

Appendix B

Industry Snapshots

An overview of the paint industry as a whole gives a clearer picture of the history and extraordinary growth of Cloverdale Paint. The following industry snapshots are organized in the same three 25-year periods as Cloverdale Paint's history.

Looking at this compressed view of Cloverdale's first 75 years in business, four things leap off the page. First is the rude awakening of the dramatic decrease in the number of competitors in Cloverdale's market area — from 30-odd to so few. Second, in Wink's lifetime, corporations and brands that were icons or leaders in the market disappear altogether. Third, the North American market (including Western Canada) went from several hundred private family-owned paint companies to just a handful. And finally, that Cloverdale Paint grew from one corporate "factory store" in Langley to being the 14th-largest paint company in North America — and the largest Canadian-owned paint company.

From Farm to Factory: 1933–1958

Below is a list of companies manufacturing and selling paint in British Columbia in 1958. The first group is BC-based private family businesses and the second is multinational companies with regional plants. Companies are listed in order, from largest to smallest, including aggressive distributors and dealers that shared considerable volume. In this period, Cloverdale operated solely in the south Fraser Valley of British Columbia.



A General Paint store at 33 Hastings Street, Vancouver, in 1935.

BC-OWNED COMPANIES

Of the estimated 20 companies manufacturing and selling paint in BC in 1958, Cloverdale ranked 20th in size.

BAPCO

This Victoria-based company was started in 1908 by the Pendray family. It was the dominant architectural company in BC, with corporate stores, salesmen, strong dealer brands, industrial products, lacquers, and good technical service. It also had sales on the Prairies. Bapco was a major advertiser for DIY sales using billboards, newspaper and radio extensively. Painters' vans throughout the province were Bapco decorated.

GENERAL PAINT

In the spring of 1911, Alan J. Ayres and his son Tom started the Ayres Varnish Company in Vancouver. The warehouse was a 10-foot-square cooking shed and the office was just as small. There was no electricity or plumbing. Office lighting was two stable lanterns, and the only water on site was rainwater caught in barrels. The city of Vancouver was in its infancy as well with just 137,000 residents. In 1920 the business was renamed the Ayres Varnish & Paint Company and in 1921 the company opened its first paint store in Vancouver. In 1930, the company name was changed to General Paint Corporation of Canada. Allan Kelly was the president in the 1950s, with Bill Biddle the technical director.

George C. Henderson — Plant and store in Vancouver, on Broadway by Main Street. Two sons active in the business. Strong painter sales.

Walker Brothers — Burnaby plant and two stores. Became dominant in forest products, end paint and preservative. Owned by Cecil Walker and his brother Cliff.

Mills Paint — Operated a factory and store on Number 3 Road in Richmond, with several branches in BC. Owned by Jack Mills.

Golden Crown — Aggressive retailer on Kingsway near 14th Avenue in Vancouver. Owned by George Roadeberg.

Ted Harris — Aggressive retailer on East Hastings in Vancouver. Carried Pratt and Lambert and private label.

Empress Paint — Victoria. A manufacturer with dealers up Vancouver Island. Owned by Dick Smith.

Dicker & Martin — Victoria.

Ames Paint — Victoria.

North West Paint & Chemicals Ltd. — Vancouver. Owned by Lorne Fingerson.

Woodward's — BC and Alberta department store chain with strong paint department and private label.

Other — Several small manufacturers including Spectrum in New Westminster, Cloverdale Paint, Flecto, Miralite and a Burnaby lacquer manufacturer owned by Al Goodacre.

MULTINATIONALS: REGIONAL PLANTS AND DISTRIBUTORS

Sherwin-Williams — Factories in Vancouver, Winnipeg, Toronto and Montreal, with head office in Cleveland. Paint stores throughout BC, with aggressive pricing for painters, government and industrial sales. Strong dealer brands, Kemtone, Super Kemtone and Kemglo enamel. The largest multinational.

ICI (Canadian Industries Limited) — Plants in BC, Toronto and Montreal. Canadian Division of British multinational company ICI.

International Paint — Plant in North Vancouver. Dominant in marine and industrial sales, also sold trade coatings. Managed by Ainar Brynelson.

Benjamin Moore — Operated a factory in Burnaby, sold through dealers and franchises.

