

ENTREPRENEUR

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When Mark Dufresne agreed to leave a successful career and come home to manage the small, family-owned business, he had some plans for the future but none that envisioned the creation of a \$100-million-a-year venture. Under his stewardship, however, that is what The Dufresne Group is today.



By any measure, Mark Dufresne, CEO of Winnipeg's Dufresne Group, is one clever businessman. In 1992, when he was just 27, he stepped away from a promising career as a chartered accountant with one of the big national firms and returned to his home town of Kenora.

His father Doug had a small furniture store there and he asked Mark to come home and take over. Since then, Mark Dufresne has grown that single store, Dufresne Furniture & Appliances, into a chain of 10 outlets across the Prairies.

While that alone might seem a singular achievement, for Mr. Dufresne it was just the starting point. He has also parlayed his company's skills as a furniture distributor into a new business model for the home furnishings sector. The Dufresne Group has become a recognized expert at providing merchandise solutions for smaller, independent stores across the country.

Through its Retail Solutions division, Dufresne handles all the purchasing, advertising and business training for 30 independent furniture and appliance stores in Canada.

Dufresne had developed a wholesale business several years earlier when it became a supplier to the Northwest Company, a chain of department stores that focuses on serving Northern communities. In each of the 144 Northwest stores, Dufresne operates the furniture department, not just supplying stock but selling it as well.

'THE INDUSTRY CHANGED, AND I FIGURED WE BETTER CHANGE ALONG WITH IT'

Not content to stop there, Mr. Dufresne has added yet another new division to the group, one that will be the primary focus for growth in the rest of this decade. He has launched a chain of Ashley HomeStore Furniture outlets — big-box, stand-alone stores that sell only furniture produced by Ashley, one of North America's largest furniture manufacturers.

There are four of them open now but two more will open in the next three months.

The Ashley stores carry a complete range of furniture, from entry-level pieces to high-quality designer styles. The stores range in size from 25,000 square feet to 40,000 sq. ft. Customers find pieces that fit their budget and taste and place their order, and Dufresne delivers within 21 days.

"That is where the future lies," he says. "The Ashley stores are designed to appeal to a new generation of consumers."

As industry experts will explain, housing starts drive furniture sales, and new home development has been exceptionally strong all through the West and in many Ontario centres. Mr. Dufresne sees exceptional opportunities to create big-box furniture stores, either as stand-alone structures or in power centres in the heart of those new residential neighbourhoods.

"The Retail Solutions division will continue to enjoy organic growth as more and more independent, family-owned stores see the terrific advantages of letting us tackle some of their most challenging tasks," he says. "The Dufresne stores and Northwest will continue growing organically as well, but Ashley holds enormous potential."

Mind you, Mr. Dufresne is the first to admit that, when he returned to Kenora to take over his father's furniture and appliance store with its seven employees, creating a national venture with more than \$100-million in sales was an unheard-of dream. He set off on an expansion program that would see revenues grow by 38% a year for the next 14 years.

"What happened is that the whole industry changed dramatically, and I just figured



The Dufresne Group CEO Mark Dufresne says the company prospers from its expertise in the logistics of running a successful business.

we had better change along with it," he says. "In fact, the more it changed, the more possibilities I saw for us as a company."

His father had started the Kenora store in 1983. He had sold a successful automotive business and was looking for new opportunities. The T. Eaton Company had just closed its Kenora outlet and Doug Dufresne saw a need in the community for a quality furniture store. He took 5,000 sq. ft. of space and opened Dufresne Furniture & Appliances.

A year after young Mark took the helm, he made the decision to move to the much larger Winnipeg market. The business prospered. But, at the same time, the industry began a dramatic shift. First, low-cost imports began to drive prices down and force Canadian and U.S. furniture makers out of the market. Running a chain of furniture stores became more of a logistics business than a sales-driven one.

As he looked around he could see thousands of small, independent retailers facing the same challenges. Some presented an opportunity for the Dufresne division to expand through acquisitions. Others would likely queue up as customers if he could

relieve them of one of the largest impediments to their own continued success.

"I could see a whole new business out there for us," he says. "Our expertise lay in logistics, purchasing, distribution and in managing the whole supply chain. We could offer third parties that service and free them of one of their major headaches."

Retail Solutions Group was the answer. Northwest simply took that business model one step further, he says.

In 2004, he struck a deal with Ashley. It was a company with a high recognition factor but was battling to get its product into exclusive retail outlets. Mr. Dufresne suggested he provide those outlets in Canada, especially in the Prairies and Ontario.

Looking ahead, Mr. Dufresne can see growth continue at about 20% a year.

"Where our success lies is really in the skills and abilities of our team," he says. "These men and women have become the best of the best when it comes to logistics and distribution. Together, we have been able to create an entirely new business model for the industry and keep a lot of family-owned stores in business that might have had to close otherwise."

THE DUFRESNE GROUP

Head office Winnipeg
Business sector Furniture/appliance sale and distribution
Market Canada
Number of Employees 600
Web site www.dufresne.ca
 More Entrepreneur business profiles at www.roynat.com

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