

the art of fire

A CORPORATE HISTORY OF WOLF STEEL LTD. & NAPOLEON APPLIANCE CORPORATION



DR. ULRICH FRISSE, LL.M.



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TABLE OF CONTENTS

Introduction , Jack Goldmann, president of HPBA.....	V
Chapter 1 Wolfgang’s Story – Growing Up in Germany	3
Chapter 2 New Beginnings – Immigration to Canada and Early Entrepreneurship	27
Chapter 3 Lighting the Fire – Building the First Stove and Becoming a Wood Stove Manufacturer	57
Chapter 4 Why Not Napoleon? – The Birth of the Napoleon Brand and Business Development during the 1980’s	65
Chapter 5 Fanning the Flames – Napoleon during the 1990’s	91
Chapter 6 Spreading the Fire – Napoleon Becoming a Global Player in the 21st Century.....	121
Chapter 7 Pillars of Success – The Napoleon Business Philosophy	153
Chapter 8 Chris and Stephen Schroeter – The Second Generation of Napoleon Family Entrepreneurs	179
Chapter 9 Napoleon in the Community – Involvement, Corporate Philanthropy, Awards and Accreditations.....	191
Chapter 10 Napoleon Today and Outlook into the Future	201

This book is dedicated to all Napoleon associates and customers. Thank you for your support over the years.

The Schroeter Family

INTRODUCTION

I was asked if I would be interested in contributing to the volume being written about Wolf Steel. My answer was immediate – I would be delighted!

I have been in the hearth industry, with the Hearth, Patio & Barbecue Association (HPBA), for 12 years, and have learned the “players” in the industry. You learn which companies are innovative, which companies are run well, which companies have integrity. Wolf Steel clearly encompasses all of these traits.

It has been a pleasure to get to know Wolfgang and Ingrid Schroeter, as well as their sons Chris and Stephen. The pride in their work and what they have achieved is evident and well-deserved. They have grown a start-up business into a corporation with over a thousand employees, operating globally. I can personally identify with their history – as immigrants from Germany – and the challenges of making such a huge change in their lives. My parents also emigrated from Germany and made a new life in North America. I know that starting in a new country involves humility and determination.

What the Schroeters have created is inspiring. Napoleon Fireplaces and Grills has become a well-respected brand in the industry. The company is innovative: their hearth products are cutting-edge, both in terms of design and technology. The company is diversified: they not only sell fireplaces, stoves, and inserts, but also heating and cooling products, barbecue grills, and other outdoor living products. Lastly, their company is state-of-the-art: both in terms of their physical facilities and how they operate.

What is also inspiring and rare these days is the fact that, despite its size, Napoleon continues to be run as a family business. Over the years, Wolfgang and Ingrid have shared leadership in the company. As their sons, Chris and Stephen, have become adults, they have joined their parents and the family values that Wolfgang and Ingrid have instilled in the running of the company have been applied to everyone connected to Wolf Steel – their staff, dealers, vendors, and consumer base. The result is a strong thread of loyalty throughout the company and to those outside people who work with the company.

These values are also seen in the Schroeters giving back to the hearth and barbecue industries, and to society as well. There is a culture of getting involved in industry issues, and collaborating with other companies in the industry, through HPBA, for the greater good. Ingrid has volunteered extensively for the HBPA of Canada, as Treasurer and as a current Board member; she currently serves on HPBA’s Expo Committee, which helps guide policy on our important trade show. Other staff members at Napoleon serve on HPBA committees, such as the Government Affairs and Technical Committees. Napoleon is also very generous with its time and money, such as contributing to Habitat for Humanity, to name just one example of many.

I am honored to have been asked to contribute to a volume on Wolf Steel. More importantly, I am proud to know the Schroeters and other members of their company. I work in a wonderful industry, and Wolf Steel is one reason for my feeling this way. Congratulations on your successes and best wishes for many more in the future!

Jack Goldman, President & CEO, Hearth, Patio & Barbecue Association



WOLFGANG'S
STORY —
GROWING UP
IN GERMANY



Wolfgang's ancestors on his father's side: Wolfgang's grandmother is on the far right, his great-grandparents are in the center.



L to R: Wolfgang's mother, Wolfgang and his grandmother.



L to R: Wolfgang's father, mother and grandmother in their garden in Pforzheim.



Wolfgang's father and grandmother on the motorbike.



Wedding picture of Wolfgang's mother and father.



The wedding party at Wolfgang's parents' wedding.

FAMILY BACKGROUND

Wolfgang Schroeter, the founder, long-time president and current CEO of *Wolf Steel Ltd.* and *Napoleon Appliance Corporation*, was born on June 3, 1949 in Benshausen, Germany—the only child of Karl-Heinz Schröter and Frieda Schröter, née Lapp. From 1949 until the reunification of the two German states in 1990, Benshausen, located in the state of Thuringia, belonged to the Communist Eastern German state, the German Democratic Republic (GDR). The Schröter¹ family's connection with Benshausen came through Wolfgang's grandparents on his mother's side and Frieda grew up in the community.

Wolfgang's father was a civil engineer who specialized in building bridges. Since many bridges and other important infrastructure had been destroyed during the Second World War, there was no shortage of reconstruction work to be done in the immediate post-war period. One of the bridges built by Karl-Heinz Schröter just outside of Benshausen is still standing today. While Karl-Heinz pursued a career in engineering, Wolfgang's mother worked in the office of the *Mercedes Company* in Zella-Mehlis. Mercedes (not to be mistaken for the German car company) was a manufacturer of typewriters.

¹ Wolfgang changed the spelling of his family name from "Schröter" to "Schroeter" when he immigrated to Canada. Throughout the pages of this book, the original German spelling of the family's name will be maintained for Wolfgang's parents and relatives in Germany, while the adapted English version will be used in relation to Wolfgang and his immediate family in Canada.



HISTORY OF BENSHAUSEN

Benshausen, located in the valley of the Lichtenau River at the Southern slope of the Thuringian Forest has a long history. Nearby burial mounds are manifestations of the earliest human settlement in the area, dating back to the Bronze Age (1800 - 700 BC). Although it seems that the name Benshausen was not used in written documents until 1274, historians agree that Frankish settlers founded the town much earlier, around 800 AD. The first official mentioning of Ebertshausen (today a part of Benshausen) dates back to 838 AD. By the 11th century, Benshausen served as the seat of regional government and had a court under the presidency of the local count. During the 15th century, Benshausen became known as a wine-trading center. Wine from the Main, Rhine and Mosel areas, which remain some of Germany's most renowned wine-growing regions, was stored by Benshausen's wine traders in specially-constructed wine cellars

where the wine aged before being sold. The town's second main area of economic activity was freight transportation. Since the town was located right on the trading route to Oberhof, transport was a natural economic opportunity. Many of the original timber-frame houses with basement vaults for wine storage are still in existence, serving as markers of Benshausen's historical role in the wine trade. In addition to the original timber-frame houses, the historic town hall square (built in 1423) and large memorials made from stone and cast iron, represent the prosperity many Benshausen residents enjoyed throughout the community's long history. The church in the town district of Ebertshausen with its Romanic-style elements is one of the oldest in the entire region. Today Benshausen is home to about 2,500 people. (<http://benshausen.creanetsoft.com>)

MOVE TO PFORZHEIM

In 1949, the year Wolfgang was born, the Federal Republic of Germany (FRG, that is West Germany) and the German Democratic Republic (GDR, that is East Germany) were founded as independent states. As tensions grew between the former Allies of the Second World War, the FRG became part of the Western Alliance while the GDR developed into an important part of the Communist Eastern bloc.

Following their wedding, Wolfgang's parents lived in Benshausen until Karl-Heinz relocated back to his hometown of Pforzheim in West Germany to work in his profession as a civil engineer employed by the city. At that time, Frieda and their infant son, Wolfgang, stayed behind with her parents in Benshausen. The Schröter family's connection with Pforzheim came through Wolfgang's grandparents on his father's side, who had lived there for many years.

Although the border between the two German states had already been established, it was not yet fortified at the time Wolfgang was born. Until 1952, when the border was closed and a barbed wire fence erected, this single most important demarcation line of the Cold War was patrolled by soldiers. As per Stalin's advice to the East German Government to "guard the line of defense with their lives," the border guards on the Eastern German side had received orders to shoot anyone who tried to cross illegally into the West.

While living in Pforzheim, Karl-Heinz had traveled back and forth several times so that he could see his wife and son. As the border between

East and West Germany became more and more heavily guarded, suggesting that it might close eventually, the Schröters made the decision that Wolfgang and his mother should cross over and take up residency in West Germany as well. In September 1949, when Wolfgang was about three months old, he and his mother joined his father in Pforzheim.

The plan was for Frieda and Wolfgang to cross the border between the Eastern German state of Thuringia and the Western German state of Bavaria undetected by the Eastern German guards. Once on West German territory, they were to proceed to a train station in the nearby town of Mellrichstadt, Bavaria. From there, they were supposed to take the train to Pforzheim to reunite with Karl-Heinz. Their first attempt, one night in September 1949, was aborted when Frieda heard shots while she and Wolfgang were hiding in the forest close to the border. A week later they attempted to cross again, and this time made it safely to the train station on the other side. During the second crossing, Frieda's brother Oskar, her sister Lene, as well as Lene's three-year-old daughter Christel accompanied her. The plan was for Oskar to help them get to the border; Lene and Christel were supposed to travel with Frieda and Wolfgang into West Germany and then return home. After arriving by train in the East German town near the border, the two women took turns walking and pushing Wolfgang's baby carriage and riding as a passenger on Oskar's motorbike. When they reached the forest near the place where they intended to cross into West Germany, Oskar went back home on his motorcycle, while Frieda and Lene continued walking further towards the border together with their small children. This time they got across without incident. Afraid that he might scream and thus attract the attention of the Eastern German border guards, Frieda had given Wolfgang some

Schnapps so that he would sleep. To her dismay, the alcohol had exactly the opposite effect and Wolfgang was unsettled and extremely agitated in his carriage while she pushed him across the border into West German territory. Upon their arrival in West Germany, Frieda and Lene asked for directions to the nearby train station in the town of Mellrichstadt from a local woman. Noticing that the group had fled from East Germany, like so many other refugees crossing into Bavaria from Thuringia in order to escape Communism at that time, the woman advised them of a safe route to continue their journey. In Mellrichstadt, the two women rested on a bench in front of a monastery, greatly relieved that they had made it safely across the Iron Curtain. Knowing that they would be valuable to them as a trading object on the black market, Frieda had brought nylon stockings with her and she sold them for Western German currency. With West German Marks in her pockets, Frieda, Lene and their children went to a nearby inn to eat and stay the night. When they asked for accommodations, they were told that all the rooms at the inn were already filled with refugees. The innkeeper suggested that they go back to the monastery and ask if they could stay the night there. Although the monastery was crammed with refugees as well, the abbess felt sorry for the two women and their two small children and took them in. Well cared for, Frieda, Lene, Christel and Wolfgang ended up staying there for an entire week. As previously agreed upon, Karl-Heinz had sent West German Marks to Herta Mayer, a girl friend of Frieda's in nearby Schweinfurt, to help cover the costs of his wife and son's journey. After spending a week at the cloister, Frieda, Lene, Christel and Wolfgang rode the fifty-kilometers-distance from Mellrichstadt to Schweinfurt by train, paying for the tickets with the money left from the sale of Frieda's stockings. In Schweinfurt they met up with Herta, who had been worried because she had expected them a week earlier. From there,

Lene and Christel took the train back to East Germany, as planned, while Frieda and Wolfgang continued by train to Pforzheim, where they were finally reunited with Wolfgang's father.

In Pforzheim, the Schröters lived in a townhouse in the subdivision of Arlinger. Wolfgang's grandmother on his mother's side had been renting the house from the Cooperative of Arlinger (*Arlinger Genossenschaft*) for many years. Similar to his work in Benshausen, Wolfgang's father worked as an engineer in the construction of bridges in Pforzheim. Since the city had suffered tremendous destruction during the Second World War, post-war reconstruction was a matter of particular urgency in Pforzheim and the surrounding area, affording ample opportunity for an experienced engineer like Karl-Heinz. An allied air raid on February 23, 1945 had killed 17,600 people within 22 minutes, as well as destroying 80 percent of the city and 98 percent of the city's center.

Wolfgang's father was highly involved in the local community. A very active person, Karl-Heinz played a number of instruments (piano, violin and musical saw), and started the local table tennis club. Unfortunately, life as a family lasted for only three years, as Karl-Heinz's health deteriorated quickly as the result of an injury sustained during the Second World War. While serving as a German tank commander in Russia, Karl-Heinz was shot in the chest and, due to its location in the body, the bullet could not be removed. To make matters worse, Wolfgang's father was a heavy smoker, causing his health to deteriorate even more quickly. During the final months of his life he was hospitalized in the Schömberg Sanatorium, where Frieda and Wolfgang visited him many times. Karl-Heinz Schröter died on December 26, 1952 at the young age of 32.

Wolfgang, who was only three years old at the time of his passing, has no personal recollection of the event but recounts his mother's memories from that time. The night Wolfgang's father died was one of the worst moments in the life of Frieda Schröter. Not only had she just lost her husband, but that same night, their neighbours happened to be having a large family Christmas celebration. The joyful sound traveled through the separating wall into the Schröters' townhouse where Frieda was mourning

the untimely passing of her husband. Karl-Heinz's funeral was held on December 31, 1952, in the presence of his brother-in-law, Oskar Lapp, and his parents-in-law who were allowed by the Communist Eastern German authorities to attend. Following the funeral, they returned home to Eastern Germany and Frieda found herself alone with her young son without the support of family.

HISTORY OF PFORZHEIM

Pforzheim is located in the northwestern part of the German state of Baden-Württemberg on the northern edge of the Black Forest, with easy access to the cities of Karlsruhe (25 kilometers) and Stuttgart (37 kilometers). A city of over 120,000 residents today, Pforzheim was founded as a Roman settlement at a crossing point of the river Enz. The city's name is derived from *Portus*, meaning harbour or river crossing in Latin. During Roman times, the developing settlement was of significance for the military and commerce because the crossing was part of a Roman long-distance trading and military road connecting the cities of Strassburg and Cannstatt.

First mentioned in a document issued by Emperor Heinrich IV in 1067, the medieval town of Pforzheim received the right to hold a market around 1080, which was crucial for its future development and prosperity. In 1486, following a period of consistent growth, the city came under the jurisdiction of the margraves of Baden, thus effectively losing its former independence. Throughout the 17th century, Pforzheim was destroyed several times. In 1645, as the Thirty-Years War reached its final stage, the



Pforzheim downtown before the war.



Pforzheim after the Second World War.



Pforzheim downtown after the war.



The Arlinger suburb of Pforzheim.

city was burned down by Bavarian troops. Between 1689 and 1697, during the Palatine War of Succession, Pforzheim was plundered and burned down three more times by French troops.

Due to the city's unique location at the edge of the Black Forest and at the junction of three rivers, rafting of timber became one of the foremost economic activities for Pforzheim residents. Raftsmen floated the trees from the Black Forest, which were used as building material, down the rivers Enz, Nagold and Wuerm. They rebundled them into large-size rafts in the low-lying floodplain of Pforzheim and then shipped them further downstream. The growing economic significance of the timber business is demonstrated through the fact that, as early as the 16th century, Pforzheim had a customs station where raftsmen paid duties in order to use local waterways for shipping trees from the Black Forest all the way to Holland.

From the Middle Ages on and throughout the Early Modern and Modern periods, the city and its residents prospered. This was due, at least in part, to various initiatives undertaken by the margraves of Baden, who allocated significant resources to the city's growth. Step-by-step, this aristocratic family transformed Pforzheim into one of its most important

centers of influence. The 13th to 15th centuries in particular, were years of economic boom that were characterized by a large increase in economic activity and unprecedented levels of growth and prosperity. Not only were Pforzheim residents involved in the rafting and trading of timber, but other important industries, such as tanning, the making of clothing and togs, as well as the trades contributed to the city's overall affluence as well. In 1767, margrave Karl Friedrich of Baden founded a watch manufacturing plant that was staffed by residents of the local orphanage. In doing so, he laid the foundation for Pforzheim's future role as the main center for the production of watches and jewelry in all of Germany. By 1800, the number of production facilities in the city had grown to about 900, and watches and jewelry from Pforzheim were being exported around the world. Referred to interchangeably as the "gold, jewelry or watch city", Pforzheim has maintained its standing as Germany's main center of jewelry and watch production to the present day. Today, the city produces about 75 percent of all jewelry made in Germany. Furthermore, present-day Pforzheim is home to the only gold smith school with an integrated watch and clockmaking school in all of Germany. In 2011, the school marked its 90th anniversary. A jewelry museum, located in the Reuchlinhaus, tells the history of jewelry making from the beginning until present day.

SCHOOL YEARS IN PFORZHEIM

While growing up in Pforzheim, Wolfgang attended the Arlinger Elementary School (*Arlinger Volksschule*). Being a single mother in post-war Germany, life was not easy for Frieda. After her husband's passing, she took on whatever kind of parttime employment she could find to provide for her son and herself. Wolfgang still vividly remembers his mother crying at Christmas one year because all she could afford to give him as a present was a little jackknife, when she knew that what he had really been hoping for was a bicycle. It was not until he was twelve years old that Wolfgang got his first bicycle.

Peter Jankowski, who lived in the house right behind the Schröters, was a good friend of Wolfgang's while growing up. When they were young, the two boys spun a wire across the yard as a "telephone line", which allowed them to talk all night. Wolfgang remembers building a lot of tree houses in his childhood days. On one occasion, while playing in the forest, the friends found an old machine gun with ammunition in a steel box from the Second World War. Although they tried their hardest, they could not get the machine gun to work. They then turned their attention to the ammunition box. With great excitement, they built a fire, threw the ammunition in, and hid behind the trees watching as the bullets exploded. Completely unaware of the danger they were putting themselves into, they pushed the bullets that had fallen out back into the fire with a stick.

When Wolfgang was seven years old, his mother got remarried to Heiner Eisele and took her second husband's name. Wolfgang's stepfather was born near Ulm in Southern Germany, one of seven siblings—five boys and



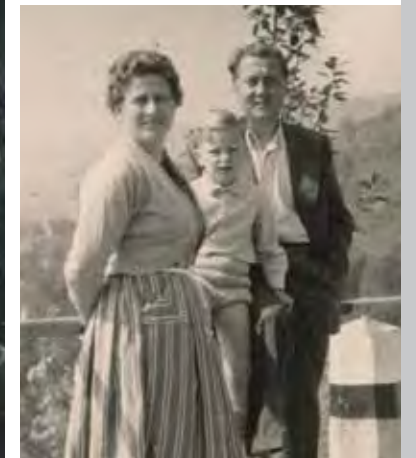
Pforzheim Arlinger, where Wolfgang grew up.



Wolfgang and his mother.



Wolfgang's stepfather Heiner Eisele.



Wolfgang, his mother and stepfather Heiner during an excursion.



Wolfgang going into grade 1 at the age of 6.



Wolfgang's elementary school class with Wolfgang in the middle row to the left.



Wolfgang in front of his school in Lederhosen.



Wolfgang on a float during the annual children's parade in the Arlinger.



Wolfgang's Lutheran Confirmation.



Reception at Wolfgang's Lutheran Confirmation.



Coffee time in the backyard: In the front Wolfgang's cousin Siegbert with his mother Ursula Lapp to the right. Back Row L to R: Fritz, Heiner, Frieda, Wolfgang and neighbours.



Wolfgang dressed up as a Chinese during carnival with his friend Charlotte and neighbours.

two girls. Since Heiner's parents did not have a lot of money, they took some of their children to the orphanage to be looked after and fed at times when food was short. As a result of this, Heiner had spent a considerable amount of time in an orphanage in Pforzheim while growing up. Like everybody else in the orphanage, he had become a goldsmith. Since jewelry production was the main focus of the local economy, being trained as a goldsmith afforded the residents of the orphanage the opportunity to make a decent living after leaving the orphanage.

During the Second World War, Heiner had served as a sapper, building bridges for the German forces in Russia. He met Wolfgang's mother after being released from a prisoner-of-war camp in Russia. Like Frieda, this was his second marriage and he had a daughter from his first marriage, named Ruth.

Working in his trained profession as a goldsmith, Heiner ran his own business out of his house, using the attic and basement of the family's townhouse as his workshop for making highly valuable, custom-made jewelry bracelets out of 24k gold. A real artist, he never had trouble getting work. Once every week, he went to the factory that he was producing for to pick up the drawings and gold sheet metals for the pre-ordered jewelry. The following week he took the skillfully crafted gold bracelets plus the scrap material back to the company. Under his contract, Heiner was allowed to keep ten percent of the scrap metal for himself. When he retired he had collected so much gold over the years that he melted it all together and made himself a solid gold watch, which is now in Wolfgang's possession.

Heiner had a sister named Trudel who was married to Charles Rivière, a Frenchman from Morocco. They had two children, Anne Marie and George. The family lived in Marrakesh, Morocco for many years before moving to Strasbourg in the Alsace, France. The odometer on their Volkswagen showed a million kilometers from driving to and from Morocco many times to visit Charles' parents. After the Rivières had moved to Strasbourg, Wolfgang and his family visited them occasionally. One weekend, as they were attending Anne Marie's confirmation, they dined in a restaurant from noon to eight o'clock at night, being served course after course of exotic foods that Wolfgang had never seen before. Not used to escargot, brain, olives and similar "delicacies," Wolfgang told the waiter that all he wanted was potatoes with butter.

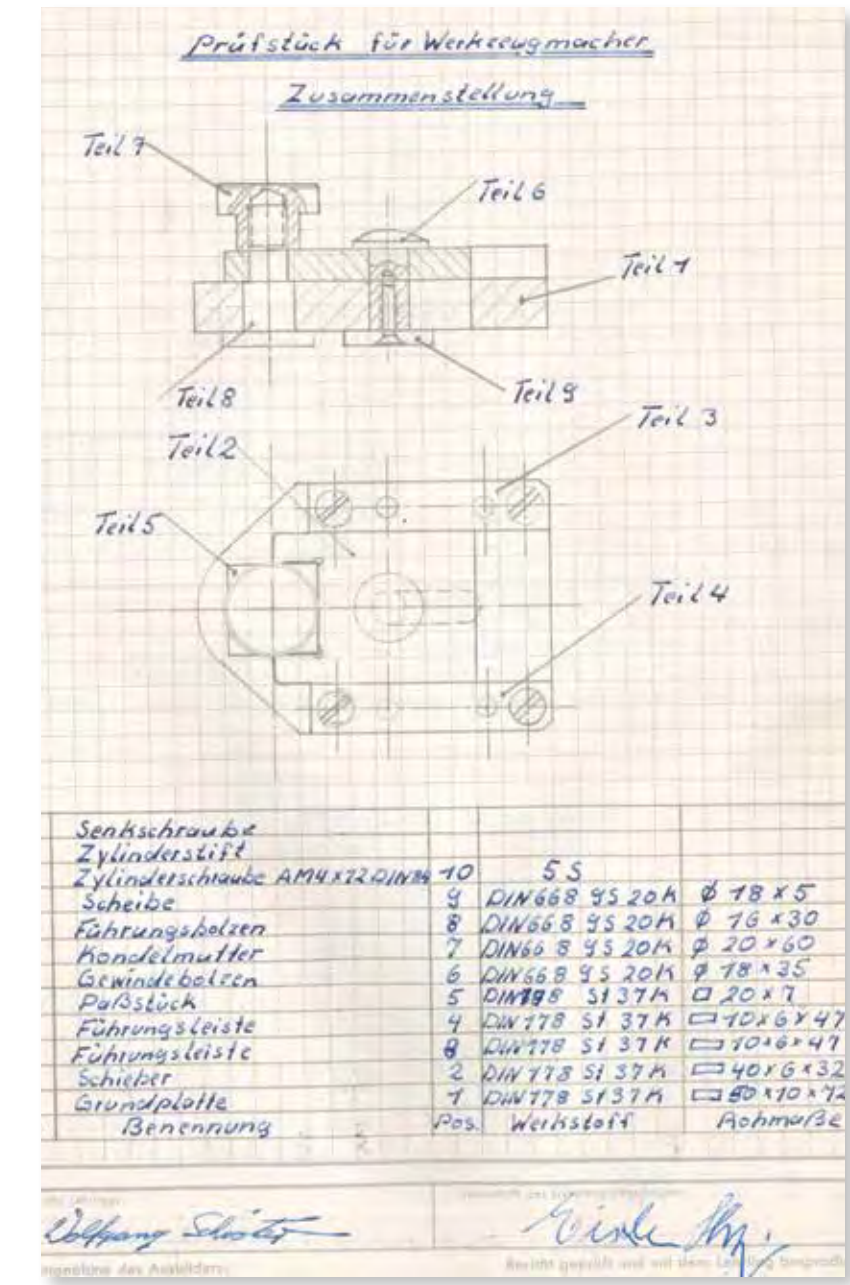
TRADE SCHOOL

At age fourteen, after completing grade eight of elementary school, Wolfgang enrolled at the *Heinrich-Wieland Vocational School for Fine Precision Mechanics Engineering* (*Heinrich-Wieland Berufsschule für Feinwerktechnik*) in Pforzheim. He attended that school from 1963 until 1967. Under Germany's dual apprenticeship training system which continues to this very day, apprentices divide their time equally between going to trade school and gaining practical experience on the job. Thus, Wolfgang attended classes for two and a half days and then worked as an apprentice at the *Anton Fischer Company* for the remainder of the week. The Anton Fischer Company was one of Pforzheim's many businesses involved in the production of jewelry and watches, making watch cases and wristbands for watches. Every morning, Wolfgang's first task at work was to go around the plant and take down breakfast orders

for each of the company's 15 to 20 toolmakers. He then went to the local bakery, the butcher, as well as to the general store to buy everything they had ordered. For an entire year, Wolfgang had to do this three times a day. Since he brought so much business to their store, the owners always gave Wolfgang food for himself for free. His close friend Eckhard Engel, who was doing his apprenticeship with another company in town, had been assigned the same task. Due to their similar tasks, the two friends regularly met in the park to have lunch together before going back to their respective companies to deliver the food. Looking back, Wolfgang remembers those days as a very happy time in his life.

At the beginning of trade school, Wolfgang and his fellow students were given a six-inch-long U-profile piece of steel, which they had to work on for six months. They were assigned the highly repetitive task of filing that piece down to a cube of one-by-one centimeters. Throughout the process the young apprentices were tested frequently. Even though he did not see the benefit of such intense filing at the time, it taught Wolfgang to file perfectly—a skill he was to benefit from greatly after coming to Canada, because his first jobs in the New World required exactly that finesse. Even today, whenever he takes a file into his hand, the outcome is perfect. Wolfgang confirms: "The filing was so intense during those first six months of trade school that even today nobody can show me how to do it better."

Wolfgang and his fellow apprentices were only fourteen years old when they entered trade school in 1963. Not surprisingly, the young lads were trying to cut corners while filing their U-profile by hand over the course of half a year. One time, Wolfgang remembers, they used the bench grinder to grind some of the material off more quickly. When the teacher



Excerpt from Wolfgang's trade school work book.



Wolfgang's Kreidler motorbike.



Wolfgang's friend Eckhard Engel on the motorbike.



Wolfgang motorbiking with friends.



Motorbiking with a friend.



L to R: Frieda Eisele, Wolfgang's aunt Ursula Lapp, Jack Astrensky and his wife Herta, Heiner Eisele.

found out, he handed them each a heavy three-by-three-inch-large square file and made them use this heavy tool until the end of the day. After Wolfgang and his fellow apprentices had served their punishment, their arms were hurting. Needless to say, they did not try to use the bench grinder again. In 1967, after graduating from trade school, Wolfgang obtained his diploma as a certified tool and die maker.

MOPEDS, CARS AND ACCIDENTS — TEENAGE YEARS DURING THE SIXTIES

Wolfgang's teenage years took place during the time of the Beatles and the Rolling Stones. When he was around sixteen years old, Wolfgang got himself a 50 cc Kreidler moped. This was significant because having a vehicle gave him more independence. At the same time, it also served as a source of friction between him and his mother as he was gone all the time. Since many of Wolfgang's friends had mopeds as well, they often rode as a group together. Looking back, Wolfgang remembers the years

he and his friends spent on and around their mopeds as a great time in his life. However, this also proved to be a time of taking many unnecessary risks, resulting in several accidents. Once, while riding his moped, Wolfgang had a collision with a car. In Germany, at intersections where there is no traffic sign, the vehicle going through the junction from the right has the right of way. Ignoring this fundamental rule of the road, Wolfgang went straight through the intersection and ended up hitting the car that he was supposed to yield to in the door. Luckily, although Wolfgang and his passenger were thrown off the bike, they were not injured. Their moped, however, was badly damaged. His uncle lived not far from the site of the

accident so Wolfgang and his friend walked to his uncle's house and he took them home. When the police got involved, Wolfgang had to pay a fine to the Red Cross for failing to yield and causing an accident.

Since their mopeds were limited to 50cc by law, Wolfgang and his friends worked on them all the time in order to make them faster and look like real motorcycles. In the morning he often left early for work to spend some time tuning up his moped before he had to begin his workday. Some of the many things he did to enhance the performance and looks of his bike included taking the engine apart and tuning it up, drilling up the

carburetor, polishing the intake, grinding down the cylinder head, as well as replacing the moped's fork with a fork from a real motorcycle. When he had finished, the moped looked like a racing motorcycle ready for use on the racetracks.

One night, Wolfgang and his friends riding in a group of about 15 mopeds, were on their way to their favorite place—a restaurant that served the biggest Schnitzel in the entire area. As they were approaching a curve in the road, Eckhard, who was in the lead position, was the first to go around. Suddenly, the group saw the light beam from Eckhard's bike high up in the trees and they instantly knew what had happened: going too fast into the curve, Eckhard had failed to make the corner, causing his moped to soar high up into the air. When the friends reached the scene of the accident, Eckhard and his passenger had been thrown off and were lying in the field motionless. Scared that they might be seriously hurt or even dead, the others shook them. To their great relief, Eckhard and his passenger started laughing at that moment. They had used the accident as an opportunity to play a trick on the group.

A very shy and quiet person, Wolfgang had absolutely no interest in girls as a teenager. When his friends attended parties and got drunk, he was always the one who got them home safely. The father of one of his friends was the janitor at the local city theater; this allowed the group to attend a lot of plays for free. They often watched performances from a catwalk above the stage where the lights were positioned. The theater building was also home to the local police station, as well as housing a cellar, named the "Beat Cellar" in which Wolfgang and his friends installed a bar. The "Beat Cellar" became their regular meeting place

and party room. On a normal day, there were 15 to 20 mopeds parked in front of that building.

Jack Astrensky, a friend of Wolfgang's parents, was an American citizen working for the US military at the Patch Barracks base in Stuttgart. When Wolfgang and his family got invited to a party there, Wolfgang had his first real hamburger. He remembers it being so huge that he could not eat it all. In his professional capacity at the base, Jack was responsible for supplying the officers' casino with food. Through this friend, Wolfgang and his family were introduced to turkey and large hams as well as other foods that were popular in the States. While flipping through a magazine at Jack's one day, Wolfgang noticed an ad for inexpensive used military jackets. Since there was no special motorcycle clothing in those days (Wolfgang and his friends did not even have helmets), these jackets with lots of pockets were well-suited for being used as motorcycle gear. After showing the ad to his friends Wolfgang ordered twenty jackets. When they arrived, he kept one for himself and passed the others on to the group. By providing the group with military clothing, Wolfgang started a new trend.

Wolfgang and his friends regularly went to the *Hockenheim Ring*, one of Germany's foremost racetracks, to watch motorcycle and car races. Wolfgang particularly liked motorcycles with sidecars. While attending races at Hockenheim, he witnessed a lot of accidents. On April 7, 1968, Wolfgang was in attendance of the Formula 2 race during which British race car driver Jim Clarke was killed.

In 1966, one year before his eighteenth birthday, Wolfgang bought his first car—a 1959 Volkswagen Convertible. He had saved up the money

from his salary as an apprentice, as well as from additional work he did window cleaning for the *Kreutz Company* after hours. On Wednesday nights, Wolfgang and Eckhard Engel looked after the local Hydro building, emptying out garbage, mopping and waxing the floors, as well as cleaning windows. Although they usually completed the job in less than one-and-a-half hours, they were paid for five hours, because that was the time that it would usually take to clean the entire building. When the client complained that the building was not clean enough, they spent an extra half hour on the job the next time. On Saturdays, they cleaned a five-story factory that produced jewelry for Chanel in Paris from top to bottom. One day, while emptying out the waste baskets, Wolfgang found beautiful prototypes of custom jewelry in them. Since these items had been disposed of as garbage, he took them home and gave them to his mother as a gift. Frieda was delighted.

Even more so than his moped, which had afforded him mobility during his teenage years, having a car was a big thing for Wolfgang, particularly considering that his parents never had one. One time, before he had his licence or insurance, he was driving with his cousins from France, Anne Marie and George, when they ran out of gas. After sitting by the road for what felt like an eternity waiting for a car to give them a ride, they hitchhiked home. Afterwards, they immediately returned to the car and got it off the road as quickly as possible so that the police would not notice it and start asking questions.

In the same way that he worked on his moped, Wolfgang was constantly working on the car to make it faster. He always had dirty hands from taking the engine out, rebuilding it and making other improvements to the car's performance. One weekend, while he was working on the brakes,

his mother asked him to drive her to Stuttgart so that she could visit her brother there. When Wolfgang explained that he could not take her, she got mad at him. "You are always working on that car. Those few times that I need you to drive me somewhere, somehow it never works," Frieda said visibly upset. Feeling the need to appease his mother, Wolfgang ended up driving all the way to Stuttgart in a car without functioning brakes. All he could use during the trip was the car's emergency break. Of course, he did not tell his mother that the brakes on his car were not working.

One year during the winter, Wolfgang's uncle Oskar Lapp invited Wolfgang and his family to Lenzerheide, Switzerland. After crossing the border into Switzerland in Wolfgang's Volkswagen Convertible, they noticed a sign saying that snow chains were required due to the icy condition of the road. Wolfgang said: "We will be ok - I don't need chains". To his great surprise, road conditions would soon prove him wrong. While driving behind a truck, it suddenly slowed down. His stepfather yelled: "Hit the brakes!" Wolfgang screamed back at him: "I am hitting the brakes!", as he tried to slow the car down. His tires had no grip on the icy road and their car slid right into the truck. Upset, Heiner said: "I am not driving with you anymore. I am going to take the train home." In the end, they all continued their journey together after taking the car to a Volkswagen repair shop to have it fixed.

Another time while driving in the Black Forest, the generator of Wolfgang's car was not working. Wolfgang had not noticed the defect because even when the generator fails the engine still works by itself during day time. However, once the lights are turned on at night, the lights drain the battery so quickly that after a short while the car dies in the middle of driving. When it got dark that night, Wolfgang switched on the lights and to his

great surprise the car died. After checking the engine he quickly realized what the problem was. Trying to get home, he continued driving without lights in the middle of the night. Whenever a car came his way, he turned on the lights for a short time in order to be noticed. Although the lights did not come on fully, it was sufficient for the other driver to see him. Once the oncoming car had passed, Wolfgang turned the lights off again and kept on driving. He eventually made it home that way.

Another time, Wolfgang and his friends drove to Italy in two Volkswagens—Wolfgang's old one, and his friend Peter Kuntzmann's brand-new one. In Wolfgang's car there were Wolfgang and his friends Eckhard Engel and Silvan Kiefer. In the other car were Peter Kuntzmann and two other friends of theirs. Since walkie-talkies were the latest thing in those days, they carried a walkie-talkie in each car so that they could talk to each other during the trip. As they were going up the serpentine in the Alps, Wolfgang would always fall behind. Having more horse power, Peter kept going, passing many cars in front of him, while Wolfgang was struggling to make it up the mountain roads. Several times Peter's Volkswagen ended up fifty or even more cars ahead of Wolfgang's before traffic came to a standstill because there were just too many cars on the road. When traffic stopped, Peter told Wolfgang over the walkie-talkie when there was no oncoming traffic. Assured by his friend that passing was safe, Wolfgang would then speed up, pass everyone before him and slip into the space his friend had left for him. That way Wolfgang always caught up with the other car as they were going through the mountains.

While driving around in Italy, Wolfgang had stopped at a red light, when suddenly their car was hit from behind very hard by another vehicle. As

they got out of their car to see what had happened, the friends were approached by the driver of the car behind them. The man who was from Sweden, apologized for having fallen asleep behind the wheel. The friends called the police. When the officers arrived they were only interested in whether anyone had been hurt in the accident. Since that was not the case, the officers left again. Wolfgang and his friends were forced to push their car to a nearby repair shop where they had it fixed just enough so that they could keep driving home. With insufficient funds to replace the muffler, which had been disconnected during the accident, they ran the car without a working muffler all the way home to Germany.

While rumbling through Cortina D'Ampezzo, a high-end tourist town in the Dolomites, in the middle of the night, they were stopped by the police because of the loud noise that their car was making. The officers told them to keep quiet which, of course, was easier said than done without a muffler. Since the policemen had stopped them as they were going up a hill, the only way to restart their Volkswagen was to roll down the hill backwards which made an extremely loud noise. Wolfgang remembers the policemen standing by the road just shaking their heads. When the friends finally arrived at the German border, the German border guards were not impressed with the state of his car either. The officials made it very clear to them that they did not appreciate the negative image and impression that their noisy car was creating about Germans traveling outside their own country: "This is outrageous," one of the guards said, "that you as Germans dare drive around in such a beat-up car in a foreign country!" As if they needed any more car trouble, Wolfgang's car eventually overheated because of the broken muffler. Further, since the heating chambers were insulated with horse hair, the vehicle caught fire while the friends were driving between

Munich and Stuttgart. Although they eventually made it home safe and sound, Wolfgang had to scrap the car. He contacted the Swedish man who had caused the accident in Italy, but never heard back from him.

