But it wasn't always this way. As a young distributorship in an isolated market, Unicon initially had a vision to be an everything-for-everyone construction solutions provider.

"Have you ever read Jim Collins' book, Good to Great?" asks Robert King, Unicon's COO. "We are big believers in the hedgehog concept. When I joined the company 10 years ago, we tried to be all things to all people, but we didn't do a lot of it really well. We used to sell fasteners, but you can't just dip your toe in the water and say, 'I'm going to be a fastener distributor.' We decided we would find our hedgehog (niche) and be the best at it.

"So today we deal in Construction Specifications Institute (CSI) divisions; Three (Concrete), Seven (Thermal and Moisture Protection) and a little bit of Nine (Finishes)."

Unicon owners Brett and Melanie Desroches (left & center) are justifiably proud of their company's new flagship store, which they designed literally from the logo on down. COO Robert King (right) has been with Unicon for 10 years.

Unicon's focus on the concrete and masonry business is also seen in the company's deep approach to the product categories it does cover. Desroches proudly calls out the store's massive Norton wall display.

"Our Norton display is 25 feet wide and is the only one of its kind in North America," he says with pride. "It was made in Poland and was shipped here and put together for our grand opening."

BRAND LOYALTY

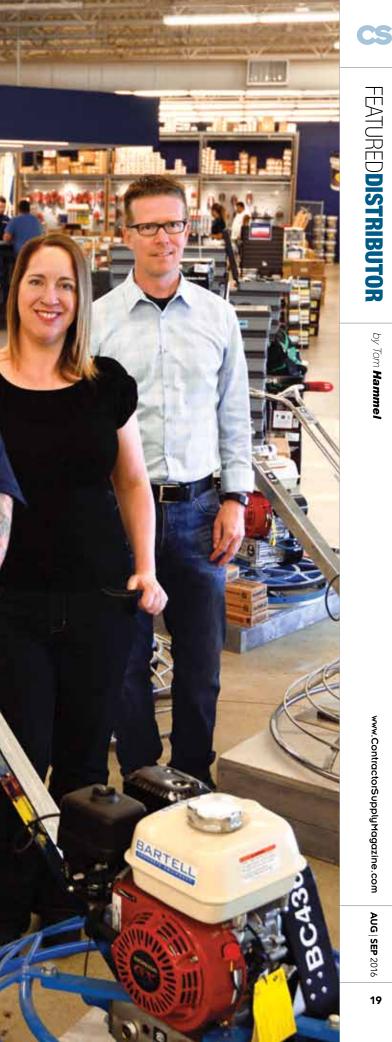
"Brand loyalty runs deep here," CONTINUED ON PAGE 20



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Concrete Specialties

Unico



FEATURED DISTRIBUTOR

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There's plenty of room for evervone in just one corner of Unicon's shiny new Edmonton 15,000-squarefoot showroom. Opened in December 2015. the new store and its high-traffic location are drawing droves of contractor - and DIY - customers.

"THE RECESSION DID BENEFIT US SOMEWHAT BECAUSE WE WERE ABLE TO ATTRACT MORE U.S. VENDORS, AND NOW WE'VE GOT THEIR ATTENTION." BRETT DESROCHES, PRESIDENT

Desroches continues. "Everyone who drives a Ford will always drive a Ford, everyone who drives a Chevy will always drive a Chevy, and everyone who uses a Hitachi hammer drill will probably always use a Hitachi hammer drill. If you're a contractor, you want to buy something that's dependable."

Unicon takes pride in supporting suppliers that support them.

"We've had suppliers since 1989 that we still use today," Desroches adds. "We've had suppliers that care about developing the distributor relationships and we have suppliers that don't. We align ourselves with the suppliers that provide us with the best opportunities for success."

A SHORT SEASON

Edmonton's construction season is just eight months long. From November through February, some contractors still pour concrete foundations and commercial construction still goes on, but the added cost of winter construction sometimes is not justifiable to the owners.