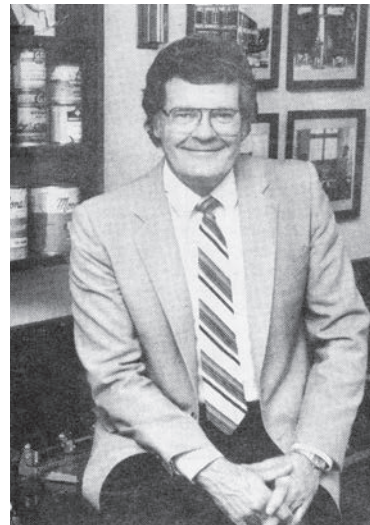
Pittsburgh Paints — Produced industrial coatings in North Vancouver for Winnipeg west.

Glidden — Sold through a distributor on Granville Street in downtown Vancouver.

Canada Paint — Factory on Granville Island in Vancouver.

Simpson Sears — Very aggressive department store retailer. Paint produced in Toronto by DeSoto.

Eaton's — Sold paint, but not close to Sears' volume.



Keith Stevenson, President of General Paint, circa 1986.

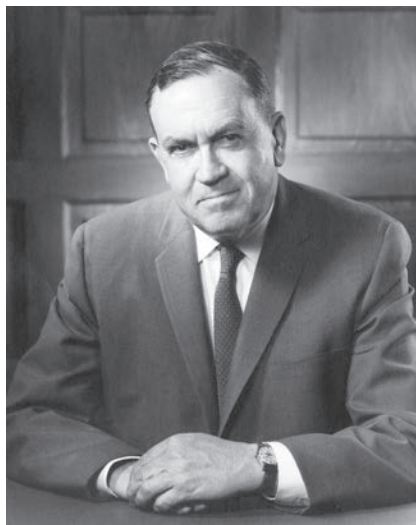
Others — DuPont, Red Hand and several other brands were sold in BC through distributors. Hardware stores were strong dealers in this era. Lumber yards also sold paint, but were not as established.

Cloverdale Grows Up and Up: 1958–1983

This 25-year period brought dramatic change to the paint industry. Acquisitions and meteoric growth for some companies caused the market shares to shift. Cloverdale Paint experienced unprecedented growth with acquisitions and inflation. Cloverdale's market activity was in Alberta and British Columbia. The list below is a combination of local and multinational-based companies, dealers and distributors in those two provinces.

GENERAL PAINT

At the beginning of this period the company was owned by the Ayres family. Started in 1911 as Ayres Varnish, the company was renamed General Paint. In 1964 it was sold to its 13-partner management group. In 1966 the Reed Group of England purchased 100% of the ownership, with Mel Keeler becoming chairman and Keith Stevenson president. Sales soared from about \$3 million in 1960 to \$43 million in the mid-1980s. This was partly due to a major market shift to General Paint after ICI purchased Bapco, the number one regional company. Mel and Keith were a good team, with Keith spearheading an effective sales and marketing program. The Reed Group provided support and working capital for their growth and General Paint greatly expanded their dealer and paint contractor sales and their commercial business during this period. Under the management of Clive Stanbury, General Paint expanded the corporate branch chain significantly from 27 branches in 1980 to 74 by 1990.



George C. Henderson, circa 1960.

CIL (ICI OF ENGLAND)

Purchased Canada Paint on Granville Island in the early 1960s and Bapco, the number one regional paint company, in 1968. They closed the Bapco Victoria factory and sold the real estate to a developer who built the Laurel Point Hotel. Most of the 18-member lab and technical staff were released. Their huge distribution branch at Burrard and 1st Avenue in Vancouver became an auto dealership. CIL built an ill-conceived factory in Surrey in 1971 and closed it by 1980. By this time there were no Bapco brands or stores and few Bapco employees at ICI. ICI lost many of the Bapco dealers to General Paint but they continued to be a major supplier to the trade, commercial and dealer market throughout western Canada.

COLOR YOUR WORLD

The roots of this company were W.A. Strongman and Sons paint contracting business and paint store in Toronto, started in 1932. They sold Glidden and Sherwin-Williams products. In 1948 Strongman and Sons started to manufacture and in 1950 adopted the trade name Tonecraft. They became a public company in 1967 with about \$2 million in sales, mostly in Ontario. In 1970 they adopted the brand and eventually the corporate name Color Your World (CYW). Gerry Strongman moved to Vancouver in 1967 to establish a western Canadian division. CYW entered western Canada with a series of acquisitions starting with George C. Henderson, Golden Crown on Kingsway in 1974 and Empress Paint in Victoria in 1977. They built a factory on Southwest Marine Drive in Vancouver. By 1983 CYW was operating corporate branches and franchises throughout BC and Alberta, with salesmen successfully chasing contractors and commercial

business. CYW was a major DIY, paint and wall coverings company, with total sales close to \$35 million from Winnipeg west.

