

## A Glimpse Inside Wayne's World

Imagine if your business was located within 15 minutes of 92 per cent of Canada's population, and visited by 73 per cent of Canadians at least once per month (and 40 per cent once per week.) It may sound like a pipe dream, but it's not: welcome to Wayne's world.

Since **Wayne Sales** became CEO in 2000, **Canadian Tire Corporation's** share price has tripled, and its success continues: two weeks prior to Sales' November appearance in the *Rotman Integrative Thinking Seminar Series*, **Canadian Tire Retail** announced a 21 per cent growth in earnings for the third quarter of 2005, while competitor's earnings were flat. "When that happens, I wake up in a cold sweat in the middle of the night," said Sales, "because my worst fear is the possible effect this [kind of success] could have on our organization: complacency. We are constantly questioning ourselves to ensure that that doesn't happen."

Born in Lynchburg, Virginia, former **Kmart**-executive Sales joined Canadian Tire in 1991 and became its chief executive following an exhaustive international search that led right back home. Sales describes his organization as a network of five growing and interrelated businesses:

**Canadian Tire Retail**, with 455 stores from coast to coast; **Canadian Tire Petroleum**, with more than 250 gas bars and 55 Simoniz car washes in Canada, and a network of 14 Pit Stop locations in Ontario; **Part Source**, an automotive parts specialty chain with 47 stores; **Canadian Tire Financial Services**, which offers branded credit cards and loyalty rewards; and **Mark's Work Warehouse**, which offers weekend and work wear for men and women at 325 stores.

When **Wal-Mart** came to Canada, people predicted that Canadian Tire would be decimated, but it wasn't. Why not? "My team and I were able to 'see inside' of our organization, and we recognized that we only had to do four relatively simple things to be successful: offer competitive pricing, convenient locations, friendly service, and dependable stocking."

Succeeding in retail is all about the ability to create and chase consumption simultaneously, says Sales. "Breadth and depth of assortment is a store feature for us. Canadian Tire is really three clearly-defined, highly-competitive specialty stores under one roof – automotive, sports and leisure, and home products."

Canadian Tire goes to market in four



Wayne Sales

different ways, explained Sales: as an agent, a dealer, a franchiser, and a retailer. "For us, there has incremental value in understanding what one business can contribute to the others. For example, Mark's taught us that we could pay \$3,500 less for containers – which created huge savings." Another example: "The Canadian Tire flyer is the most widely-read flyer in Canada; the Mark's flyer was going into the garbage in most cases, so we experimented with placing it inside the Canadian Tire flier, and Marks' sales went up by 30 per cent."

It's important to play your game, says Sales, because chances are, you can't play someone else's game as well as they can. "Even today, after all these years, when you walk into a Canadian Tire store, it's just different than any other retailer. It still smells like tires, because we know who we are."

by Karen Christensen

## Ernst & Young Endows Accounting Scholarships Fund at Rotman



Lou Pagnutti, second from left, and Helen Skinner, widow of Ross Skinner, with daughters Anne and Jane and Dean Roger Martin.

Two new annual scholarships have been established at the Rotman School for doctoral candidates studying and conducting research in Accounting, thanks to a generous gift by **The Ernst & Young Foundation** and the **Clarkson Gordon Capital Foundation** – foundations supported by donations from current and former partners of **Ernst & Young**, one of Canada's leading accounting and professional services firms.

The \$540,000 gift to the School will be matched by the Ontario government's Ontario Student Opportunity Trust Fund, creating the \$1,080,000 **Ernst & Young Graduate Fund in Memory of Ross**