Although sales slow to survival

levels during winter, family-oriented Unicon is loath to lay off employees during the leanest months of the year, so it finds ways to keep them productive by focusing their energies on cost savings measures, systems and contract reviews and major projects that can't be done during the selling season. For winter of 2015 -2016, Unicon moved into and built out its new Edmonton store.

"In 2011, I purchased 100 percent of the company and made significant changes that made Unicon what it is today; and the results were instantaneous," Desroches says. "Our sales grew like crazy and we started to outgrow our facility. We couldn't increase our inventory levels or stock extra product lines. We had a lot more customers and our customer base kept growing, but our service started to get sacrificed because we were being limited by the facility.

"We had the team, the sales people and the products - everything we needed, but the customers were getting frustrated because we were backing semi's in when the customers were driving around to pick up their orders. We just tried to find a



place that could accommodate everybody. We found this place almost a year ago now. It's perfect for our type of business and customer."

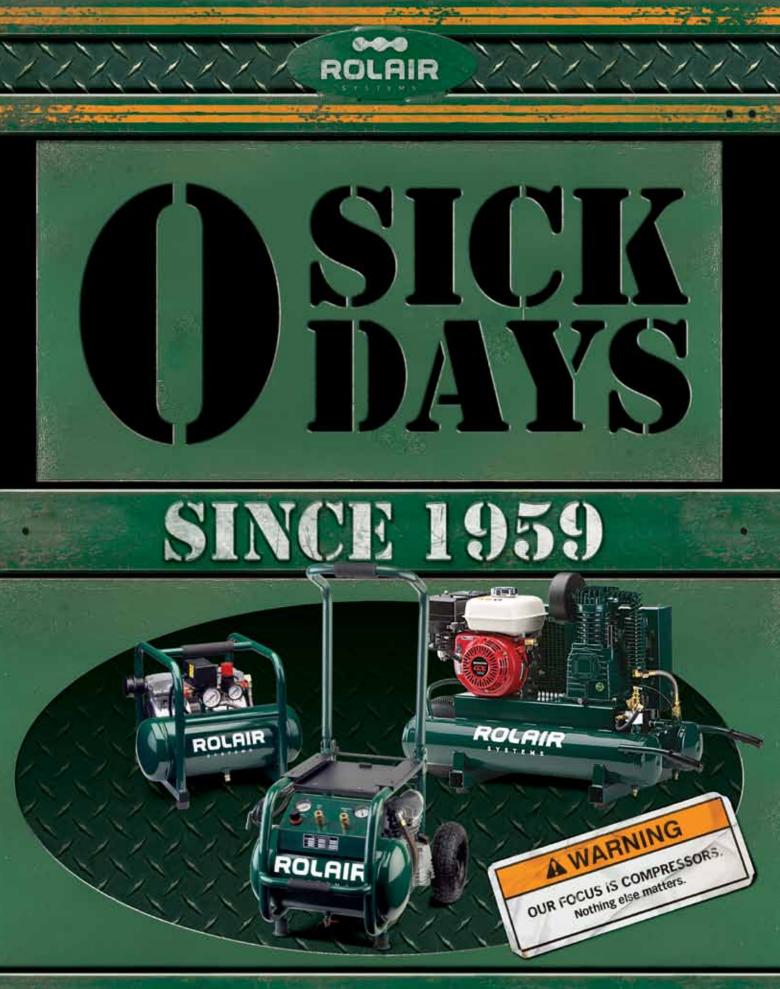
FAST TRACK SERVICE

Another aspect of Alberta's short construction season is that any delay in receiving materials can be catastrophic for the province's perpetually fast-track building schedules. And who gets the blame if products aren't available? The distributor.

After 10 years with the company, Unicon's purchasing manager Rose Hoskins is a key player in this effort and she takes her responsibilities very seriously.