CLOVERDALE PAINT

In 1958, Cloverdale had four stores and sales of \$250,000. By 1983 the chain had 25 stores including some franchises with sales of \$14.5 million and a new five-acre factory site in Newton. The Monarch acquisition provided four stores in Alberta while Sidney Paint provided excellent coverage on Vancouver Island, from Victoria to Courtenay. In spite of the 1982 recession Cloverdale was now a player in BC and Alberta. Cloverdale Paint was strong on DIY sales in BC and fairly strong with industrial and trade sales in Edmonton, Red Deer and Calgary, Alberta.

BENJAMIN MOORE

A dealer and franchise organization very DIY or retail focused. They relocated their factory from Burnaby to east Langley in the 1980s.

SHERWIN-WILLIAMS

Severely weakened in Canada in this period. Suffered financial losses in Canada and the US through the 1970s. In 1979/80, Richard Breen saved the company from bankruptcy and eventually closed several of their foreign operations, including Canada, in the late 1980s. By 1983 they were in a weak distribution partnership with ICI for the Canadian market. They closed all their manufacturing plants and corporate paint stores, eventually vacating the Canadian dealer market.

Reliance Universal — Operated a plant in Langley producing lacquer and board coatings.

Olympic — Pioneered wood stain for exterior siding with a large market share. Operated a factory in Langley that was eventually closed and the volume consolidated to Seattle. Olympic sold to PPG Pittsburgh Paints in the 1990s.

PPG Pittsburgh Paints — Continued to operate their industrial factory in North Vancouver that made air dry primers and top coats, bake enamel alkyds and two-component patented coatings for aluminum. These products were sold throughout western Canada. The president said Cloverdale was killing them on local supply, which shocked Wink, as according to our Vancouver salesmen Cloverdale could not compete in the late 1970s on price or technology. They announced a closure of this plant in the late '70s. Warren Gee must have been giving them a tough time in Alberta. After this closure our industrial sales picked up remarkably.

International Paint — Continued to operate in North Vancouver producing trade and industrial coatings. Strong in marine and new construction steel coatings. Ainar Brynson was the manager.



Bob Harris, son of early Vancouver paint dealer Ted Harris, from *Vancouver Sun* article on closing of the family business, 2009. Photo by Ian Lindsay, *Vancouver Sun*.

Mills Paint — Continued to operate their Richmond factory, with stores in BC and Alberta, under Jack Mills and sons. The factory was moved to Delta in the 1980s.

Tower Paint — Gerry St. Laurent, president. Aggressive in opening stores in Alberta in the late '70s, they developed epoxy and polyurethane sales throughout Alberta, particularly in Edmonton.

Walker Brothers — Cec Walker continued to operate in Burnaby and became a major supplier of end paint and preservative chemicals to the forest industry. He sold to Glidden in the 1980s.

Ames Paint — Victoria company producing architectural products only, with dealer sales on Vancouver Island. Owned by Lorne Ames.

Endura — Beginning to grow polyurethane sales in Edmonton. Owned by George Esterer.

Dicker and Martin — In Victoria. Purchased by Consolidated Coatings in 1983.

Douglas Paint — In New Westminster, owned by Terry Douglas.

Perma Paint — 1969–1979, started by John Merinescu in Calgary. Sold to Seigfried Fabian, then to Tower Paint in 1983.

Far-Go — Started in Calgary by Frank Fargo in 1978.

Simpson Sears — Continued to be the most aggressive DIY retailer through their department stores and catalogue sales. Twice a year they would heavily advertise a 50% off sale. Eventually they suffered federal convictions for false advertising as they could not prove sales at the “regular price” to justify the 50% off sale. Paint still produced by DeSoto in Toronto.

Ted Harris — Continued to sell Pratt and Lambert and private label on East Hastings.

Miscellaneous Dealers And Distributors — Represented multinational companies, including Pittsburg, Glidden, DuPont, Sikkens, Chemcraft Sadolin, Canadian Willamette, Mohawk Western Lacquer, Insulmastic, Flecto Coatings and Hempel.

Taking the Lead: 1983–2008

In 2007, Coatings World published a list of the top 100 paint companies in the world, along with their North American standings. The total sales shown for Cloverdale were less than \$200 million, a figure that fell short of our actual and estimated sales. Based on this figure, we were listed as 54th worldwide and about 37th in North America. The updated 2008 publication had our sales accurately stated but included only the top 10 worldwide. Based on our actual sales, Cloverdale now ranked as the 14th-largest paint company in North America, a direct result of our sales growth and acquisitions.