Another time as Wolfgang and his friends were getting ready for a weekend camping trip in borrowed military tents, they got into trouble again. It was the middle of the night when Silvan suggested stealing a rabbit from a nearby garden plot where they knew someone was raising rabbits. The idea was to have the animal butchered and then grill the meat during their camping weekend. Putting their plan into action, Eckhard and Silvan went into the garden plot while Wolfgang waited in the car. Suddenly, there was loud banging and a crashing noise; the two friends emerged, each of them carrying a rabbit in his hands. Apparently somebody had noticed them while they were taking off with the animals, but, luckily, they were able to escape without getting caught. Wolfgang remembers the rabbits running around in the car all excited while the friends sped off. They took the animals to Eckhard's father, who butchered them after they had assured him that they had bought the rabbits for their camping trip. One of the rabbits was huge, and to this very day Wolfgang remembers it being tough and tasting awful. Back at work on Monday morning after their camping trip, Eckhard showed Wolfgang a story from the local newspaper. The article's headline read: "Prize rabbit stolen." That moment, the friends instantly knew why the big old rabbit had not been tender even after cooking it on the barbecue for hours.

After scrapping his Volkswagen following the friends' trip to Italy, Wolfgang bought a used Opel Kadett Coupe. The car had suffered damages from a tornado and Wolfgang fixed it up, doing all the body work himself. Since



Wolfgang checking out new cars at the Frankfurt Automotive Show.



Standing next to Wolfgang's Kadett from L to R are Frieda and Heiner Eisele, family friend Mrs. Wiegand and Wolfgang.

he could not get the roof smooth, he sprayed on a leather coating, the latest thing at the time, to hide the imperfections. Although the car was not registered—it had no plates and was not insured yet—Wolfgang and his friends were driving it already. When his friends challenged him to go faster during one of their first drives together in the new car, Wolfgang decided to show off. As he was speeding through a long curve and passing all kinds of cars, he noticed a car in the rearview mirror following them. In an attempt to shake off his pursuer, Wolfgang accelerated and turned off onto gravel side roads several times. No matter what he tried, the pursuing car always stayed close behind him. Eckhard eventually suggested that Wolfgang stop the car and apologize to the other driver for passing him in the curve. Following Eckhard's advice, Wolfgang brought the car to a halt and the friends waited for what would happen next. To their great surprise they saw a policeman in full uniform emerging from the other car. They later learned that the officer had been on the way to work when they had passed him in the curve. The policeman told Wolfgang to leave his car behind and to come with him to the police station. After interrogating the young man, he took him back to his car and had him follow the police cruiser to Wolfgang's parents' house. Frieda and Heiner were having a family get together and Wolfgang's cousins from Stuttgart were playing outside when the two cars arrived. Noticing the police car, the cousins ran into the house, telling everybody that Wolfgang had just arrived together with a police officer. Everyone came out and stared at Wolfgang as he was talking to the policeman. Wolfgang had a lot of explaining to do that day.

Three days later—this time after he had the car registered and put insurance on it—Wolfgang went for a drive into town. As he was crossing the train bridge in Pforzheim, the driver of another car failed to see him and hit his

car from behind. The impact of the crash pushed Wolfgang's car to the side of the road, causing it to spin sideways before flipping and sliding on the roof. Due to the weight of the car body, the leather-coated roof collapsed all the way down to the windows. When his car finally came to a stop, Wolfgang climbed out quickly. All the body filler he had used when fixing up the car had come off, leaving white streaks on the road. His Opel *Kadett* was another write-off. As he was standing beside his wrecked car waiting for the police to arrive, he noticed that there were many people gathered at the scene and talking about the accident. When the police finally arrived, the officer looked at the car and asked the crowd who the driver was, wondering if he had already been taken to the hospital. "Me," Wolfgang answered, "I am the driver." This time it was determined that the accident was not his fault, and the police charged the other driver. Since his car was completely destroyed, Wolfgang had to take the bus and then walk from the bus station to reach his house after the accident had taken place. Upon his arrival at his parents' house, his mother was talking to the neighbours. "Why are you walking?" she asked, knowing instantly that something was wrong. "Where is your car?" When he told her that he had flipped the car while driving, she was very upset and almost burst into tears.

The day after the accident, Wolfgang was supposed to pick up his grandmother from the train station in Frankfurt. Since his car was destroyed, Wolfgang's mother suggested that he ask his aunt if he could borrow her car. Of course, Wolfgang could not tell his aunt that the reason why he needed her car was that he had just flipped his own vehicle. Instead, he informed her that, as was so often the case, something was wrong with his car and that he could not drive it while it was getting fixed.

Believing him, his aunt lent him her car and he was then able to pick up his grandmother in Frankfurt.

ENTREPRENEURIAL ROOTS

While growing up, Wolfgang always looked at his uncle, Oskar Lapp, as his role model. Like Wolfgang's parents, Oskar had grown up and lived in Benshausen, Thuringia, in Eastern Germany before leaving for the West after the end of the war. During the Second World War, he had fought in the German forces and had become a prisoner of war in Russia. A smart man who had learned the Russian language quickly while being in a prisoner-of-war camp, he had been the last POW to be released from the camp because the Russians were using him as a translator. His years spent in Russian captivity had developed in him a deep hatred for Communism, which made it impossible for him to continue living in his hometown after the end of the war, when it became part of the Communist Eastern German state. After returning from Russia, he announced to his family, "I am not staying in this Communist country, I am leaving!" His plan was to go to West Germany and to establish himself there first before having his wife and son join him. He drove his car to Berlin, took the license plates off so that the Communist border guards would not be able to identify him for fear of negative repercussions for his family, and drove straight through the barrier. His wife and son later entered West Germany through Berlin (which remained a loophole in the Iron Curtain until the Berlin wall was built in 1961) and joined him in the West.

After his successful escape to West Germany, Oskar stayed with Wolfgang's mother in Pforzheim for a few days. A trained engineer, he soon found

a job at the *Harting* Company, which made electronic equipment and radios, among other things. After a few years at Harting, he ventured out on his own and started a business out of his house, going around to factories and supplying them with specialty cable, cutting off and selling whatever quantity manufacturers needed. His business prospered because right after the war there was a great need for materials such as these, and factory owners did not yet have the money to purchase entire roles of cable. Later on, Oskar started his own factory, producing cables under his own name. As he became a successful entrepreneur he bought machines that had been originally designed for making rope. Wolfgang's stepfather, Heiner Eisele, converted these machines so that they would braid metal wire around electrical cables instead. Oskar eventually established a spin-off factory for Wolfgang's parents in Pforzheim where the cable coating was woven around the wire that Oskar produced in his own manufacturing plant. After manufacturing cable for his brother-in-law for a number of years, Heiner eventually went back to his chosen profession of being a goldsmith. Today, the company Oskar Lapp established—*Lapp Kabel*—is one of the largest cable companies in the world, with sales of close to 1 billion Euros a year. It is run by the founder's sons, Wolfgang's cousins, Andreas and Siegbert Lapp.

While Wolfgang was growing up, his family often visited with his cousins. Since his uncle had become a successful entrepreneur, the Lapps always had more money than the Eiseles, and paid for everything they did together. Wolfgang remembers listening to many conversations during those times where his uncle talked about his company and the ways that he was pushing it forward and making it successful. Oskar said a lot of things back then that still make business sense to Wolfgang even today.



Wolfgang's grandparents' house Am Wasser 3 in Benshausen before the creek was moved underground.

Mainly because of his uncle's influence on him, Wolfgang was determined to become an entrepreneur as well. By the time he was sixteen years old, Wolfgang's goal was to run his own company one day.

It was not until two years later, at age eighteen, that Wolfgang tried to set up his first business in Germany. Having a knack for fixing up cars, he bought tools, rented a small shop and started his own garage. His first project as an independent car mechanic was a burned-out *Karmann Ghia*. Wolfgang intended to restore the car and then to sell it for a profit. One day, after the body work and painting were already completed, all of his tools were stolen from the shop. Since Wolfgang did not have the money to replace them, the loss of his tools marked the sudden end of his first business venture.

Wolfgang's grandfather in Benshausen, Eduard Lapp, was another entrepreneurial influence on him while growing up. Prior to the Second World War, Eduard and a partner had founded *Lapp and Roth*, a



Wolfgang with his cousins and grandparents in Benshausen. L to R: Joachim, Manfred, Andreas, Wolfgang (behind Andreas) and Siegbert.

company for the production of poultry shears, bull-rings, and corkscrews. Operating a machine shop with lathes and milling machines, they had done well until the Communist takeover in East Germany had resulted in the prohibition of private entrepreneurship. Under Communist doctrine, the GDR Government took ownership of the business and had Wolfgang's grandfather and his business partner manage the company as state employees. Although he had been an entrepreneur all his life, Wolfgang's grandfather was now being told by the Communist authorities what to do and what direction to take the business in. Under the new regime, the company produced mechanical pencils with retractable leads. Being innovators, Eduard Lapp and his business partner developed a system that allowed their pencils to change colours by drop action. Since they were the first to create a pencil that gave its users access to five different colours, they had the invention patented.

From the time that he was about eight years old until he became a teenager, Wolfgang and his family went to Benshausen for six weeks of summer

holidays each year to visit his grandparents, cousins and other family. During these extended stays at his grandparents' house, located at *Am Wasser 3*, Wolfgang helped in his grandfather's business assembling pencils as well as on the farm. In addition to being an entrepreneur who had been demoted to the status of state-employed manager of his former business, Wolfgang's grandfather, like many GDR residents, was a small farmer as well. Although private farming was illegal under the Communist regime, the Lapps raised cows, chickens, rabbits and pigs, and Eduard Lapp slaughtered one pig each year on the premises for private consumption. One time, Wolfgang watched with horror from the window how the pig was killed. Although he always enjoyed the family's summer visits to Benshausen, by the time he was about sixteen years old and had his first moped, Wolfgang started going his own way. From then on he stayed home during the time that his parents visited their relatives in East Germany.

Having family in both West and East Germany, the Iron Curtain had a personal meaning for Wolfgang as for so many other German families that were separated by the wall. One time when he was about ten years old, Wolfgang had stayed behind with his grandparents in Benshausen after his parents had already gone back home to Pforzheim. When his vacation came to an end, one of Wolfgang's great cousins from West Germany, twenty-year-old Irene Hengelhaupt, whose parents lived in a town near Benshausen, was supposed to take him back to Pforzheim by train. On the day of travel, as their train stopped at the heavily-fortified border between East and West Germany, armed Communist border guards got onto the train with dogs and started inspecting passengers and their luggage, as well as searching with mirrors under the train. Wolfgang remembers them being extremely rude. When looking through the window, he noticed

watch towers and soldiers with machine guns. Listening to dogs barking and someone yelling orders made Wolfgang and the other passengers on the train feel even more intimidated.

Irene had brought a fur coat with her which she had received from her mother in East Germany as a present. Since taking valuables from the East to the West was deemed illegal by the Communist authorities, the women had sewn a West German label into the fur coat so that the border guards would think the coat originally came from West Germany. The Communist officials, however, became suspicious and, upon closer inspection, noticed that the label had been stitched in by hand and not by machine. They ordered Irene off the train to undergo further interrogation. As she was about to be escorted off the train, Irene tried to calm Wolfgang, saying that she would be back shortly. By then, Wolfgang and the other passengers on the train were all scared.

All of a sudden, the train started moving again before his cousin had gotten back, and ten-year-old Wolfgang was on his way to Frankfurt by himself. Since Irene had carried all their papers, he did not even have a ticket. Luckily, in Frankfurt, fellow passengers helped him onto the right train to Pforzheim. When asked for his ticket by the conductor on the connecting train, Wolfgang explained to him what had happened at the border and he eventually made it home. Irene, who had been forced to stay behind at the border, not only lost her fur coat, but she was also fined several thousand Deutschmarks (in Western currency) and was threatened by the Communist authorities that if she did not pay the fine she would never be allowed back into East Germany to see her parents again.



**NEW BEGINNINGS —
IMMIGRATION TO
CANADA AND EARLY
ENTREPRENEURSHIP**

THE DECISION TO EMIGRATE

After completing his apprenticeship, Wolfgang worked as a tool and die maker for a company in the automotive industry. He was now nineteen years old and particularly enjoyed the fact that his friend Eckhard Engel was working with him in the same factory. Although their tasks were rather repetitive, it was a good job and they learned a lot. One night, while at a pub, Wolfgang and his friends talked about doing something different with their lives. Driven by youthful restlessness and an adventurous spirit, they felt too young to settle into a routine yet. Since everyone was talking about America as the country of unlimited opportunities, Wolfgang suggested that they go to the US for a number of years to learn English and then come back to Germany. Everybody agreed with his proposal: “Yes, that’s what we should be doing!” they said. Wolfgang announced that he would enquire about it with the US authorities. When he went to the US Embassy, he was told that the US was indeed looking for young tradespeople. However, he was also warned that after one year in the country they would be sent to Vietnam to fight for the US in the Vietnam War. Under the law of the day, immigrants were subject to mandatory military service in the US army. As a result of those conditions, the friends decided not to pursue immigrating to the US. With the US no longer an option, the next best thing in their minds was going to Canada. Wolfgang went to the Canadian Consulate in Stuttgart to inquire about the possibility of immigrating to Canada. Canada was also looking for young men trained in the trades. The Canadian Government was even running ads on German TV in an attempt to recruit skilled young tradespeople. When asked about his English language skills by the Canadian official, Wolfgang answered that his knowledge of the language was very limited.

As a matter of fact, he had not been taught any English at school. His first exposure to the English language was when he took a one-week-long language course at *Berlitz Language School* in Pforzheim just before leaving for Canada. In response, the interviewing officer suggested to Wolfgang that he go to Kitchener, in the province of Ontario, located about one hour west of Toronto. Kitchener, formerly called Berlin, had been a center of German immigration since the early 1800’s. Due to its German heritage, the city and surrounding area of Waterloo County had attracted thousands of post-WWII immigrants who had started businesses, clubs and other institutions which, the officer pointed out, would make it easier for Wolfgang to adapt to life in Canada. Determined to leave as soon as possible, Wolfgang filled out the papers and applied for immigration to Canada. To his great surprise, while he started putting their joint group plan into action, all of his friends, one after the other, pulled out. It was not long before he was the only one left. Undeterred, the nineteen-year-old informed his mother of his plans. Frieda Eisele, who was quite shocked by his plan, did not like the idea of her only son moving across the ocean. Hoping that he might change his mind, she asked him to stay home for another year and wait until he turned twenty. During that year, Wolfgang’s aunt as well as his other family members also tried to convince him not to immigrate to Canada.

Following his mother’s advice, Wolfgang stayed in Germany for another year. When he finally left for Canada in October of 1969, less than four months after his twentieth birthday, his plan was to live in Canada for two years and then move on to South Africa for another two years before eventually returning to Germany. As both countries were emerging at the time, the plan held the promise of great experiences for an adventurous

young man such as Wolfgang. Looking for a true adventure, Wolfgang decided not to travel to Canada by airplane, but booked himself on a freighter from Hamburg to Toronto instead. In October 1969, with Wolfgang set to leave for Canada, his friend Eckhard Engel drove him to Hamburg, where they spent some time on the famous *Reperbahn*. While sitting in a club, the two friends were approached by a recruiter for the French legion. The man promised Wolfgang and Eckhard a very large amount of money which was to be paid out after their three years of service were over. For a moment, Wolfgang and Eckhard were tempted to put their signatures under the ready-to-sign contract that the recruiter was carrying with him. In the end, however, Wolfgang left for Canada on the *Rendsburg* freighter, as planned, and Eckhard went back home.

ATLANTIC PASSAGE (1969)

The *Rendsburg* was an old freighter traveling from Hamburg to Chicago via Scotland, Quebec and Toronto. While on the way to Scotland, the cylinder rings of the ship’s two-cylinder engine—a meter and a half in diameter—required repairs. After pulling out the cylinder, the crew only had one chance to restart the engine because it was done with compressed air. They were successful and the ship made it to Scotland safe and sound, landing at Grangemouth on October 7, 1969. In Scotland, Wolfgang and some of his fellow passengers rented a taxi and drove to Edinburgh where they visited the famous castle.

In addition to the crew, there were six passengers on board: Wolfgang shared his cabin with a retired lawyer from Chicago whose wife had passed away and who was now traveling around the world on freighters.



Wolfgang boarding the *Rendsburg* and heading for Canada.



Wolfgang leaving Germany on the freighter *Rendsburg*, October 1969.



Another fellow passenger was from Peru; and there were three other young German men who, like Wolfgang, were immigrating to Canada. During the voyage, the passengers were allowed to move freely around the ship, including the bridge and the downstairs crew area. The three young passengers, including Wolfgang, and the ship's crew had huge parties on board, which, on more than one occasion lasted until five o'clock in the morning. Alcohol was cheap since there were no taxes on purchases made in international waters. After a night of partying, the passengers would sleep in while the crew had to get up and work. Wolfgang remembers one of the crew members being so drunk one morning that he did not even remember his name when reporting for duty—this on a day when his shipmates had to hang him overboard in a basket because he had been assigned the task of painting parts of the hull from the outside. At dinner time, the passengers were seated at the officers' table together with the captain, the first officer and the ship's radio operator. Food and service were excellent; everything on board was first class. Since eating times on board were absolutely punctual, on days when he happened to be late for dinner, Wolfgang had to eat with the crew because the door to the officers' dining hall was locked. Although he was crossing the Atlantic on a German freighter, communication was not easy. At the time, Wolfgang only spoke *Schwäbisch* (Swabian), a South-Western German dialect, but no High German, although he could understand it—he only learned to speak High German in Canada. Wolfgang remembers having trouble communicating at the officers' table because all of the ship's officers and crew spoke either High German or English. Although he had taken a one-week-long language course just before leaving for Canada; his English was nowhere near good enough to allow him to follow the crew's conversations.

STARTING OUT IN KITCHENER, ONTARIO

After crossing the Atlantic from Scotland, the *Rendsburg* landed in Quebec City, where they had to wait for a day. Wolfgang then spent two days in Montreal sightseeing and waiting for his immigration papers to be processed, before going on to Toronto, where he got off the ship. Wolfgang carried with him the address and phone number of the Wiegand family, who were friends of his mother's. The Wiegands picked him up in Toronto and took him to Kitchener, where Wolfgang stayed his first night off the ship in their house. The next day, his host family took Wolfgang to the bank to open his first bank account in Canada. To his great surprise, the teller changed the spelling of his name from Schröter to Schroeter, since *Umlauts* are not used in the English language. Ever since that day, Wolfgang has spelled his family name Schroeter. That very same day Wolfgang had a job interview, arranged for room and board, and was shown Conestoga College on King Street in Waterloo, where he would learn English several times a week in the evenings after work. On the second day after he set foot on Canadian soil, Wolfgang started working at *Electro Porcelain* in Kitchener's twin city Waterloo.

Wolfgang vividly remembers his first day at work. Expecting that the Canadian work dress code would be the same as in Germany, he had brought his blue work overalls, commonly referred to in German as "*Blauer Anton*" (Blue Anton) or "*Blaumann*" (Blue man) with him to Canada. In Germany, it was standard practice for workers to wear those kinds of boiler suits at work. On his first day at *Electro Porcelain*, Wolfgang carried the overalls with him to the plant in a big bag. When he was sent to the



Wolfgang with friends, circa 1972. L to R: Wolfgang, Renate Lipowitz, Bert Penzendorfer, Brigitte Penzendorfer, Ingrid and the late Rudi Lipowitz.

bathroom to change, Wolfgang was surprised to find that there were no doors in front of the toilets. Equally odd was the fact that his new colleagues looked at him strangely when he came out wearing his “Blauer Anton”, because nobody in Canada wore work overalls. Instead, workers were allowed to wear whatever they wanted.

Wolfgang’s first impressions of Canada were that everything was big and wide—big streets, big houses, big cars, big shopping malls – in short: a big country. Everything looked huge compared to what he was used to from growing up in Germany.

Besides the Wiegands, Rudi Lipowitz was another contact Wolfgang had upon arrival in Kitchener. They had previously met in Pforzheim, and before Rudi had left for Canada Wolfgang had almost bought a car from him. Once Wolfgang knew that he would be immigrating to Canada as well, he had gotten Rudi’s contact information from the young man’s parents. When Wolfgang called him in Kitchener, Rudi picked him up in a huge



Playing party games with friends in Canada.

Galaxy 500 Coupe. Wolfgang was truly impressed by the size of the car. Rudi introduced him to his many friends and acquaintances, and Wolfgang quickly realized that the Canadian official at the Canadian Consulate in Stuttgart had been right: Kitchener was home to many German-speaking people from all over Europe and Wolfgang soon became friends with many recent immigrants, particularly from Switzerland and Austria.² Rudi’s basement apartment in Waterloo quickly became the meeting place where Wolfgang and his new friends had parties and hung out, always having a good time. One night they had made plans to make cheese fondue, but did not have the proper tools for it. Improvising, they put a rope around the light fixture on the ceiling, tied it to a cloth hanger that had a pot attached to it and placed candles on the floor underneath the pot.

At Electro Porcelain, which produced ceramic insulators for *Ontario Hydro* and for residential cook tops, Wolfgang’s workstation was placed between the drying oven and the furnace. It was his job to take the ceramic parts out of the drying oven and to put them into the furnace.

Although it was October, it was so hot between the two furnaces that even today Wolfgang thinks it was probably the worst job in the entire factory. Glad that he had found employment so quickly after his arrival, he did not complain and kept doing his job. After two months, the company’s foreman approached Wolfgang; knowing that he was a trained tool and die maker, he had been looking around for a better job for him. The foreman had found a tool and die shop that would take him on in his learned profession. Overjoyed, Wolfgang thanked him. Due to the initiative of his foreman, Wolfgang started his second job in Canada in January 1970 at *Vanderzwaag Tool and Die* in Waterloo. His starting salary there was \$1.65 an hour.

While working at Vanderzwaag’s, Wolfgang bought his first North American car, a used Chevrolet, for \$200.00. Overjoyed he wrote home to his parents: “Got a car bigger than a Mercedes!”

Vanderzwaag Tool and Die was a tiny shop where Wolfgang worked with only two other employees, both of them Canadians. The shop looked like a garage attached to a house. Mr. Vanderzwaag always saved on heat during the winter. When he planned on coming into the shop, he turned up the thermostat so that the place was warm while he was in the building. However, when he left he turned it down again, leaving his employees to freeze. It got so cold in the shop that Wolfgang and his colleagues started turning up the heat in the owner’s absence, always watching carefully and turning it down the moment they saw Mr. Vanderzwaag approaching.

After a few months, Wolfgang learned that his two Canadian co-workers were making around \$4.00 an hour while he was only being

paid \$1.65. When they suggested to him to ask his boss for a raise, Wolfgang approached his employer. To his surprise, Mr. Vanderzwaag made all kinds of excuses as to why he could not pay him more. Among other things, he said that Wolfgang’s English was not good enough yet, and that he still had to learn working with non-metric measurements. Mr. Vanderzwaag seemed to suggest that once he had more experience, Wolfgang would be paid more as well. Wolfgang remained persistent and kept asking, and when Mr. Vanderzwaag finally agreed to give him a raise, he paid him \$1.70 an hour.

With no real perspective for professional development at Vanderzwaag’s, Wolfgang felt that it was time to move on. He looked around and quickly found a new job at *Heffner Tool and Die* in the Kramer Building right across from the Concordia Club in Kitchener. There he was paid \$4.50 an hour. It was a great job and he enjoyed the excellent working atmosphere that was completely different from his previous place of employment. Although Wolfgang liked working together with his new colleague, who was a German immigrant like him, and with his boss at Heffner’s, the Canadian economy was in a downturn which resulted in Wolfgang losing his job within less than a year.

With no job to support himself, Wolfgang seriously considered going back to Germany. Intending to return to his native country, he decided to take the brand-new Volkswagen, which he had bought only a week or two before he was laid off, back to the dealer. When he offered to sell the car back to him, the dealer told him that he would only give him half of what he had paid for the car. “I’ll think about it,” Wolfgang said and left, realizing that selling the car back was not an option.

² According to the 1971 Census, over 35,000 people or 32% of Kitchener residents, were of German ethnic origin (Census of Canada, 1971).



View of Toronto circa 1970.

MOVING TO TORONTO

After losing his job with Heffner's in 1970, Wolfgang tried to find new employment anywhere in Kitchener-Waterloo. Despite his persistence, with the economy going through a recession, no local companies were hiring. This was when Wolfgang learned through a friend of a possible job opportunity at *Chromalox Electric Heat* (now owned by *Dimplex*) in Toronto. The friend's uncle, who was employed at Chromalox, knew that the company was always looking for qualified toolmakers. After handing in his application, Wolfgang was interviewed, and he landed the job. At twenty-one years old, Wolfgang was the youngest employee in the tool room at Chromalox. Surprised by his young age, his new colleagues

said, "He can't be a toolmaker, he is way too young!" To their surprise, Wolfgang was not only a certified toolmaker, but also a highly skilled one on top of that. Due to his in-depth training in Germany, he could accomplish more difficult jobs than his older and much more experienced colleagues. The many monotonous hours he had spent at trade school filing by hand now came in handy. One of the tools they were building at Chromalox was molds for spiral burners used in electric ranges. Due to its spiral shape the mold had to be milled out spherically. Since the job was considered too difficult to be done in-house, it had always been outsourced to another company. Confident in his ability, Wolfgang suggested that he could do it—and he did! From then on his supervisors gave many difficult jobs to Wolfgang knowing that he was the only one in the tool shop who could do them. Wolfgang was paid well for his skilled work at Chromalox, receiving \$6.50 an hour.

When Wolfgang had moved from Kitchener to Toronto to work for Chromalox, the first place he lived in was a boarding house where every room was rented out individually. It was a noisy place, and Wolfgang was not pleased with it. As he started looking for another place to live, someone suggested that he look for shared student accommodations. While going through the classified ads in the *Toronto Star*, he found an ad, placed by students from York University who were looking for a third roommate to share an apartment on the 16th floor of a high-rise building on Jane Street. Wolfgang called, met with the students and moved in. Not only did he enjoy the camaraderie of living with Canadians his own age, he was also excited about the opportunity to improve his English by living with native English speakers. While living in Toronto, Wolfgang also took an *English as a Second Language* (ESL) course at York University. Since Wolfgang

was the only one among the roommates with a car, they drove to the grocery store together on Fridays to do their shopping for the entire week. To his surprise, by Sunday night all the food was gone, and Wolfgang found himself eating peanut butter and jam for the rest of the week. After a while Wolfgang realized that if he bought German food, such as blood sausage, herring, rye bread, and pumpernickel, his roommates did not touch his stuff and he would have food for the entire week.

When Wolfgang was given a box spring, he slept on it in a sleeping bag for two months, not knowing that the box spring is only the base of a bed set which, of course, also requires a mattress. Later on, when waterbeds became the newest fashion, Wolfgang and his roommates decided to buy waterbeds. After coming home late at night with their new purchases, they took the hose off the vacuum cleaner, and ran it into the beds' filling valves. Although it was dirty and messy and did not work well at first, they eventually got their waterbeds filled with water. Eventually, they found out that it was illegal to put waterbeds into high-rise buildings due to the weight and the risk of water damage.

One day, Wolfgang's roommates went to the horse races in Toronto where they won \$1,000.00. On their way back they met a man who sold them Marijuana, which they paid for with their winnings. When his roommates came back to the apartment with a garbage bag full of Marijuana, Wolfgang had no idea what they were doing. They took the plants out of the bag, cut the branches into little pieces, separated leaves and seeds and started selling them at the university. By then Wolfgang had had enough, as that was definitely not his lifestyle. He moved out and moved in together with another friend.

MEETING INGRID AND GETTING MARRIED

Although he was working and living in Toronto, Wolfgang always went back to Kitchener to spend the weekends with his friends there. In Kitchener, he usually stayed at Rudy's or at Bert Penzendorfer's. Bert, who is still a good friend of Ingrid and Wolfgang's today, was an immigrant from Austria. It was through Bert that Ingrid and Wolfgang met for the first time. One weekend, as he was visiting Kitchener, his friends told Wolfgang that there was a new girl in town. Bert and his girlfriend Brigitte knew Ingrid from English school and invited her to join them for a dance at the *Schwabenclub*, which was one of the local hubs for German-speaking immigrants at the time. This was where Wolfgang first met Ingrid, his wife-to-be, in February 1971. The second time their paths crossed



Ingrid and Wolfgang's engagement announcement, Christmas 1971.



Ingrid and Wolfgang getting married, July 1, 1972 (their only wedding photo).



Wolfgang and Ingrid during their honeymoon in Germany.



Wolfgang and Ingrid just before getting engaged at Ingrid's parents' home.



Wolfgang and Ingrid with Heiner Eisele in front of Wolfgang's parents' townhouse in Pforzheim.



Wolfgang and Ingrid with Frieda and Heiner Eisele in front of Wolfgang's parents' townhouse.



Munich in the 1960's.

was at Brigitte's boss's birthday party. After that, they met every weekend until they got engaged Christmas of 1971. At the time, Wolfgang had wanted to go back to Germany, but Ingrid had just started studying for her BA degree at Wilfrid Laurier University in Waterloo. They decided to stay because they figured that they would have more opportunities for advancement in Canada. Looking back, they have never regretted that decision. Wolfgang and Ingrid got married on July 1, 1972—Canada Day—in Germany where they had a small wedding with about twenty guests at an inn. Wolfgang's mother had organized the wedding in their absence. Ingrid was 21 and Wolfgang was 23 at the time they exchanged their vows. For their honeymoon, Ingrid and Wolfgang went on a road trip through France (where they camped in Paris), Monaco, Italy and back through Austria to Germany. Rather than renting a car, they bought an old Opel *Kadett* for 500 Deutschmarks. After six weeks and putting on a lot of kilometers they sold the car for 550 Deutschmarks before returning to Canada.

INGRID'S STORY

Ingrid was born on June 29, 1951 in Ottobrunn near Munich, Bavaria, the daughter of Helge Heide and Hildegard Heide, née Michl. She grew up in Ottobrunn until moving to Munich in 1961 where she attended the *Anger Cloister Modern Languages High School (Anger Kloster Neusprachiges Gymnasium)*, a private high school for girls that she graduated from in 1970.

Ingrid's father was an electronic engineer who worked for *Grundig*, the largest radio manufacturer in all of Europe at the time, and then for *Körting*



Ingrid's parents circa 1951.



Ingrid at the age of 2.



Ingrid in front of the family home in Ottobrunn at Easter.



Ingrid (on the right) modelling for a Knitting Company in Roithalmuenster, Bavaria, in 1954.



Ingrid and her mother, circa 1955. The picture was taken and developed by Ingrid's father.



Ingrid's first day at school.



Ingrid and her best friend Roswitha Lentes (née Minderer) during Mardi Gras (Fasching).



L to R: Ingrid's mother, godmother Elisabeth Winter, Ingrid, godfather Helmut Winter during Ingrid's Confirmation in the Catholic Church, circa 1965.



Ingrid's Holy Communion.



Ingrid with her godmother Elisabeth Winter during Ingrid's Confirmation in the Catholic Church, circa 1965.



Ingrid's grandparents on her mother's side on their wedding day.



Graduating from York University, L to R: Ingrid's father, Ingrid, Ingrid's mother, and Ingrid's aunt, the late Ingeborg Schuster.



Ingrid flying to the USA and Canada for the first time with her parents and friends, 1963.



Ingrid doing graphic design work at her godparents' company.



Ingrid with her friends during a school trip to Denmark. L to R: Ulli, Gabi, Ingrid, Claudia.



Family vacation in Croatia (then Yugoslavia). L to R: Ingrid, her parents, her cousin Gerhard Schuster and a friend.



Ingrid with her best friends from high school, L to R: Ingrid, Marietta, Ulli, Elisabeth ("Beschi"), Veronika ("Vroni").

Kiefel as service representative and account manager. Her mother worked as a secretary for the *Fritz Jagan Company* in Munich, a small retailer of machines for the wood-working industry, for twenty years.

Ingrid's family connection with Canada was through her grandparents on her father's side who had immigrated in 1951 via Sweden. Ingrid's grandfather, Alex Heide, who was fluent in German, Swedish and English, had worked in Sweden for the Government before going to Canada. Ingrid's father was born in Berlin, while her mother was from the Sudetenland, in today's Czech Republic, where her family had owned and operated a knitting factory in Asch. As members of Czechoslovakia's ethnic German minority (the Sudeten Germans), they had lost everything when they were evicted by the Czechs at the end of the Second World War. Similar to Wolfgang, whose uncle and grandfather were entrepreneurs and business owners, Ingrid's family history includes entrepreneurship as well.

When Ingrid's grandparents, together with their youngest son Rudolf—Ingrid's uncle—immigrated to Canada in 1951, Ingrid's father decided to stay in Germany, because he had just gotten married and his wife was pregnant with Ingrid. Ingrid's father's brother Axel followed his parents in 1959. Ingrid and her parents visited her grandparents and uncles twice in Canada—in 1963, and again in 1969 to attend one of her uncle's wedding. Following the second visit, Ingrid's parents decided to immigrate as well to join their family in Canada. They held off for another year, however, until 1970, so that Ingrid could finish high school in Germany first. Ingrid's father immigrated in May of 1970, and Ingrid and her mother followed on Sept. 5, 1970.



Ingrid and Wolfgang's uncle Oskar Lapp in front of the Lippincott Street home in Toronto next to Wolfgang's 1969 Firebird Convertible.

In spite of being an electronic engineer, Ingrid's father, like many other qualified immigrants, could not find a job in his profession after coming to Canada and ended up repairing radios and TVs in their new hometown Kitchener. In May 1971, they purchased a house on 37 Roslin Avenue in the Westmount area of Waterloo. Ingrid's mother found a job at one of the local lunch delis, where she worked as a part-time cook. Ingrid worked in the deli's butcher shop for about two months and then got a job in the kitchen at the KW Hospital. Her grandmother worked there as a dietician. Ingrid's original plan after coming to Canada was to become a graphic designer. She applied at Conestoga College and was accepted into the program. This was when her parents suggested that she pursue a university education instead, as they felt that a university degree would offer Ingrid more possibilities for professional advancement in the future. In 1971, Ingrid enrolled in the BA program at Wilfrid Laurier University in Waterloo



Ingrid and Wolfgang in front of their first home in Toronto, 1972/73.

with the goal of becoming a translator. After Ingrid and Wolfgang got married in 1972, with Wolfgang working at Chromalox in Toronto, she applied for a transfer to the University of York, where she completed her studies with a Bachelor of Arts degree in languages (French and German).

FIRST-TIME HOMEOWNERS

In 1972, Wolfgang and Ingrid bought an old 2-bedroom-bungalow on Lippincott Street in Toronto for \$22,000.00 with a down-payment of \$3,000.00 (\$2,000.00 of which they had received from Ingrid's parents for that purpose; and the other \$1,000.00 came out of Wolfgang's savings). They had looked at the house only once, made an offer on it and had then left for Germany to get married. The house had closed in their absence with their lawyer looking after all the paperwork. It was not

until they moved in after returning from their honeymoon in Europe that they took a second, more critical look at their first home. When Wolfgang opened the door to the attic for the very first time, he noticed at least twenty-five pails partially filled with water, placed there by the previous owner to catch the water seeping in through the home's leaky roof.

The young couple's first home was so close to the main railroad that it would shake at night as the trains went by. During their first two years of marriage, Ingrid went to university while Wolfgang continued working at Chromalox. They repainted the entire interior of the house (all the walls and even the interior doors had been painted green by the previous owners), changed the colour of the kitchen cupboards, tore out the old heavy cast-iron bathtub and put in a new bathroom. They fixed the leaks in the roof with tar, because they did not have enough money to replace the worn-out shingles. As they were struggling to make ends meet, renovations were limited to necessary updates that did not cost a lot of money.

Being first-time homeowners, Wolfgang and Ingrid needed a lawnmower so that they could take care of their lawn. Since money was tight, with Ingrid operating on a weekly grocery budget of \$15.00, Wolfgang bought a non-working lawnmower from the wreckers for \$5.00 and refurbished it to make it work again. Seeing a business opportunity, he went back and bought five more. After fixing them all up, he put a "For Sale" sign up on their front lawn and sold them for a profit.

When they decided to redo their seven-foot high basement, Wolfgang and Ingrid went to a carpet store to buy carpet. The helpful store clerk gave them carpet sample books which they took home. Although they

liked a lot of the product that was sampled in the binders, they quickly realized that they could not afford any of them, and took them back to the store. To their surprise, the store owner told them that these were old sample books and that they could keep them if they wanted. Seeing an instant opportunity to achieve their goal of having new carpet in the basement in spite of limited funds, Wolfgang and Ingrid asked whether they could have more old books. They then went to several other carpet stores and collected old carpet sample binders from them as well. With the samples from all the various books, they created a patchwork carpet and put it down in their basement at no cost whatsoever.