"When you are trying to service a market like this in such a short

CONTINUED ON PAGE 22



by

Tom

Hamme

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. Tom Hamme

"WHEN I JOINED THE COMPANY 10 YEARS AGO. WE TRIED TO BE ALL THINGS TO ALL PEOPLE. BUT WE DIDN'T DO A LOT OF IT REALLY WELL." ROBERT KING, COO

season, basically from April to the end of October, you try to capitalize on as much as you can," she says. "If I run out of a core product like rebar - I could cost Unicon the relationship with that customer, and I never want to give our customers a reason to go elsewhere. I never want

"I can't be everything to everybody, but I can try to be when they come in for the staple products." Hoskins adds. "Customers also know that they can come to us for the specialty items and we're still going to give them the same service, competitive pricing and availability that they get for their day-to-day products."

ANNUAL REVIEW

to lose that opportunity."

Unicon's managers use the slow



season to review the prior season's sales, identify past and potential inventory stock-out situations and to take steps to avoid such events in the coming season. That way, when the selling season is in full swing, they can keep one eye on core inventory levels and the other on sourcing specialty products for customers. Whoever said, "poor planning on your part . . ." obviously never worked in distribution.

"It's like Forest Gump said; 'You never know what you're going to get." Hoskins adds. "We may not stock everything that our customers want so our sales people will ask me to source a product and get pricing, availability and lead time. You try to keep expanding your sources and resources because you never know what you're going to get asked for next."

Unicon also builds its coming

"WHEN YOU ARE TRYING TO SERVICE A MARKET LIKE THIS IN SUCH A SHORT SEASON, YOU TRY TO CAPITALIZE ON AS MUCH AS YOU CAN."

ROSE HOSKINS, PURCHASING MANAGER

Unicon's six-bay Norton wall display, the largest in North America, was built in Poland and shipped here for the store's grand opening earlier this year. It is a symbol of the strong brand loyalty that Unicon has for its vendors.



season's sales programs with key vendors so that when its fiscal year begins on March 1, sales programs are in place.

GOOD INSULATION

Buoyed by a comparatively healthy banking system, the Canadian economy was fairly well insulated from the recession that struck the United States from 2008 to 2011. In fact, Brett Desroches says, the U.S. recession actually paid some benefits for Unicon.

"Historically, some American companies weren't interested in expanding into Canada, but when the recession hit in the U.S., we were able to say, 'Hey, we are still doing healthy business here.'" Desroches says. "The recession did benefit us somewhat because we were able to attract more U.S. vendors, and now we've got their attention."

However, the recessionary coin also flips. While the U.S. economy is recovering quite well, Alberta is over a year into a recession of its own, driven by the decline in oil prices and the hit taken by northern Alberta's shale oil fields.

CONTINUED ON PAGE 24



TOOLS & EQUIPMENT



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FIRE SALES

Then in May and June of 2016, Fort McMurray, about 270 miles north of Edmonton, was devastated by forest fires which burned more than 1.5 million acres of land and forced the evacuation of nearly 90,000 people.

"As you can imagine, before the fires, we were shipping a lot of products up to the oil fields near Fort McMurray, but we have since had to switch to thinking about what they need for recovery and rebuilding," Hoskins adds. "Our salespeople are reporting back on where they are in that process so we can make decisions about whether we need to bring in more of certain products. Last week, I sourced 200 chisels for one contractor's crew to use in their recovery efforts."

Desroches and his purchasing and sales teams actively scout key trade shows, including STAFDA, the World of Concrete and even the Canton Fair. for new products that will fit into their line card. Here too, quality is key.

"You have to be very careful when vou are buving product overseas. because most people buy on price, and that's the first question that we get asked when we go talk to somebody: 'How much do you want to pay?'" Desroches says. "Our approach was, 'Show us the best products that you have and if they're good enough for us, then we'll talk about price."

'IT'S TIME FOR US TO MOVE INTO A SYSTEM WITH BETTER INVENTORY CONTROL, BETTER ORDERING AND BETTER POINT OF SALE."

JENNIFER PACHECO, OPERATIONS MANAGER

FAIR EXCHANGE

The currency exchange rate must be factored into almost every item Unicon purchases. Fortunately, U.S. suppliers know the exchange rates as well. Some now produce Canadian price lists and all of them know that a Canadian distributor isn't trying to pull a fast one when he or she brings the exchange rate into price negotiations.