In the Coatings World list reprinted here unaltered, the “W” designates worldwide ranking and “NA” designates North American. Pages 119–121 are Wink’s estimates of ranking and market share for competitors of Cloverdale Paint Inc. and Rodda Paint. This covers only the market area in which we operate, principally Western Canada for Cloverdale and the Pacific Northwest for Rodda. The ranking at right omits Akzo in the North American rankings. We estimate that they would be in the top 10 for North America.

Top 25 North America 2008 (000's omitted)

RANK	COMPANY	SALES
1	PPG	\$10,000,000
2	Dupont	6,600,000
3	Sherwin Williams	\$5,980,000
4	Valspar	\$3,180,000
5	RPM	\$2,400,000
6	BEHR	\$1,629,000
7	Comex	\$1,450,000
8	BASF	\$1,000,000
9	Benjamin Moore	\$1,000,000
10	Ennis	\$361,000
11	Rohm Haas	\$334,000
12	Dunn Edwards	\$329,000
13	Kelly Moore	\$300,000
14	Cloverdale Paint Inc	\$237,000
15	Tiger DH	\$220,000
16	Nipon US	\$200,000
17	TrueValue	\$200,000
18	Diamond Vogel	\$147,000
19	ACE	\$140,000
20	Spraylac	\$121,000
21	Tnemec	\$116,000
22	Quest	\$112,000
23	Elantas	\$111,000
24	Lordcorp	\$100,000
25	Yankin Maj	\$98,000

Top 25 North America 2008 (ooo's omitted)

RANK			COMPANY DESCRIPTION	SALES	
PACIFIC NORTH-WEST	WORLD	CANADA		PACIFIC NORTH-WEST & CANADA	WORLD
1	1W		Akzo - Holland-based		\$13,400,000
			Sico aquired in 2006 was #41 Worldwide in 2006	\$250,000	
			Mills BC & AB	\$15,000	
			ICI ICI Canadian Sales BC \$30 AB \$36, BBox \$350 IND Dealers \$10 Inc CYW	\$700,000	(2007) \$5,800,000
			Para & Crown Diamond Sold to GP 2008	-\$35,000	
2	4W	3NA	Sherwin-Williams worldwide PNW, Columbia 2006 Canada (estimate)	\$300,000 \$50,000	\$5,987,000
3	17W	7NA	Comex Mexico Consolidated Parker, US General Paint Western Canada Ideal, Para, Crown East	\$25,000 \$130,000 \$50,000	\$1,450,000
4	40W	14NA	Cloverdale Consolidated Canada CPI Western Canada Guertin, P.Q. Normalized Fargo Rodda USA, US \$	\$135,000 \$30,000 \$5,200 \$78,000	\$237,000
5			Home Hardware Canada	\$190,000	\$190,000
6	20W	9NA	Benjamin Moore US	\$140,000	\$1,000,000
7			Miller Paint Oregon Trade Paint Stores Devine Dealers	\$55,000 \$6,000	\$61,000
8	3W	2NA	Dupont Industrial Automotive		\$6,600,000
9	2W	1NA	PPG Worldwide, Automotive, Industrial Winnipeg-Philips, Canada Automotive (?)	\$30,000	\$10,000,000

RANK			COMPANY DESCRIPTION	SALES	
PACIFIC NORTH-WEST	WORLD	CANADA		PACIFIC NORTH-WEST & CANADA	WORLD
10			All Colour, Ontario Industrial	\$25,000	\$25,000
11	32W,	13NA	Kelly Moore California, Texas Washington, Idaho, Oregon	\$25,000	\$300,000
12			Endura, Alberta Industrial Canada	\$25,000	\$30,000
13			Rudd Seattle Industrial, Lacquers Aerosols, etc.	\$20,000	\$25,000
14			Forrest Paint Eugene Oregon Industrial Powder, Aerosols and Trade	\$18,000	\$20,000
15			Corzite, Ontario Industrial	\$15,000	\$15,000
16			Tony Guertin, Manitoba	\$10,000	\$10,000
17			FarWest Tukwila Industrial and Trade	\$3,500	\$3,500
18			Imperial Paint, Portland, Industrial		\$2,500
19			Drew Coatings, Portland Industrial and Resale Products		\$2,000
	38W	12NA	Dunn Edwards California Trade US \$		\$329,000
	49		Ameron, Industrial US \$ SOLD		\$210,000
	60W	18NA	Diamond Vogel Midwest Trade & Industrial US \$		\$147,000
		5NA	RPM Industrial		2,400,000
		6NA	BEHR, California, Home Depot		\$1,629,000
		10NA	Ennis Traffic Paint		\$361,000
		21NA	Tnemec Industrial OK		\$116,000
	10W		Joton Marine Norway		\$1,870,000