IW LAMPSHADES —INGRID AND WOLFGANG'S FIRST JOINT BUSINESS VENTURE (1973)

In 1973, while they were back in Germany on vacation, Wolfgang and Ingrid noticed lampshades made out of sisal ropes. With their modern look, they were very popular in Europe at the time. On a whim, Wolfgang and Ingrid decided to try producing and selling them in Canada. After their return, they went to a store to buy rope and two jumping-on balls. In order to be able to buy the rope wholesale, they had to make up a company name first. Using the initials of their first names, they simply called their business *IW Lampshades*. Back at home, they inflated the ball, wound the sisal rope around it and applied liquid fiberglass resin. When the resin had dried, they took the ball out and, to their great delight, their first lampshade stayed in shape on its own. After building two prototypes that way, they decided to make them in production and to sell them. Since the balls they had used on their first two lampshades were too expensive,



Cottaging on Georgian Bay with friends. L to R: Heinz and Heidi Brast, Ingrid's mother, Gisela Kratsch, Ingrid's father.



Building the family cabin on Rose Island. L to R: Wolfgang, Ingrid and Ingrid's parents, 1973.



Ingrid's father boating in Georgian Bay.



Wolfgang's parents at the cottage with the family dog "Red".



Ingrid's father finishing the roof of the family cabin on Rose Island.



Ingrid's father enjoying fishing in Georgian Bay.

they decided to use beach balls instead. With the new material, they made their first batch of ten lampshades and hung them off the ceiling in their basement to dry overnight. When they went to check them the next morning, they found that each of the lampshades, excluding one, had collapsed. To Ingrid's and Wolfgang's dismay, the resin had melted the plastic of the balls, causing the air to evaporate and making the shades cave in. The failed experiment had cost them \$138, which was a lot of money for them. Realizing that making those lampshades was too labour-intensive and disliking the smell of the resin, they gave up on the plan of becoming manufacturers of lampshades. That decision was made easier since they had not been looking for an opportunity to become entrepreneurs when they had come across the lampshades in Germany. Instead, the decision to give it a try had been made rather spontaneously. With no real commitment to becoming lampshade entrepreneurs, they did not pursue the idea any longer when they encountered these difficulties.

In 1973, around the same time that Ingrid and Wolfgang had undertaken their failed first attempt at private entrepreneurship, Ingrid's parents bought a cottage lot on Rose Island in Georgian Bay near Parry Sound. They were able to afford the land and to build a cottage there because by then, Ingrid's father was making good money working for *Electrohome* in Kitchener. When they started building the cottage, Ingrid's parents drove up from Kitchener and Ingrid and Wolfgang came up from Toronto in order to help them over the weekends. At first, they slept in a tent and eventually they built a small cabin where they stayed while building the cottage. All material for the island cottage that was being built on a hill had to be brought in by boat. Wolfgang and Ingrid had found a cheap twelve-foot aluminum boat with a three-horse-power motor and had brought it



Ingrid and Wolfgang on the roof of their house while putting on an addition.

up to Georgian Bay on top of the *Firebird* Convertible that Wolfgang had bought two years earlier in the fall of 1971. They used this small boat to carry all the lumber and other building material needed in the construction of the cottage. Family friends helped with construction over the weekends as well. Ingrid and Wolfgang remember this as a great time in their lives.

MOVE TO BARRIE (1974)

In 1974, the employees at Chromalox went on strike. Since Wolfgang was too proud to carry around a union sign, as well as for other reasons, Wolfgang and Ingrid felt that it was time to move on again. Ingrid had finished university and they were looking at Trenton, Kitchener and Barrie as possible places to relocate to. Originally, they wanted to move to Parry



Ingrid and Wolfgang putting an addition onto their house in Utopia.

Sound, but when they started looking between Toronto and Parry Sound they soon felt that Barrie was the right place to go. While Chromalox was on strike, Ingrid and Wolfgang had time to explore and look for a new home. In Barrie, they met with a real estate agent who showed them a two-year-old home which they liked so much that they decided to buy it at \$34,000.00. The house was located in the Township of Essa, outside of Barrie in the country, with a mailing address that read "RR #1, Utopia". Since the real estate market in Toronto was excellent at the time, truly a seller's market, they anticipated having no problem selling their house in Toronto. Confident that their Toronto home would sell immediately, Wolfgang and Ingrid put an unconditional offer on the house in Utopia with the closing date only 6 weeks away, on July 15, 1974. Back in Toronto their real estate agent there suggested they could get \$65,000.00 for

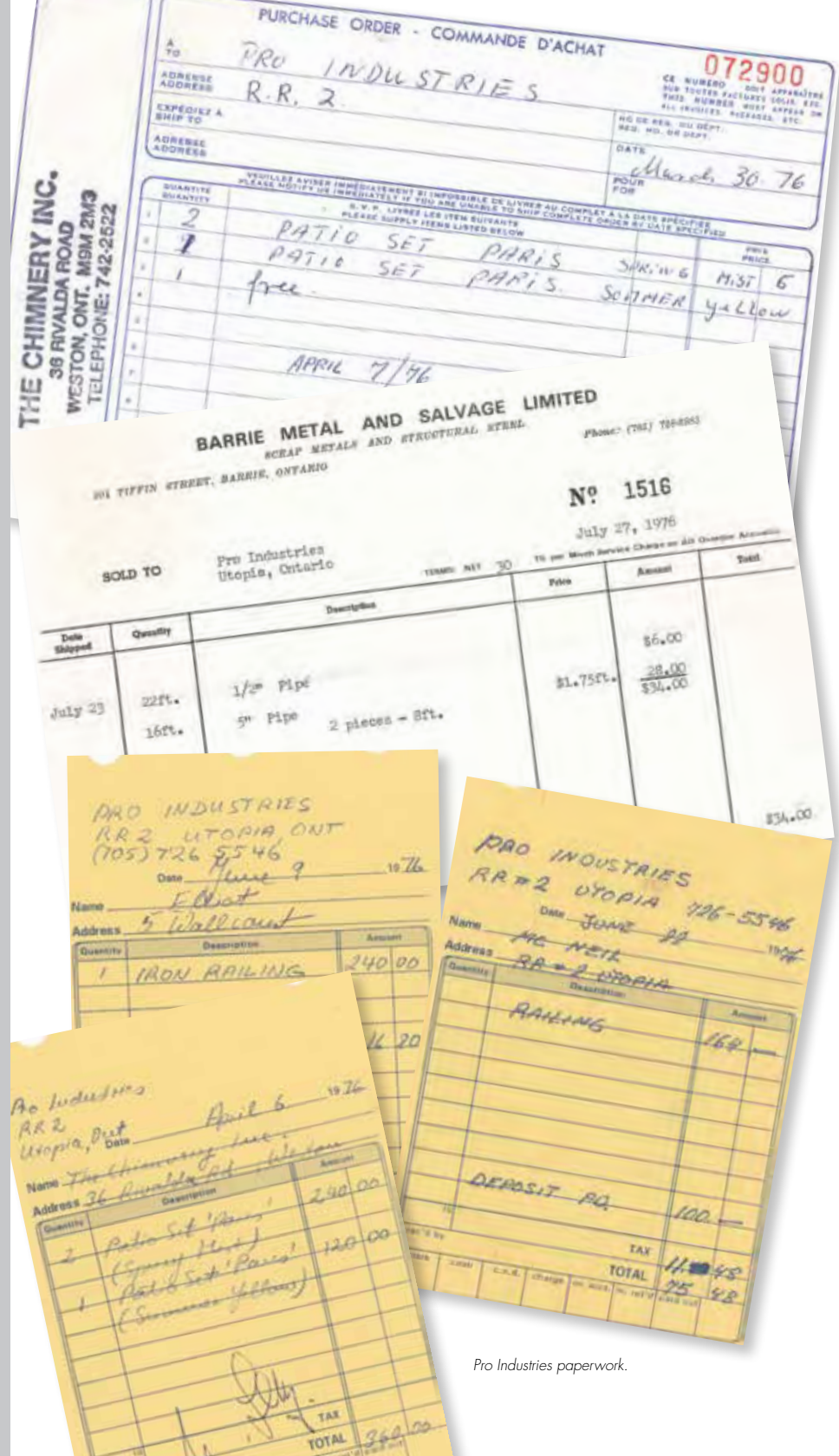
their house which they had bought for \$22,000.00 only two years earlier. However, to their surprise, the market in Toronto went down, just as they were trying to sell their old bungalow and Wolfgang and Ingrid became increasingly concerned that they might end up owning two houses at the same time. Fearing this outcome, they drew up an emergency contingency plan for the possibility that they would not be able to sell their house in Toronto before their new Barrie home closed. In that case, Wolfgang was supposed to go to Barrie, while Ingrid would stay in Toronto at first. As part of that plan, Ingrid looked for a job in Toronto and started working as a filing clerk at *Moore's Business Forms*. When they dropped the asking price to \$45,000, however, their house in Toronto sold one week before they took possession of their new home in Utopia, allowing them to make the move with no need to enact their emergency plan.

In September 1974, soon after moving to Barrie, Wolfgang was hired as a tool and die maker at *General Electric* (GE) in Barrie. GE was unionized as well and a couple of weeks after he started working for GE, the union steward approached Wolfgang and asked him to slow down in his work, emphasizing that this was a union job. Looking back, Wolfgang says: "No wonder the GE plant had to close down eventually: they only really worked for two hours a day and the working morale was terrible."

About three months after he had been hired, Wolfgang was let go by GE before Christmas. This was standard practice so that the company did not have to pay its employees over the holidays. Wolfgang started looking for a new job and quickly found a position as a tool and die maker at *Prodomax* in Barrie. There he worked with the company's founder, Mr. Hickling, as well as with six other employees. Founded in 1971,

Prodomax was a small company back then. Today, the business has grown into a fairly large-size operation, employing over 100 people in the manufacturing of custom production machinery. Since the economy was in the midst of a recession again, Wolfgang was employed at *Prodomax* on and off, depending on whether there was enough work for him.

Like Wolfgang, Ingrid continued to work as an employee after the couple's move to Barrie. Since there were hardly any jobs available that suited her educational background, Ingrid, in September 1974, started working part-time for the local newspaper, the *Barrie Examiner*. In that position, she was first assigned to work with the photographer. Her responsibility was to get the photos ready for the printing press. From there, she moved up into the office where she operated one of the switchboards. With a smile, she remembers her routine of putting telephone plugs into the switchboard so that parties could communicate with each other—just like in the old movies. In addition to operating the switchboard, Ingrid was assigned the task of looking after accounting which she had no real experience with. As it became increasingly apparent that the work did not match her academic background, she was eventually let go after a few months. Looking back, Ingrid believes that losing her job at the newspaper was a good thing because in January 1975 she was hired by *Bell Canada* as a customer service representative, a position which she enjoyed a lot and that allowed her to make fairly good wages. Ingrid was the first external candidate to be hired for that job since Bell Canada usually promoted from within the organization. Ingrid's employment at Bell Canada was highly beneficial to the young couple: not only did she receive thorough training in customer service, enabling her to develop interpersonal skills that would later come in handy when dealing with customers after the



Pro Industries paperwork.

founding of their own company, but Ingrid having a steady full-time job further put her in a position to carry them through while Wolfgang pursued his first steps as an entrepreneur.

FROM 'PRO INDUSTRIES' TO 'DERKS ORNAMENTAL RAILINGS AND IRON WORKS'—EARLY STEPS AS AN ENTREPRENEUR, 1975-1977

Not being the kind of man who could sit around and do nothing, Wolfgang built a two-car garage on his house while he was off work from Prodomax. He accomplished and built almost everything himself, including digging out the foundations with a shovel and establishing the forms for pouring the foundations. On one particular day in 1975, after building the garage, Wolfgang was talking to his neighbor. Knowing that Wolfgang was looking for work, the man told him of a barn that had burned down in the area and suggested that Wolfgang approach the farmer and inquire whether he needed help rebuilding it. Following this advice, Wolfgang drove out to the farm, but to his disappointment the barn had already been rebuilt. As Wolfgang and the farmer began talking, the farmer mentioned that he had just received a quote for an install of new calf stalls on his property. When he asked Wolfgang whether he could weld, and even though he had never welded before, Wolfgang answered, "I can do anything." At this, the farmer countered, "Why don't you give me a quote for the calf stalls then." He handed Wolfgang the plans and drawings the other company had provided. Wolfgang went home, worked out a proposal, went back to the farmer and quoted him \$12,000.00 for the job. "Go ahead," the farmer said. Wolfgang was in



Wrought iron patio sets made by Wolfgang.





Ingrid and Wolfgang's station wagon that they used for transporting steel.

business. He went to Canadian Tire, bought a hacksaw, a vise as well as an electric welding machine and set up the tools in his garage. He then ordered all of the material he would need, and even built a rack for his Rambler station wagon so that he would be able to carry the 24-foot-long steel tubing he required for the stalls on top of the car. Wolfgang cut all the metal with his hacksaw, painted it with a brush and installed it himself. The farmer was so pleased with the quality of Wolfgang's work and with the final product that he referred him to other farmers in the area as well. Of the many jobs that he accomplished for farmers in the Barrie area, Wolfgang remembers one install in particular. The farmer wanted steel bars to be placed in front of the stall window where his bull was housed



Derks Railings Invoice.

because the bull always kicked out the glass with his horns. While he was installing and fastening the steel bars to the wall, the bull was standing on his foot and refused to move for over ten minutes.

Wolfgang decided to name his small business which he operated out of his garage *Pro Industries*. While gathering valuable experiences as an independent contractor, Wolfgang always attempted new projects in an effort to expand his business. Having gained know-how in making wrought-iron railings, he started building wrought-iron patio furniture to keep himself busy in-between railing jobs. After building his first set, he took pictures of it and tried to sell it in Barrie and Toronto. At first nobody wanted it, until he met Norman Lenz, the German owner of a store in Toronto who purchased some of his patio furniture. Looking back, Wolfgang guesses that the man felt somewhat sorry for him. Norman was a former chimney sweep who had been trained in Germany and after coming to Canada had opened a store where he sold wood stoves and fireplaces. As they became better acquainted, he took Wolfgang to his very first hockey game in Toronto.

While operating as an independent contractor, Wolfgang picked up the steel he required for jobs directly from the steel supplier in his Rambler station wagon. At the plant, the employees made him load 24-foot-long tubing and 20-foot rods onto his car himself. He noticed, however, that if he sent Ingrid to pick up the materials that the steel workers would put it on for her. One day when Ingrid came back from picking up the order, they had put so much steel onto the roof that the weight of the steel trusses had caused the roof to collapse. "This is the last time I am picking up steel for you," Ingrid said.

Wolfgang still vividly remembers buying a used iron worker—his first machine ever—from *Walter Haas Machinery* in downtown Toronto. In order to bring the machine home, he had to attach the trailer that he had built directly to his car. On the way up Highway 400, the machine bounced up and down so many times that the legs of the machine eventually broke through the plywood floor of the trailer.

After doing various steel fabricating jobs for farmers in the area, Wolfgang decided to build wrought-iron railings for houses because the work was very similar to the calf stalls he was doing already. Since jobs were not easy to obtain, he hoped to break into the new construction market that way. Furthermore, making railings did not require a lot of equipment. This ultimately afforded Wolfgang an opportunity to enter that market without having to borrow money, and also served to keep his overhead low. To put his plan into action, Wolfgang drove around, took pictures of railings, compiling them into a catalogue and advertised in the paper "Custom wrought-iron railings for sale".

One of his co-workers at Prodomax, a Dutch immigrant of the name John Derks, was doing exactly the same thing. Although Wolfgang felt that Derks was ahead of him—he spoke perfect English, had more machines, and much more experience in building railings—they got together and decided to become business partners. Operating under the name of *Derks Ornamental Railings and Iron Works*, they formed a partnership in 1976 and rented space on Morrow Road in Barrie for their shop. The idea was for both of them to continue working at their day jobs at Prodomax, and to run their business on the side. After business picked up, Derks was the first to quit his day job and Wolfgang followed later once they had

enough orders to support them both. They decided that Derks would do the installs, while Wolfgang would drive around and talk to homeowners to inquire about and subsequently acquire possible jobs for their business. This was not an easy venture though. As the economy went down again, Wolfgang remembers driving around for a whole week, traveling from Orillia to Newmarket and from Wasaga Beach to Peterborough, and not being able to find a single job – and this after they both had quit at Prodomax already. Ingrid was involved in the business as well, looking after the administration and doing the books after hours and on weekends, as she continued to work full-time at Bell Canada.

In addition to wrought-iron railings, Wolfgang and Derks did other wrought-iron work as well. One time, they quoted a 30-foot-wide wrought-iron arch to be installed in a park in Innisfil, just outside of Barrie. Due to the enormous size of the structure, the main challenge they faced was getting the arch to the park after the pieces were already welded together. Since all they had to carry it in was a station wagon and a trailer, Wolfgang and Derks welded a long axle onto the trailer. When the arch was ready to be installed, they hauled it to the park on their improvised extended trailer, leaving at three o'clock in the morning when there was hardly any traffic, because they needed the entire width of the road while driving around curves through Barrie.

When Derks eventually brought his son into the business as well, this proved to be too much for their small company, as there was not enough money to be made to support all three of them. Furthermore, over time it became obvious that Derks and Wolfgang held different business philosophies that were not compatible in the long term. By the end of

1976, after eight months of working together, they eventually decided to separate. Derks took over the lease of the building while Wolfgang went back to his garage.

THE DAWN OF WOLF STEEL: SIMCOE RAILINGS, 1977-1979

In 1977, as he was back on his own again, operating under the business name of *Simcoe Railings*, Wolfgang hired Glen Ransom, his first employee. Glen was a Canadian, and he was older than Wolfgang, who, at the time, still had some problems with the English language. As a result, customers often went to Glen instead of Wolfgang because they thought that he was the boss. Wolfgang gladly let him play that role. Glen stayed with Wolfgang for about three years until he started a foster home together with his wife. After less than six months of working out of his garage, Wolfgang rented space on Vespra Street in Barrie where his business occupied 1,000 square feet. Their second employee, Ron Noordhoff, joined in 1978. He is still with the company today, serving as Building Maintenance Supervisor.

At the time when Wolfgang hired Ransom, the economy was once again in recession. Although Wolfgang did everything he could, finding jobs proved extremely difficult. One day around this time, Wolfgang noticed a public invitation to tender, issued by the Government for a job to be done at the penitentiary in Penetanguishine. The bid was for putting windows with bars into the cell doors in order that food could be delivered to the cells without direct contact between the inmates and the guards. The reason for this modification of the doors was that many times when the guards

opened the doors the officers would be assaulted by flying fists from the inmates. When Wolfgang went to the penitentiary to hand in his tender he was escorted in the penitentiary by an official with a black eye. Wolfgang asked him what had happened, and the man replied that he had been beaten in the face through an open cell door. He then showed Wolfgang one of the inmates who was totally naked in solitary confinement in his cell. Based on everything that he had seen at the penitentiary, Wolfgang quoted the job extremely high to ensure that he would not get it.

From the beginning of their business ventures, Wolfgang and Ingrid did everything together. The early years were difficult, as they had very little money, and most of the money they made they put back into the company. Ingrid's parents thought they had lost their minds for working so much and making so little in return. There was one year that Wolfgang wanted to quit, but they stayed strong and held on, mutually supporting each other through times of doubt and uncertainty. In his last year at Chromalox, Wolfgang had made \$18,000.00 as a tool and die maker. In contrast, during the first year on his own after splitting up with Derks, his income for the entire year was no more than \$3,000.00. Luckily, Ingrid continued to make good money during this time working for Bell Canada, allowing her to support Wolfgang and cover all of their living expenses. It took seven years until he finally started making some decent money. Looking back, Wolfgang comments: "Nobody in his right mind today would wait 7 years to make a decent income. If it had not been for Ingrid's steady income in the beginning, we would not have been able to stay in business."

Keen on breaking into the new construction market, Wolfgang took on various jobs for some of the local builders, including Don Pratt, who

Statement of Income
For the period January 23, 1978 to December 31, 1978

Sales		\$ 48,110
Cost of sales:		
Purchases - materials	\$ 18,943	
Inventory at end of period	9,943	9,943
Gross profit		\$ 38,167
Expenses:		
Advertising		\$ 883
Auto and truck		2,402
Bank charges and interest		679
Employee benefits		447
Legal and accounting		791
Office and sundries		433
Rent		2,450
Repairs and maintenance		1,740
Shop supplies		2,526
Taxes - municipal		625
Telephone		850
Travel and entertainment		301
Utilities		212
Wages		5,943
Bad debts		1,146
Depreciation		4,692
		\$ 26,120
Net income for period before owner remuneration or income taxes		\$ 12,047

Schedule "A"
Schedule of Fixed Assets and Accumulated Depreciation
For the period January 23, 1978 to December 31, 1978

Assets	Cost	Accumulated Depreciation	
		Jan. 23	Dec. 31
Equipment	\$ 7,101	\$ -	\$ 3,336
Vehicles:			
1976 Ford van	\$ 2,918	\$ -	\$ 822
1972 Plymouth	1,500	-	422
Trailer	600	-	112
	\$ 4,818	\$ -	\$ 1,356
Totals	\$ 11,919	\$ -	\$ 4,692

Simcoe Railings Invoice and Income Statement, 1978.

owned the largest construction company in town. Wolfgang met Don through Ingrid who was taking prenatal classes together with Don's wife. Knowing that Don had his own people making railings for him, Wolfgang tried to convince him to let him do all the work and not just individual jobs every once in a while. One day when Don was in a bind, having a closing on a house and needing a railing for the very next day, he approached Wolfgang, and said: "If you can do the railing by tomorrow, you have a job." Wolfgang took the measurements, worked all night, and by noon the next day he had the railing installed. Don was so pleased that he told Wolfgang: "If you work like that all the time, you can do all the railings for me."

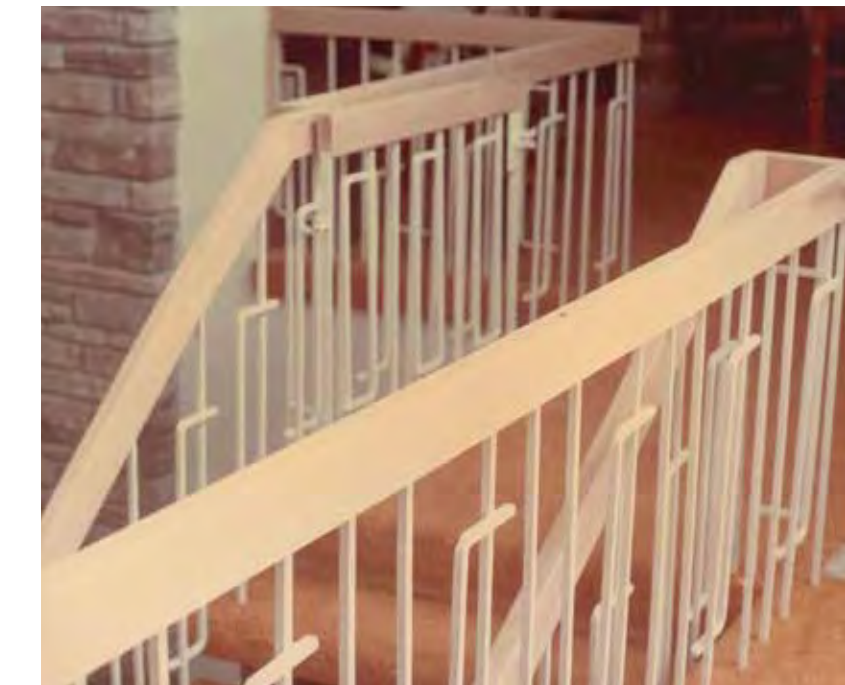
Following his first job with Don Pratt, Wolfgang was able to grow his railing business by working with other builders as well. *Simcoe Railings* soon built a reputation for being able to deliver within any time frame. When Don Pratt asked him to do steel stairs for him, despite having never done them before, Wolfgang said "No problem, I can do that for you." Having a natural aptitude for building and engineering things, Wolfgang figured out quickly how to do them. The biggest challenge that he faced, was that building stairs required a larger welder than the small one he had purchased at Canadian Tire. Since Wolfgang did not want to pay for a tool rental for the entire duration of that job, he decided to build the entire staircase, put it into place at the construction site with his small welder first, and then rent a larger one for one day only. He was able to complete the real welding using the larger welder by working 24 hours straight through the night, and took the rented tool back the very next day. Looking back, Wolfgang says: "Others would have most likely bought or rented a welder for the entire week. I considered that a waste of my resources."

Another job that Wolfgang remembers in particular was constructing steel stairs in the *Eaton Centre* in Toronto. The *Eaton Centre*, a landmark in Toronto, was built in two stages. In February 1977, the northern section was built, and in August 1979 the southern part was completed. While the *Eaton Centre* was under construction, one of the restaurants which was built on two floors needed stairs to connect their premises. Wolfgang quoted them and subsequently got the job. When he was ready for the install, Wolfgang loaded all the parts that he required into the trunk and onto the roof of his green Buick station wagon and drove down to the largest construction site in all of Canada. Upon arrival, he noticed people looking at him strangely because everything else came in big trucks. After an hour on the job, a man approached Wolfgang and Glen Ransom and asked them to show him their union membership cards: "We don't have union cards," Wolfgang replied. The man countered, "You realize it is *Cadillac Fairview* that is building here and they are fully unionized. You can't work here if you are not in the union." In reply, Wolfgang answered him, "I am just finishing my job and I will be out of here within two days," and continued working while ignoring the union official. Two hours later four men in suits showed up at the site where he was doing the install. One of them was from *Cadillac Fairview*, one of the partners behind the construction of the *Eaton Centre*, and the other three were union representatives. When they asked him for his union card again, Wolfgang told them the same thing that he had told the other union representative before. They repeated that *Cadillac Fairview* was a fully unionized company and threatened that if Wolfgang kept working on the site two thousand union workers would walk off their jobs and Wolfgang would be held responsible for their wages. "What do you want me to do?" Wolfgang asked, realizing that he could not simply carry on with

his job. They explained that he would have to go to the Union Hall, hire two Union members there and bring them back to the job site the next day to finish the install for him. With no other option, Wolfgang went to the Union Hall the same day. When he got there, he noticed many workers sitting around, smoking and playing cards. Wolfgang told the union official at the office that he needed two union members for the next morning to help him put up steel stairs. "They will be at the site tomorrow morning," the union representative replied. The next morning two union workers showed up as arranged. Wolfgang showed them where the material was and told them to continue the job he had started the previous day. In reply, the union workers answered him, "We don't know how to do that." "I don't weld." "I only tighten screws." Running out of patience, Wolfgang instructed them: "Just sit down here and my helper and I will put it up ourselves." As a result, Wolfgang ended up paying two union workers \$35.00 an hour each for sitting around at the job site while he and Glen Ransom completed the job which they could have finished faster without them in the first place.

When Wolfgang had gotten into the railing business in 1976, the railings he built had been mainly interior and exterior steel railings. The interior railings were usually made out of polished and hammered Swedish steel which gave them their unique antique look and made them a favorite among new homeowners at the time. When the trend later changed to interior oak railings with spindles, curved wood railings became particularly popular in high-end homes. The transition from steel to wood proved challenging for Wolfgang, because he had no experience in woodworking. However, since customers were demanding it, he quickly learned how to do curved wood railings as well. At the beginning, Wolfgang found it quite difficult

to make the handrail out of curved oak and it took him many attempts until he finally figured out how to do it properly. As a result of this experience, he learned an important lesson that he has applied to his entrepreneurship ever since: "There is always change in business. If you do not go with the change you will eventually go out of business." Through his willingness to adapt to changes in the marketplace, Wolfgang ended up building and installing many railings for home-builders in and around Barrie as well as for the city of Barrie itself. As he was producing wrought-iron railings, gates, staircases, fire escapes as well as solid oak railings, Wolfgang's tendency towards diversification of product—one of the key pillars of the success of *Wolf Steel* and *Napoleon* to this very day—is clearly visible even early on in his entrepreneurship.



Railing built by Wolfgang.



**LIGHTING THE FIRE —
BUILDING THE FIRST
STOVE AND BECOMING
A WOOD STOVE
MANUFACTURER**



Early Timberwolf insert, Model 1500 – 1980.



Early Timberwolf single door stove, Model 1400 – 1979.



Early Timberwolf woodstove, Model 2000 – 1979.

BUILDING THE FIRST WOOD STOVE AND THE FOUNDING OF WOLF STEEL LTD.

Back in the late 1970's, *Fisher Stoves* was a big name in the wood stove market. Fisher operated out of Oregon, where Bob Fisher had developed the first airtight steel-plate stove that was welded together. Before developing branch plants, similar to franchises, he had sold his stoves exclusively in Oregon. By the late 1970's, the Fisher Stoves Company had franchise factories all over Canada and the United States, producing and selling thousands of units of their highly popular models. These manufacturing businesses, one of which was located in Barrie, built Fisher stoves under license and paid Fisher a royalty in return.

Wolfgang had first seen a Fisher wood stove when the city of Barrie had hosted a winter carnival with ice sculptures. A Fisher stove was used in one of the trailers and it kept the trailer nice and warm even though it was extremely cold outside. One day in 1978, Ingrid's father told Wolfgang that he wanted to buy a Fisher wood stove for his house. Since Wolfgang did not have a lot of contracts for his business at the time, he offered to build him one instead using the Fisher stove as a model. Wolfgang had no idea that with this offer he was about to lay the foundation for a multi-million dollar company.

When Wolfgang and Ingrid went to the plant in Barrie where Fisher stoves were built and sold, the building was already closed for the day. As they looked through the window in the back, Wolfgang noticed some welding



Ron Noordhoff manning the booth with a hand painted sign during the company's first exhibit at the Home Show in Gravenhurst, around 1980.

equipment and several wood stoves. At the time, he thought it strange that anybody would buy a wood stove when there was more modern technology around, such as gas, oil and propane furnaces but since his father-in-law wanted to have one he decided to pursue the project. He had no idea that only a few years later his own stove company would operate out of exactly that location.

In preparation for building his first stove, Wolfgang went to *Barrie Welding* and asked them to cut the steel plates for him and to bend them according to his specification. In addition to doing custom jobs, *Barrie Welding* was one of many companies that were also manufacturing their own brand of wood stoves. The name of their cast-iron door model was "Johnson". Wolfgang asked whether he could buy and use one of their doors for his stove. Since *Barrie Welding* had no objections, the first stove Wolfgang ever built was a stove with a "Johnson" door on it. When he had finished constructing his first wood stove, his father-in-law took it home



Wolfgang during the company's first exhibit at the Home Show in Gravenhurst, around 1980.

to Kitchener and hooked it up in the basement. He was extremely happy with it, because it heated the entire house.

After seeing how well the wood stove he had built for his father-in-law worked, Wolfgang made a stove for himself and another one for his neighbour who wanted one as well after seeing Wolfgang's. In 1978/79, his first two years in the hearth product industry, Wolfgang built 3 stoves, one with a "Johnson" door and two with Timberwolf doors.

In 1979, Wolfgang had to change the name of his company from *Simcoe Railings* because a company in Keswick, Ontario started operating under the same and had it registered. Wolfgang decided to name his business *Wolf Steel* because the more general character and nature of that new name reflected the fact that they were no longer just in the business of making railings. And so, in 1979, *Wolf Steel Ltd.* was born and registered.

BECOMING A WOOD STOVE MANUFACTURER

At the end of the 70's, when Wolfgang built his first stove, wood-burning stoves were becoming hugely popular. Faced with a severe shortage of oil in the market and fears that Western nations would eventually run out of oil, people began buying wood stoves in great numbers as a precaution.

At the time of the energy crisis in the late 1970's, there were over 300 manufacturers of wood stoves in Canada. In *Barrie* alone, Wolfgang estimates that there must have been between 10 and 15, including *Crafted*, *Millscraft*, *Barrie Welding* (their model was called the "Johnson Converter"), and *Fisher* (whose models were named "Baby Bear", "Mama Bear" and "Papa Bear"). With so many manufacturers making a living by producing wood stoves, Wolfgang decided to break into the wood stove business as strongly as he could. Seeing a great business opportunity, Wolfgang began building a company around the first stove he had built for his father-in-law. Today, that very same company has become a market leader and employs around 700 people.

In designing his company's first market model, Wolfgang created a single large cast-iron door with a spin draft in the middle that made it look like a sunburst. The door could be used both as a left and a right door on a two-door model as well. Wolfgang and *Ingrid* then developed a pamphlet that illustrated *Wolf Steel's* first two models: a single-door stove and a larger double-door unit. He named both models "Timberwolf®", in part because of his own name, but also because the name seemed to fit the units' large, rugged, and solid appearance. A year later, in 1980, the

HISTORICAL BACKGROUND: THE OIL CRISIS OF THE LATE 1970'S

In November 1978, a strike by 37,000 workers at Iran's nationalized oil refineries initially reduced production from 6 million barrels (950,000 m³) to about 1.5 million barrels (240,000 m³) per day. Two months later when the country's Western-oriented leader, the Shah of Iran, fled the country, people in the West feared a repeat of the 1973 oil crisis. During that crisis, the members of the Organization of Arab Petroleum Exporting Countries (OPEC) had proclaimed an oil embargo with devastating effects on the markets in North America and Europe. In order to deal with the market shortages, the US administration began a phased deregulation of oil prices in April of 1979. Coinciding with the Iranian revolution, this deregulation led to an increase in the costs of crude oil from \$15.85 per barrel to \$39.50 per barrel over the next 12 months. As a result, people ended up paying higher prices at the pumps than at any time before. Due to the collective memory of the 1973 oil shortage, motorists began panic buying and long lines appeared at gas stations, just as they had 6 years earlier. As fears grew that developed countries could run out of affordable oil in the future, the demand for cheap renewable and alternative energies peaked.



Early Timberwolf woodstove, Model 2000 – 1979.

“Timberwolf®” was introduced in 5 different models. *Wolf Steel* grew to 5 employees and that year they sold about 30 wood stoves.

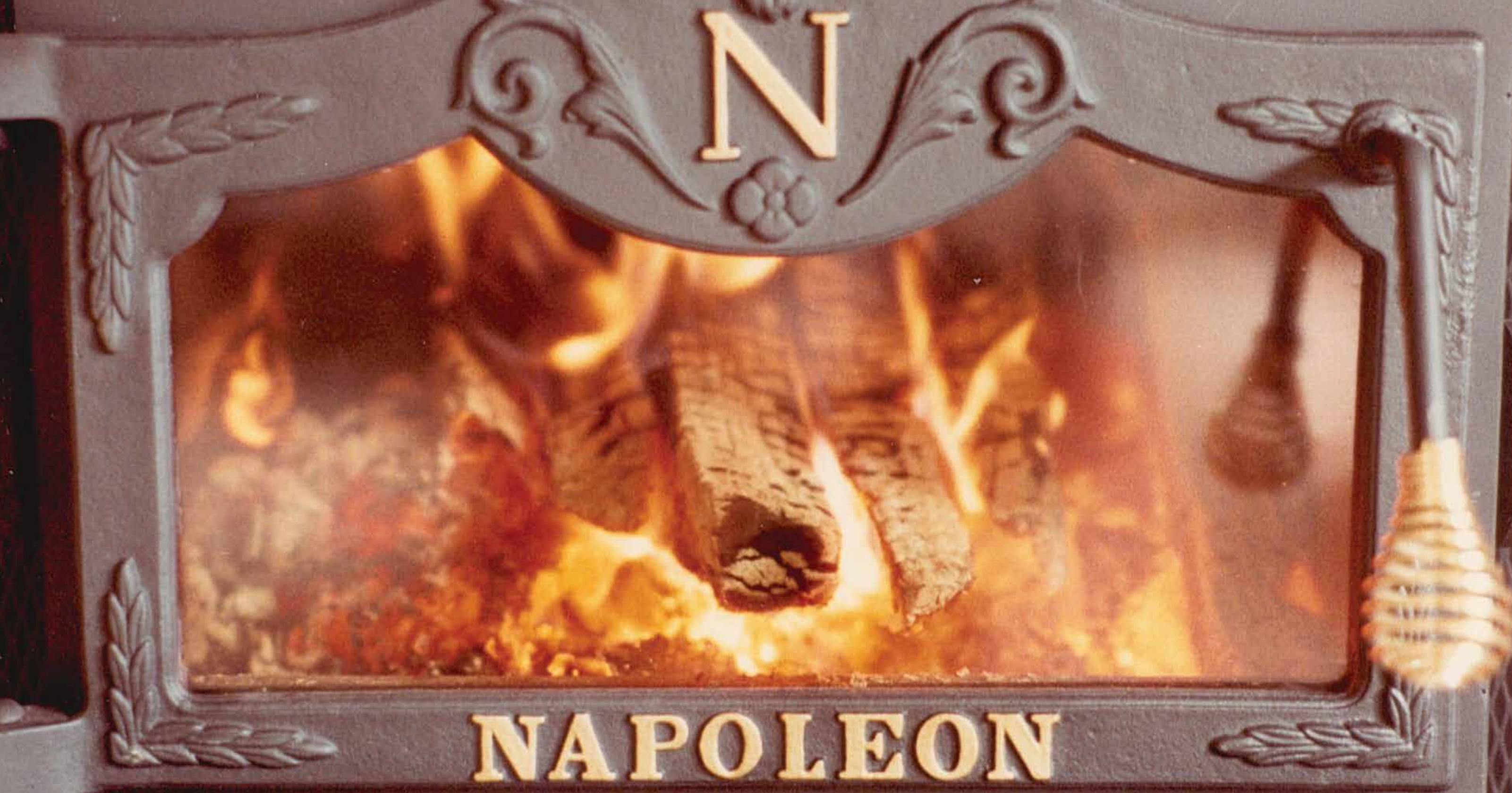
From the day *Wolf Steel* started operating out of the company’s first rented building on Vespra Street in Barrie, Wolfgang and Ingrid had a small retail store on the premises where they offered their stoves to customers. The Vespra Street facility was so small that Ingrid’s office functioned also as the showroom and a warehouse and, as a result, was always filled with wood stoves. From her “office”, Ingrid looked after customers in the front while Wolfgang worked in the back organizing and managing production. Looking back, Ingrid remembers it being difficult at times for her, as a woman, to convince people to purchase a stove. There were times when she had to get Wolfgang to come from the back and speak with some of the male customers because they had trouble buying a stove from a woman. They usually ended up closing the deal with Wolfgang, even though he provided them with exactly the same information as Ingrid had done previously. At the beginning, while their business was still too small for establishing their own dealer network, selling directly to consumers was a matter of necessity.