Jennifer Pacheco, Unicon's operations manager, has to wrestle with the exchange rate, too, when pricing those products to sell.

"I just get the selling end of it," Pacheco says. "The purchasing department will say, 'Here is what we bought it for,' and then I get to figure out what to sell it for."

Pacheco, who has been with Unicon for 11 years, shares pricing duties with Brett Desroches and Robert King. She also focuses on the daily and structural operations of Unicon's business. During last winter's move, Pacheco and inside sales manager Krista Bell planogrammed the entire 15,000-square foot showroom.

A SHOWROOM FROM SCRATCH

"We spent a solid two weeks getting everything just set up in the showroom," Pacheco recalls. "We planned exactly which trowel was going to go on which hook, what piece of equipment and pallet was going to go where — how it was going to be all laid out. Then it took us about two months to move the actual product from the old store to here."

"That floor plan lasted for about 30 days before we were moving things again." adds Bell.

"In addition to pricing issues, shipping and customer issues all come to me, so I deal with issues pretty much all day," Pacheco laughs. "But I enjoy solving problems and finding solutions to challenges.

"I also work with procedures within the company, so if we feel that there is something that isn't making us enough money or is a band-aid for something that we should be doing CONTINUED ON PAGE 26

UNICON CONCRETE SPECIALTIES AT A GLANCE

FOUNDED: 1989

OWNERSHIP: Privately held

BRANCHES: Calgary and Edmonton, Alberta EDMONTON (HO) BRANCH: 15.000-squarefoot showroom, 10,000 square feet of offices and 25,000 square feet of warehouse space on five acres **STAFF:** 45

MARKETS: Concrete prep, pouring and finishing supplies and chemicals, thermal and moisture protection

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better, I'll research those policies and procedures and figure out ways that we can do things better.

"For example, our current computer operating system has lots of band-aids to make it work the way we want it to," Pacheco adds. "It's time to move into a system with better inventory control, better ordering and better point of sale. Our four people on the front counter get most of the brunt of it because they have to do lots of manual steps outside of the system in order to make sure the customer is looked after and make sure the orders are entered properly."

GIVING BACK

Melanie Desroches, Brett's wife, has been a part of the family business since their marriage in 1993. Melanie upgraded her accounting skills at NAIT, receiving her diploma in 2010. Her timing could not have been better - in 2011, she joined Unicon full time as CFO when Brett became the sole owner.

Melanie and her four-person staff, including their daughter Morgan, manage the company's invoicing, banking, budgeting, payables, asset tracking and of course, paying taxes - which as a Canadian business, Unicon pays monthly.

"It's my job to protect the financial health of Unicon," Melanie summarizes

The Edmonton store's masonry hand tool wall exemplifies the company's narrow but deep approach to its core product categories and premier brands. Even Unicon's house brand products are the best money can buy.

Unicon also actively supports several Edmonton charities, including the annual Hair Massacure.

"Every February, people bleach their hair and color it fluorescent pink," Melanie explains. "Then they shave it off, and the money they raise goes to the Make a Wish Foundation and the Stollery Children's Hospital."

"Melanie and I have both colored and shaved our heads, and both our kids have, too," Brett adds. "Unicon supplies toques for people to wear because it's cold here in February with no hair on your head! It's a great charity and we have been involved in it since 2007."

VIRTUAL TOOLS

Krista Bell works with the company's webmaster, Brett's son Aaron, to build weekly and bimonthly sales programs and flyers. She is also now working with online sales and social media. "We are focusing on the webpage and we are getting more into social media like Facebook, Instagram and Twitter," she explains.



Never a dull moment: Inside

sales manager Krista Bell's days are filled with sourcing, marketing, designing and developing sales programs, building

"Our plan is to have our existing customers be able to place orders online any time of day, and then when we come in at 6:00 in the morning, we can pull those orders and load them onto our delivery trucks or stage them for their trucks," Desroches clarifies.

