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Record BUSINESS

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Section F

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Enterprise

PHILIP WALKER, RECORD STAFF

James Hutton's firm, Hutton Forest Products Inc. of Kitchener, has grown in three years to annual sales of almost $20 million.

Focused on what he does best

Efficient business model allows wood broker to set his own pace

By Michael Hammond, Record staff

KITCHENER — Hutton Forest Products Inc. doesn't have its own warehouses, sawmills, trucks or office tower.

James Hutton thinks this is one reason why the Kitchener company is so successful.

In just three years, Hutton, 37, has guided his company to nearly $20 million in annual sales — based on the premise of being a wood broker.

Hutton isn't afraid to admit he approaches the forestry business backwards in supplying his customers. Instead of deciding on a product, ordering wood from a mill, storing it in a warehouse, then shipping it to customers, Hutton says he goes to the customer first.

"We've set up a business model that is low cost, lean and efficient compared to the companies we compete against," he says.

The company, which has three full-time employees, including Hutton's wife Sharon, was recently named Canada's 30th fastest growing startup company by *Profit* magazine.

Hutton relies on his 10 years of experience with the wood products company Goodfellow Inc. to determine what manufacturers of finished wood products will want to buy.

Hutton Forest Products Inc.

Kitchener
Phone: 519-650-4320
Employees: 3
Web: www.hfpi.ca

He then contacts mills and buys in bulk before turning around and selling to those manufacturers at bulk rates.

Hutton Forest Products sells all sorts of particle board, plywood, melamine-coated wood sheeting and a number of other products to firms that make products such as furniture, office equipment and kitchen cabinets. It specializes in environment-friendly products, many of them made of recycled materials.

His key competitive advantage, Hutton says, is his low overhead. He contracts out all of the storage and transportation aspects of his business. His products are stored in warehouses in Hamilton, Guelph, Winnipeg, Calgary and a number of other places in Canada and the United States.

The best thing about the business, he says, is that he doesn't need to travel often. His BlackBerry and local office ensure he can do everything he needs from Kitchener.

Hutton grew up in Listowel and studied at Fanshawe College in London. A father of four who was once a rising executive with Goodfellow, he says he became increasingly frustrated with 18-hour work days spent away from his family. In 2005, he decided to leave and start his own business.

He originally aimed to make just enough to pay his own salary. Instead, in his first year, sales reached $4.9 million. In the second year, they reached $10.9 million and in 2007, they nearly reached $20 million.

"The whole catalyst for this wasn't financial," Hutton says. "It was a lifestyle choice; it was a family choice."

Hutton wouldn't have it any other way now. In the summer, it's not uncommon for him to work out of an office at his cottage a few days a week. And during a recent trip with friends to Las Vegas, he was able to continue making decisions, using his BlackBerry, while riding on a motorcycle through the desert.

Investors have approached him to buy a stake in his company, but Hutton says he prefers to go it alone.

"I want to grow with my own capital at my own place," he says.

Besides, becoming bigger isn't always better. Hutton recalls having to look after new forklift purchases, new warehouse lease deals and all sorts of logistical issues when he was a vice-president with Goodfellow.

Today, with his own streamlined company, he doesn't have to spend 18-hour days worrying about supply chain issues. He gets to grow his business on his own terms.

"I've always had my entrepreneurial freedom."

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Loonie gains ground

Up more than 3 1/2 cents in two days

By Eric Shackleton

TORONTO — The Canadian dollar built up some steam yesterday, due largely to some strengthening of confidence in financial markets and a surge in the price of oil and other commodities, including gold.

The loonie staged a modest two-day rally over Monday and yesterday, jumping more than three cents to about 87 cents US.

The gain yesterday of more than $6 US a barrel in the price of oil has "really been a part of the strength we've seen here today" in the loonie, said Shane Enright, a currency strategist with CIBC World Markets.

Much of its gain was "just confidence coming back into the market," but markets "are still jittery" so currencies are likely to keep swinging in value, Enright added.

The loonie is also being helped by a retreat in the U.S. dollar, said BMO economist Doug Porter.

"At first we saw investors around the world wanting nothing but the U.S. dollar. But now they want almost everything outside of the U.S. dollar," Porter said.

"It really is quite staggering. Just a week ago, we were looking at a 77-cent Canadian dollar, and here we are barely a week later looking at an 87-cent dollar. We're getting moves in the space of a week now that used to unfold over years."

The light sweet crude oil contract for December settled at $70.53, up $6.62 yesterday. The Canadian dollar closed up 2.19 cents to 86.87 cents US, recovering from its swoon to barely 77 cents a week ago.

The intra-day high for the loonie was 87.11 cents US, up 2.43 cents.

Also yesterday, copper closed up 1.2 cents at $1.97 US a pound, while the December bullion contract gained $30.50, or 11.5 per cent, to $757.30 US an ounce on the New York Mercantile Exchange.

➤ **Loonie** continued on page F2

Government help for auto parts industry 'not enough'

By Chuck Howitt, Record staff

GUELPH — Existing government loan programs to assist the reeling auto parts sector are not good enough to avert the current credit crisis, the president of the Automotive Parts Manufacturers Association said yesterday.

"They (government programs) don't address the liquidity crisis we have right now," Gerry Fedchun said in an interview.

Fedchun was in Guelph yesterday to speak at the third annual Moving Business Forward conference.

The parts association recently made a pitch for loan guarantees from both levels of government to address what it believes is a desperate situation for parts manufacturers across Canada. Ottawa and Ontario both responded that funds are available through existing programs offered by organizations such as Export Development Canada and the Federal Business Development Bank.

Fedchun doesn't agree. His association signed a letter the Canadian Manufacturing Coalition sent Monday to Prime Minister Stephen Harper making an urgent plea for loan guarantees and lines of credit to get through the current credit crunch.

The federal government provided similar guarantees to "backstop the banks, but they're sitting on their wallets," he said.

Strategic financing offered now will keep the industry on its feet and will be paid back in a few years, Fedchun said. He cited the example of Chrysler, which received loan guarantees to avert bankruptcy in 1979, and eventually paid all the money back.

In his speech, Fedchun offered a mostly positive outlook for the auto industry in Canada despite the doom and gloom of the past year. The current difficulties, although severe, are only short-term, he said. "Over the long term, the industry will bounce back and again will be a great contributor to the Canadian economy."

He foresees the current recession continuing until 2010 with "a return to normalcy in 2011." Still, he said it will take until about 2014 to get back to the production levels of the early 2000s. "It's a long cycle."

Although vehicle sales crept up in Canada last month, it doesn't help that much because sales are down sharply in the U.S., putting a strain on the industry which is fully integrated across North America, Fedchun said.

He predicted that the current financial woes will result in a consolidation in the auto industry over the next few years. The "larger cash-rich companies" will swallow up poorer rivals. The key to survival is innovation, but that takes money as well, he said.

Innovation applies to more than just machines and computers, Fedchun said. It would be a new way of organizing the factory or the office to make it more efficient. "Creation happens with people," he said.

There is still plenty of room for growth in the auto industry in regions such as Asia-Pacific, eastern Europe and even North America due to immigration and population growth, Fedchun said.

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