Although production space on Vespra Street was limited, *Wolf Steel* continued making railings there as well, while becoming more serious about being a manufacturer of wood stoves. For equipment, the company had a dip tank, built by Wolfgang and Ron Noordhoff, for dipping the railings in paint instead of spray-painting them. They also had welding machines, an ironworker to cut the metal, a polishing machine, as well as a Swedish steel machine. The latter was state-of-the-art at the time: it pressed a pattern into the steel, which was then polished off to give it the silver-black look that was popular with customers.

Due to the fact that there was not enough room in the Vespra Street facility to allow for a spray booth inside the plant, Wolfgang and his growing team painted the stoves on plywood sheets outside the building. During the wintertime, they would wait for a nice sunny day, throw a piece of plywood on the snow, and get a few units painted that way. After the paint had dried, the stoves were loaded onto the truck, and Ron Noordhoff or Wolfgang delivered or tried to sell them. At that time, no one had the slightest idea that *Wolf Steel* would ever develop from such humble beginnings into a market leader in the hearth and barbecue industry.



Early Timberwolf woodstove, Model 1500 – 1979.



**WHY NOT *NAPOLEON*?
THE BIRTH OF THE
NAPOLEON BRAND AND
BUSINESS DEVELOPMENT
DURING THE 1980'S**

BUILDING FOUNDATIONS ON INNOVATION: BUSINESS DEVELOPMENT DURING THE 1980'S

The 1980's were a period of continuous growth, as new wood-burning stove models were added and the number of employees grew from 5 (1980) through 28 (1985) to over 70 people by the end of the decade. Correspondingly, manufacturing space increased from 1,000 to 45,000 square feet. Landmark developments in the history of *Wolf Steel* during this time include the birth of the *Napoleon* brand (1980) and the introduction of the *Napoleon* wood-burning stove with a single *Pyroceram* glass door—the first of many subsequent industry innovations pioneered by Wolfgang and his company—that same year. As more space was needed, operations were moved to Bell Farm Road (1980) and then to the company's current location on what was to eventually become Napoleon Road (1983). Other milestones include the acquisition of new state-of-the-art production equipment, territorial expansion into Quebec where a warehouse was established in Montreal (1982), and then through agents into Western Canada (1985) and Eastern Canada (1986). By 1986 *Wolf Steel/Napoleon*³ had become a national Canadian company which was represented from coast to coast. As their hearth products became ever more popular, sales increased from 30 units of the "Timberwolf®" in their first year of production (1979) to thousands of *Napoleon* glass-door units by the end of the 1980's. By developing the first *Napoleon* gas fireplace and entering the gas fireplace market towards the end of the decade (1988), Wolfgang, Ingrid and their team laid the foundations for even more growth in the future.

³Although prior to the founding of the *Napoleon Appliance Corporation (NAC)* in 1995 for the manufacturing of barbecues all *Napoleon* product was manufactured by *Wolf Steel* and the *Napoleon* name only existed as a brand and not as a company name, the names *Wolf Steel* and *Napoleon* will be used interchangeably in the following, with *Napoleon* referring to the "Napoleon" brand, to *Wolf Steel* or to the *Napoleon Appliance Corporation*, depending on the specific context.

MOVE TO BELL FARM ROAD

In 1980, as Wolfgang got serious about becoming a wood stove manufacturer, *Wolf Steel* moved from its original 1,000 square foot location on Vespra Street into a multiple-unit building on Bell Farm Road in Barrie where they rented a unit which gave them 2,000 square feet. When material arrived at the plant on a truck, each sheet of metal had to be unloaded individually by hand since the company did not have a forklift at the time. This type of work became much easier after Wolfgang bought a used forklift from a carpet company, which came with both a pole and forks.

Within 2 years of moving to Bell Farm Road, *Wolf Steel* took over six units in the building and rented more space in a business unit across the road on Alliance Boulevard, which they used for painting. Production space had grown to 5,000 square feet on Bell Farm Road, plus an additional 1,000 square feet on Alliance Boulevard. After welding the stoves at the Bell Farm Road location, Wolfgang and their employees loaded them onto Wolfgang's Chevy pickup truck and took them over to their Alliance Boulevard building to be painted. At the time, *Wolf Steel* employed several Vietnamese workers who were part of a large group of over 50,000 Vietnamese refugees who had found refuge in Canada in 1979 and 1980. They were hard-working people who were eager to learn. Although many of them had skills in other areas, they had to take on production jobs because of the language barrier. Ron Noordhoff taught them how to weld and they built and painted stoves together with the other employees.



The Deluxe Insert, one of Napoleon's best sellers in the 1980's.



The First Napoleon woodstoves during the early 1980's.

INDUSTRY FIRSTS: PYROCERAM GLASS-DOORS AND AIR-WASH SYSTEMS (1980)

After introducing the "Timberwolf®" in five different models and selling about 30 units in 1979, Wolfgang noticed that customers were particularly interested in stoves with glass doors. "Why don't you put a glass door on your stoves?" they always asked. Realizing that buyers of wood stoves wanted to see the flames while the stove was operating, Wolfgang began looking into ways of designing a glass-door model. He found a manufacturer working out of Orillia by the name of *Solarwood*, who was producing a glass door, using two pieces of tempered glass in a steel frame. There were a lot of problems with those glass doors though, one of the most serious being that the glass frequently broke as a result of sudden temperature changes inside the stove. Unhappy with this result, Wolfgang set his mind to designing a glass door that would be both durable and safe.

Wolfgang soon came across *Corning Glass Works*, a manufacturer of glass cookware that was sold under the brand name of *CorningWare*. What made this product unique and particularly interesting to Wolfgang

was that *CorningWare* was produced using *Pyroceram* glass which made it resistant to sudden temperature changes. *Pyroceram* is a glass-ceramic material capable of withstanding thermal shocks of up to 450 °C (840 °F). Due to the product's high temperature heat-resisting capability, there was another wood stove manufacturer at the time that was using their clear cooking dish as a glass door. When Wolfgang contacted *Corning*, they confirmed that their glass did not break under heat or thermo-shock. However, he also learned that it was expensive, about ten times the price of tempered glass. Wolfgang asked the *Corning* representative to send him a sample nevertheless. When he tested the material he found that, as asserted by the manufacturer, it did not break under conditions of extreme heat. Confident in the material, Wolfgang set out to design a new single-door wood stove. He decided to use a single door instead of a double because it was easier to produce, as well as being more consumer-friendly when opening the door for reloading the stove with wood. In order to ensure that it was solid and would not warp (if the frame warped, the glass would break), the frame was made out of cast iron.

While using *Pyroceram* glass had effectively eliminated the risk of glass breakage, there was yet another challenge that needed to be resolved:



Napoleon insert installed in Ingrid and Wolfgang's home in Utopia.

depending on how wet the wood was that the stove was fired with, the glass on the door became dirty and blackened over time. Faced with complaints from customers who said that they could no longer see the fire, Wolfgang tried different things to ensure that the glass stayed clean regardless of the quality of the wood. By putting the spin drafts on the sides of the door where the air goes into the firebox and making the air push against the glass from the inside, Wolfgang designed one of the first air-wash systems in the industry. This new technology proved to be very successful, and it became one of many milestones for *Wolf Steel*. Today, air-wash technology has become the industry standard.

WHY NOT NAPOLEON?

In spite of the success of the early "Timberwolf®" models, as Wolfgang continued to build his business, he noticed a change in the wood stove industry: the designs that consumers favoured were becoming more elegant and feminine in nature. To keep up with changing customer preferences and taste, Wolfgang decided to introduce modern-style elements to his glass door. When thinking about design options, he remembered a cognac bottle he had seen at the liquor store with beautiful gold embossing on its label. Wolfgang went back to the store, purchased a bottle and added the ornaments from the label to the stove door design with some modifications. When the door was finished, it looked beautiful. Feeling that the name "Timberwolf®" did not fit the more polished design of the newly-created door any longer, Wolfgang and Ingrid started thinking about a different name for the new stove. Taking inspiration from the cognac bottle again, Wolfgang asked: "Why not Napoleon? Wouldn't that name work for the stove as well?" Discussing the pros and cons, they both felt that the

name, which is the same in every language, was a perfect fit for the more sophisticated stoves that they were about to produce. Thus, in 1980, the *Napoleon* brand was born, and the company's single-cast-iron-door models with Pyroceram high-temperature glass and air-wash system were introduced to the market under that name. Later on, the company logo was developed in a similar fashion, as it features a stylized rendering of Napoleon Bonaparte's famous hat.

After coming out with the first *Napoleon* stoves in 1980, *Wolf Steel/ Napoleon* was one of the first hearth product manufacturers to have their stove approved by the *Canadian Standards Association* (CSA). CSA approval meant that the "Napoleon" stove met the organization's various standards for product safety, as well as other evaluation criteria.

TRADE SHOWS AND DISTRIBUTION

As the company started to grow, Wolfgang sought out retailers in Southern Ontario who would carry his products. At first, he met with a lot of resistance because *Fisher*, *Heritage*, and *Vermont Casting* were large manufacturers whose products were well-known, and as a result were selling well in the marketplace. Established fireplace dealers did not want to take on *Napoleon* stoves, because not only were they unknown, but *Wolf Steel* was considered just another stove manufacturer competing for market share.

Wolfgang was particularly interested in getting his product into a retail store in Orillia called the *Fireplace Boutique*, which sold a large number of stoves in the Barrie area. Since they were highly successful in selling *Fisher* stoves, the owner Walter Elzner, was not interested in *Napoleon* products



Ingrid exhibiting Napoleon products at the National Home Show in Toronto, early 1980's.

at first. Wolfgang remembers one time when quoting a job for a wood stove install in a private residence, Mr. Elzner was coming out at the same time that he was going in. With a chuckle and laughing at Wolfgang, he wished him good luck. Mr. Elzner obviously did not take him seriously as a competitor at the time. Wolfgang, however, succeeded in convincing the homeowner to buy his glass-door model instead. Realizing that Wolfgang was cutting into his market and that glass-door design was the way of the future, Mr. Elzner eventually decided to take on the *Napoleon* glass-door stove as well. Due to the stove's unique design and excellent quality, the Fireplace Boutique was extremely successful in selling *Napoleon* product, particularly during the oil crisis of the early 1980's when everyone wanted to be independent from oil. Customer demand for wood stoves was so high at that time that *Wolf Steel* was running out of space and could not produce fast enough to meet customer demand. In order to keep up with

the sudden boom for wood stoves, Mr. Elzner's wife was frequently at the *Napoleon* plant at 5 a.m., two hours before they opened, in order to be first in line to get as many units as the Elzners needed for their store.

With a chuckle, Wolfgang remembers the following incident from the early days of the company: one day a couple came into the store that was attached to the plant to buy a stove. As they were looking at the *Napoleon* glass-door model, Wolfgang approached them. Throughout their conversation he learned that they had been to the Elzners' Fireplace Boutique already and that Mr. Elzner had told them that glass doors were no good because not only did they smoke up, but they were prone to breaking as well. "No, they don't break, they can take a lot of force", Wolfgang insisted. Wolfgang had grown tired of *Napoleon's* competitors constantly claiming that his glass-door stove was inferior to their non-glass



Napoleon at the National Home Show in Toronto. L to R: Hans Martin (Energy Miser dealer), Wolfgang, sales associate of Hans Martin.



Trade show in Montreal, Quebec, circa 1983/84.

models, and so, to prove his point, he clenched his fist, took aim and hit the glass full force. To his great dismay (and physical pain), the glass shattered instantly. His personal embarrassment outweighed the physical pain by far. He had suffered a cut to his hand and the blood was dripping onto the floor as he was trying to save the situation. The couple hesitated for a moment, but, to Wolfgang's relief, bought a *Napoleon* glass-door stove nevertheless.

In 1982, after exhibiting their product at local trade shows in places like Newmarket and Gravenhurst, Wolfgang and Ingrid started exhibiting at the *National Home Show* in Toronto, Canada's longest-running and largest consumer show for home products. While exhibiting in Toronto for the first time, *Wolf Steel* showed both their "Timberwolf®" models and the *Napoleon* stove with the glass door. Wolfgang remembers competitors walking by their booth, laughing and making derogatory remarks at the

small size of the "N1200", which was one of their *Napoleon* glass-door stoves. That model was named "1200" because it was designed specifically to heat small spaces of up to 1200 square feet. With this model, Wolfgang had designed and introduced to the market a comparatively small-size stove, at a time when competitors' units were still much larger. The market soon proved however, that smaller was better, as the *Napoleon* wood-burning stove with the single glass door became their most popular model, selling thousands of units.

At another trade show, Wolfgang met the owner of Fisher Stoves in Barrie whom they were competing with. Unlike *Wolf Steel*, Fisher Stoves did not have a model with a glass door at that time. As they started talking, the man said: "I can tell your glass-door model is doing really well." He told Wolfgang that he had requested that Fisher's head office in Oregon



Napoleon Model 1200.



Custom fireplace glass doors.



Highly efficient N2001 Deluxe Stove with tiles.



Wolfgang in front of the NC-16 Napoleon stove.



Napoleon product line in the early 1980's.

design a stove with a glass door under their brand name, so that he could compete with Wolfgang. Fisher's head office, however, had turned him down, arguing that glass doors were not suitable for wood-burning stoves because the glass would get dirty over time. Wolfgang's crucial advantage in this market was obviously that his company not only offered a glass-door model which met with customers' desire to watch the flames, but further that he had also designed a cleaning system that ensured that the glass would not get dirty. When other stove manufacturers finally realized that without a glass-door model they could no longer meet customers' changing tastes, it was too late. By then, the *Napoleon* name had spread and everybody was asking for *Napoleon* products. Eventually the Fisher and other Barrie stove manufacturing plants shut down while *Napoleon* continued to grow.

GROWTH THROUGH INNOVATION: ADDING NEW WOOD-BURNING PRODUCT

Building onto the early success of the company's first *Napoleon* line of wood-burning stoves and inserts featuring a single door with a ceramic high-temperature glass and air-wash system, Wolfgang developed many new products throughout the 1980's. In 1981, the *Napoleon* "Fireplace Insert Deluxe" and the "Deluxe Stove" with ceramic tiles on the side and top as well as an extra-large ceramic glass window were introduced. In 1982 a hot water heating jacket was added. 1983 saw the launch of the "NFI Deluxe" and "Classic" inserts. In 1985, the "N2001", a new wood-burning model was brought into the marketplace under the *Napoleon* name with a catalytic combustor for clean burn. Furthermore, *Napoleon* began distributing fireplace accessories, including a chimney



Napoleon product brochures.

line. In 1986, *Napoleon* began manufacturing their own custom glass doors under the *Dynasty* label, as well as wrought-iron toolsets. In 1987, the glass door line was changed to aluminum extrusion, resulting in a large sales increase in both standard- and custom-door assemblies. In 1988, seeing the need for wood stove efficiency in a zero-clearance fireplace, a wood-burning zero-clearance model (“NZ2000: Prestige®”) was offered to customers for the first time. This particular product featured one of the largest doors in the industry which contributed to its popularity, and undoubtedly made it an instant success. In 1989, three new stoves, tested and certified to *Environmental Protection Agency* (EPA) standards, plus the “WM-1020” masonry “Lowboy” fireplace completed *Napoleon’s* popular line of stoves and fireplaces. By that time, after producing *Napoleon* and “Timberwolf®” models side-by-side for a number of years, the “Timberwolf®” line had been discontinued due to the overwhelming popularity and corresponding demand for *Napoleon* product. Within 10 years *Wolf Steel/Napoleon* had developed from manufacturing a single wood stove model to offering a complete line of fireplaces, stoves and inserts in different styles and models. As *Napoleon* products had become ever-more popular, *Wolf Steel*, the manufacturer behind the *Napoleon* brand, became identified by consumers as *Napoleon* as well.

FROM COAST TO COAST – TERRITORIAL EXPANSION WITHIN CANADA

As demand for their *Napoleon* stoves continued to grow, Wolfgang and Ingrid began looking for ways to expand the distribution of their product within Canada. In 1982, *Wolf Steel/Napoleon* broke into

the Quebec market by opening a warehouse in Montreal. Ingrid and Wolfgang traveled to Montreal to meet Jean Berlie (*Berbec Distributions*), their Quebec agent. Many years after that first meeting, Jean conceded to them: “When I saw you, you two young kids, for the first time, I seriously wondered.” In spite of his early skepticism, he agreed to partner with them because he liked their wood stoves and he remained their Quebec agent for many years. Jean was instrumental in establishing a market for the *Napoleon* brand in Quebec. Three years later, in 1985, *Wolf Steel/Napoleon* expanded its geographical scope even further by adding an agent in Western Canada. When, in 1986, *Compact Appliances* signed on to serve as a distributor in the East Coast market, *Wolf Steel/Napoleon* was represented coast-to-coast.

JOINT LEADERSHIP

With both of them being strong-willed personalities and having particular strengths in different areas, Ingrid and Wolfgang, while always working together as an entrepreneurial team, separated their functions early on. Wolfgang’s main focus was on research, design and development of new products, as well as on purchasing and production, while Ingrid concentrated on the administrative side of the business: HR, advertising, marketing, accounting and sales administration. In looking after sales administration, she did a lot of talking to and negotiating with their dealers, distributors and customers. With Ingrid being very detail-oriented and Wolfgang always looking at the big picture, they have complemented each other perfectly in their respective roles over the years. By taking the administrative side of the business off his shoulders, Ingrid made it easier for Wolfgang to focus on planning, and turning his vision into reality.

MOVE TO NAPOLEON ROAD

Knowing that location would be key to continuous growth, Wolfgang always wanted to own a property on a major highway. In 1982, as their rented plant on Bell Farm Road was bursting at its seams, the company bought a one-acre property on Innisfil Beach Road, where they intended to build a new plant right beside Highway 400. However, when Ingrid and Wolfgang realized how well things were continuing to progress, they could already foresee that that particular property would soon be too small for their manufacturing needs as well. As a result, they started looking for a completely different property that would accommodate their company better in the long-term. Knowing that Fisher Stoves had closed down its facility in Barrie, Wolfgang approached the owner of the property, Mr. Spencer about the possibility of purchasing it. After agreeing on a price, Wolfgang bought the land and the 10,000 square foot building, using the company property on Innisfil Beach Road as a down-payment. In 1984, following immediate renovations, *Wolf Steel/Napoleon* moved operations from Bell Farm Road into that facility. The new location immediately provided them with 10,000 square feet of operating space while the 7-acre property gave them room to expand. The premises were added to bit by bit every year, as demand for their stoves continued to grow. To keep up with inventory and incoming orders an additional shipping and receiving area and warehouse was introduced in 1985 and in 1986 more office space was added.

Although wood-burning stoves had become the company’s main product, *Wolf Steel* had continued to make railings even after the move to Napoleon Road but the railing side of the business was terminated in 1988. With



The original property on 9 Napoleon Road when purchased in 1983.



The plant on 9 Napoleon Road circa 1986 after adding a test tower, offices and a wholesale showroom at the front and a warehouse in the back.



L to R: Ron Noordhoff, his wife Jean and Don Foster who managed the retail store together with his wife Marg Charlebois until 2001.

sufficient space available and an ever-growing demand for *Napoleon* product, *Wolf Steel* built its first “assembly line” of work-stations connected by conveyors for the production of the *Napoleon* “Deluxe” inserts. With the welders placed at the front, the fireboxes, after being welded together, rolled down the line to the next table. As volume continued increasing, a second “assembly line” was established.

While production was on the main floor, the spray booth where the stoves were painted was located in the basement. In order to be able to move the stoves up and down, Wolfgang and his team designed and built their own elevator system. After cutting a hole into the floor they constructed a platform and attached it to the mast from a worn-out electric forklift. After hooking the hydraulic pump of the forklift onto an electric motor, they were able to make the platform move by pulling a lever.

For equipment, *Wolf Steel* had a 90-ton mechanical shear, a little Schuler ironworker, a small punch press from Germany, a belt sander, as well as a few drill presses. Wolfgang and Ron Noordhoff, *Wolf Steel/Napoleon's* longest-serving associate, remember the ground shaking as they began punching flue holes into quarter steel plates. According to Ron, “it would just go ‘bang’ depending on the type of steel we used.”

After moving to Napoleon Road, the company had a 1,000 square foot showroom. On cold days in the wintertime, it happened more than once that their store manager Don Foster (who ran the store together with his wife Marg Charlebois), would come running into the machine shop yelling “Open the doors!” as the showroom was quickly filling up with smoke. With the showroom attached to the plant, Don had fired up a

wood stove in the showroom while the spray-booth was operating in the plant. In those days they did not have makeup air when running the spray booth in the plant, and this ultimately created a vacuum in the building. After a certain amount of time, so much negative pressure had built up in the building that it would simply reverse, causing the stove to back up and fill the showroom with smoke. Not a good impression for a customer wanting to buy a clean-burning, non-smoking wood stove!

At one point in the 1980's, Wolfgang decided to put up a flagpole with a large Canadian Maple Leaf flag in front of the *Napoleon* plant. Ron Noordhoff had welded the pole out of steel pipe and when it went up Wolfgang wanted to make sure that the flag would be visible from the nearby highway. In order to convince himself, he jumped onto his motorcycle to ride by the plant on Highway 11 to have a look for himself. In order to get onto the highway, Wolfgang first had to go down to the next turnaround. As he was flying around the curve at high speed (“I was doing everything fast in those days”, Wolfgang adds), he all of a sudden noticed gravel on the road. He didn't even have time to say “I am going to fall”, before he hit the asphalt. Only wearing jeans, a shirt and a helmet, but no protective clothing, Wolfgang suffered several abrasions and open wounds on his arms, and the gravel penetrated deep under his open skin. Deeply embarrassed and hoping that no one had seen him fall, Wolfgang picked up his motorcycle, and, after checking it over, got back onto the highway to make his way back to the company. With the wind blowing into his open wounds and gravel pieces still stuck in his flesh, Wolfgang remembers the ride back to the plant as being extremely painful. When he walked through the door, Ingrid noticed that something was wrong right away. Deeply concerned, she wanted to take him to the hospital but

Wolfgang insisted on just cleaning up his wounds and looking after his injuries themselves, which they did at first. After four hours, however, the pain had gotten so bad that he finally agreed to go to the hospital where he was looked after professionally and his wounds were cleaned up from the remaining gravel. Needless to say, that while riding his motorcycle back to the plant following the accident, Wolfgang had paid no attention whatsoever to the visibility of the flagpole from the highway. It took a second trip, this time by car, to learn that the flagpole had been placed in a perfect location and that the flag was of the right size to be noticed by drivers going by the plant on Highway 11. Ingrid sold Wolfgang's motorcycle at a garage sale less than a year later.

WOOD STOVE AND FIREPLACE ACCESSORIES

By 1985, as staff numbers had increased to 28 people and *Napoleon* wood stoves were selling well, Wolfgang was looking for new opportunities to complement their existing line of products. For a manufacturer of wood-burning stoves, accessories, such as shovels and pokers, seemed to be a natural fit. When a Barrie company that was making fireplace accessories for the mass market laid off one of their craftsmen, a Polish blacksmith, Wolfgang hired him. To accommodate the man's traditional way of working the iron, Wolfgang bought an air hammer and tools for the production of wrought-iron accessories, and added a warehouse in the back of the building to accommodate production and to provide additional storage space for the finished product. In-house production of hand-made wrought-iron fireplace accessories began in 1985.



Wrought iron toolsets.

In addition to fireplace accessories made by *Wolf Steel*, other products were added for distribution that same year, such as *Kemstone* boards, screens, stainless steel liners as well as prefab chimneys. A year later, *Kel Kem* maintenance products and *Firemate* fireplace toolsets became part of the *Wolf Steel* line-up. In 1986, *Wolf Steel* began using *Franco Belge*, a company from France, as a supplier of quality castings for their stoves.

INGRID'S ROLE IN THE COMPANY AND THE COMPUTERIZATION OF NAPOLEON

From the moment Wolfgang had gone into business, Ingrid played a major role in the development of the company. By the time their first son Chris was born in 1977, Ingrid had quit her job at Bell Canada as a customer service representative, and was working in the business full-time. While Chris was little, she took him to the office with her, as she was looking after the administration and marketing, among other things. When their second son Stephen was born in 1980, Wolfgang and Ingrid decided that she would stay home until both sons were in school. As a result, they hired an associate to look after the administration of the business while Ingrid stayed home. Two years later, in 1982, however, Wolfgang asked Ingrid to return to work, because he felt that he really needed her help in running the company. As the person in charge of the administration of *Wolf Steel/Napoleon*, Ingrid reassumed her important role in the background, doing all the accounting, collections, credit, dealer relations, as well as being in charge of marketing and advertising. In that capacity, she has been an invaluable part of the business and its overall growth over the years.



Ingrid in the plant, 1984.



Ingrid with Stephen (3 months old) and Chris.



Chris and Stephen, 1980.



Chris and Stephen, 1982.



Chris and Stephen, 1982.



Chris and Stephen at the cottage, 1986.



Chris and Stephen, 1986/87.

Ingrid's father was an electronic technician developing monitors for computers, among other things, and this early exposure while growing up had fostered in Ingrid a keen interest in computers. Acting as the driving force behind the computerization of *Wolf Steel/Napoleon*, Ingrid introduced computers (Apple, Apple II plus) to the company before the business and manufacturing world became computerized, using them for payroll, HR, sales and other administrative functions. A practical person who is always trying to streamline processes and simplify running their business, she has been highly proactive on the administrative side of the company. Having a knack for design has helped her greatly in her role in advertising, while sketching out designs for paper advertising, brochures, and other advertising and marketing media. When *Wolf Steel/Napoleon* entered the Quebec market, Ingrid's academic background and training in French allowed her to do all the proofreading of their French language advertising material.

PRODUCT TESTING, CSA CERTIFICATION AND BUILDING OF THE TEST TOWER

Due to the nature of their product, ever since the introduction of the *Napoleon* glass-door stove in 1980, Wolfgang has ensured that *Wolf Steel/Napoleon* product is approved by the *Canadian Standards Association* (CSA). The CSA is an accredited provider of product testing and certification services. CSA approval means that the product has been certified by an independent organization for compliance with national and international safety and performance standards (<http://csa-international.org>).

Prior to building an in-house test facility in 1988, *Wolf Steel/Napoleon* had a company in Toronto doing product testing for them. As CSA requirements became more stringent over the years to ensure that wood-burning and gas hearth products were meeting increased safety and environmental standards, *Napoleon* required a testing facility that simulated a two-story house—at least 40 feet high—with a basement. CSA further mandated that during testing the fireplace and chimney had to be entirely encased in plywood. Since the Toronto company they had previously used did not have the legally-required space for CSA-testing under the new parameters, there were two options: *Napoleon* could either fly their stoves to Wisconsin and have them tested there or build a testing facility on their own premises and move the testing in-house. Wolfgang decided to go with the second option: As a result, a test tower was built in 1988 and more staff was added, bringing the total number of employees to 50. The construction of the laboratory tower building added 700 square feet of space to the facility. What made this plant extension so important was the tower's height. At 55 feet tall, it allows *Wolf Steel/Napoleon* to continue testing all products and chimney configurations in-house while saving considerable amounts of time and money.

FIRST TRIP TO CHINA (1987)

In 1987, Wolfgang and Ingrid traveled to China for the very first time to explore potential business opportunities in addition to some sightseeing. At the time, there was so much talk, both negative and positive, about the country and they wanted to see with their own eyes what China was really like and had to offer. Since *Napoleon* was already importing tool sets from Taiwan, exploring further possibilities in China was somewhat of

a natural step. While in China, Ingrid and Wolfgang visited the Canton Fair, China's most prestigious trade show which is still held twice a year, as well as taking in some of the country's main tourist sites.

After flying into Hong Kong, which was still an English colony at the time, they took the train to Guangzhou, known historically as Canton or Kwangchow, China's third-largest city, located in Southern China on the Pearl River, about 120 kilometers (75 miles) northwest of Hong Kong. Upon arrival at the Guangzhou train station Wolfgang and Ingrid were picked up by a black limousine that took them to the Garden Hotel, which was one of the newest and most prestigious hotels at the time. Since local people were not allowed in the hotel, they saw many Chinese people standing in front of the building trying to catch a glimpse of what was happening inside. During this period, everyone in China still wore the dark blue Mao uniforms that have become synonymous with Chinese Communism in Western eyes. Wolfgang and Ingrid noticed thousands of bicycles on the roads and they were amazed at how wide the streets were, even though there were hardly any cars yet. The only cars they saw were either Government vehicles or taxis. All major factories and stores were still under Government ownership, as the transition of China into one of the world's most important economies had not yet begun. Although private enterprise was just starting on a very small scale, there was a lot of construction already. Wolfgang and Ingrid were fascinated by how many locals were selling artifacts to tourists from little carts.

The day after their arrival in Guangzhou, Ingrid and Wolfgang went to the Canton Fair in the morning. To their great surprise, none of the exhibitors spoke English and there were very few Westerners attending the fair.



Ingrid and Wolfgang on the Great Wall during their first trip to China.



Wolfgang showing the original Napoleon gas fireplace lineup at a trade show, 1988.



First CNC punch press used in the production of fireplaces, late 1980's.



Stove production.



When talking to a man from Germany, who was one of the few non-Chinese individuals that they met, they learned that there were only two good hotels in town, the *White Swan* and the *Garden Hotel*. The man told Wolfgang and Ingrid that only a few years previously, accommodations had been so bad that he had slept in the lobby because that had been the cleanest room in the entire hotel. As they strolled through the fair, looking at the many items exhibited, Wolfgang and Ingrid were amazed by how different Chinese culture was as well as by the outstanding quality of the craftsmanship displayed at the show. Since they could not develop a business sense in terms of which items might be suitable for import and sale through their company in North America, they ended up purchasing personal items, like vases, hand-painted pictures, and sculptures for their house. After deciding which items they wanted to buy, they approached the exhibitors, but found it difficult to communicate, not only because of the language barrier, but also because there were no sales people. Wolfgang and Ingrid eventually realized that they were talking to the

actual craftsmen who were exhibiting and selling their own product at the show. After finding an English-speaking person to assist them, they were able to engage with the Chinese craftsmen. To their surprise, whenever they expressed their intent to buy one single item, the Chinese craftspeople insisted on them buying more than 1 unit of each product. Ingrid and Wolfgang ended up purchasing 10 units of many of the products that they were interested in, with the mindset that they would sell the additional items in their store. Their order totaled a mere \$2,500.00 including shipping, as the handcrafted items, including vases and reverse glass paintings, were extremely well-priced. When their purchases arrived in Canada 5 months later, they were so well packaged in wooden crates that not a single item was broken or damaged. The wood from the crates served the Schroeters as firewood for an entire month.

At the fair, Ingrid and Wolfgang were negotiating the purchase of various items with Chinese exhibitors when, all of a sudden, a bell rang. Almost

instantly, their negotiating partners took off, communicating to Wolfgang and Ingrid that they had to leave as well. Outside the building, the perplexed visitors asked a Westerner what was going on; they were told that it was lunch time and that the show had closed down for two hours.

Once they were finished at the show, Ingrid and Wolfgang spent some time sightseeing. They visited the Li River (Guangxi), Guilin, the Chinese Wall as well as Beijing with the Forbidden City and the Ming tombs.

ENTERING THE GAS FIREPLACE MARKET (1988)

In 1988, three years after the company had started selling wood stoves in Western Canada through an agent in Vancouver, *Napoleon's* West Coast Representative Max, called Wolfgang and told him that he intended to ship his stock of *Napoleon* wood stoves back to Barrie. When asked

for an explanation, he informed Wolfgang that wood-burning products were not selling any more and that customers wanted gas stoves instead. Wolfgang decided to fly out immediately to see first-hand what was happening. While visiting all kinds of showrooms in BC together with his area representative, Wolfgang noticed that retailers were all offering gas fireplaces imported from England and Holland. Max had been right—customer demand was changing from wood to gas stoves. When seeing *Faber* gas fireplaces from Holland in BC showrooms, Wolfgang remembered meeting Garrett Faber, the owner of the company, at a trade show. On that occasion, Garrett had told him: "Wolfgang you have to start making gas fireplaces because I cannot get this market going by myself. We need more manufacturers to produce and advertise gas products to switch this market over to gas." By the time he was on the plane back to Toronto, Wolfgang knew that he had to get into the gas fireplace market immediately. Since neither Wolfgang nor his employees had any background in gas, Wolfgang and several *Wolf Steel/Napoleon*



Napoleon's first EPA approved wood stove insert.

employees took the gasfitter course at Georgian College. Wolfgang then hired Cliff Lilly, who had experience with gas-burning products from his previous position with a barbecue manufacturer in Burlington, and together they set to the task of developing the first *Napoleon* gas fireplaces.

Getting into gas fireplaces was somewhat of a gamble on Wolfgang's side, as he went from heavy plate steel, bricks, and cast-iron doors into the much lighter gauge materials needed to develop a product with more purchased components (including gas valves, switches, and some of the electronic parts). As in the past, when Wolfgang had acquired new skills in order to broaden his product range from wrought-iron to wood railings, *Napoleon's* move into the gas market attests to Wolfgang's strength as an entrepreneur, his foresight into the market and his willingness to do whatever needs to be done in order to adapt and react to changing customer demands.

In 1988, *Dynasty* gas products were added to the *Napoleon* product line to accommodate the growing demand for gas fireplaces and inserts. The first gas fireplace Wolfgang designed and introduced to the market was Model "3622", which was a vented product. Also in 1988, the "GI2113" insert was launched. Compared to the highly sophisticated units *Napoleon* is manufacturing today, the company's original gas fireplaces were quite simple: their main technology was a pan-type burner with a series of holes in it. Using cement logs, the insulation material was soaked in brine, which gave these fireplaces the yellow glow of the flame.

By the end of the decade, direct-vent fireplaces came into the market very quickly as customers appreciated the fact that they do not require a chimney to

be operated in a home. Model "GD3000", which made its appearance in 1989, was designed as a direct-vent, zero-clearance fireplace, with greater vent capabilities than any other direct-vent fireplace on the market at 40 feet horizontal. Its "Power Vent" venting system was capable of exhausting over 100 feet in a horizontal direction. New burner technology as well as improved gas log configuration and burner assembly, allowed Wolfgang and his team to create a highly realistic flame pattern. The marketing caption "Yellow Dancing Flames®" was introduced.

As *Wolf Steel/Napoleon* ventured into the gas market, demand for their new product turned out to be so overwhelming that production facilities had to be enlarged almost immediately. In order to accommodate the company's growing manufacturing needs, 1989 saw the completion of a 15,000 square foot addition to the plant (3,000 square feet of storage area and 12,000 square feet of manufacturing space), resulting in a total manufacturing space of 45,000 square feet. By that time, *Napoleon* had become one of the leading fireplace manufacturers in Canada, employing a workforce of over 70 people.

EPA PRODUCT CERTIFICATION

Developing a gas-burning product and venturing into the gas fireplace market had been a necessary move in reaction to a changing marketplace. Not only did an increasing number of customers feel drawn to gas fireplaces, but gas-burning technology provided *Wolf Steel/Napoleon* with the opportunity to introduce a second, alternate product category at a time when wood stoves were increasingly coming under the magnifying glass of the Government due to growing environmental concerns.



Direct vent gas fireplace GD 3000, another Napoleon bestseller with the most realistic flame pattern on the market, 1989.



In 1989, as *Napoleon* began selling in the US, Wolfgang introduced EPA-certified wood stoves to the company's line of product. In order to be sold in the US, stoves required certification by the *Environmental Protection Agency* (EPA), an American regulatory body established in 1970 with the mandate to protect human health and the environment by developing and enforcing regulations based on laws passed by Congress. Within this larger mandate, the EPA, with jurisdiction for the US only, was vested with the authority to ensure that only clean-burning wood stoves could be sold in the US. With wood stoves being a hugely popular product, mountain states like Oregon, Colorado, and Washington State in particular, were suffering from pollution caused by wood stoves during the wintertime. At times, with the wind coming over the mountains and stagnating the air, some of the small towns in mountainous areas experienced a thick smoky haze from stoves used for heating in the winter. The EPA reacted to this growing problem by defining standards to make wood stoves burn cleaner. After devising specific test procedures, the agency imposed limits on the amount of particles allowed to be emitted through the chimney, with a certain number of grams per hour not to be exceeded. In reaction to the EPA's regulatory initiative, many manufacturers of wood stoves redesigned their products. Companies that refused to take the new requirements seriously eventually fell by the wayside, as they became excluded from the US market. Catalytic combustors provided the simplest approach to ensure compliance with EPA requirements. However, a more sophisticated solution, chosen by *Wolf Steel/Napoleon* and other manufacturers, was the introduction of secondary air tubes that burned the smoke a second time within the unit (secondary combustion), thus significantly reducing the amount of particles that reached the outside. When redeveloping their wood-burning technology in order to meet the EPA standard for product

sold in the US, Wolfgang and his team fully recognized the environmental, health and cost benefits of having all of their wood-burning product comply with the new standard. Thus, *Napoleon* decided to terminate production of non-EPA approved products altogether, even though this was not mandated across Canada. While EPA compliance posed a lot of challenges for manufacturers, Wolfgang and his team stepped up to the plate again, using the new regulatory requirements as yet another opportunity to further improve the quality of their products and distinguish *Napoleon* in the marketplace.