Part of Unicon's online effort is designed to drive more homeowner business into the new store. Since moving to its new high-profile corner location, walk-in traffic has increased significantly.

"When people come here, they are amazed - I really think there is no store like us in Canada," Bell enthuses.

A CONCRETE IMPRESSION

The new location's five acres of land have ample open yard and two storage buildings, one 18,000-square-foot building for "cold storage" and a 6,000-square-foot heated "warm storage" building for products such as chemicals, epoxies and grouts that need to be maintained at ready-to-use temperatures.

CONTINUED ON PAGE 28



THE PRO'S TROWEL



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ART BARTELL SOLD HIS FIRST WALK-BEHIND POWER TROWEL IN 1962. WE'VE BEEN THE PROFESSIONAL'S CHOICE FOR OVER 50 YEARS.

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Brett Desroches loves the new

spaciousness and plans to expand

due to being too physically confined

for contractors to navigate quickly, he is already seeing payoffs from this facility's more efficient, truck-

the Calgary store. After losing

friendly design. Edmonton

warehouse manager Dallas

"When it came to designing

and setting up the new warehouses

and yard, Brett gave me full control

to proceed with racking, the layout

and the physical move," Hewitt

says. "Starting from scratch and

organizing our operation to be as

locations, advance-order bins and

"It has also created much better

pick tickets, all of which help us

inventory control measures and

increased order picking accuracy,"

"We are looking at emulating this

design in Calgary because that store

is about one-quarter of the size of

this one," Desroches says. "We are

seeing our Edmonton customer base

grow and Calgary needs a store like

this as well. When contractors from

can't believe that we don't have this

Calgary come to Edmonton, they

quick as possible for our valued

experience. We now have bin

customers was a fantastic

reduce customer wait time.

Hewitt adds.

down there.'

Hewitt also sees it too.

business in their former location

"EVERY FEBRUARY, PEOPLE BLEACH THEIR HAIR AND COLOR IT FLOURESCENT PINK. THEN THEY SHAVE IT OFF AND THE MONEY THEY RAISE GOES TO THE MAKE A WISH FOUNDATION AND THE STOLLERY CHILDREN'S HOSPITAL."

MELANIE DESROCHES, CFO

What do Albertans do for fun in February? Color their hair pink and then shave their heads for the annual Hair Massacure By the way, this photo is from 2007 – both of Brett and Melanie's kids, Aaron (L) and Morgan (R), have grown up and work for Unicon now.

HOME IS WARMTH

Brent Bigourdin, who manages the Calgary branch, is more than ready to grow and he is thrilled to spread the Unicon service philosophy across Alberta.

"I love Unicon's family-owned, small-business mentality," he says. "Even though this company has grown much bigger, it maintains its family-business mentality. Brett's business acumen is amazing for someone who is basically selftaught, and his vision for the company and customer service mentality are incredible.

"I love the 'down-home' feel of our marketing programs, the Unicon water bottles, free slurpees and our popcorn machine in the Calgary store. It's the little things that make a difference," Bigourdin observes.

Those little things also include shopping carts for contractors to use in the new Edmonton store. Such things require a double take here in Canada, where construction contractors are not accustomed to being able to load their own purchases, Saturday business hours or large,

bright, clean stores and the ability to get in, load up and get out onto the job site quickly.

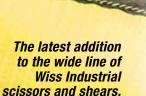
But all of these are part of what Brett Desroches envisions as the Unicon difference: large stores in major metro areas that are the best suppliers in their specialty product categories.

LISTEN WITH YOUR HEART

Unicon COO Robert King also has some other universal wisdom for distributors everywhere.

"I think our key strength is that we are good listeners," King says. "When a lot of companies get to a certain size, they start to dictate to customers how they are going to do business. They get this attitude that 'The customer is lucky to do business with us,' and that's a dangerous mindset.

"We listen to our customers and if they want something, we get it for them. If they need to sit down and have a conversation and work out things, we'll sit and work out something that works for them. We really pride ourselves on partnering." cs







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