

Sponsor's Message

Do you have multiple shareholders in the family?

Do you have a succession plan in place? Do you have clarity between personal and business goals?

As the owner of a business with family dynamics in the mix, these questions are probably ones you've already asked yourself. After all, you want to ensure the success of the company for generations to come. But understanding the needs of all those with a stake in the family business is a huge challenge-making everyone happy even more so.

It's not impossible. Sometimes bringing in an outside resource can help you understand your expectations when it comes to the family, and how they relate to the overall objectives of the business.

Grant Thornton advisers clearly understand the challenges you face as an owner of a family business. We are here to help facilitate open family communication and are trained to address your unique situation. Certified with the Canadian Association of Family Enterprise, our team has proven experience and skills to effectively facilitate discussions respecting the business issues that affect your family.

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Trail blazing

Appliance business straddles two provinces and employs 22 family members

By Nelson Bennett

On paper, **Trail Appliances Ltd.** in B.C. and **Trail Appliances** in Alberta are two distinct corporate entities with separate ownership. However, they share a website, suppliers, advertising and a lot of blood.

Both are owned by the Broderick family. Six of seven Broderick siblings work at Trail Appliances – four in Alberta, two in B.C. – and a whole new wave of Brodericks – a third generation – is rising through the ranks.

A total of 22 family members work for the two companies (at one point it was 26). About half that number work in the B.C. company.

Mike Broderick's daughter, **Kate**, works in Trail's advertising department, and his son-in-law, **James Reynolds**, is vice-president of retail sales.

"My wife, **Pat**, works here as well," Broderick said. "She is in charge of operations and administration."

Even before Trail Appliances came into being, there was a Broderick family-owned business. **Jack Broderick**, the 81-year-old patriarch, worked in a **Chrysler** dealership in Regina that had been owned by his father, **John Broderick**.

In 1974, he moved to Calgary to open his own business – a home appliance rental store. His son, **Paul Broderick** – who is one of two sets of twins – helped him run the business.

Paul Broderick became owner of the Alberta Trail Appliance stores when his father retired 15 years ago.

Mike Broderick also worked for the family business in Alberta for a while before earning an education degree and becoming a teacher. In 1980, his father and brother asked if he would like to move to B.C. to start up a new Trail Appliances store in Vancouver, and he agreed.

His brother Peter Broderick – Paul's twin – also moved to British Columbia to help establish the B.C. business. The first B.C. store opened in Richmond. Peter Broderick later



Trail family dynamics (l-r): Pat Broderick, Richard Broderick, Mike Broderick, Jason Broderick, James Reynolds, Kate Procter, Ryan Broderick and Peter Broderick

opened a store in Coquitlam.

"The growth since that has largely been through acquisition," Mike Broderick said.

There are now eight Trail Appliance stores in British Columbia. (including Victoria, Surrey, Langley and Kelowna) and five in Alberta. The two Trail Appliances companies employ 650 people, with 250 of them working in B.C.

The Brodericks marked a milestone in May with the opening of Trail Appliances' new 26,000-square-foot flagship store in Vancouver in the old **Petcetera** building (2876 Rupert Street).

Because the business is part of a continuum, Mike Broderick said the company can take a long-range view to its corporate decision-making.

"We can afford to make long-term decisions without the short-term payback. We take a very long-term approach with how we go to market and what paybacks might be in terms of investments, and it doesn't have to be instant success."

In recent years the company has seen double-digit growth, with its builder sales division accounting for

a good deal of that increase in sales – something Mike Broderick attributes to his nephew, **Jason Broderick**, vice-president of builder sales.

Manage growing pains

Judi Cunningham, executive director of the **Business Families Centre**, said Trail's "organic" growth is fairly typical of larger family-owned businesses.

With so many family members involved, she said, companies like Trail should make sure they map out how the management and ownership of the business will be handed down.

"As you get to 22 family members, that becomes a pretty complicated system, so what worked quite well in the beginning can start to become structurally challenging," she said.

"The challenge is now you have 22 people that you need to go through a succession to the next generation. You've got 22 family members that could easily turn into 50, 60, 70 people in the fourth generation, depending on how many kids each of these family members have."

When Mike and Peter Broderick retire, control of the company will

pass to Peter Broderick's son Jason and Mike Broderick's son-in-law James Reynolds.

Reynolds and Jason Broderick studied business and finance at **Simon Fraser University** together. After graduating, Jason Broderick joined the family business and vouched for Reynolds, who joined the company eight years ago.

After he had joined the company, Reynolds met, fell in love with and married the boss's daughter, **Kelly**. Marrying into the family was not an automatic fast-track to the upper echelon of the company, however.

"There's no nepotism," Reynolds said. "Nothing is given to you because you're family. If you're family, the expectations are actually higher for you and you have to work that much harder."

Whether his two children will one day end up owning a piece of the business has not been worked out, Reynolds said.

"Being family doesn't guarantee ownership, but you can only be an owner if you're family." ■

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