TAKING ON THE CHALLENGE— TESTING OF DIRECT-VENT GAS FIREPLACES

When direct-vent gas fireplaces were first released into the market, there were no test standards to comply with. By the time Wolfgang and his engineers designed the first *Napoleon* direct-vent fireplace, however, the *Canadian Standards Association (CSA)* had mandated that direct-vent gas fireplaces pass two tests—a leakage test, as well as a delayed ignition (that is an explosion) test, to obtain CSA safety certification. In order to get the *Napoleon* direct-vent fireplace through these tests and to ensure that it met both tests at the same time, Wolfgang worked tirelessly long evenings, nights and weekends together with the company's engineers and technicians. As they fine-tuned their unit to make it CSA-compliant, they learned that the test methods mandated by CSA were not rigorous enough to ensure customer safety, because when testing to the CSA standard, certain problems with glass breakage, among other things, still remained. As a result of Wolfgang and his team learning all the ins and outs of direct-



Napoleon product brochures.

vent technology, *Napoleon* created a much higher and more stringent standard for its own product than what CSA had demanded through its two-test procedure. For instance, when CSA mandated that the glass had to withstand a certain temperature, Wolfgang and his team ensured that their model remained fully heat-resistant at even higher temperatures. To this very day, *Napoleon* tests products to a significantly higher company standard than the one formulated and mandated by CSA. Wolfgang decided to go that way because many of *Napoleon's* competitors experienced recalls on their products, in spite of complying with CSA standards. In devising the more rigorous *Napoleon* standard, Wolfgang was led by the goal of avoiding such recalls at all costs because of the damaging effects to a manufacturing company's reputation.

CFM VERSUS WOLF STEEL

When designing the "GD3000" direct-vent gas fireplace, which was introduced to the market in 1989, Wolfgang came to the conclusion that placing the flue gas outlet at the top of the unit made the most amount of sense from a technical perspective. Not realizing that their competitor *Canadian Fireplace Manufacturers Ltd. (CFM)* who was offering a direct-vent fireplace with a top-flue outlet already had a patent on that design, *Wolf Steel* started producing the "GD3000" direct-vent fireplace in that particular configuration. They were not the only ones, as many other manufacturers had adopted the top-flue venting concept, including *Hunter* in Orillia, *Clare Brothers* in Cambridge, and *Canadian Heating Products* in BC. Expecting that they would be the easiest among their competitors to be pushed out of the market, the owners of CFM launched a patent infringement lawsuit against *Wolf Steel* and *Clare Brothers*. When asked

by his lawyers whether he could design the model differently, Wolfgang came up with a 45 degree angle design and had it patented. The other logical alternative would have been to place the flue gas outlet at the back of the unit; however, that option was not available because another competitor, *Heat and Glo* in the US, had patented the rear-vent technology already.

Although Wolfgang had changed the design and in spite of the fact that patent infringement lawsuits are almost always resolved by an out-of-court settlement, the lawsuit between CFM and *Wolf Steel* proceeded. Knowing that placing the vent on top of the unit was only logical and prescribed by the laws of physics, since gas naturally rises to the top, Wolfgang and his team started researching all kinds of patents to prove that direct-vent technology with top-flue venting had been in existence before CFM had patented their design. Wolfgang flew to Munich, Germany, where he spent two days in the archives of the German Patent Office looking for similar designs. In his research, he found a top-vented combustion chamber design with glass all the way around it that was used in lighthouses.

When CFM and *Wolf Steel* eventually met in court, the latter won on all four categories of a patent: most importantly, they were able to prove that CFM's patent was not novel, and that the top-venting technology had already been used by another manufacturer before CFM had had the design patented. In their research, Wolfgang and his team had come across *Canadian Heating Products*, a hearth product manufacturer in Vancouver, BC, owned by Dan Binzer, who had used the same design prior to CFM and had shown it to the public. The judge further agreed with their argument that placing the flue on top of the fireplace was not

the result of sophisticated research solely owned by CFM, but that top-flue technology was based on common sense that was obvious to any manufacturer of gas fireplaces, as it made use of the physical fact that gas naturally rises to the top. The judge therefore decided that CFM's patent was void. When CFM appealed, the case went back to court a year later, but the final outcome remained the same.

If *Wolf Steel* had lost that patent infringement lawsuit, it would have meant that CFM would have been the only manufacturer allowed to produce direct-vent fireplaces with a top-flue gas outlet; *Heat and Glo* would have owned the market for direct-vent fireplaces with a back flue and *Wolf Steel* could have made them on a 45 degree angle because they patented that design. Instead, because CFM had insisted on pushing Wolfgang and his company into the court room on charges of patent infringement, CFM's patent had become null and void, and top-flue venting technology remained accessible to any gas fireplace manufacturer.

Although they won in the end, this was a tough period for Wolfgang and Ingrid, not only financially—the law suit cost them about half a million dollars—but emotionally as well, as the very existence of their company seemed to be on the line. By winning the lawsuit, *Wolf Steel* safeguarded the ability of the industry to keep producing direct-vent fireplaces in an open market based on fair competition, determined by quality and price rather than monopolization.



FANNING THE
FLAMES –
NAPOLEON DURING
THE 1990'S



Adding production space during a plant expansion at 9 Napoleon Rd.



Second expansion to add production and warehouse space to the plant.



The NAC building after renovations.

A DECADE OF INNOVATION, PRODUCT DIVERSIFICATION AND GROWTH

Building onto the strong foundations Wolfgang and Ingrid had laid during the previous decade, the 1990's marked another period of continuous growth, defined by a multiple-stage expansion of the company's manufacturing/warehouse space to 250,000 square feet (120,000 square feet on Napoleon Road, plus 130,000 square feet on Bayview Drive), the development of new products (Porcelain Technology, "Phazer®Logs", gas barbecues, the Continental® line, and fireplaces for the builder market), new services (consumer financing) as well as the widening of *Napoleon's* market presence (expansion into the US and China). An attempt by the large utility companies to shut them out of the market for gas fireplaces resulted in the forging of closer bonds with affiliated dealers through the *Napoleon Dealer Alliance*. By 1994, with staff numbers having increased to 125 people, *Wolf Steel/Napoleon* had become one of the largest private sector employers in the Barrie area.

In 1995, the *Napoleon Appliance Corporation (NAC)* was born as a separate company for the production of high-quality gas barbecues, opening up a second primary market. In 1995 *Wolf Steel*, and in 1996 *NAC* achieved ISO quality designation and the "President's Lifetime Warranty" was born, attesting to the sophistication of processes applied in the production of *Napoleon* product. Continued demand for *Napoleon* hearth products combined with the instant success of the barbecue division meant that by 1997 the company had almost doubled its workforce within three years, having grown to 240 employees. By the close of the century,

Napoleon was well positioned for further expansion of its position as a market leader in the North American hearth and grill industry.

FACILITY EXPANSION

After purchasing the building on 9 Napoleon Road, Wolfgang and Ingrid continued adding onto it until it reached a total size of about 120,000 square feet. In 1995, at the time the *Napoleon Appliance Corporation* was founded as an associated company for the manufacturing of barbecues, all of *Wolf Steel's* existing production space, machinery and manpower were already being used to satisfy customers' rapidly increasing demand for *Napoleon* fireplaces. Consequently, a 130,000 square foot building was purchased on Bayview Drive in Barrie to accommodate the company's new gas grill division.

Previously named Cashway Road, after a building supplies chain that had been located there, in 1996, the street where *Wolf Steel/Napoleon's* Corporate Head Office and main production plant is located was renamed Napoleon Road.

PRODUCT DEVELOPMENT

During the 1990's as *Wolf Steel/Napoleon* continued to diversify their product lines, the company presented many new stove and fireplace models to the marketplace. At the beginning of the decade, with Canada's West Coast having become their largest growth area, particularly due to the widespread use of *Napoleon* fireplaces in new residential construction, *Napoleon* introduced the "GD1800" as a new, less-expensive builder



Napoleon product brochures.



GD3014 gas insert.

model. At the same time, new distribution centers were added to facilitate and accommodate the growth of *Napoleon* product in Western Canada. The "GD1800" was a "rear-vent" direct-vent fireplace that was introduced as a "heater". It had the same distinctive arched-door look as the company's other models but stood out through its greater installation ease, as it vented directly through the rear and to the outside.

In 1991, as customers had begun favouring more colourful stoves, *Wolf Steel/Napoleon* added porcelain colours to their EPA line of free-standing wood stoves. Other new items which served to enhance the company's gas product line included a "periscope" which allowed for installations where the terminal would otherwise be below grade and regular installation would be impossible. Masonry fireplaces ("WM-1020" and "NM-2020") were

tested and "listed" to the new ULC liner standard. In 1992, the "GD3200" replaced the "GD3000" which had been launched three years earlier. The new model was redesigned as a high-efficiency heater with unique glowing embers which added a very realistic charm to the flames. The wood-burning "EPI-1600" also entered the market that same year as a "high tech" insert, providing an environmentally friendly heating option.

In 1993, the "GS3500" gas stove was launched in 4 porcelain enamel colours, as was a new smaller gas insert ("GI-3600") designed to fit prefabricated zero-clearance fireplaces. 1994 marked the introduction of the "GDS3700" direct-vent stove with an 85% efficiency rating. At 85% steady state efficiency, this was the most efficient gas-burning stove in North America.



Franco Belge Oil Stove imported by Wolf Steel Ltd.

While in the past *Wolf Steel/Napoleon* had produced gas fireplaces mainly with the private consumer in mind, the builder market had become increasingly more important ever since the introduction of the "GD1800" as the company's first builder model at the beginning of the decade. In 1994, the "GD22" was added as a more efficient and larger-BTU model designed exclusively for the highly competitive builder market. 1994 also saw the introduction of the patented and highly efficient "GI3014" (Bay Window) insert, which took the fireplace insert market by storm, boasting both design and performance features previously unheard of.

When *Napoleon* began offering the "GD3200" as a "Bay Window" gas fireplace in 1995, it became an instant success, quickly exceeding all sales projections. The "NZ-25", a single unit wood-burning fireplace, was met with great customer approval as well, as it was capable of heating the entire home when installed in conjunction with its central heating option. In 1996, a new direct-vent gas fireplace ("GD27") was brought into the market to complement the "GD22", satisfying demand for a top-vent builders unit. Other new product options included a high BTU free-standing gas/propane stove ("GD50") and its counterpart insert ("GI150"). That same year, *Napoleon* launched the "GDS50" direct-vent gas stove with a secondary heat exchanger and with an advanced "furnace-type" burner behind the logs, acting as a "turbo boost" when extra heat is required. Double- and triple-sided see-through units, as well as an add-on bay window kit, complemented the extensive line-up of *Napoleon* product options. When cast-iron oil stoves became popular in North America, *Napoleon* started importing oil stove models made by *Franco-Belge*, one of their European suppliers, and released it on the North American market. The "GD45" as well as the "GD17" with tempered glass doors

were presented to consumers in 1997, leading to even more product diversification in the stove/fireplace segment. Whereas the "GD45" stood out through its size, being a "huge" gas fireplace, the "GD17" was a single-burner fireplace for the builder market. That same year two hand-held remote controls with digital read-out and thermostatic capability were introduced, as was the "GS-150KT B vent" adaptor, a patented device to convert direct-vent gas stoves to natural draft. In 1998, *Napoleon* was the first company to manufacture a convenient hinged door for direct-vent fireplaces. New products added to the line in 1998 included the "GD33", a unique fireplace only 12" in depth which made it ideal for new construction in places where floor space is at a premium, as well as a catalytic vent-free fireplace for the US market. The "GD20", which entered the market that same year, completed the *Napoleon* fireplace line with its natural draft design. Various webbed arched door facias were introduced as decorative add-ons to all units. When *Continenta*® fireplaces were devised in the late 1990's as a completely new line for builders and contractors, this innovative product allowed *Napoleon* to break new ground in the highly competitive new construction market and opened up new sales channels for the company. The 1990's saw an incredible amount of new product launches and development and catapulted *Napoleon* into the market as a serious player in the North American fireplace industry.

PHAZER® LOGS (1994)

From the moment he entered the gas fireplace market, Wolfgang knew that both the quality and placement of the logs inside the firebox were crucial to the overall appearance and appeal of the fireplace. As the



Porcelain Technologies, the enameling plant co-owned with Brad Michael of Heartland Cook Stoves.



Production in the Porcelain Technologies facility.



Grand opening of the Wolf Steel/Napoleon facility in Kentucky.



Napoleon exhibiting at the HPBA Expo.

company's research and development team experimented with different kinds of material over time, *Napoleon* went from cement to ceramic fiber logs. Whereas cement logs had to be carefully positioned within the unit (if moved directly into the flame cement logs create carbon to the effect that the glass turns black), the use of ceramic fiber logs allowed for placing the logs right into the flame, giving the fireplace a richer and much more realistic appearance. By using ceramic fiber logs in the creation of a glowing ember bed, in combination with *Napoleon's* state-of-the-art burner technology, Wolfgang and his team were able to create the most realistic flames and glowing logs in the industry.

After devising ceramic fiber logs, a name needed to be found for the new logs that would catch the buyers' attention. Wolfgang and his team had been sitting in the boardroom for several hours already discussing the pros and cons of all sorts of names, when *Napoleon's* sales manager at the

time Roger Gripton suggested calling them PHAZER®Logs. With Star Wars being incredibly popular at the time, the assumption was that a product name associated with phazer guns would stick. PHAZER appeared to be a catchy, modern name that people would remember. A registered trade name today, *Napoleon* uses PHAZER®Log sets in a wide range of gas-burning product. Marketed under *Napoleon's* "Yellow Dancing Flames®" trademark, PHAZER®Logs were an immediate success due to their ability to replicate a truly realistic glowing log fire.

PORCELAIN TECHNOLOGIES LTD. (1994)

When customer demand turned towards stoves in a variety of colours instead of the traditional black or brown that was spray-painted onto the fireboxes, the company decided to venture into porcelain enameling

technology. Porcelain enameling uses ground-up glass with a colour pigment in it, which, when melted onto the metal, is not only more durable than paint, but also gives it its distinct shiny finish. At first, *Wolf Steel/Napoleon* used *Garland Appliances* in Toronto for doing the porcelain finishing for them. However, since *Garland* was producing their own line of cookware as well, the company always gave priority to their own product, resulting in long wait times for *Napoleon*. Although the quality of their work was excellent, Wolfgang could never rely on when they were getting parts from *Garland*, making this business relationship highly unpredictable. Brad Michael, the owner of *Heartland Appliances* in Cambridge was another manufacturer who was also using *Garland*. While talking to each other one day, Wolfgang and Brad realized that they were faced with the same problem. In an effort to establish control over the porcelain-finishing process they decided to form a mutually beneficial partnership to produce porcelain through a jointly-owned

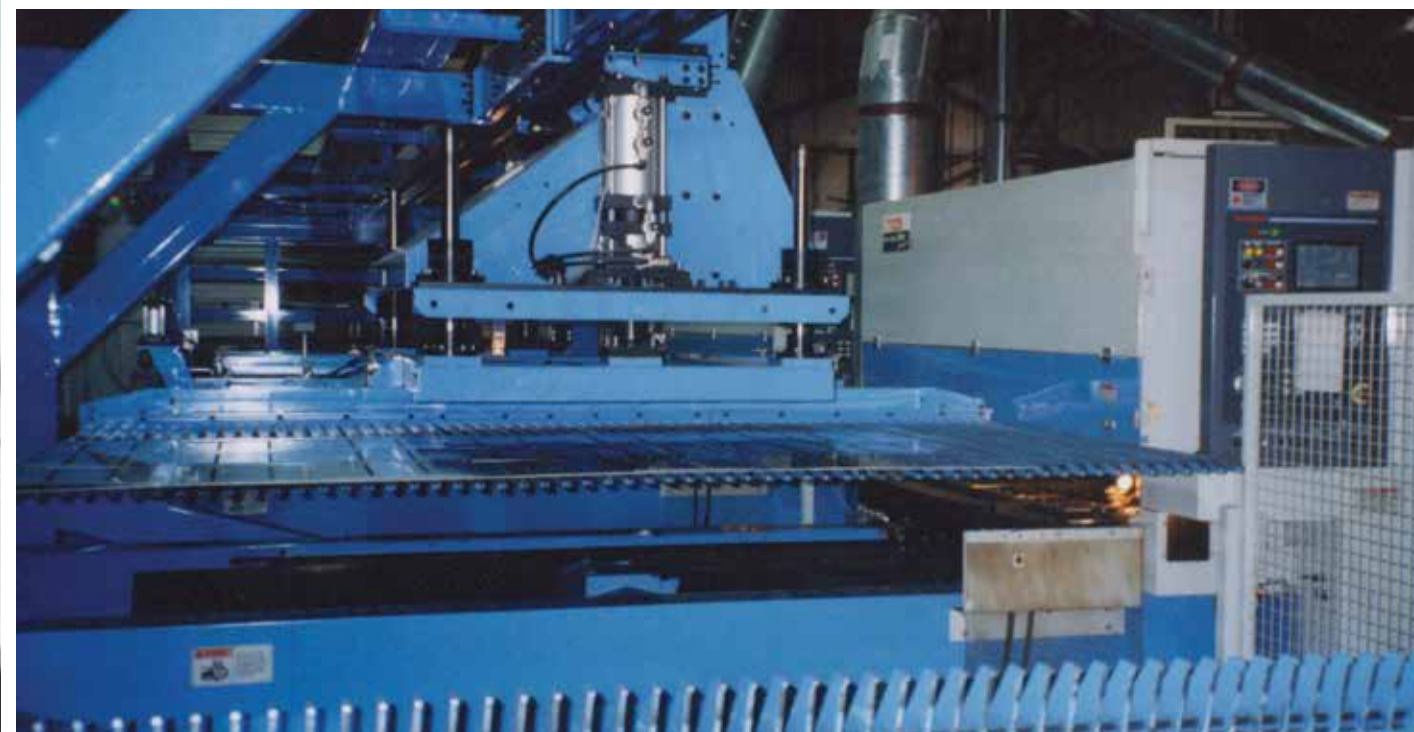
company. When the manager of the Porcelain line at *Garland* expressed interest in working with them, he joined Wolfgang and Brad as a partner to lead the enameling plant. Thus, in 1994, *Porcelain Technologies Ltd.* in Mississauga was born. The company is still in operation today with *Napoleon* owning it outright.

DEVELOPING THE US MARKET

After exhibiting at the *Hearth, Patio and Barbecue Expo*, North America's largest trade show for hearth, patio and barbecue products put on by the *Hearth, Patio and Barbecue Association (HPBA)* since 1985, *Napoleon* was making inroads into the US market. Distribution, however, proved to be a challenge, because unlike in Canada where *Napoleon* had become a brand name, no big distributor in the US had heard of *Napoleon*, let alone be willing to take on an unfamiliar product line in truckload



Use of high tech machinery in the Napoleon plant.



Laser machinery used for precision cutting.



Delivery of a new automated punch press to the Napoleon plant in Kentucky.



quantities. Realizing that in order to establish a more permanent presence in the US it was vital to have warehouses south of the border, *Wolf Steel/Napoleon* established their first public warehouse in Denver, Colorado in 1990, followed by a second warehouse in Lake Forest, Illinois, the same year. In 1993 more warehouses were added in Elkhart, Indiana; St. Paul, Minnesota; as well as St. Louis, Missouri. 1994 saw the establishment of warehouses in Sacramento, California; and Albany, New York. Having warehouses in the US allowed *Napoleon* representatives to show their product to US dealers and distributors, as well as affording them the opportunity to supply their product in a much shorter time. Having product readily available made it much easier for *Napoleon's* sales representatives when trying to sign up individual dealers. *Napoleon* was successful in establishing relationships with US dealers in their areas of interest as well as in selling to US distributors who recognized the quality of their product.

In 1998, *Wolf Steel USA* was founded as an independent subsidiary, and a 20,000 square foot facility was rented in Kentucky to serve as a distribution center for the US market. Wolfgang and Ingrid chose Kentucky for its central location within the US, as well as for its excellent infrastructure network which met all of their key requirements. First, from their Kentucky distribution center, *Wolf Steel/Napoleon* can deliver to most destinations in the US within one day. Second, trucks bringing in product from Barrie can get there in one day, unload their product and drive back the very next day. If the distribution center had been located any further away, it would have resulted in a three-day-turnaround. Third, there are convenient flights from Toronto to Cincinnati, allowing Wolfgang and staff to get there in less than an-hour-and-a-half from Pearson International Airport in Toronto.

At the beginning, *Wolf Steel USA* was used mainly for distribution, meaning that *Wolf Steel Canada* sold product to its US subsidiary, which then distributed it to target areas in the US. As their market presence south of the border expanded, *Wolf Steel/Napoleon* began manufacturing products exclusively for the US market at the Kentucky facility.

INVESTING INTO STATE-OF-THE-ART MACHINERY

As a trained tool and die maker, Wolfgang appreciates that using cutting-edge machinery allows for the highest levels of precision in the production process. Never hesitant to invest into new technology that enhances the quality of *Napoleon* product, Wolfgang added new machines and tools as advanced technology became available: In 1990, modern CNC technology was introduced and one year later, in 1991, *Wolf Steel/Napoleon* began robot-welding. Throughout the entire decade, *Napoleon* acquired highly automated and computer-controlled machines to keep pace with the company's growth and further, to ensure the production of consistently high-quality products.

Realizing the benefit of laser technology after first using laser machines in the production of barbecues in 1995, Wolfgang bought two 5x10 laser machines for the company's stove and fireplace production as well. In order to accommodate the large-size machines, an extension to the Napoleon Road facility had to be built first. The introduction of laser technology had a massive impact on the company's entire production process. As they were coming out with new product all the time, laser technology with its unprecedented level of precision, accuracy and speed

was a way of keeping up the pace of production with *Napoleon's* high assembly capability.

CHANGES IN THE MARKETPLACE AND STRUGGLING WITH THE LARGE UTILITY COMPANIES

Around 1995, *Napoleon* was facing a new challenge from the big gas utility companies. *Union Gas* and the *Consumers Gas Company* (now *Enbridge Gas Distribution Inc.*) had always had their own stores where they sold gas-burning appliances such as fireplaces. With their primary focus on selling energy, appliance retailing was a means to an end for these companies, based on the consideration that the more appliances they could get out to consumers, the more gas they would be able to sell as well. By 1995, these big players in the gas utility market were not only promoting gas appliances very heavily, but they were also selling discounted stoves, fireplaces and other appliances in their stores at such a scale that individual dealers could not compete with them any longer. As large utility providers with company assets in the billions of dollars, they were in a position to take a loss on the sale of appliances because they could always compensate for it with profits out of their gas supply operations.

In order to stay competitive, independent dealers and distributors of gas appliances organized a coalition, the *Heating, Refrigeration, Air Conditioning Institute of Canada (HRAI)* and took their case to the Provincial Government's business-regulating authorities. There they argued that the utility companies were engaged in unfair practices, and that their allegedly anti-competitive behavior was destroying the livelihood of independent

appliance dealers. Many years later and after many meetings, the *Ontario Energy Board (OEB)* ordered the gas companies to separate their gas supply operations from the sale of gas-powered appliances. Although appliance dealers welcomed this decision, the damage was done nevertheless, as the utility providers had already been able to take significant market share through combining their gas and appliance retail operations over the years.

When the OEB ruled that the energy providers' business practice was unfair, it gave them one year in which they were to separate their two lines of business. During that year, *Consumers Gas* established many large and impressive "superstores", including service and installation departments with new trucks, to take on the competition under the new Government-imposed business structure. At around the same time, the gas industry became deregulated and *Union Gas* from BC moved into Ontario taking over some of the gas energy market. A major battle for market share in the appliance market evolved, and many specialty fireplace and barbecue stores were bought up in a buying frenzy by *Union Gas*, *Consumers Gas* and *Lennox Industries*. When Wolfgang met with the president of the Ontario division of *Union Energy*, he learned that the company was spending large amounts of money to put this program into place. Almost overnight, Wolfgang lost many of his dealers as they were bought up by these three companies. This was more than just regular competition in the marketplace: the practice of these large energy companies was threatening private manufacturers' ability to sell their product through independently-owned appliance retailers.

Wolf Steel's competitor *Canadian Fireplace Manufacturers Ltd. (CFM)* was the main supplier of appliances to *Union Energy* at the time. In



Room with Napoleon GD-36 fireplace and "Simcoe" model mantel.



Tools used in the production of Napoleon wood mantels.



"Bonaparte" model wood mantel.



"Princess" model wood mantel.



"Thomasville" model wood mantel.

meetings with executives from both companies, Wolfgang learned that they intended to take over small retailers across Canada and in the US as part of their growth strategy. Wolfgang got the impression that they were generally not interested in offering *Napoleon* product in their newly-acquired stores. They would keep selling CFM product for the largest part and only cherry-pick *Napoleon* and other product in areas where CFM did not serve their retail needs.

Looking back at this challenging period, Wolfgang remembers his struggle with some of Canada's largest utility companies as being much more than just a conflict between an independently-owned and independently-operated manufacturer and large energy corporations. It was also a clash between contrasting business philosophies applied by *Napoleon* and their competitor CFM. Manufacturing out of Mississauga, CFM had grown its business through close cooperation with the utility providers, whereas *Wolf Steel/Napoleon* had always worked in conjunction with independently-owned dealers.

Realizing the seriousness of the situation, Wolfgang decided to partner up with those retailers who did not want to sell out to his competitors. Buying some of them outright and partnering with others, *Wolf Steel/Napoleon* ended up with twelve stores in Ontario in an attempt to keep market share. "It was a tough few years", remembers Wolfgang, "we lost a lot of money by having to operate our own retail stores and through head-on price competition with the large utility companies." Being persistent and not giving up, however, *Wolf Steel/Napoleon* was able to persevere in the end. Wolfgang credits this to their ability to run operations much more efficiently than their large corporate competitors. Although most of

the retail stores *Wolf Steel/Napoleon* had opened up were losing money each and every year, Wolfgang was convinced that he could outlast his competitors. When the large energy companies eventually pulled out of the retail market, the stores they had acquired were sold back to their former owners or to the store managers. That way *Wolf Steel/Napoleon* was able to sign most of the stores that had previously carried *Napoleon* product back on.

MOVING MANTEL PRODUCTION IN-HOUSE

At the same time that *Napoleon* was competing with the utility corporations, Wolfgang bought a retail store in Malton, Ontario, which had a mantel shop attached to it. He decided to use the facility to build mantels there, but soon found that the shop worked very inefficiently. To resolve this issue, Wolfgang bought new equipment for the shop and hired someone to look after it. That way he was able to ensure that the quality of workmanship and management was brought in line with *Napoleon* standards. After the conflict with Consumers Gas and the other gas utility companies was over, Wolfgang sold the retail stores he had acquired during the struggle back to the original owners or the store managers respectively. When he offered the Malton store to its manager, the latter only wanted the retail store, but not the mantel production. Wolfgang therefore had to make a decision: he either discontinued his involvement in mantel production altogether or moved the equipment to Barrie and started producing mantels in-house. Wolfgang went with the second option. *Napoleon* began manufacturing a variety of mantels, including hand-carved wood mantels made out of selected solid hard wood (the



First dealer trip to London and Paris. Getting onto the hover craft to cross the channel.



Dealer trip to Morocco.



Dealer trip to Italy - David Malcom of Override had made up shirts for everyone.



Ingrid and Wolfgang during a dealer trip to Greece.



Ingrid and Wolfgang in Mexico with Sandra and Shaun Mullan on the right.



Enjoying refreshments in the middle of the desert during the Napoleon dealer trip to Tunisia.



Dealer trip - relaxing in Punta Cana, Dominican Republic.



Dealer trip - rafting in Jamaica.



Dealer trip to Tunisia.



Dealer trip to Italy.

"Westchester" and "Thomasville" models) as well as the *Napoleon* "Signature Series" which incorporates a variety of styles from traditional to modern under the product names of "Georgian", "Simcoe", "Metro", "Princess", "Bonaparte", and "Elegance". Having an in-house wood shop with skilled cabinet makers, has benefitted *Napoleon* in many ways: In addition to producing mantels, the wood shop has been building product displays for trade shows, as well as making custom-furniture that is used in different departments of the company.

THE NAPOLEON DEALER INCENTIVE PROGRAM

Until 1999, when the *Napoleon Alliance Dealer Program* was launched to make dealers of *Napoleon* product more competitive, the company organized twelve major trips for their dealers as a company incentive. Depending on the amount of *Napoleon* product they purchased, dealers qualified for participating in trips to destinations such as London, Paris, Costa Rica, Morocco, Tunisia, Portugal, Greece, Italy as well as two cruises. With Wolfgang and Ingrid, their sales staff and key executives participating in these trips, dealer trips provided a great additional forum for solidifying close personal relationships between *Napoleon* and key dealers that went well beyond typical relationships between a manufacturer and store-owners carrying their product. Whether it was riding camels in the Saharan desert, exploring historical sites in Europe or participating in Ramadan in Morocco, Ingrid, who assumed responsibility for the dealer incentive program, put a lot of effort into designing and organizing these dynamic trips that were highly popular with *Napoleon* dealers, the company's sales staff and management alike.

"MY NAME IS WOLFGANG SCHROETER AND I MAKE FIREPLACES"

Dealer trips to various parts of the world created many shared memories between Wolfgang and Ingrid, their staff as well as their key dealers: on their trip to Tunisia, for instance, Wolfgang was left behind in the desert. In Portugal, they all had to push the bus. The funniest experience, however, which makes Wolfgang laugh to this very day, occurred on one of their cruises. One night, when the cruise company's entertainment staff put on an impersonator competition in the ship's main theatre, *Napoleon's* Vice President of Sales at the time, Roger Gripton, having had a few drinks already, dressed up as a woman, put on a wig and makeup and signed up for the event. After performing on stage, the winner of the competition was determined by applause, with Roger coming in second. Towards the end of the show, the host interviewed the participants in front of the audience, asking for their name, where they were from and what they did for a living. Wolfgang, Ingrid and many of their staff and dealers were sitting in the audience when it was Roger's turn to answer those questions. Wolfgang could not believe his ears when Roger replied: "My name is Wolfgang Schroeter; I am from Barrie, Ontario, and I make fireplaces." They all had a big laugh. The next day as they switched on the TV in their cabin and were flipping through the channels, there it was again: Roger in full makeup and dressed up like a woman pretending that he was Wolfgang. To their surprise, the previous night's entertainment program had been video-recorded and was broadcast on the ship's home channel all day long. This anecdote has remained one of the most treasured personal stories in the company's over 35-year-long history to this present day.

THE NAPOLEON ALLIANCE DEALER PROGRAM

Although dealer incentive trips to exotic locations had served an important purpose by contributing to the forging of strong personal bonds between *Napoleon* staff and dealers of *Napoleon* product, the decision was made to discontinue the trip incentive program in 1999. Not only did organizing these trips take up a lot of Ingrid's time, but Wolfgang and Ingrid also realized that the funds spent on trips could be used to a much greater advantage for their key dealers who had been part of the *Napoleon* success story from early on. As *Napoleon* was reaching the top in terms of being recognized as a brand name, competition became more cut-throat with individual competitors starting to copy their product and pricing having become much more competitive as well. Furthermore, when the big energy companies started buying up independently-owned dealers across Ontario, it became imperative for *Napoleon* to help those dealers that decided to remain independent and to keep selling *Napoleon* product to become more competitive against the utility corporations. In order to achieve that goal, Wolfgang told his key dealers during their twelfth and final trip under the company's trip incentive program, they needed better pricing from *Napoleon* so that they had more funds available for advertising and promotion to drive consumers into their stores. Wolfgang announced that *Wolf Steel/Napoleon* was terminating the trip incentive program and was launching the *Napoleon Alliance Dealer Program* instead. Under this new program, the company put the money previously spent on trip incentives towards preferential treatment of Alliance dealers on deliveries, special offers, higher discounts on builder models, as well as further rebate levels. *Napoleon* also helped Alliance dealers with



Niagara Falls wine tour during the 2010 *Napoleon Alliance* dealer meeting.



2010 *Napoleon Alliance* meeting.



2012 Alliance trip to the Dominican Republic.

Dress up time during the 2010 Alliance dealer meeting in Niagara.
L to R: Raymond and Rosie Teasdale, Kevin Dixon and wife.

Roger Gripton dressed up as a fairy at a Napoleon Alliance meeting.

their marketing and advertising efforts, as well as organizing regular manufacturer/dealer meetings where dealers could provide feedback and suggestions on how to improve product. In order to become an Alliance dealer, store-owners committed 80 percent of their retail space to the selling of Napoleon product, leaving them room to fill holes in the Napoleon line-up with other product. As many loyal dealers have been working with the company under the Alliance program to this very day, the Napoleon Alliance Dealer Program has worked out very well for both Napoleon and the dealers and continues to grow every year.

Currently, dealer trips, though much more limited in scope than they once were, are still part of the Schroeters' approach to getting to know their dealers and distributors on a personal basis as well as providing an additional avenue for listening to dealers' feedback and concerns. Once a year, Napoleon staff and management meet with their Canadian dealers and distributors. These meetings always include a seminar session for the purpose of explaining new product and to gather feedback and suggestions on how to improve product and how to support dealers and distributors even better in the future. One year, when Napoleon put on a costume party



Opening of Finance 2000 with Ann Gayos and Wolfgang in the front. Ann Gayos was instrumental in making the program a success.

for their Alliance dealers, the company's Vice President of Sales at the time, Roger Gripton, and his wife, showed up dressed as fairies. Wolfgang took one critical look at his VP and said jokingly, "You are fired!"

HELPING OUT IN TIMES OF CRISIS: NAPOLEON AND THE 1998 QUEBEC ICE STORM

1998 was the year of the great ice storm in Quebec, Eastern Ontario, parts of New Brunswick and the north-eastern US that has gone down in Canadian history as one of the country's largest recorded natural disasters. For six days in January 1998, freezing rain created three-to four-inch-thick layers of ice mainly in Quebec. When trees, hydro- and utility poles and transmission towers collapsed under that weight, some of the resulting power outages lasted for months.

As people prepared for the ice storm, Napoleon dealers in Quebec were selling stoves in huge quantities. Since Napoleon was known as a manufacturer of wood and gas stoves and fireplaces that also work in power failure situations, Napoleon shipped almost a truckload of product to Quebec and Eastern Ontario every day. Their Quebec dealers had long lineups in their stores. Even fistfights occurred between customers who were pushing to get their installations done before others. Some stores started using a numbering system in order to deal with demand so that everyone knew who was next in line. A lot of people ended up doing their own installations because they wanted heat in view of warnings issued by Environment Canada that power outages could last for several weeks. "No power, no problem!" was Napoleon's advertising slogan.

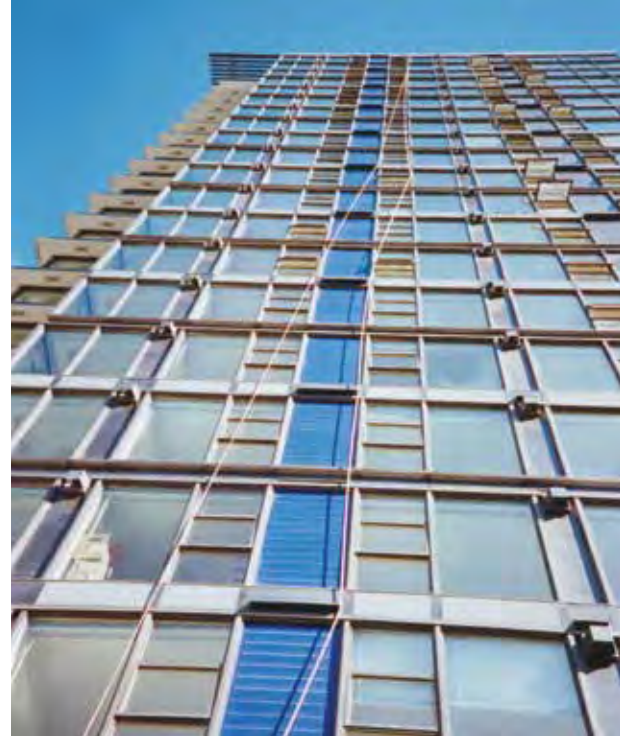
Thanks to Napoleon product, a lot of people had heat in their homes when faced with extended power failures during and in the aftermath of the ice storm.

FINANCE 2000

In 1998, after realizing a gap in consumer financing options, Wolfgang and Ingrid started their own consumer finance company, dubbed *Finance 2000*. The purpose of this program under Ingrid's leadership was to provide consumer credit to their customers. Although there was a lot of consumer financing available through financial institutions, banks generally did not grant consumer credit for amounts less than \$2,000.00. Since Napoleon barbecues were selling for less, none of the financing companies would finance consumers wanting to buy that particular product. In the beginning, *Finance 2000* was quite successful, not only because they were the only finance company providing credit in the lower dollar segment, but their program was more personal and more flexible than comparable bank services as well: When individual consumers found themselves in financial difficulties and could not make their regular payments any longer, a Napoleon representative would sit down with them and work out a plan instead of resorting to collection agencies. However, after two or three years of providing consumer credit to Napoleon customers, the financing side became more competitive as banks and other financial institutions lowered their dollar figures for consumer credit to below \$1,000.00 as well, cutting into the *Finance 2000* market. The banks could offer better programs because they had 24/7 service departments whereas Napoleon's phone lines were only open during business hours. In 2011, realizing that they could not



One of the high rises in Vancouver where Napoleon gas fireplaces were installed.



The terminals for the gas fireplaces are visible on the outside of this Vancouver highrise building.



The NAC building when purchased and before renovations, 1995.



Entrance to the NAC building.

compete with the banks in the long run, the Schroeters decided to close down their company's financing program.

SERVING THE CONSTRUCTION MARKET – NAPOLEON FIREPLACES IN HIGH-RISE CONDOMINIUM DEVELOPMENTS

Beginning in the early 1990's, *Napoleon* and other hearth product manufacturers did well by selling direct-vent gas fireplaces to the new-construction industry. As many new high-rise condominium complexes were built throughout the decade, developers ordered large numbers of fireplaces to be put into new condo units. The Canadian high-rise

market with gas fireplaces started in Vancouver where most new units were designed with fireplaces in mind. In an interview with *Hearth and Home* in 2002, Wolfgang said: "I believe about 80 percent of new condominiums in BC have a gas fireplace in every unit." Gas fireplaces were well received by new condo owners, not only for their aesthetic value, but also because they would keep the units warm in the eventuality of a power outage. Drawing on the combined strength of *Napoleon* and their regional distributor, *Delco*, in Langley and Nanaimo, BC, *Napoleon* was highly successful in promoting and selling gas fireplaces to the condo market. Today, the market has changed with gas fireplaces having become less popular in new condominium construction. Over time, developers, architects and condominium owners switched to electric fireplaces, which are easier to install and more cost effective. In



Napoleon grills booth at the National Home Show Toronto, 1997.



Introducing the new grills to the Napoleon sales team, circa 1996.



Laurie Hardy manning the booth at the Home Show in Toronto in 1997 when the new grill line was launched.

Toronto, the second largest condo market in Canada, gas fireplaces were never as widespread as in Vancouver. Even today, electric fireplaces are hard to find in new condominiums there, as Toronto's highly competitive condo market is based on price rather than comfort and other benefits to the condo owner.

BECOMING A BARBECUE AND GRILL MANUFACTURER AND THE FOUNDING OF NAPOLEON APPLIANCE CORPORATION (NAC)

Although *Wolf Steel/Napoleon* had undergone significant growth as a manufacturer of stoves and fireplaces over the years, the fact that hearth

products were seasonal posed particular challenges. With demand for their product fluctuating considerably based on the seasons, sales volume as well as the company's need for labour rose and fell accordingly. In the early 1990's, in order to offset decreased sales numbers of stoves and fireplaces during the off-season for heating products, *Napoleon* began selling barbecues (*Ducane* and other brands) as well as chain saws in the company's retail store on Highway 11. Most disturbing for Wolfgang and Ingrid as entrepreneurs who feel responsible for their associates, was the fact that they had to lay off employees after the fall season when there was little demand for fireplaces. Wolfgang believed that if he could add a second product line to their manufacturing operations in the spring, he could keep his people employed all year round. After looking at manufacturing barbecues as a possibility for quite some time, Wolfgang finally decided to



Napoleon product brochures.

enter that market on the manufacturing side. Thus, in 1995 the *Napoleon Appliance Corporation (NAC)* was born as an independent company for the production of barbecues under the *Napoleon* brand.

Wolfgang's goal was to produce a high-end gas grill that would stand out in the marketplace through its exceptional level of quality that justified a price tag of \$999.00. When Wolfgang presented the idea to his family and to his company's executives, it was met with great skepticism. Wolfgang was told time and again that he could not succeed in selling a barbecue for such a high price since all other grills on the market were significantly less-expensive in comparison. Believing that a high-quality product, which outlasted competitors' cheaper models by many years and that was backed by an excellent warranty would sell for that price, Wolfgang ignored the skeptics and went ahead nevertheless. In order to develop the first *Napoleon* barbecue he hired Steve Schwarz, the son of a good friend, fresh out of engineering school in May of 1994. Wolfgang examined all barbecues on the market, dissected them and combined what he considered to be their best features as well as many ideas of his own into the first *Napoleon* gas barbecue.

Strapped for space in their stove and fireplace manufacturing plant on Napoleon Road already, Wolfgang and Ingrid began looking for an additional property for the production of barbecues. They came across 214 Bayview Drive, which had been a Radio Shack Distribution Warehouse at some point before being owned by Rockwell International. *Wolf Steel/Napoleon* purchased the run-down building which was sitting empty at the time and undertook major renovations, including stripping the entire office area down to the bare steel and refurbishing it, putting in new windows,

a new entrance, and new offices, among other things. With the newly finished facility amounting to 130,000 square feet—an enormous size for a company that was just starting out—Wolfgang decided to subdivide it and to rent out parts. Within a year after beginning production of high-end barbecues under the *Napoleon* brand, however, there was no more need for bringing in tenants, as *Napoleon* was using the entire space already. Once again, Wolfgang had proven the skeptics wrong. That very same year, both companies, *Wolf Steel* as the manufacturer of *Napoleon* stoves and fireplaces and the new *Napoleon Appliance Corporation*, achieved ISO certification and by 1997, staff numbers in both companies had reached close to 240, having almost doubled since 1994.

Throughout 1994 and early 1995, as they were establishing the foundations of *NAC* as a barbecue manufacturing company, Wolfgang, Steve Schwarz and their team worked tirelessly on developing three prototypes to be shown to the public at the HPBA show in the spring of 1995. These were the "BC50" and "BC60" units, which were equipped with a stainless-steel infrared rear burner, 3 main tube burners and an optional side burner (in the "BC60" model). These grills were built in porcelainized steel construction, with a roll-top lid as well as wooden side shelves. Full production of *Napoleon* barbecues began in the summer of 1995. Wolfgang's goal for the first year was to produce 1,000 units. With only 20 people working in the huge 130,000 square foot facility on Bayview Drive at the beginning, it felt for everyone involved that they were truly breaking new ground. Then, in 1996, the "308 series" grill was launched. This was a smaller two-burner unit with folding shelves, a porcelain base, as well as optional rear and side burners. Following the introduction of the "308 series", *Napoleon* continued to develop and

launch new product year after year. In 1997, the "450 series" replaced the older "BC50". The new unit included a sheet metal lid with cast end caps instead of the earlier model's welded lid. Furthermore, the base was redesigned to improve corrosion resistance and longevity, and plastic slats were introduced for side shelves in the new "450 series". When *Napoleon* started using castings in the production of barbecues, this made their grill units less boxy as well as providing many new design options. In 1997, *Napoleon* launched the *President's Choice* barbecue as the first



Napoleon grill cook books.

of many private label/promotional units for companies such as *Loblaws/President's Choice*, *M&M Meat Markets*, *Tim Hortons*, *Rickard's Red*, *Jack Daniel's*, *Coffee Time*, among others. In 1998 the "ULTRA CHEF® series" of grills made its appearance in the market with the "315" and "405" models. That same year, the "308" and "450 series" units were certified for sale in Europe allowing *Napoleon* to start showing products at *SPOGA*, Europe's largest outdoor trade show in Cologne, Germany. Still in 1998, the "308 model" was converted to a cast-aluminum tub in order to improve corrosion resistance and cost, as well as allowing for more design flexibility. The "SS 308" and "SS 450" were more commercial looking units built entirely out of stainless steel. In 1999, the "P600 model" added a large four-burner unit to *Napoleon's* line-up of barbecues. That same year also saw the introduction of two more sizes of "ULTRA CHEF®" units ("360" and "540"). Still in 1999, the "450 model" was converted to a cast aluminum tub. Similar to *Napoleon's* earlier cast aluminum tub model, the purpose of the conversion was to improve corrosion resistance and to add more design flexibility.

In the beginning, following *Napoleon's* first venturing into the barbecue market, the company was faced with the serious challenge of establishing



Napoleon sauces and spices.

a distribution network for their new product category. When approaching *Napoleon* fireplace dealers, the typical response received from them was "Why are you going into barbecues? You are in the fireplace business!" Many of their established dealers did not take them seriously at first, and it took Wolfgang, Ingrid and the *Napoleon* team several years to fully develop the barbecue distribution side of the business. While their fireplace dealers remained skeptical, owners of retail stores specializing in barbecues recognized the outstanding quality of *Napoleon* grills right away. Combined with the fact that there were not enough barbecues on the market and most of them were sold through mass merchants, barbecue specialty dealers enthusiastically took on *Napoleon* barbecues and promoted them in their stores.

When starting to produce barbecues, *Napoleon* purchased its first two 4 x 8 Mazak laser machines. Not only were lasers the latest technology at the time, but laser machines also proved to be perfectly-suited for cutting stainless steel, which was hard to cut on the *Amada* machines the company had been using in the manufacturing of stoves and fireplaces.

In addition to producing a high-quality grill with a warranty the company fully stands behind, Wolfgang decided to write a cookbook, which *Napoleon* supplied with each barbecue unit sold. While gathering and testing their family and friends' favourite recipes, the Schroeters had barbecued meat every day for an entire summer season. Responding to phenomenal growth in the gas grill accessories market, *Napoleon* later also developed their "Continental Specialties" accessories program which offers retailers and specialty shops a complete line of gas grill accessories, spices, cookbooks, and other items.

TRIP TO TAIWAN AND ESTABLISHING A COMPANY PRESENCE IN CHINA

In 1997, 10 years after their first trip to China and since beginning to import fireplace accessories from Taiwan, Wolfgang and Ingrid decided that the time was right for them to travel to Taiwan and explore further business opportunities there and in mainland China. The purpose of the trip was to meet their agent, look for new accessories and connect with Taiwanese barbecue manufacturers in particular. After seeing Taiwanese manufacturers exhibiting their barbecues at very reasonable prices at different trade shows in North America, Wolfgang and Ingrid were considering importing barbecues made in Taiwan for sale on the North American market. This was in reaction to *Napoleon* dealers telling them that it was becoming increasingly harder for them to compete in the barbecue segment with mass merchants who were selling much less-expensive grills imported from Taiwan. When *Napoleon* had gotten into the manufacturing of barbecues in 1995, the North American market had still been dominated by product manufactured in North America and offered by companies such as *Weber*, *Broil King*, *Fiesta*, *Ducane* and others. By the end of the 1990's, however, the market began to change as a greater number of less-expensive barbecues were imported into North America from Taiwan and China. In addition to exploring potential business opportunities in Taiwan, they did some sightseeing as well, including a visit to Snake alley, a night market in the oldest district of Taipei which is famous for its restaurants that serve unusual foods, including snake and turtle blood and meat.



Ingrid and Wolfgang rubbing Buddha's belly for luck during their visit to Taiwan.



Wolfgang enjoying the local food in China.



The Huadu plant at work.



Wolfgang at the Wolf Steel/Napoleon facility in Huadu.



Wolfgang in front of the Wolf Steel/Napoleon facility in Huadu.



Ming Zhang in front of the Wolf Steel/Napoleon facility in Huadu.

This, their second trip to Asia, confirmed the impressions which Wolfgang and Ingrid had gained during their previous visit to mainland China 10 years earlier: they found that people in both mainland China and Taiwan were very friendly. The main difference they perceived was that there were millions of motorcycles and quite a few cars on the roads in Taiwan as opposed to mainland China, where bicycles had been the main mode of transportation at the time of their first visit. From a business perspective, they found that Taiwan was more advanced than mainland China, and further, that there was also a tendency among Taiwanese business people to move manufacturing into China because labour costs in China were significantly lower due to an abundance of labourers, whereas Taiwan, being a small island, was challenged by limited human resources.

After visiting several barbecue manufacturing plants during their trip to Taiwan, Wolfgang and Ingrid started importing stainless steel barbecues from that country. To their surprise, every time they opened a container, the product was not what they had ordered. Wolfgang and Ingrid were learning the hard way that the Taiwanese manufacturer they were dealing with always changed things around without telling them, making use of whatever material they had available for production. Sometimes, when running out of stainless steel, they simply used other steel products instead. At other times the screws would be completely different. Dealing with these small Taiwanese manufacturers proved to be a real nightmare, as it was difficult to ensure that consistent product was coming out of their factories.

The second issue when working with Taiwanese manufacturers was that they were always looking for large volume orders. Many Taiwanese barbecue manufacturers were not interested in producing for *Napoleon* at

all because they considered the volume *Napoleon* offered to purchase from them too small. Wolfgang and Ingrid quickly realized that since everything in the Taiwanese and Chinese manufacturing marketplace went by volume they needed to develop an alternative if they wanted their business to really benefit from increased manufacturing capabilities in Asia.

Confronted with these challenges, Wolfgang and Ingrid started thinking about establishing their own factory in China. Not only would they be able to manufacture product in any quantity they required, but instead of dealing with factories that were not reliable, they would have their own quality control system in place to ensure that product coming out of China met their company's high standards.

Back in Canada, Wolfgang immediately began implementing his plan to establish a permanent company presence in China. The Schroeters met with Ming Zhang, a Chinese-born national who had lived in Canada for 10 years, become a Canadian citizen and worked as an engineer in the automotive industry before moving back to China. When Ming had moved back to his native country, his wife and son had stayed in Canada so that the latter could complete his schooling in London, Ontario. When Wolfgang met Ming through *Napoleon's* production manager, Ming was working for a company in China making sneakers. He was not satisfied with this position because in his previous job he had been general manager for a bicycle company that produced three million bikes a year. Knowing that Ming was looking for a position with more responsibility that was more suited to his level of experience, Wolfgang and Ingrid hired him during his next visit to see his family in Canada, and established a *Wholly Foreign Owned Enterprise (WFOE)*. Under Chinese

law, WFOE is a Limited Liability Company wholly owned by a foreign investor that is allowed to operate in China without a Chinese partner. The Chinese Government only introduced WFOE's as a form of business organization a year earlier. Originally, WFOE's were developed by the Chinese Government as a means of encouraging Chinese manufacturers to become more export-oriented, however, as China gradually opened up to foreign companies doing business in the country, WFOE's became the main tool for Western businesses to invest in the Chinese market and to operate in China under their own name without having to rely on a Chinese company as a formal partner.

After bringing Ming on board, *Napoleon* started operations in China by renting space in Guangzhou and turning it into the company's local office. Ming, together with another employee he hired for the company, began purchasing products and doing quality control at some of the suppliers *Napoleon* was dealing with in China. When looking for a factory to rent, they came across a 30,000 square foot building in Huadu that was still under construction. The owner of the facility was willing to lease the manufacturing space as well as a second three-story building beside it to house the employees. Since only the shell of the building was up at the time the lease was signed, the owner still had to finish the structure, including tiles, floors, kitchens, landscaping, lighting, electrical, as well as transformers, before *Napoleon* was able to move in. Following construction, Wolfgang and his team bought machines and set up production lines. The computer programs for the machinery were, for the most part, identical with the ones they were using in Barrie. Compatibility of machinery and computer programs was important for Wolfgang because that way it would be possible to troubleshoot from Canada if problems occurred in the production

process in China. Furthermore, in the case that *Napoleon* employees went overseas, they would be familiar with the equipment already.

When their rented manufacturing plant in Huadu, China commenced operations in January 2005, *Napoleon* sent one of their employees, Ilie Flueras, over for 3 months to set up machinery, train staff, and get production started. *Napoleon* used its new manufacturing capability in Asia for the production of fiber logs for gas fireplaces at first. Later, they began manufacturing barbecues in the Huadu plant as well.

The beginning of manufacturing operations in China was quite difficult because Government regulations required that foreign companies obtain stamps and other authorizations from the Communist authorities, and this undeniably made it hard to establish the organization. It took quite some time to get past these initial hurdles, but Wolfgang and his team persevered and got the plant up and running. To this day, even though the location of *Napoleon*'s operations in China has changed, *Napoleon*'s Canadian team works closely with their Chinese counterpart and there is a constant exchange of employees to ensure smooth operations and quality of products.

When Ingrid and Wolfgang became involved in China, they read many books in order to learn about the culture and about how Chinese people think and do business. They strongly believed that in order to be able to effectively do business there they had to educate themselves about the country, its history and its people. Today, China has changed to the effect that it has become much easier for Western companies and entrepreneurs to establish themselves in that particular marketplace. With

a lot of young Chinese people being trained at European and North American universities, the country's business elite has adapted to both the English language and Western thinking, whereas at the time Ingrid and Wolfgang originally ventured into China, things were still quite different.

CONTINENTAL® FIREPLACES AND COOPERATION WITH SEARS

When, in the late 1990's, Wolfgang and his team began exploring the Heating, Ventilation, and Air Conditioning (HVAC) market as a potential sales channel, they noticed that mass distributors of HVAC products were selling competitive brands of fireplaces to independent builders and contractors. Realizing that utilizing this additional sales avenue would create further growth for the company, they started asking themselves how to get their product into that particular market. While selling through mass distributors meant a potential increase in sales, it was also a step to be undertaken carefully, since independent HVAC contractors were not specifically trained on *Napoleon* product. However, given the huge quantity of fireplaces put in by independent HVAC contractors, the business opportunity could not be ignored. In order to protect their *Napoleon* name as well as their specialty dealers, *Wolf Steel* thus developed *Continental*® as a separate brand for a line of product sold to builders and contractors through mass distributors such as *Wolseley Wholesalers* across Canada. Launched in 1998 with builders and contractors in mind, *Continental* offers mainly gas fireplaces and inserts.

In 1996, *Sears*, one of Canada's largest and most reputable retail chains approached *Wolf Steel/Napoleon*, as they were looking for fireplaces to

be sold and installed through *Sears'* country-wide store network. As such, *Wolf Steel* offered them the *Continental*® line. *Continental*® Fireplaces sold so well in *Sears* stores across the country that *Wolf Steel/Napoleon* was subsequently asked by *Sears* to make a *Kenmore* line for them as well. *Kenmore* is the highly-respected house brand carried by *Sears* exclusively. With *Sears* providing the criteria and after going through a lengthy process, *Wolf Steel* began production of three different units sold under the *Kenmore* label: a gas fireplace, an insert and a stove. *Napoleon*'s cooperation with *Sears* had no negative effect on their own dealers due to different customer demographics, a limited product range within the *Continental*® and *Kenmore* lines, as well as the fact that product bought at *Sears* was also exclusively installed by *Sears* and was not made available to end consumers as a cash-and-carry item.



Napoleon's Continental product brochure.



**SPREADING THE
FIRE – *NAPOLEON*
BECOMING A
GLOBAL PLAYER IN
THE 21ST CENTURY**



Ingrid and Wolfgang at the Grand Opening of the new Retail Store.



Plant, warehouse and offices at 9 and 24 Napoleon Road.



Front of the Retail Store on 24 Napoleon Road.



Grand Opening of the new Retail Store. L to R: Joe Tascona (MPP Simcoe Centre), Ingrid, Mayor Hughes (Oro Medonte), Aileen Carrol (MP Barrie), Wolfgang, Garfield Dunlop (MPP Simcoe North)



The collapsed steel structure after a windstorm during the construction of the 24 Napoleon Road facility – the contractor had to start all over again.



BECOMING A GLOBAL PLAYER: BUSINESS DEVELOPMENT, 2001-2012

Entering the new millennium as a diversified manufacturer of stoves, fireplaces and barbecues, *Napoleon* underwent significant further growth, expansion, and product diversification during the first decade of the 21st century. By 2006, following a multiple-step expansion plan, total company manufacturing space in North America had grown to over 500,000 square feet. With over 500 dedicated associates and a large dealer network, *Napoleon* had become the largest privately-owned hearth products and gas grill manufacturer in all of North America. The exponential growth of the company since the beginning of the 21st century is illustrated by the grill division's doubling of sales in 2001 alone. New innovative product lines were added and existing ones further diversified. New product lines included waterfalls and waterfall/fireplace combinations, pellet stoves, HVAC products including the first gas furnace "proudly engineered in Canada for North American winters", as well as patio furniture. The opening of new manufacturing plants in Kentucky (2001) and China (2009), the establishment of various company offices in Europe (2009-2011), as well as the launch of a central warehouse for the European market in Holland (2011) laid the foundations for *Napoleon* truly becoming a global player.

PLANT EXPANSION AND OPENING OF THE NEW NAPOLEON SHOW ROOM

In 2000, as *Napoleon* had once again outgrown production space, the company bought a piece of land on what has since become 24 Napoleon Road across from their existing facility on 9 Napoleon Road. With room for further expansion, Wolfgang and Ingrid decided to create another 250,000 square feet of manufacturing and warehousing space in three stages: during the first stage, which was completed in 2001, 80,000 square feet of warehousing space plus 5,000 square feet of office space as well as the new *Napoleon* Retail Store and Showroom were added. During the second stage, completed in 2003, another 33,000 square feet of manufacturing and warehousing space were created. A further 80,000 square foot expansion (warehouse and manufacturing space) in 2005 marked the third stage, bringing the company's total space to close to 500,000 square feet at *Napoleon's* two Barrie locations. During one particular phase of the construction of *Napoleon's* new Corporate Head Office facility, the unfinished building was hit by a major storm. The foundations had already been poured and the steel pillars for the building were already up, when heavy winds during the night created a domino effect, causing the steel pillars to collapse one by one, bending all the steel, and causing the foundations to crack. The damage from the storm set construction back by around three months.

After completing the first expansion stage in 2001, *Napoleon's* new 8,000 square foot showroom was launched with a Grand Opening. The new showroom and retail store was an instant success, resulting in as many sales within the first month as *Napoleon* had achieved in their old store in an entire year. The overwhelming reception of their showroom by customers and dealers alike confirmed Wolfgang and Ingrid's belief in the importance of having a showroom large enough to exhibit their company's entire line-up of products. Although maintaining a showroom of that size meant additional costs, the Schroeters were convinced that a retailer would make the money back in higher sales, as customers prefer to shop in big stores that offer a lot of selection. The new showroom served also as an example for *Napoleon* dealers, since they could come in and learn about the entire range of *Napoleon* products in an actual retail setting. Ingrid, who had looked after the retail store from the earliest days of the company, did the decorating and décor for the new showroom as well. Today, as Wolfgang and Ingrid have been delegating more tasks to their associates, a manager, Steve Gauci, looks after the retail store's operations. In addition to making *Napoleon* products available to the public, the retail store is also an excellent means for the company to obtain immediate and honest feedback about the products from their customers.

DEVELOPMENT AND LAUNCHING OF NEW PRODUCT

As in previous decades, *Napoleon* developed and launched a lot of new product after 2000, both on the fireplace/stove and the barbecue side of the business. In the fireplace segment, the company introduced the "GDIZC" in 2000. Although the unit has a large glass door, it fits into very





small existing fireplace openings. In 2003, *Napoleon* began offering the “Manhattan™” as a patented, “world’s first and only” integrated gas and electric fireplace that could be used both during the summer and winter, as the heat could be turned on and off by the flip of a switch. Other additions to the *Napoleon* line of fireplaces were the “ElectroGlow™” electric fireplace series (2003), the “STARfire™” gas fireplace, the “NZ 6000-High Country™”, a large oversized wood-burning fireplace, as well as the “Madison™” gas fireplace which stands out through its authentic masonry look.

In 2005, *Napoleon* celebrated the fact that they had built over 200,000 units of their “bread and butter model” – the “GD36 series” of direct-vent fireplaces, which is used a lot in new construction. *Napoleon’s* new “Modern line” of fireplaces, which distinguishes itself through innovative shapes and design features, was added in 2008. That same year, the “Timberwolf®” brand, named after the original stove that had marked the beginning of *Wolf Steel* as a stove and fireplace manufacturer in 1979, was resurrected for more traditional, yet highly efficient “Economizer™” wood and pellet stoves and inserts.

On the barbecue and outdoor product side of the business, *Napoleon* introduced an all stainless steel version of the “450 grill” and *Napoleon’s* new “Prestige® II series” grills in 2001. This was followed in 2003 by the launch of the “PF series”. The “PF series”, made entirely from 304-high-grade stainless steel, was equipped with internal lights, on-board power, infrared main and rear burners, as well as dual side burners, drawers and a cabinet. That same year, the “U405 series” entered the market as a cast clamshell unit (cast top and bottom). Offered as a cart, pedestal and



Christmas party with Kentucky staff in 2010.

post-mount, all models in the series use the same grill head. The launch of the "Patioflame™" as well as the "GSS36 outdoor fireplace" in 2003 expanded *Napoleon's* line of outdoor products. 2004 saw the launch of the "215 model" as an all-stainless steel portable grill for marine, camping, and condo applications with various mounting kits available. That same year, the "405 series" of grills was certified for Europe, including natural gas versions, followed by the certification of the "215" for Europe a year later. In 2006, the "Gemini™ 750 model", a large five-burner unit with dual lids— one with infrared burners, the other one with conventional burners, plus side burners and a warming drawer—was added to the *Napoleon* product line. Due to its unique features, this unit was awarded the *Vesta* award at the HPBA Expo and named "Best Grill" at the SPOGA in Cologne, Germany, that same year. In 2007, *Napoleon* introduced the "Mirage™ series" of grills ("M485", "M605", "M730") as a separate line. Designed entirely in Canada, the "Mirage™ series" is manufactured at the *Napoleon* plant in China. In 2008, after being CE-certified, the "Mirage™ series" was launched in Europe. The new electric "215 – City Grill", the "605" charcoal grill and the "Mirage™" full-size charcoal grill further added to *Napoleon's* barbecue lineup that year. 2009 marked the introduction of both the Apollo® smoker and a



The Wolf Steel/Napoleon plant in Kentucky.

built-in portable sizzle zone grill and built-in side burner, as well as the launch of the "L485 series" in Europe and North America. Chrome trim and built-in lights are unique characteristics of the "PRO 450" and the "PRO 600", which were introduced in 2010. Designed by *Napoleon's* plant in China and overseen by *Napoleon Canada*, the "SE series" was launched in China in 2011. That same year, the "PRO 450" and "PRO 600" models were certified for Europe. 2012 has been another year of innovation and improvement in the barbecue category: the charcoal line was expanded with the addition of a charcoal kettle in both leg and cart models; the new line of "500" grills was introduced to replace the previous "450" models; and the "308" was redesigned and successfully reintroduced to the market.

WOLF STEEL USA INC. AND THE OPENING OF A NAPOLEON PLANT IN CRITTENDEN, KENTUCKY

By 2000, *Napoleon* had made substantial inroads into the US market, as the company was offering a complete product line through their warehouses and distribution center in Kentucky. In order to position





Napoleon Logistics Centre in Montreal, Quebec.



Ingrid and Wolfgang with Daniel Patry, owner of Maxiflamme, the Napoleon representative in Quebec, on the occasion of Daniel winning the annual sales award.



One of Maxiflamme's decaled vehicles.



Snowmobile trip with Quebec dealers.



themselves for more aggressive growth in the US market, Wolfgang and Ingrid decided to establish their own manufacturing plant south of the border. Thus, in 2000, *Wolf Steel/Napoleon* bought land in Crittenden, Kentucky for the purpose of building a factory that would service demand in the US market. The plant was opened a year later, in 2001, with a Grand Opening and 40,000 square feet of manufacturing and warehouse space. After adding another 80,000 square feet in 2010, *Wolf Steel/Napoleon USA* is now operating out of 120,000 square feet with room for further expansion in the future.

The company's US facility produces wood stoves and inserts, vent-free products, gas logs as well as barbecues. Having a manufacturing plant in the US has allowed *Napoleon* to more adequately cater to the unique conditions of the US marketplace. The differences in conditions are ultimately defined by a warmer climate in the Southern States as well as through differences in customer preferences: Some of the log sets used in masonry fireplaces in parts of the US would not be suitable for the colder Canadian climate and are thus not popular in the Canadian market. Also, heating efficiency, one of the most important factors in the purchasing decision of consumers in Canada, is deemed less important by many US consumers particularly in the warmer states in the South. There fireplaces are installed for purely decorative purposes. In order to meet the demand of their US customers, *Napoleon* offers a vent-free product line for the US market. Furthermore, as homeowners in the US tend to have a preference for larger fireboxes, *Napoleon* product manufactured for the US market includes a greater number of larger-sized models than the line of product marketed in Canada. Aside from these differences, *Napoleon* offers the same product lines in the US as in Canada.

QUEBEC WAREHOUSE

By 2002 Wolfgang and Ingrid identified the Province of Quebec as one of their main areas of focus for expansion. Although *Napoleon* has had a presence in Quebec since the early 1980's, product intended for the Quebec market was being stored and distributed out of a public warehouse in Montreal. As a result, Wolfgang and Ingrid decided to purchase a building in Montreal to serve as the company's new Logistics Centre for the Quebec market. Following a trip to Montreal to explore possibilities, they purchased the former consulate of the Czech Republic which met all of their criteria. While renovating the offices, *Napoleon* staff discovered three solidly-built walk-in safes. *Napoleon's* new Logistics Centre, a 32,000 square foot office and warehouse complex right on Highway 40 (the Trans Canada Highway) in Montreal, Quebec was opened in 2002. Daniel Patry and his highly dedicated staff at *Maxiflamme* oversee the operation and distribution.

THE NAPOLEON MANUFACTURING PLANT IN CHINA

By 2008, after 3 years of manufacturing some *Napoleon* products in China, the company had outgrown manufacturing space in their rented plant in Huadu. Since, with the exception of China, *Napoleon* owned all of their facilities outright, Wolfgang was determined to purchase an existing building or a building lot and establish a company-owned plant in China as well. He asked his manager Ming Zhang to look for a property that would serve *Napoleon's* needs. When looking at different possibilities, Ming and his team found that almost all existing industrial

buildings had already been occupied, as China was emerging as an economic powerhouse. Eventually, *Napoleon* came across a property in an Economic Development Industrial Park in Guangzhou and bought it from the Government. The park is beautifully-landscaped and well-organized, being occupied by many Western companies including *Siemens*, *Thyssen* and others. Wolfgang's original plan was to purchase a large-size property in the park, put a small building onto the lot at first and then, as *Napoleon's* manufacturing needs would grow over the years, add on to the plant step by step. Wolfgang was surprised to learn that this concept which he had so successfully applied to his company's operations in Canada was impossible in China. When purchasing an industrial building lot in China, the property owner is obligated by law to fill the entire property with a building. By forcing corporations and private investors to build the maximum manufacturing space possible, the Chinese Government ensures that manufacturers produce at maximum capacity levels right from the beginning. Buying one of the smallest properties in the park, *Napoleon* maximized the space with a four-floor building.

During the groundbreaking ceremony, with Wolfgang and Ingrid present, a time capsule steel box was cemented into the ground underneath the building containing all kinds of artifacts. A large fireworks display completed the event. Up to 300 workers were employed in the construction process, with 100 being on site almost all the time, allowing *Napoleon* to build very quickly and to complete construction within one year.

When traveling to China to attend the Grand Opening of their new plant in 2010, Wolfgang and Ingrid were accompanied by their sons Chris and Stephen as well as several managers, including their wives. Prior to

the Grand Opening they toured China together; among other places, they visited the Great Wall, Beijing, the Forbidden City, the Ming Tombs, as well as Guangzhou. Other highlights of the trip included a river tour and a visit to Hong Kong. Wolfgang wanted his managers to experience firsthand what China was all about. "Many people have the wrong ideas about China", he explains, "because what we see on TV is only what reporters want to show to Western viewers, whereas traveling provides opportunities to get a sense of China as it really is."

Similar to their former rented production space in Huadu, Wolfgang and his team set up the new *Napoleon* manufacturing plant in China in a manner that was highly compatible with their *Barrie* operations. In order to maintain cohesion across *Napoleon's* manufacturing facilities, they equipped the new plant with identical machines, production lines and computer programs to the largest extent possible.

Napoleon's plant in China manufactures highly competitive barbecues that are sold mainly through mass merchants, fiber logs for *Napoleon* fireplaces, as well as all kinds of small parts for fireplaces and barbecues that are extremely labour-intensive. Furthermore, *Napoleon's* plant in Guangzhou serves an important function in the company's overall business structure by coordinating shipments from *Napoleon's* Asian suppliers and by assuring the delivery of consistently high-quality parts both from their own facility and from their suppliers.

Having a plant in China for the production of cost-effective products has been a great asset for *Napoleon*. In today's marketplace, with certain products no longer being manufactured in North America at all, if a



Groundbreaking ceremony for the new *Napoleon* plant in China.



Land where *Napoleon's* China plant was built.



The buildings in the back are temporary housing for the construction workers.



Grand Opening of the Napoleon plant in China.



Wolfgang and Ingrid in traditional Chinese dress at the Grand Opening of the Napoleon plant in China.



Grand Opening of the Napoleon plant in China.



Grand Opening of the Napoleon plant in China.



The Napoleon plant in China after completion.



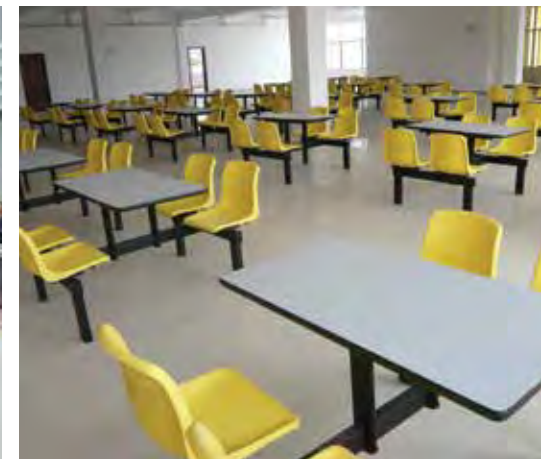
David Coulson barbecuing at the Grand Opening of the Napoleon plant in China.



Starting up production in the new plant.



At the Grand Opening of the Napoleon plant in China. L to R: Mariann Canova, Jilla Schwarz, Wendy Coulson, Ingrid, Wolfgang, Debbie Scott, Cathy Griplon, Sandy Molyka, Karen Lilley.



Cafeteria at the Napoleon plant in China.



Grand Opening of the Napoleon plant in China. L to R: Greg Thomas, Stephen Schroeter and Ted Scott in front of the building.



Napoleon managers sightseeing on the Great Wall. L to R: Ingrid, Wolfgang, Debbie Scott, Cliff Lilley and his wife Karen, Ted Scott and Greg Thomas.



SPOGA 2012. L to R: Chris Schroeter, Ingrid, Adi Matzek (two-times World Champion in grilling), Rudolf Jaeger (publisher).



Book signing of the Napoleon Grill Book by renowned Chef Andreas Rummel at SPOGA 2012.



Wolfgang and Chris Schroeter visiting Michael Vragen, who is part of Napoleon's European team, and family in 2010.



SPOGA 2012. L to R: Jim McLean and his wife Donna, Laurie Hardy, Ingrid.



The building that houses the Napoleon offices in England.

company wants to keep producing these products and stay competitive at the same time, they have no other option but to build them in China. The great benefit in manufacturing some models and accessories in China is that it increases *Napoleon's* overall production output without hurting the production in the company's North American plants. To the contrary, adding manufacturing capacity in China has made the company stronger overall, as it has allowed, and continues to allow, for additional growth at a global scale. Though it also creates many challenges in dealing with a totally different mentality and culture, *Napoleon's* presence as a manufacturer in China helps ensure that *Napoleon* stays competitive in all market segments they are currently represented in.

Owning and operating a production facility in China has put *Napoleon* into a position to produce more product in much higher volumes, based on their exact manufacturing needs and in line with the company's high-quality standards. This has provided them the opportunity to take on *Canadian Tire* as a large-volume customer. Since 2008, *Wolf Steel/Napoleon* has been producing barbecues for *Canadian Tire* and for other mass merchants and specialty dealers, mainly on the European market, in their Guangzhou plant. It is advantageous for *Napoleon* to obtain contracts from large retail chains such as *Canadian Tire* because these companies provide early forecasts, allowing manufacturers to schedule production over several months ahead of time. These detailed forecasts include the exact number of units to be shipped each week, thus making it easy to plan for and organize production in comparison to the standard retail purchasing situation where the manufacturer never knows who buys which product in what quantity at what time. In 2011, *Napoleon's* Guangzhou plant received ISO 9000 certification, confirming that the

company's Chinese operations meet ISO standards relating to quality management systems. With an eye to the future, the *Napoleon* production facility in China will become even more advantageous to the company, as the Schroeters have their eyes set on developing product for China's growing middle class to be sold in the Chinese marketplace.

EXPANSION IN THE EUROPEAN MARKET

Having grown up in Germany, Ingrid and Wolfgang always maintained close personal ties to Europe. From a business perspective, Europe has become more important in *Napoleon's* overall growth strategy as well. The European market is completely different in comparison to North America, particularly in reference to fireplaces. Whereas gas fireplaces are the preferred choice of buyers of hearth products in North America, gas fireplaces are almost non-existent in Europe, with the exception of England, Holland, and Belgium. Europeans generally prefer wood stoves, but even in relation to that product category, consumers' design preference is significantly different: while North American customers tend to buy larger stoves and fireboxes, Europeans prefer very narrow, high, and modern-looking stoves. Tiled stoves and Scandinavian designs, which are not well-known in the North American marketplace, constitute the most popular styles in Europe.

In the wood stove segment, from a technical perspective, North American models are extremely clean-burning compared to their European counterparts. They are, however, rather limited in looks because the testing methods to make them clean-burning and have them EPA-certified are very



SPOGA 2007 Gold Award Certificate
Winner in the Barbecue Category.

Napoleon European Advertising.

stringent and expensive. Consequently, in North America, styles and designs for wood-burning stoves are developed with the goal in mind to pass the EPA test, whereas in Europe the style is defined by designers and not so much by the technology inside the stove. For those reasons, North American stoves generally do not sell well in Europe and alternatively, European stoves cannot be sold in North America because they do not have the required technology. Over the last few years, however, some European models have appeared on the North American market, as several European manufacturers have begun producing in accordance with EPA standards.

Manufacturing gas fireplaces for the European market presents its own challenges as well. This is particularly due to the fact that there are many different gases in use across Europe and flex-venting, which is popular among North American manufacturers, is a concept not used in Europe. In order to be sold in Europe, gas fireplaces require CE-certification. A valid CE-marking affixed to a product indicates that it complies with the relevant European 'New Approach' Product Safety Directives, which were adopted by EC Ministers in 1985 in an attempt to establish a European Union-wide common product safety standard.

At the end of the 1990's, *Napoleon*, after making a lot of changes to various models, obtained CE-certification on one of their gas fireplaces developed originally for the North American market. In order to test the European waters, the *Napoleon* team exhibited that particular product at a trade show in Harrogate, England, but got very little response. Their adapted North American-style fireplace turned out to be simply too big and thus not suitable for the European market. Based on the realization that

Europe is not a market for modified versions of hearth product developed for North America, *Napoleon* is not offering any gas or wood fireplaces in Europe at this time.

On the barbecue side, while gas is becoming increasingly popular among grilling enthusiasts in Europe, the European market is still predominantly charcoal based. Although *Napoleon* had exhibited at Sports and Garden shows in Europe for several years previously, the company's first real venture into the European barbecue market in 1998 was met with limited success. Similar to their first gas fireplace offered in Europe, *Napoleon's* North American-made gas grills were considered too large by European standards. Furthermore, Europeans simply could not appreciate the cost of a \$3,000 luxury gas grill compared to the \$100 charcoal grill they were used to buying. However, the European barbecue market has been changing over the last few years: as the market category keeps growing, some retailers are excelling in selling gas grills in various countries. *Napoleon's* competitor, *Weber*, in particular has done a great job in opening up the gas barbecue category and promoting their brand in Europe.

With many grill schools and grilling competitions all over Europe and barbecuing being a real passion for many Europeans, there is a great opportunity for *Napoleon* to become more involved and increase the company's share in that particular market. The task at hand for North American barbecue manufacturers intending to sell their product in Europe is to convince the European hardcore charcoal enthusiast to switch to gas. *Napoleon's* marketing strategy for the European market is thus based on conveying two messages: first, that there is no difference in taste between

meat grilled on gas versus meat grilled on charcoal as tests have proven (quality argument); and second, while charcoal grilling takes preparation time, a gas grill is ready for barbecuing almost immediately after being turned on, without creating smoke (convenience argument). *Napoleon's* optional charcoal tray for gas grills is incredibly popular among European grilling enthusiasts, as it allows them to combine the convenience of a gas grill with the traditional flair of grilling with charcoal.

Although North American-style gas grills have become more popular, most Europeans still maintain their preference for charcoal and for smaller grills in particular. Since the barbecue market in Europe remains different, *Napoleon* has designed a range of products exclusively for Europe. With an eye to the future, the Schroeters and *Napoleon's* product development team are determined to continue designing and producing barbecues that are geared to the distinct preferences of European consumers: thus, in 2011, *Napoleon* introduced a charcoal grill as well as a range of smaller and less-expensive gas grill units. With foldable side shelves, these units are well-suited for the smaller outdoor spaces that are common in Europe.

Ever since breaking into the European market, when dealing with distributors in different European countries, Wolfgang, Ingrid and their team found growing interest in their company's product, yet not the kind of commitment they were looking for. Wolfgang thus decided to go full force into the European market by opening up company offices in England (2009), Austria (fall of 2010), and Holland (looking after Benelux and Germany, opened in the spring of 2011) as well as purchasing a warehouse in Utrecht, Holland. The Schroeters chose Utrecht for its close distance to



Rotterdam, one of Europe's main ports that provides a gateway to the European market of more than 350 million consumers: shipments coming in from Canada or China enter Europe through the port of Rotterdam, and with Utrecht only half an hour away, *Napoleon* can ship product from there to all of Europe efficiently and in a very timely manner.

With their dedicated European sales force under the leadership of Jim McLean in place, with 2011 having been the company's first year of pushing their own identity in the European marketplace, and with many European countries hardly touched yet, the *Napoleon* team sees a lot of growth potential in Europe in the future as they continue to develop and offer product specifically designed with the European consumer in mind.

WATERFALLS AND FIREPLACE-WATERFALL COMBINATIONS

Always looking for new ways of adding innovative product to *Napoleon's* product line-up, Wolfgang realized that waterfalls would naturally complement the company's existing lines of fireplaces both aesthetically and in a practical sense as well. So, in 2006, *Napoleon* began offering waterfalls. In terms of aesthetics, like a fireplace that mesmerizes the viewer through its ever-moving flame, a waterfall possesses a similar ability to please the viewer's senses. Placed above the fireplace, the waterfall creates a beautiful contrast between two of nature's most powerful and dynamic elements. From a practical perspective, a waterfall puts moisture

back into the house due to its character as a natural humidifier. An indoor waterfall further functions as an air cleaner because dust particles become attached to the water. *Napoleon* waterfalls are built with a water filtration system that catches and cleans the particles through a filter unit, which removes impurities in the water. Furthermore, an optional ultraviolet light installed in a *Napoleon* waterfall sterilizes the water, killing algae and bacteria. By making built-in waterfalls for indoor use, Wolfgang has created an innovative niche product that none of his direct competitors are offering. Today, *Napoleon's* Waterfall Collection includes hanging waterfalls that can be easily mounted to indoor walls, built-in and see-thru models, as well as free-standing units.

PELLET STOVES

In 2006, *Napoleon* introduced pellet stoves as yet another new line of product under the *Napoleon* brand name. Wolfgang and his team had been very hesitant about getting into pellet burning product mainly for two reasons: first, pellet stoves are more complicated to produce and operate, and, second, the pellet market, in comparison to other hearth products, was a rather unstable market characterized by a lot of ups and downs. Several of the original pellet stove manufacturers eventually had to terminate production because their product did not work properly.

Although pellet stoves, if properly designed and manufactured, are good heaters and are very clean-burning, there are certain disadvantages to their use, which explains Wolfgang's original hesitation in regards to this product category. Since pellet stoves require electricity they do not work in situations of power failure. More importantly, pellet stoves are dependent

on the ability of pellet mills to supply pellets in sufficient quantities. In the past, in years of high demand, there were shortages of pellets, making consumers angry because they could not use their stoves. Furthermore, due to the great popularity of biomass heating products in Europe in particular, the price of pellets offered and sold in North America is highly dependent on demand in the European market. In comparison to Canada, where only very few pellet boilers are installed in homes as a central heating system each year, in Europe pellets are used in great quantities for central heating purposes with 155,000 pellet boilers operating in homes in Germany alone in 2011 and projections for 2012 being a total of 180,000 units (<http://www.depv.de>). Although these systems are very expensive, Europeans like using biomass product because they like to "think green", much more so than North American consumers.

When *Napoleon* dealers kept pushing the company to develop a pellet stove to meet consumer demand, *Napoleon's* research and development team began researching pellet technology. As he was entering a market he had previously stayed away from for concerns of variables affecting the performance of a pellet stove, Wolfgang was determined to develop a top-quality product. While designing the first *Napoleon* pellet stove, Wolfgang put a model unit into his own house and worked on it almost every night, making it quieter and more efficient. The company's research and development team did a lot of testing and fine-tuning as well before the stove was finally released into the market. Following the introduction of the first generation of *Napoleon* pellet stoves in 2006, Wolfgang and his team continued to make improvements every year. These efforts have paid off because today *Napoleon* offers one of the best and quietest pellet stoves on the market. The *Napoleon* pellet stove has been rated "Best





Choice" by *Consumer Reports*, an independent not-for-profit organization that tests and rates thousands of products annually as part of its mission to advise consumers. Pellet stoves are currently offered under the *Napoleon*, *Timberwolf*[®], and *Continental* name.

OASIS™ MODULAR ISLANDS AND OUTDOOR LIVING SPACES

On the gas grill side of the business, while many retailers that dabbled in selling grills eventually had to give up as a result of cheap imports from Asia and strong competition from big box stores, *Napoleon* was able to further increase its market share by opening up new innovative product lines that complement the company's already extensive product range.

Recognizing a growing trend among homeowners towards creating an outdoor living space in their backyards, *Napoleon* once again adapted to new developments in the marketplace by designing and manufacturing modular outdoor cabinets and built-in grill heads that can be customized into outdoor kitchens, islands, and other outdoor living spaces such as bar tops, eating areas and entertainment centers. Under the trademark OASIS™ Modular Islands and the marketing slogan "Create an outdoor Oasis in your own backyard," *Napoleon* offers these versatile units as a product that can be assembled in virtually any combination to suit the individual needs and preferences of the customer. Combined with *Napoleon's* extensive line of outdoor fireplaces and accessories, such as patioflames, patioheaters and outdoor furniture, OASIS™ Modular Islands provide numerous possibilities for the design of fully customized outdoor living spaces.

MODERN DESIGN FIREPLACES

In the fireplace product category as well, the Schroeters and their team have used their ability to recognize new trends as an opportunity to develop and launch new and exciting products. Ultimately, their innovative thinking has redefined the fireplace industry by changing customers' and manufacturers' perception of what constitutes a fireplace. Growing customer preferences for higher-end products that match other high-end appliances, such as big screen TVs, have challenged *Napoleon* to design a line of innovative fireplaces that stand out through their unique and modern design styles. *Napoleon* has not only met, but excelled in meeting this challenge, resulting in the company's "Modern Collection" of direct-vent gas fireplaces:

- The Tureen™ is a totally unique modern-style fireplace showcasing a contemporary ceramic bowl that is accented with stylish river rocks and a towering flame.
- The Torch™ GT 8 stands out through its reflective prism-shaped firebox with a single luminous flame that is different from any other fireplace offered in the marketplace.
- Various clean-face front fireplaces such as the Crystallo™ and the Manhattan™ use Napoleon's trademarked sparkling CRYSTALLINE™ ember bed and CRYSTALLITES™ lights which accent the crystals from below.

The most unique among *Napoleon's* "Modern Design" Fireplaces is the "LHD50SS Limited Edition Linear Fireplace", which combines the company's distinctive linear design with a bed of precision-cut crystals





Napoleon product brochures.

made with SWAROVSKI ELEMENTS. Catering to the high-end customer, this one-of-a-kind fireplace draws on the combined strengths of Napoleon as a state-of-the-art fireplace manufacturer and Swarovski as a leading crystal cutter with more than 100 years of experience in the jewelry and crystal-cutting business.

LAYING THE FOUNDATIONS FOR BECOMING A MARKET LEADER IN THE HVAC MARKET

When looking at the total market size of the different products they were manufacturing (fireplaces and barbecues) in comparison to that of the Heating, Ventilation, and Air Conditioning (HVAC) market, Wolfgang identified furnaces in particular as a great opportunity for further company growth in the future. Whereas in 2011 the total market for fireplaces, stoves and inserts in the US was about 833,000 units (down from a high of 2.8 million units in 1998) and the total North American market for barbecues 17 million units a year (with gas barbecues accounting for about 12 million units), the HVAC market is a multi-billion dollar market disproportionately bigger than the fireplace and barbecue markets combined.

Napoleon first entered the HVAC field in 2007/8 by partnering with manufacturers who built an HVAC line for them under the *Napoleon* name. Since they were competing for market share with large and well-established heating companies such as *Lennox*, *Carrier*, *Goodman*, *Trane*, *Rheem*, and others, Wolfgang chose a cautious approach at first by entering the HVAC market on the distribution side only.

After distributing HVAC products for several years, Wolfgang felt that in order to grow this part of the business long-term and to be competitive, *Napoleon* would have to design and manufacture their own product in-house. An opportunity presented itself when *Olsen Manufacturing*, an Ontario company located in the Woodstock area, was sold to a US corporation that decided to move the entire business, including production, to the US. When Wolfgang learned that Olsen engineer Mark Robinette was looking for a new job in Canada, he hired him to lead *Napoleon's* new HVAC division. Realizing that the trend in the furnace industry was progressing towards high-efficiency units with a very small Carbon footprint, Wolfgang was determined to develop a high-efficiency furnace that would outperform the competition. While conducting extensive research, Wolfgang and the *Napoleon* research and development team bought models from every manufacturer they were about to compete with, tested them and combined the best ideas together with their own expertise as a hearth product manufacturer into the first *Napoleon* furnace. As *Napoleon* was setting out to become the only manufacturer of gas furnaces in Canada, Wolfgang and Ingrid's son, Stephen Schroeter, was instrumental in securing the financing for the development of *Napoleon's* first line of gas furnaces.

“THE ONLY GAS FURNACE MADE IN CANADA – DESIGNED FOR NORTH AMERICAN WINTERS”

The outcome of extensive research and testing was a furnace that incorporates many distinct elements typical of *Napoleon* product. The company's patented SureView™ burner system window is a unique feature that no other furnace manufacturer has ever incorporated,



HPBA Expo 2012 Best in Show and Best in Category Winner, Napoleon Hybrid 150 furnace.

allowing homeowners to see the ignition taking place and watch the burners firing up as well as the burning process in operation. With a 95% efficiency rating on their one-stage model, 96% efficiency on their two-stage model and 97% efficiency on their "Ultimate" unit, *Napoleon* offers the highest efficiency two-stage furnace on the market. This is a major achievement, particularly considering that the company is still in the beginning stages, having been in the HVAC market as a manufacturer of their own product for only about a year. Their high-efficiency ratings have also shaped *Napoleon's* marketing approach, as their furnace line is being promoted as "The only gas furnace made in Canada – designed for North American winters."

When looking at the designs of their competitors' models, Wolfgang and his team realized that another feature that would distinguish their furnace line in the marketplace was that of style and colour. In this respect, the entire industry has been stagnant for a long time, only offering basic-looking models in grey industrial colours. Eager to bring some exciting features and a new look to the market, *Napoleon* came out with a furnace line in modern and bright colours, including red and blue.

Napoleon's two-stage "9600 Series" features a two-stage gas valve as well as an electronically-commuted motor that reduces electrical consumption by up to 80% over conventional blower motors. While operating on low-fire for greatest efficiency throughout most of the heating season, on colder days the furnace automatically switches to the second stage to satisfy increased heating demand. Ultimately, this balancing of heat production results in quieter operation cycles and less energy being consumed throughout the heating season. The "Ultimate 97" model features built-in

lights to make maintenance easier for the technician. The moment the unit is opened, the lights come on automatically. Furthermore, the "Ultimate 97" furnace uses ultraviolet lights in order to kill bacteria in the air while the furnace is running. In this top model, *Napoleon* also offers a stainless steel heat exchanger in comparison to aluminized heat exchangers in the other models, resulting in an extended warranty.

In 2011, *Napoleon* hired Bill Harris as a sales manager to open up the HVAC market together with the company's existing sales force. As they are venturing from the comparatively small fireplace and barbecue markets into the almost unlimited HVAC market, Wolfgang envisions huge growth potential for *Napoleon*. He foresees a doubling of the company's overall sales within five years, driven primarily by their excellent positioning in the market for high-efficiency furnaces, combined with further expansion of the *Napoleon* grill line and steady growth in the fireplace segment. The Schroeters are so confident in the long-term success of their ultra-efficient furnace line-up that when the series was officially launched on October 11, 2011, this new product presentation was accompanied by the announcement that *Napoleon* will add another 250,000 square feet logistics centre to the plant in Barrie, and hire up to 200 new associates over the course of the next five years to accommodate the company's expected growth.

In 2012, *Napoleon* decided to launch in 2013 a 92% efficiency gas furnace for builders and the retrofit market. Since this product is very cost effective, *Napoleon* expects the volume to be quite substantial. Also with that line *Napoleon* is introducing the first 30,000 BTU gas furnace in the industry, which is the smallest BTU size of any gas furnace sold in the world.

PATIO FURNITURE

After an early and rather unsuccessful attempt to produce and sell wrought-iron patio furniture back in 1976, an opportunity to venture into that market more seriously presented itself at the time *Napoleon* was building their own plant in China. As the Schroeters were in the process of erecting a building larger than what they needed at the time in order to comply with Chinese Government regulations, Wolfgang asked himself what to do with the top floor that would remain empty. Since wicker furniture was a popular product among consumers at the time, he considered building wicker furniture for the North American market there. In order to explore manufacturing capabilities in that particular market segment, Wolfgang and Ingrid approached manufacturers and visited several factories where wicker furniture was made. After seeing how these companies operated, and realizing how labour-intensive the production process was, they decided not to enter that market on the manufacturing side. Instead of manufacturing themselves, they began importing wicker patio furniture in 2010. As with any new product line *Napoleon* has opened up over the years, it was important to the Schroeters that they distribute a durable product that would satisfy consumer demand for high-quality patio furniture. The patio furniture offered by *Napoleon* was yet another product line that complemented the company's many other outdoor products. In 2012, the decision was made to discontinue patio furniture in 2013 to reduce the number of products offered and to keep concentrating on *Napoleon's* core products in the fireplace, barbecue and HVAC market segments.





PILLARS OF
SUCCESS –
THE *NAPOLEON*
BUSINESS
PHILOSOPHY



Rink board advertising - the skater is four-time World Champion Elvis Stojko.

RESEARCH AND DEVELOPMENT

As a trained tool and die maker, Wolfgang has always predominantly worked with his hands. In combination with his ability to envision which particular products will perform well in the marketplace, this has positioned him at the forefront of new product development ever since starting out as an entrepreneur in 1976. Always eager to learn as much about the market as possible, Wolfgang, while attending trade shows in the past, not only looked at the products offered by his competitors, but he also talked to their sales people to determine which models and supplementary items were selling well. Combined with his own innovative drive and creative spirit, this approach has always provided him with a good vision of what products can be successful in the marketplace.

From the company's earliest days, Wolfgang, seeking out new ways of improving products, has been involved in all research and development decisions on a daily basis. Today, as each company division has its own research and development department staffed with its own managers, there are R&D departments for barbecues, fireplaces, biomass, HVAC, as



Napoleon trailer.

well as for operations in China, all of which report to Wolfgang and Chris Schroeter, Ingrid and Wolfgang's older son and *Napoleon's* Senior Vice President of Operations, personally. Being product-driven, the company puts a lot of resources into the R&D side of the business.

Today, Wolfgang and Chris spend about two hours a day on average with the company's engineers, providing them with direction, guidelines and feedback as they take a new product that they envisioned through the various stages of research and development. Seeing his current role primarily as that of an advisor, Wolfgang wants *Napoleon's* engineers to do their own thinking. As a result, he limits his role to overseeing the R&D process to ensure that the department is heading down the right path and to intervene in case adjustments need to be made. As a hands-on entrepreneur who has created and built new things throughout his entire adult life, Wolfgang particularly enjoys the research and development aspect of the business where he continues to make a decisive impact. At this point he does what he enjoys, and he looks forward to going to work every day because it gives him a deep sense of satisfaction to see what new ideas and products the R&D teams are developing.



One of the Mercer Napoleon decaled trucks.

ADVERTISING AND MARKETING

Until 2000, Ingrid looked after all of the company's advertising together with one assistant. With the exception of graphic design which was outsourced, advertising and marketing was done in-house. Today, *Napoleon's* advertising department, which is headed by David Coulson, has grown to nine people, and Ingrid's involvement has become limited to final design decisions. Advertising and marketing activities have developed over the years from magazine advertising as the company's traditional advertising venue to Radio, TV, cross-promotions, as well as the Internet.

Napoleon's marketing strategies and resulting initiatives have been characterized by the same innovative spirit and out-of-the-box approach that characterize the culture of the company overall. Around the year 2000, after many years of exclusive advertising in Canadian trade and consumer magazines, the advertising team began promoting *Napoleon* product in popular North American home innovation and interior design magazines geared to end consumers. Reaching out to individual buyers

SETTING THE INDUSTRY STANDARD THROUGH INNOVATION

Wolfgang's innovative drive and his eye for detail, which are among his main strengths as an entrepreneur, resulted in *Napoleon* developing many firsts in the industry. *Napoleon's* extensive list of firsts includes:

- Single-cast-iron door with Pyroceram ceramic glass—an industry standard today
- Wood stove air-wash system with a side air intake
- Direct-vent fireplace with venting at 40 feet horizontal and vertical
- Combination direct-vent and b-vent adapter
- First down-draft combustion system in wood stoves ("Deluxe N2001")
- First direct-vent fireplace with a 45 degree angle take-off for venting
- Porcelainized sheet metal system that acts as a triple mirror to enhance flame appearance
- Night lights for fireplaces
- Combination gas and electric fireplace
- Hinged door for direct-vent fireplaces
- "The Dream" – the largest gas fireplace on the market at the time it was launched
- Double-lid barbecues



Napoleon Ads.

helped *Napoleon* further enhance the company's name and reputation as a Canadian manufacturer of high-quality product. As a recognized leader in the industry, *Napoleon* often does creative advertising for their dealers as well. When one particular store-owner expressed his intention to advertise on bus benches and asked *Napoleon* to share half of the costs for that campaign, the company lent its full support to the initiative and made it a great success. To that same end, the *Napoleon* team has been experimenting with marketing product at a variety of non-traditional and non-hearth-product-specific trade shows in order to reach out to new audiences. In 2007, for instance, *Napoleon* exhibited at the *Interior Design Show* in Toronto for the very first time. Since *Napoleon* offers modern designs in a great variety of styles, colours, and combinations—which is what designers are always looking for—designers fell in love with their product.

Cross-promotions have been identified by *Napoleon's* advertising managers as another excellent way of marketing company product in new and creative ways: by associating the *Napoleon* name with product offered by market leaders in other fields, they are making the brand known in non-traditional areas. Barbecues in particular are well-suited for cross-promotions because they are a popular giveaway as part of draws, raffles and other similar lottery-style events. When *Napoleon* started doing cross-promotions, it was their own advertising team that had to approach other companies for cross-marketing initiatives. Today, as the *Napoleon* brand is widely recognized among consumers, it is they who are usually contacted by other companies seeking out possibilities for cross-promotions with the company. *Napoleon's* Corporate Advertising Manager David Coulson explains: "Today we easily have to turn down thirty offers a year for cross-promotions." Among the companies *Napoleon* has been cross-promoting

with are beer and liquor retailers, meat and bread companies, individual spirit, wine and soda companies, as well as airlines. A cross-marketing campaign with *Canada Dry* brought the *Napoleon* logo onto two million soda bottles. The company's 2011 cross-promotion with *Tim Hortons* as part of the coffee retailer's hugely popular "Role up the rim to win" contest stands out as *Napoleon's* biggest cross-marketing initiative thus far. Although it was not easy to establish the campaign, the huge scope of the promotion gave them an excellent return: *Tim Hortons* gave away 1,000 *Napoleon* grills as prizes and *Napoleon* benefited from prominent exposure in *Tim Hortons'* widely-recognized TV and Radio ads, and particularly from having the *Napoleon* logo printed on over 282 million coffee cups sold across Canada. Other large companies *Napoleon* has partnered with for cross-promotion purposes include *Jack Daniels*, *Maple Leaf Foods*, the *Beer Store*, *LCBO*, *Pizza Pizza* as well as *Lufthansa*. These campaigns have provided *Napoleon* with the opportunity to brand their product, inter alia, as "The official grill of Jack Daniel's" or "The official grill of the Beer Store".

In 2002, *Napoleon's* advertising team increased the company's presence on National television by starting to feature *Napoleon* product on the TV show *The Price is Right*. That same year Bob Villa, the popular host of the television series *Bob Villa's Home Again* and *Bob Villa* built the prestigious dream home in Las Vegas featuring *Napoleon* fireplaces. Since 2005, *Napoleon* has also been placing commercials on HGTV—Canada's popular Home and Garden Television channel.

Napoleon has further established a relationship with Ted Reader, "an award-winning chef and food entertainer, who's parlayed his passion for food into a culinary tour de force that includes more than a dozen



Napoleon cross promotions.



Ted Reader signing his cook book for Wolfgang's cousin Joachim Marr at the BBQ Championship in Barrie 2005.

cookbooks, shelves of food products, live culinary performances, TV and radio cooking shows and appearances as well as culinary demonstrations, a catering company and teaching" (tedreader.com). In working with Ted Reader, *Napoleon* sponsored his barbecue TV series, as well as doing three cook books and several cross-promotions with him.



Napoleon cook books.



VP Sales Roger Gripton announcing a challenge during an Annual Sales Meeting.

In addition to print ads, commercials and cross-marketing initiatives, *Napoleon's* websites (napoleonproducts.com; napoleonfireplaces.com; napoleongrills.com; napoleonheatingandcooling.com) have taken on a key function in connecting and communicating with consumers as well. Product brochures and all other printed advertising material contain the company's web address to drive customers to one of the *Napoleon* websites. On their websites, *Napoleon* makes available everything consumers are looking for when researching a certain product: manuals, brochures, as well as "how to" videos for new and existing product. When, in 2002, the company's online presence was expanded, *Napoleon's* sites achieved over one million hits a year. Online contests, regular content updates, as well as constant improvements to the company's websites, have allowed *Napoleon* to use their online presence to the greatest advantage of the buyer of their product. The use of new Social Media, such as *Facebook*, and the most recent release of an *iTunes* design app, provides additional opportunities to connect with consumers in engaging ways.



The whole team celebrating *Napoleon's* ISO 9002 registration.

THE NAPOLEON SERVICE DEPARTMENT AND CORPORATE TRAINING OF INSTALLERS AND DEALERS

Although the company's websites allow *Napoleon* to assist customers with "how to" product videos, the service department has remained a central part of communications with dealers, installers and consumers alike. The recent combining of the company's previously separate service departments for barbecues and fireplaces into one under the leadership of Dana Moroz, provides *Napoleon* with increased combined manpower to respond to product inquiries and answer any question related to *Napoleon* product.

In the spring time, usually in February just before the grill season starts, *Napoleon* brings dealers from all over the country to Barrie to explain the new products for the upcoming season and to train them on the features and benefits of those items. Dubbed "Barbecue University", this event

also includes a service and marketing session on how to sell these new products against the competition. "Barbecue University" works to the benefit of dealers and the company alike, as *Napoleon* receives a lot of feedback and ideas for further product improvement from their dealers that way. Each year in August, prior to the start of the fireplace season, *Napoleon* uses the same format for making their fireplace dealers familiar with new product in their market segment as well.

In order to ensure that installers are familiar with the specific requirements of *Napoleon* product, the company maintains an intensive schedule for training installers and sales staff through their own corporate trainers. Towards that end, *Napoleon* brings technicians and installers from all over North America to Barrie on a regular basis, giving them a grand tour of the plants as well as providing hands-on training for *Napoleon* product. After a 2-day long session, participants leave as certified installers of *Napoleon* product. The certification process is usually repeated every year because the frequent release of new product makes regular updates

indispensable. *Napoleon's* corporate trainers also extensively travel across Canada and the US to offer training to dealers, distributors and installers in their own locations. Training is a crucial element in product safety, because it makes installers feel comfortable with the installation process and with troubleshooting product. Another reason why *Napoleon* puts a lot of effort and resources into training initiatives is because in-depth product knowledge makes installers look professional as well as reflecting favourably on the dealer's reputation, and, by extension, on *Napoleon's* reputation as the manufacturer as well.

Napoleon's in-house training facility allows for continuous onsite training initiatives to keep dealers, installers and staff up to date on new product and equipment. Since establishing the training facility in 2001, *Napoleon* has been training over 1,000 people annually.

THE NAPOLEON FAMILY OF ASSOCIATES

The Schroeters recognize that their company could not have developed into what it is today without their associates. Ingrid and Wolfgang's son Stephen Schroeter, *Napoleon's* Senior Vice President Sales, Marketing and Administration, emphasizes: "We may be product-driven, but it is the people who make us who we are." From the company's earliest days, Wolfgang has always selected and hired intelligent and driven people who have brought many fresh ideas to the company. With the Schroeter family putting a lot of emphasis on providing their associates with opportunities to grow and to take responsibility in each of their respective areas, there is a sense of ownership among *Napoleon* employees that has helped make the

company strong, resulting in low turnover rates and high levels of employee satisfaction. Having a stable workforce means that the company's associates know their jobs well. "We are family here," is a statement made not only by the Schroeters, but by the company's associates as well. *Napoleon's* Building Maintenance Supervisor Ron Noordhoff states: "It does not matter how big the company has grown, we are still family!" Many associates have been with the company for more than 10 years, with Ron Noordhoff being the longest-serving associate at over 30 years with the company. When *Wolf Steel/Napoleon's* first sales manager, Len Fuller, died of cancer, the Schroeters started a golf tournament in his memory.

During the early years of the company, Wolfgang worked on the floor together with his employees, building personal relationships on a one-on-one basis each and every day. Even today as *Napoleon* has become the largest manufacturer in the Barrie area with over 500 associates in the company's two Barrie locations, Wolfgang, Ingrid and their sons have maintained an open-door policy: employees can come to any member of the Schroeter family at any time.

In 1995, the *Associate Relations Committee (ARC)* was initiated as an organized forum for associates to communicate issues of concern to management. Employees elect one of their own in each department including the afternoon and night shift to become a member of the ARC. In that capacity, associates meet with management at least four times a year to discuss plant, health and safety issues, the company's general direction, and anything else that needs to be brought forward within this formal setting. Furthermore, once a year Stephen and Chris Schroeter meet face-to-face with groups of *Napoleon* associates without their supervisors and



Wolfgang's 50th Birthday with "Marilyn Monroe", *Napoleon* associates and family.



Len Fuller, *Napoleon's* first sales representative, who passed away at the age of 61. A golf tournament was held in his memory for many years.



2012 Halloween.



Company picnic around 1986. L to R: Wolfgang, Michael Schwarz as Napoleon, Ingrid.



Jim Mills (Ontario sales associate) and Ingrid Schroeter having fun with a snuff machine.



Wolfgang posing as Napoleon. L to R: Wolfgang's uncle Fritz Lapp, Wolfgang, Chris, Stephen, Wolfgang's mother Frieda Eisele.



Napoleon's first sales representative Len Fuller (on the left) and John Quinn.



Napoleon R&D Hearth team wins the 2012 Halloween contest.



Ingrid's 50th Birthday. Performing as Village People are L to R: Cliff Lilley, Roger Gripton, Greg Thomas, David Coulson.



Ingrid's - Mrs. Napoleon - Birthday Cake.



One of the first Napoleon picnics. L to R: Cliff Lilley, Ron Noordhoff, Len Fuller, John Quinn, Barb Fuller.



Group of Associates visiting at the Schroeters' cottage.

managers present. That way the Schroeters ensure that they maintain a personal direct line with associates at all levels.

Every 2 years, *Wolf Steel/Napoleon* negotiates wages with their employees through the ARC. The ARC submits a proposal identifying the level of wages and benefits associates want the company to provide. After examining the proposal, company management goes into negotiations with the committee to reach an agreement that works for both the associates and the company. This mechanism gives *Napoleon* associates collective bargaining powers without the need to bring in a union. Always keeping abreast of what the industry is paying, both in unionized and non-unionized enterprises, the Schroeters want wages to be on top of the ballpark, in order to stay competitive and to keep attracting great people to their company.

Among the many benefits *Wolf Steel/Napoleon* provides for their associates are more vacation days than in most companies depending on length of employment. As part of their latest benefit initiative for associates, *Napoleon* associates can phone in and get all kinds of advice from professionals, such as lawyers, health consultants, dietitians, and travel agents, all free of charge. In recognition of the important role of their associates, the Schroeters have put in place many incentive programs, including continuous improvement awards to foster teamwork, quality and process improvements. The company's improvement awards provide associates with the opportunity to come forward with proposals on how to improve processes and product. These proposals are evaluated by a committee on a monthly basis and the best proposal receives a monetary award. Once a year, a committee draws the best overall idea from the pool of that year's award recipients and the associate who came up with

the best overall idea receives a substantial monetary award. Furthermore, *Napoleon* associates receive a production bonus, special bonus days off, as well as a Christmas bonus. Associates are also offered *Napoleon* product at discounted rates and during special sales many times a year product is available for purchase at extremely low prices to clear out stock.

The following are just three examples of the many innovations *Napoleon* associates have developed over the years and which have been recognized through the company's associates improvement reward program:

When using blanket material as a filter in certain tool grinders at a cost of \$138.56 every two months, the filter does not stop the metal grinding dust, making it necessary to change the coolant mixture in the machine more often and resulting in 2 hours downtime each time. In 2011, *Napoleon* associate Chantal Desforges came up with the idea of using a standard pair of knee-high stockings to cover the end hose to capture the particles at a cost of \$1.25 per pair. This new simple practice saves the company about \$10,000 a year in coolant, blanket filters and reduced machinery downtime.

When using lasers to cut holes into magnetic metal sheets, slug sticks to the metal. This creates a problem in the manufacturing process because the residue scratches the metal, leaving small dents and slug marks in the part finish. In 2009/10, *Napoleon* associate Marcel Heaton came up with the idea of using a dryer anti-static sheet to reduce the static build up. This simple process has dramatically reduced the amount of defects in the parts (avoiding scrap worth \$75,000 a year), as well as improving the function and quality of the machinery.

When using Wilson Tool flattening bars for all parts that require flattening, the process requires a significant amount of time to set up. *Napoleon* associate Ken Chatten's 2011 idea to use two flat plate pieces of steel instead saves half an hour per setup, resulting in annual savings of over \$25,000 when used for only 10% of setups at *Napoleon*. The new practice can be utilized on up to 30% of setups company-wide, resulting in even higher annual savings.

It is often simple ideas brought forward by the associates that save the company time and money and help keep *Napoleon* competitive.

Among the many social activities put on by the company is an annual Christmas Party, a Children's Party, a summer picnic, curling competitions as well as weekly barbecues in the summer. For an event called Family Skate, *Napoleon* rents the *Molson Centre* in Barrie for four hours in the wintertime. Such social events have created many memories shared by the Schroeters and their associates. Back in the 1980's, during the company's annual summer picnic, they always had a stove-throwing competition. Ron Noordhoff had welded a little stove for that purpose. The individual who could throw that stove the farthest was the winner. The competition was open to men, women and children, and it was always the highlight of the picnic. One year, Ingrid won in the women's competition! In another year, one of the associates threw the stove so far that it landed in the parking lot on top of a car. Needless to say that after that memorable experience the annual stove-throwing competition was moved to a different area. Other popular picnic activities include a rope-pulling competition, as well as a scavenger hunt for the associates' children.



Manufacturing manager Bob Martin making balloons for the children at a *Napoleon* company picnic.



Napoleon Associate Picnic, late 1990's.



Napoleon Associate Picnic, 1989.



Napoleon Associate Picnic, late 1990's.



Employee picnic.



Ingrid participating in the stove-throwing competition at the Napoleon company picnic. Behind Ingrid to the left is Ingrid and Wolfgang's Personal Assistant Catherine Lindegaard.



The late Len Fuller trying his hand at the stove throw at a company picnic.



Wolfgang participating in the stove-throwing competition, around 1986.



Balloon toss at the 1989 Napoleon Associate Picnic. Chris Schroeter in the front left.



Napoleon Associate Picnic, 1989.



Sawing competition at one of the first associate picnics. Chris and Stephen Schroeter in the back.

WOLFGANG AND INGRID'S BUSINESS PHILOSOPHY

The overall success of *Napoleon* is built on the following core beliefs and entrepreneurial imperatives that define Wolfgang and Ingrid's business philosophy:

- 1) Be creative and innovative and do not shy away from trying new things in pursuit of the goal to provide quality products at competitive prices that suit the ever-changing needs of the consumer.
- 2) Once you have developed an idea, implement it and make it work.
- 3) When realizing that something does not work or that there is a better way of doing business, do not be afraid of changing it.
- 4) Cultivate a working relationship with associates that is conducive to maintaining high standards of quality and production in an atmosphere that is appreciated by associates and allows them to take ownership, be innovative and excel.
- 5) Recognize the importance of your dealers and distributors in the overall success of the company, maintain open lines of communication and honour that relationship at all times.
- 6) Work as a team to complement and maximize your strengths.
- 7) Grow strategically without taking on huge debt loads.
- 8) Money and profit is not the only goal, but the byproduct of successful entrepreneurship.
- 9) Be hands-on, approachable and lead by example.
- 10) Delegate and trust in others' ability to do the job right.
- 11) Do not judge a book by its cover.
- 12) Be ethical and fair in all business dealings.

First Business Imperative: Be creative and innovative and do not shy away from trying new things in pursuit of the goal to provide quality products at competitive prices that suit the ever-changing needs of the consumer.

Napoleon is product-driven which is reflected both in the variety and quality of product the company manufactures. This is an important strength because a brand stands and falls with the quality of its product and the company's ability to react to changing customer demands and preferences. Built on Wolfgang's European philosophy, *Napoleon* product is built to last, using the best components available. Stephen Schroeter explains: "We as a family *cannot* build a cheap, low-quality product. Even when we try to design something for the lower market segment, it will still have significantly higher quality components than the product made by our competitors."

Being able to cater to the ever-changing needs of consumers requires creativity, an innovative mind and the ability to always come up with new ideas. Ingrid points out: "In order to be competitive, innovative products are a must. Our company has always excelled in that area. By constantly complementing our product lines, we are making it easy for our dealers to do one-stop shopping." With their minds always going, Ingrid and Wolfgang have never been afraid of taking on or developing a new product line to complement their existing range of products, resulting in the continuous diversification of their business. Instead of looking at the bottom line, Ingrid and Wolfgang are open-minded. Understanding what consumers want, they do not shy away from developing a certain product even if it might only sell 100 units a year. *Napoleon's* Corporate



Exhibiting Napoleon products.

Advertising Manager David Coulson adds: "Wolfgang has a very sharp mind; he can look at something and come up with an idea, e.g. putting charcoal on a gas grill. One of Wolfgang's main strengths is that he does not think linear, but out here and out there."

When asked what he considers being the main strength of their company, Wolfgang explains: "Many other companies of our size are organized as corporations and led by people who only look at the bottom line, focusing exclusively on the stock market and on increasing shareholders value. By only caring for the corporate side, these business leaders do not have a feel for their product or for the needs of their dealers, customers and associates. We, on the other hand, have maintained a great level of flexibility, since we are not responsible to shareholders and can reinvest profits into the company instead of having to split them up and divide them among shareholders each year. Combined with our ability as a family business to make decisions fast, we have been able to constantly move ahead, to try new things, to remain creative and innovative in everything we do. Just as Jack Welsh says: 'If your company is stagnating, your company is dead.'"

When asked for what in his view distinguishes his father as an entrepreneur, Wolfgang and Ingrid's son, Stephen Schroeter, elaborates: "My Dad's level of entrepreneurship is very high; he can translate ideas into opportunities and put them into play. Being forward-thinking, he can shut down within seconds what sounds like the best idea in the world at first. He gets through to the core of any idea almost instantly. Knowing how to ask the right questions, he recognizes flaws in a product or idea real fast. He should be on Dragon's Den."

Business innovation, one of the key trademarks of *Napoleon*, is an extension of Wolfgang's adventurous spirit, which defines parts of his private life as well. Stephen explains: "He [Wolfgang] will order the weirdest thing off the menu in a restaurant and make sure that everyone else tries it too." Stephen and Chris Schroeter remember having friends over for dinner while growing up. On several of those occasions Wolfgang would offer a food item that he had brought home from a trip abroad to their friends. Not taking their polite "No, thank you" for an answer, he would insist: "How do you know that you don't like it if you have never tried?"

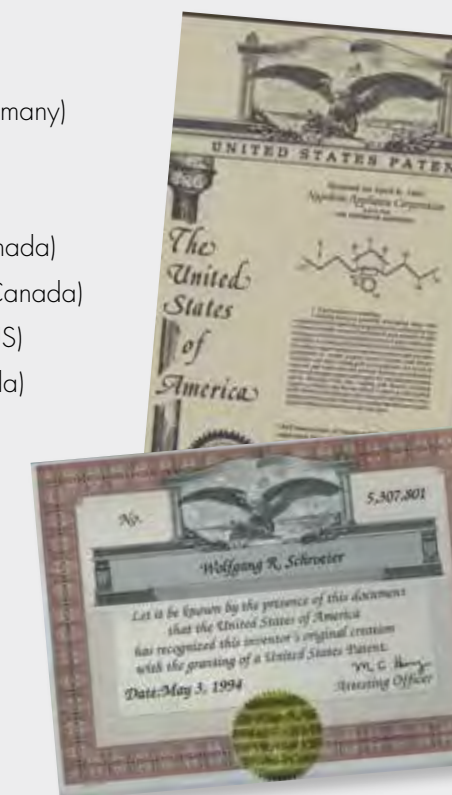
It is that same adventurous spirit and drive to always try and experience new things that has resulted in Wolfgang and Ingrid hiking the Andes, the Inca Trail in Peru, and the Copper Canyon in Mexico, and Wolfgang undertaking many motorcycle adventure rides through the Alps, across North America and most recently through Kenya and Tanzania in Africa.

Second Business Imperative: Once you have developed an idea, implement it and make it work.

After devising an idea, Wolfgang and Ingrid pull people together to find out how to make it work, drawing on the team's collective strength. If the idea turns out to be justified, they do not wait, but add its implementation to their schedule right away. As a matter of principle, when a decision is made, it is acted upon, unlike in many other companies where great ideas are often laid to rest by putting them into the business development plan to be implemented two years down the road. Ingrid points out: "Being a family-oriented company, we can make changes quickly if necessary, resulting in our ability to develop and offer a wide range of product."

LEADING THROUGH INNOVATION: NAPOLEON PATENTS

ORNAMENTAL DESIGN FOR A BARBECUE CART DOOR (US)
 ORNAMENTAL DESIGN FOR A COOKING GRILL (US)
 ORNAMENTAL DESIGN FOR A FREE-STANDING GAS STOVE (US)
 ORNAMENTAL DESIGN FOR A GAS APPLIANCE VENT ADAPTER (US)
 ORNAMENTAL DESIGN FOR BARBECUE LID SIDE PLATE (US)
 ORNAMENTAL BARBECUE LID TRIM (US) SUMMER DAMPER FOR CABINET FOR A HEATING APPLIANCE WITH INTERGRATED ORNAMENTAL DESIGN FOR A WOOSTOVE (US)
 BARBECUE DESIGN FOR PEDESTAL BARBECUE (US)
 APOLLO PEDESTAL BARBECUE (US)
 APOLLO PEDESTAL BARBECUE (UK)
 APOLLO PEDESTAL BARBECUE (Germany)
 ARCHED STOVE DOOR (Canada)
 ZERO CLEARANCE FIREPLACE (US)
 ZERO CLEARANCE FIREPLACE (Canada)
 FLAME SIMULATING APPARATUS (Canada)
 FLAME SIMULATING APPARATUS (US)
 FURNACE CABINET PANEL (Canada)
 VIEWING WINDOW (Canada)
 FURNACE CABINET PANEL (US)
 BARBECUE CART DOOR (US)
 GAS BARBECUE (Canada)
 GAS BARBECUE ASSEMBLY (US)
 FIREPLACE (US)





Ingrid and Wolfgang hiking at Machu Picchu in the Andes, Peru in 2000.



Ingrid and Wolfgang hiking at Copper Canyon, Mexico.



Ingrid and Wolfgang travelling in South Africa, 2008.



Wolfgang motorbiking with Garry Mercer (on the right) in Sedona, Arizona.



Wolfgang on Garry Mercer's motorbike in Arizona.

Without the executive having to answer to a board, Ingrid and Wolfgang have been able to translate new ideas and business decisions into continuous calculated growth through constant product diversification and process improvement over the years.

Third Business Imperative: When realizing that something does not work or that there is a better way of doing business, don't be afraid to change it.

Looking back, not everything they created turned out to be successful in the long term. With Wolfgang and Ingrid always trying to develop new product, they ventured into many new product categories related to their main lines of product, and sometimes later decided to terminate production for one reason or the other. In some cases, they would have had to develop a sophisticated separate distribution system for a side line which would have taken away from their ability to fully focus on their main product. In other cases, they recognized a change in consumer demand and preferences which required them to focus on developing different product instead. Growing a product-driven business over the course of over 35 years not only means trying new things all the time, but also a willingness to let something go that may have been successful for a while, even if developing that particular product required time and financial resources. Being a successful entrepreneur sometimes means learning by trial and error. As Wolfgang says, "Sometimes you have a home run, sometimes a flop, but most of the time the products we developed were home runs."

In 1987, Wolfgang began producing steel-fabricated anchors as an attempt to keep their associates steadily employed all year round. Made

out of scrap steel used in the production of fireplaces, the anchors did not sell. One reason was that *Wolf Steel* was competing with the popular *Danfouth Anchor*, which was the main brand name in that particular product category at the time. Furthermore, the anchors required a completely different distribution channel than the one they had set up for their fireplaces. In order to be successful in the boating accessories market, they would have had to develop more product than just the anchor, which was not feasible considering that the anchors were no more than an attempt to make use of scrap material left over from the production of their main product. When *Sandy Cove Marine* in Barrie, Ontario, ended up being their only real customer, and with boxes upon boxes of anchors sitting outside the plant, Wolfgang and Ingrid decided that it was time to get out of that market.

In the mid-1980's, as mentioned previously, *Wolf Steel/Napoleon* hired a blacksmith to make wrought-iron fireplace accessories in-house. The resulting line of high-quality tool sets sold well for some time, but when the market switched to shiny brass product made in Taiwan, *Wolf Steel/Napoleon* terminated the production and started buying accessories made in Taiwan as well, first from a distributor out of Oregon, and then from *Dagan Industries* out of California. Other product they manufactured for a while, but did not pursue in the long run, were axes, splitting mauls, hot water jackets, as well as masonry circulating fireplaces.

At the time *Napoleon* started manufacturing fireplace accessories, they also began producing their own fireplace glass doors, starting with custom doors. Custom doors were very popular at that time, because many existing open masonry fireplaces in peoples' homes were very



The Schroeters with "Napoleon" at the 2005 HPBA trade show. The sandcastle was built by customer Scott Dodson.



L to R: Raymond Teasdale (agent for Eastern Canada), Lesley Thornton (Accounting), Betty Lou Bedford (Customer Service-Sales), Darlene Britnell (Customer Service Supervisor-Sales), Nino Sebastiano (Fireplace Rep. Ontario), Lisa Innis (Office Services), Julia Samuels (Customer Service-Sales), Roger Gripton (retired VP Sales - Fireplaces).



L to R: Rick Matyka (General Manager), Kim Cross (Manufacturing Manager), Richard Tjart (R&D), Claire Woodard (longtime associate who retired in 2012), Stephen Schroeter, Gilbert Roane (Manufacturing Manager).



Richard Tjart, member of Napoleon's R&D team and instrumental in the design and testing of many hearth products.



Annual Hearth Sales Conference, mid-1990's.



Ontario sales representatives Nino Sebastiano and Jim Mills.



Accounting Manager Lou Anne Clark, who has been instrumental in the smooth running of the Wolf Steel/Napoleon accounting department for almost 25 years.



Staff at dealer meeting, 2005. L to R: Chris Schroeter, Jim Mills (Ontario Sales Rep.), Terry Hicks (National Sales Manager), David Coulson (Corporate Advertising Manager).

inefficient. With only having a screen in front of them, they were drawing the warm air from the house up the chimney to the outside. Putting in a customized glass door would prevent that heat loss. *Wolf Steel's* custom-built glass doors were very successful for quite some time and the company sold many of them to customers who used them primarily to update their inefficient masonry fireplaces. Later on, *Wolf Steel/Napoleon* developed a production-made glass door made from aluminum extrusion, which they produced in many different finishes. However, the market eventually changed to fireplace inserts, as homeowners wanted to have new, efficient, heat-producing fireplaces rather than just updating their existing masonry fireplace with a glass door. Recognizing a change in customer preferences, Wolfgang eventually decided that glass door production was no longer viable, discontinued it and focused on manufacturing the much more efficient inserts for gas- and wood-burning fireplaces instead.

At one point before *Napoleon* expanded into the HVAC market, Wolfgang was considering either going into HVAC product, such as furnaces and air conditioners, or to further develop the home appliance side of the business by designing and manufacturing entire kitchen ranges. Realizing that both options could be handled by the company's existing production equipment, Wolfgang and his team designed a complete high-end kitchen range and built a prototype. Although Wolfgang spent almost a year working on that kitchen range, he decided later on that developing the heating side of the business would be the better choice because it is more related to fireplaces and thus to *Napoleon's* core area of expertise and innovative strength. As a result, Wolfgang and his team started to concentrate on developing high-efficiency furnaces instead of further pursuing the kitchen appliance option.

Early in the new millennium, Wolfgang had the idea to create a fireplace that could be used not only during the cold winter season, but in the summertime as well. He decided to design and manufacture an electric fireplace that does not create any heat in the summer, but that can easily be switched from electricity to gas in the winter. Although there was a great benefit for customers in having such a dual-purpose fireplace, Wolfgang and his team were faced with some great challenges when developing *Napoleon's* integrated electric/gas fireplace model: since the heat-producing components and the elements used for electrical operation were not interchangeable, the integrated model turned out to be technically two fireplace units in one. After working on it for over two years, *Napoleon* launched the fireplace in 2003 under the name "Manhattan™" and sold a few hundred units. In spite of the existence of a customer base, Wolfgang decided to terminate production after a

while because not only was the integrated fireplace difficult to produce, but it was also too expensive due to the doubling of components. Finally, *Napoleon* sales people found it difficult to convince consumers to pay extra in order to enjoy the benefits of an integrated year-round fireplace.

Fourth Business Imperative: Cultivate a working relationship with associates that is conducive to maintaining high standards of quality and production in an atmosphere that is appreciated by associates and allows them to take ownership, be innovative and excel.

When asked what he considers the main strength of Wolfgang as an entrepreneur, *Wolf Steel/Napoleon's* Building Maintenance Supervisor Ron Noordhoff points out: "Wolfgang lets his associates do their job.



Hearth Sales Manager Greg Thomas with his wife Laurie during a Dealer conference at the Harbor Castle in Toronto.



Wolfgang and Ingrid at the 2004 Calgary Stampede with staff members of Diamond Fireplaces.



Long-time Napoleon sales agents, L to R: Sandra and Shawn Mullan (Western Canada). Behind Sandra is Jean Berlie, Napoleon representative for Quebec.

He allows them to be in charge of their specific area and he gives them the tools, the responsibility and the opportunity to always do their best." Based on the company's motto "Work smart, not hard," both Wolfgang and Ingrid encourage constant improvements to the company's many processes. As both of them believe in communication between management and associates being key to a great relationship and thus to the long-term success of their company, they are constantly improving operations in close cooperation with their associates. Since Ingrid and Wolfgang want their people to take ownership, they are always open to suggestions from their employees. *Napoleon's* National Advertising Manager David Coulson adds: "The Schroeters not only work really hard, they also listen. If someone has a point, they listen and embrace it."

When talking to associates at all levels, it becomes instantly obvious that *Napoleon* associates are proud to be part of the company's overall success story. Since the early 1980's, Barrie has lost a lot of big industry (*General Electric, General Tire, Hayes Dana, Volkswagen*, among others). With *Napoleon* not only being a highly stable company, but having gradually developed into the largest privately-owned manufacturer

in the entire area, the company provides people with secure jobs. Trade schools as well as the local college are anxious to get their students to work for *Napoleon* with its many opportunities for engineers and other professionals graduating from schools in the area. The Schroeters' open door policy plus regular face-to-face meetings between management and associates make employees feel appreciated, further contributing to a relationship that is conducive to employee satisfaction and resulting in high-quality standards and dedication. It further is a manifestation of the Schroeters' respect for all associates and co-workers at all levels.

Fifth Business Imperative: Recognize the importance of your dealers and distributors in the overall success of the company and maintain open lines of communication and honour that relationship at all times.

In contrast to many other companies that are defined almost exclusively through their corporate structures, *Napoleon* maintains personal relationships with their dealers and distributors. Despite the size of the company, being a family-owned and family-oriented business enables them

to listen to the market through feedback from end consumers, dealers and distributors alike. One-on-one meetings between dealers and *Napoleon* sales representatives, Alliance Dealer meetings, dealer trips, visits, phone conversations, regular training sessions and other forms of personal contact benefit both their dealers and the company. Wolfgang and Ingrid look at their dealers not simply as a means for selling *Napoleon* product, but rather as partners whose feedback is always welcome and appreciated.

One of their competitors who since has gone bankrupt predicted many years ago that only the big "box stores" would be successful and that small specialty dealers would not survive in the long run. The competitor was right in so far as customers prefer to shop in places where there is selection; however, he was wrong in the conclusion that only large "box stores" could provide this experience. *Napoleon's* sales and marketing strategy has been focused on working with independently-owned dealers that are usually family-owned like *Napoleon*. The Schroeters and their team see it as their job to ensure that their dealers grow their business and realize their full market potential. *Napoleon* has brought many of their long-time dealers along as the company has grown constantly over the years. By helping dealers with improvements to their showrooms and advertising, among other things, *Napoleon* is determined to keep them ahead of the big "box stores" in a highly competitive market. Out of concern for their loyal dealers who have been part of the *Napoleon* success story almost from the beginning, the Schroeters have repeatedly turned down big "box stores" wanting to carry *Napoleon* product. Although they have recently started taking on some mass distribution chains, they remain careful and selective in dealing with these companies in order to avoid possible negative effects on their specialty dealer network.

Based on that same caring approach, when individual dealers of *Napoleon* product start getting into financial difficulties, *Napoleon's* finance team sits down with them as if there was a family crisis and they work out a viable solution together instead of terminating the relationship and bringing in collection agencies. That way they help them through the challenges of today's economy. Due to the fact that most of their dealers have been with them for many years, Wolfgang and Ingrid expect them to be upfront with them in case of difficulties. *Napoleon's* recently retired Vice President of Sales, Roger Gripton, confirms: "One of the big strengths of not being corporately-owned is that we can make decisions on the fly which enables us to help our dealers get through financial hurdles."

Sixth Business Imperative: Work as a team to complement and maximize your strengths.

When asked why they think they succeeded as entrepreneurs at the level they did, Ingrid and Wolfgang emphasize that they always worked well together. Although leading separate departments, they always supported each other and made important decisions together as a team. Sharing the same goals and wanting the company to succeed, they did whatever they felt needed to be done. While keeping their functions separate, Ingrid and Wolfgang always consulted each other on the design side, providing each other with mutual input. Today, their two sons are doing the same: In his capacity as the company's Senior Vice President of Operations, Chris Schroeter is working with Wolfgang, while Stephen Schroeter, in his role as Senior Vice President Sales, Marketing and Administration, works with Ingrid, thus carrying a successful business leadership model into the next generation.

Seventh Business Imperative: Know the value of money and grow strategically without taking on huge debt loads.

Neither in their private lives nor in growing their company did Wolfgang and Ingrid make carrying debt loads part of their growth strategy. When Wolfgang started making railings back in 1976, he did so without borrowing money. Even when undergoing company expansions and buying state-of-the-art machinery, they never accrued any considerable debt. Instead of using someone else's resources, they are strong believers in doing as much at a time as they can with their cash reserves in the company. Based on that simple philosophy, they have always put profits back into the business. As their company has seen fairly substantial steady increases in sales over the years, Wolfgang and Ingrid have remained reasonably methodical and strategically careful in how aggressive they pursue growth by taking on new large-size customers. "There is nothing worse," says Wolfgang, "than taking on a huge customer and not having the manufacturing capacity for it." Knowing the value of money and having a sense of what an item should be worth, Wolfgang and Ingrid have been successful in avoiding waste of company resources over the years. As people sometimes have a tendency to inflate things on a big company, Wolfgang always asks for a minimum of three quotes to ensure that he gets a fair and reasonable price. While being conservative with spending company money on things considered not to be essential, Wolfgang and Ingrid do not hesitate at all when spending millions of dollars on the most advanced machines, because those kinds of investments provide value and long-term return.

Eighth Business Imperative: Money and profit is not the only goal, but the byproduct of successful entrepreneurship.

Wolfgang's motivation for going into business on his own was not to make money, but so that he could be his own boss and control his own destiny. Even today as *Napoleon* has become a multi-million dollar enterprise with seemingly unlimited further growth potential in the future, the expectation of even larger profits ranks low among Wolfgang's personal motivating factors for being an entrepreneur. This explains why in the past he has turned down big deals worth hundreds of thousands of dollars in order to keep the *Napoleon* brand name where he thinks it should be and to keep things moving into what he deems to be the right direction for the business. However, making profits is imperative to ensuring any company's financial stability and growth.

Ninth Business Imperative: Be hands-on, approachable and lead by example.

As the owners of a private company, Wolfgang and Ingrid have always been involved in all aspects of their business on a daily basis. At trade shows they are right there on the floor together with their sales associates, not just representing the company as co-owners, but doing the actual work, be it helping with the setup of the display, talking to customers, or picking up a broom to sweep the floor of the booth at the end of a long day. Wolfgang and Ingrid's willingness to be part of their team and to do whatever is needed has earned them a great deal of respect from their sales associates and customers alike. *Napoleon's* recently retired Vice President of Sales Roger Gripton adds: "Customers visiting our exhibit at

large trade shows are amazed that the president and the vice president of a company of our size are there to talk to them in person." Following their parents' example, Chris and Stephen Schroeter have adopted the same hands-on approach, carrying yet another defining part of their parents' business philosophy into the next generation of family entrepreneurship.

Tenth Business Imperative: Delegate and trust in associates' ability to do the job right.

Another key strength of Wolfgang as a person and entrepreneur is his ability to let go, to turn things over to his associates and to let them do their job without having to control every step along the way. Roger Gripton remembers Wolfgang saying to him one day as he was simultaneously handling multiple tasks in his capacity as Director of Sales: "You can't keep doing all these things on your own. Give it to somebody else, and even though it may not be done exactly the way you would do it, that does not mean that it is done wrong!" The ability to let go and not to micromanage, which is shared by Ingrid as well, allows them to pass on more and more responsibility as they are gradually preparing the transition of leadership in the company to their sons as the second generation of family entrepreneurs. Whereas in the past Wolfgang was involved in everything on his side of the business, from purchasing through tool making, setting up an assembly line, product development, selling, and many other things, he now throws out the idea and lets other people bring it to fruition. By the same token, while Ingrid used to be involved in accounting, invoicing, advertising, sales, and many other areas, she now oversees the administrative side of the business, stepping in and making suggestions only when needed.

Eleventh Business Imperative: Do not judge a book by its cover.

Private entrepreneurship is a lot about dealing with people. Knowing that the first impression of a person is less than one percent of the overall picture, Wolfgang has always made sure to understand the individual he is dealing with before making a judgment. Towards that end, he has inspired his sons to never overlook a person or opportunity or task. As a matter of principle, the Schroeters treat all people the same in their business dealings; they draw no distinction between small and large buyers. Wolfgang pays the same attention to an individual customer at a trade show who is interested in putting one single fireplace into his house as he does to the CEO or president of a multi-billion dollar corporation negotiating the purchasing of thousands of units. "You never know who you are talking to," he concludes.

Twelfth Business Imperative: Be ethical and fair in all your business dealings.

Knowing what is right and what is wrong, Wolfgang and Ingrid are very ethical in the way they make decisions. This has resulted in them being fair business people to all sides who do not manipulate and who are always honest with their customers. By extension, their personal values have become the values of their company as well, having earned *Napoleon* its excellent reputation with customers, business partners, suppliers, dealers, distributors and associates alike.



**CHRIS AND STEPHEN
SCHROETER –
THE SECOND
GENERATION OF
NAPOLEON FAMILY
ENTREPRENEURS**



Stephen and Chris Schroeter in front of one of Napoleon's bestselling gas burning inserts, Model GD3014.



The Schroeter family.



Chris Schroeter working in the plant during summer school holidays.



Stephen with an air gun for shooting out T-Shirts at hockey tournaments in Kelowna, B.C.



Chris and Stephen in the warehouse.

FIRST EXPOSURE AND EARLY DEVELOPMENT WITHIN THE COMPANY

Being the children of entrepreneurial parents, Ingrid and Wolfgang's sons Chris and Stephen were exposed to the company from the time that they were very young. Whether it was Ingrid taking Chris with her to the office after returning to work in 1978, seeing their Dad developing and testing new product at home, or having both parents discuss business matters at the dinner table, family entrepreneurship was always present in the Schroeter home. Naturally, Chris and Stephen were both introduced to working casually in the plant in their early teens. Chris started going to work with Wolfgang during the summertime while being off school when he was around 13 years old. Cutting the grass was his first work assignment. Later on, his first job inside the plant was working in the shipping department before moving into the tool room for two years doing jigs, learning the mill, lathe, and taking machines apart. When he was about 18, Wolfgang put him into the R&D lab, where, among other things, Chris was involved in small projects. Having a knack for computers, Chris took on the role of looking after computer equipment and computer-based processes in the company. Committed to utilizing computer programs to the largest extent possible, he replaced a lot of unnecessary paperwork in the company through e-filing, among other things.

Stephen's early development in the company was similar to that of his older brother. When Stephen was about 15 years old, Wolfgang told him one Sunday night during his summer vacation that starting the next day he would be working in the plant for two weeks. From then on, Stephen

worked in the company every summer in-between school terms. Stephen's first job in the office was photocopying and filing. He then spent three weeks in the production of doors for wood stoves, drilling holes into the hinges. From stove and fireplace production he went into the barbecue side of the business, working in maintenance and packaging before going back into fireplace production, where he was assigned to the production and painting of fireplace logs for two summers. Throughout the years, both Chris and Stephen have tried their hand in every department on the floor level. It was important for them to learn what is involved on the plant floor and to get to know and respect the people who work in production. Furthermore, working from the ground up has allowed Chris and Stephen to develop and cultivate an understanding of how a decision they make at the management level today may impact processes at the floor level.

During his second year in university, at age 21, when Stephen came to work for that summer, Ingrid told him about her and Wolfgang's plan for him to spend a day or two working every single position in the administration of the company. Thus, Stephen spent an entire summer doing other peoples' jobs under the guidance of various *Napoleon* associates.

Looking back, Stephen sees working every position in the administration as well as his on-the-floor experience as a huge advantage, as it allowed him to learn how things work. In the same way, Chris also recognizes the benefits of having been exposed to all areas of the business. As a teenager, when he was assigned specific tasks by Wolfgang, he sometimes thought of them as a waste of his time. Today, however, he realizes the benefits of doing things like taking a machine apart, because knowing both the various processes as well as the technology used in the company, allows



Stephen making a donation to Royal Victoria Hospital in Barrie on behalf of Napoleon.

him to make educated decisions in his current role as Senior Vice President of Operations. Chris adds: "Everything our parents did for us back then was beneficial for the future. We just could not see it."

JOINING THE COMPANY FULL-TIME

Ingrid and Wolfgang always left it up to their sons to decide for themselves whether they wanted to eventually join the company full-time or pursue a life outside of the family business. Taking over the business and leading it into the second generation was always an offer, but no obligation. Ingrid and Wolfgang were straightforward in telling their sons that if they decided to pursue their future within the company it would not be a walk in the park for them; to the contrary, Ingrid and Wolfgang made it very clear to Chris and Stephen that they would be tough on them to ensure that one day they would be able to lead the company. Chris and Stephen realized the great opportunity and they took on the challenge. Stephen never thought about anything else for a career other than joining the company full-time. Even while growing up, he remembers, having the drive to build things all the time. As a teenager he built speaker boxes and sold them to friends. If he had not joined the company, he would have most likely started his own business. Chris adds: "We did not learn the entrepreneurial spirit, it was always in us. Seeing our parents do and build things definitely shaped us from the earliest days on."

During their time at university, Chris studied Mechanical Engineering at Laurentian and Ryerson University, while Stephen did a Bachelor of Commerce in Management, Economics, Industry and Finance at the

University of Guelph. With Chris' focus directed more to the technical and operations side, and Stephen's interests more in line with the administrative aspects of the company, the brothers have followed their parents' pattern of dividing up responsibilities. Stephen has been working exclusively with Ingrid, learning accounting, marketing and advertising, as well as the administration of the business. Chris, on the other hand, has been working closely with Wolfgang, starting off in research and development, doing IT until Stephen became involved in that area, then going into production control, scheduling, purchasing as well as logistics. Today, in his role as Senior Vice President Operations, he oversees research and development, purchasing, production and logistics. Chris is personally involved in all aspects of product development. Based on his understanding of the various parts of the business being closely interconnected, he considers it an essential part of his role to help ensure that the marketing and R&D departments work closely together throughout the various stages of developing new product. Towards the same end, he recognizes the need to be personally involved in training sales staff on the features and benefits of the new product they are developing so that they have the ability to convey the right message to the customer.

COMPUTERS, THE INTERNET AND NEW OPPORTUNITIES

Having grown up with computer technology and the Internet, Chris and Stephen have been at the forefront of many new company initiatives. Furthermore, since taking on leadership roles, they have applied various aspects of what they learned at university to the company, resulting in new training initiatives, an extended Internet presence and use of online



Taste the World Charity Event in Barrie 2011. L to R: Chris, Linda Muszynski, Stephen, Heather Ford, Steve Gauci (Napoleon Retail Manager), Della Dwyer.



Chris in the plant checking parts.



Napoleon virtual fireplace DVD and Fall 2010 Fireplace design APP advertisement.

applications, as well as increased computer-based automation of administrative processes, among other things.

While working in production control and scheduling, Chris implemented a new PC-based system (MRP-PC) which saves *Napoleon* associates a lot of time by having the program do most of the scheduling work for them. During a stint in logistics, Chris further helped eliminate a lot of paper work by implementing a bar code scanning system that has increased their associates' ability to keep track of components and inventory at all times. Chris and their shipping manager developed this customized computer program together with a software company out of Toronto. The program works so well that the software company has put a brand on it under which it sells it to other manufacturers as well. Looking back, Chris remembers working on developing that program as a very gratifying time for him personally.

Around the year 2000 when the Internet became an increasingly popular forum for product research and sales, Chris and Stephen developed into strong promoters of using the Internet as a sales and marketing tool. Never intending to bypass their network of loyal dealers through direct online sales, their goal was to persuade *Napoleon* dealers to make use of the advantages of the Internet in dealing with their customers by launching their own websites. Being part of a younger web-and computer-savvy generation with a sharp sense for the many new possibilities in doing things online, Chris and Stephen firmly believed that changes in consumer behavior required the company to adapt and rethink their understanding of the sales process. With the Internet being only one mouse click away, and thus, incredibly accessible, the way people research product these days has changed entirely. Instead of going into a store to gather basic product information, most consumers do their research online before ever setting foot into a store. Chris says:

"If they can't find it on the web, they won't buy it." These changed customer habits, in spite of having taken parts of the sales process out of the hands of their dealers, hold great advantages at the same time. Chris continues: "When people gather product information on their own by using the Internet, it creates almost a sense of ownership towards buying that product. When they eventually walk into a store, they have already convinced themselves of purchasing that item."

Napoleon's website (<http://www.napoleonfireplaces.com>) includes a *Fireplace Design Studio*, a web-based design tool that allows homeowners to upload a picture of the room that they are thinking of buying a fireplace for. Into that picture they can insert different fireplace models, as well as changing trim and mantel colours, to see exactly what the fireplace will look like in their space before making the purchase.

While the Internet remains the most effective way of promoting product to a large number of potential buyers, *Napoleon* uses *Facebook*, *Twitter* and other new social media outlets as a way to connect with consumers as well. In terms of customer feedback, the Schroeters are not afraid of having owners of *Napoleon* product post their opinion of the company's products online; in fact, they appreciate such feedback because it forces everyone in the company to constantly make improvements.

Napoleon's most recent move was the launch of their *Fireplace Design Studio iPhone APP*, which introduces the next generation of fireplace design tools to *Napoleon* customers. Designed as an easy-to-use fireplace configuration device, *Napoleon's* popular APP allows homeowners, designers, architects, builders and all other users to

create the look of their fireplace, stove or insert from their phone. The APP provides endless possibilities for configuring *Napoleon* fireplace, stove and inserts models with all the various designer accessories that are available for *Napoleon* product, such as a variety of mantles and surrounds, louvers, logs, stones and many other features. Furthermore, the APP includes a Dealer Locator with contact information, as well as an integrated built-in GPS that guides customers to the store closest to them. The APP further allows customers to upload their own fireplace design to Facebook and share the finished image with their Facebook friends. The APP is made available as a download for iPhones and iPods free of charge. Customer reviews of the APP on Apple's iTunes website (<http://itunes.apple.com>) describe the design tool as a "must have" and as "one of the best APP's ever for home décor."

Product videos posted online is another area where consumers' growing preference for the Internet has caused *Napoleon* to change the way they are doing business. With many consumers wanting to do research and troubleshoot a problem for themselves before calling a customer service representative, Chris and Stephen are strong promoters of automating communication to a certain extent with the use of the Internet. They do not believe in automation for its own sake, but as a means of reaching out to consumers who prefer doing things themselves, rather than making use of *Napoleon's* extensive customer services department. Thus, for instance, at the beginning of the heating season when everyone lights the pilot light of their fireplace, *Napoleon* puts a "How to light the pilot" video right on the company's homepage. Offering product videos, in combination with the availability of customer service representatives, gives consumers easy access to step-by step guides. Simple repetitive processes such as turning

on the pilot light at the beginning of the heating season lend themselves well to that level of automation. Chris explains: "We don't want our managers repetitively doing things; we want them to be proactive and to add new things instead."

Closely related to the use of the Internet is the maximization of computer programs in the company's many processes, both on the production and the administrative side. Stephen and Chris both feel committed to eliminating redundancies and thus, promote the use of computers to increase cohesion within the company, to free staff from unnecessary paperwork, to streamline processes, and ultimately, to save the company money in order to stay competitive. Stephen elaborates: "As a matter of principle, even eliminating something as small as redundant labels and replacing them with a computer-based automated tracking system increases our associates' and our own ability to focus on what really matters while saving money in the process." Today, the entire company uses identical computer models, which eliminates redundancy, makes the company look more professional, saves money for operations upkeep and ensures an easy transition to another computer unit if necessary. Having their IT manager take mirror images of everyone's computer as well as making redundancy checks on the company's main hard drive repeatedly throughout the day every day, means that in the event that one computer fails, all it takes to get the work station going again is taking another computer out of the box and connecting it to the network. Within 20 minutes, the employee is up and running again with immediate access to the same programs and databases as before. This is just one example of how making use of computer technology enables *Napoleon* to react to challenges immediately and efficiently.

Both Chris and Stephen emphasize that their personal motivation for process automation and for having computers replace paper work is not to eliminate jobs, but to free up their associates from unnecessary tasks so that they can focus on innovation, growth and expansion. Streamlining and making consistent improvements to the various processes further enhances *Napoleon's* character as a proactive rather than a reactive company.

CORE VALUES AND BUSINESS PHILOSOPHY

Having grown up in a family of highly successful entrepreneurs, Chris and Stephen were exposed to Wolfgang and Ingrid's personal and entrepreneurial values from the time that they were very young, and throughout the time that they worked within the company as teenagers. Working closely with their parents in their respective roles in the company and getting constant feedback from them has not only accelerated the development of their leadership skills, but has also helped them in shaping and cultivating their own business philosophy. Not surprisingly, the five core convictions that define Chris and Stephen as the next generation of Schroeter family entrepreneurs are based on values and beliefs held by their parents as well.

First Conviction: Debt Limits Entrepreneurs In Their Ability To Make Forward-Looking Decisions And To Always Be Proactive

Chris and Stephen understand the value of money because of the way they were brought up. They detest wasting money, while at the same time, appreciate the quality and value that money can buy if used properly.



From their parents they have learned the difference between sound and unsound investments, as well as the understanding that carrying heavy debt loads limits entrepreneurs in their ability to make forward-looking decisions and to always be proactive. Wolfgang and Ingrid instilled in Chris and Stephen from early on that if they wanted to buy something they had to have the money for it first. As they were growing up, Wolfgang would

not let his children borrow money. Whenever they wanted to purchase something, he asked them: "Do you have that money in your account?" If the answer was "No", he simply told them "Then you cannot buy it." Looking back, Chris and Stephen remember their friends often having more stuff than them because, like most North American consumers, they were using credit for their purchases.

Having seen how far their parents have taken the company with this philosophy, Chris and Stephen have made the no-credit-rule part of their own philosophy as well: with no debt on the company and all the buildings and equipment owned outright, Stephen and Chris greatly appreciate the fact that they can be proactive in a time when many other companies have to hold off on investments into the future due to financial commitments in the present. Having the ability to buy new state-of-the-art machines in the midst of a recession gives *Napoleon* a competitive edge that will serve to make the company even stronger in the future.

Second Conviction: Growth While Being Desirable Has To Be Controlled

Another value Chris and Stephen learned from their parents' example is that growth, while being a constant goal, has to be controlled and managed properly. The hearth industry has seen many acquisitions since the mid-1990's, with many of the purchasing companies eventually having ended up in trouble. With that experience in mind, Chris and Stephen are determined to look diligently for potential pitfalls and to always ask the right questions in case acquisitions of other companies is something they may want to pursue in the future. They fully share their parents' understanding that slower, controlled growth is safer and may benefit the company better long-term than jumping onto what at first sight might look like a great opportunity. By the same token, Chris and Stephen have learned the importance of determining whether expanding their own manufacturing capabilities rather than buying somebody else's company is not the better option. Although *Napoleon* has had opportunities to purchase companies in the past, the Schroeters often decided against it. Chris explains: "There

is only one good reason for selling a company and that is if the owner retires and there are no heirs. Any other reason, I probably do not want that company because more likely than not there is something wrong with it."

Third Conviction: Decisions Based On Common Sense And Firm Values Go A Long Way

Having seen their parents build a hugely successful company over the years without being management experts, Chris and Stephen strongly believe in making business decisions based on common sense and firm values. Similar to their parents' management and decision-making style, they always ask themselves: "Does this make sense? Do we really need this?" Chris concludes: "You can make huge management decisions on very basic values as long as you use common sense and it is the right values."

Fourth Conviction: Look At The World As A Global Place

From the time that they were very young, Chris and Stephen were introduced to the world through their parents. Family travels to Europe, the Caribbean, Mexico, China, and other countries have exposed them to people and cultures with different values, beliefs, strengths and weaknesses. These experiences have helped them cultivate their own perspective of the market as a global place. They recognize that to stay successful they must look beyond the boundaries of North America, just as Wolfgang and Ingrid have been doing. Stephen explains: "If a certain part is not available in Canada or the US, it may be available somewhere in Europe or Asia. We do not stop looking until we find what we are searching for, even if it requires us to venture into countries we have not dealt with previously."

Fifth Conviction: Loyalty Is Not A Given But Has To Be Earned At All Times

Another core value that Chris and Stephen have adopted from their parents is that it is impossible to buy loyalty from people. Loyalty and respect in personal and business relationships is something that has to be earned. Stephen elaborates: "You have to be there with the dealers, go through the trenches with them. In doing so you develop a personal relationship and a bond of mutual loyalty that withstands almost any challenge."

Growing up in an entrepreneurial family, university training in business and engineering, and several years of personal and professional growth in various parts of the business, has provided Chris and Stephen the opportunity to explore all aspects of family entrepreneurship and, in the process, to develop and adopt their own values as second-generation family entrepreneurs. Sharing leadership roles with their parents in addition to their own accomplishments has already permitted them to leave their personal mark in the company. They both agree that working so closely with their parents and getting constant feedback from them on how they are dealing with specific issues has been invaluable in their development, making them potential leaders in the future. With their roles and responsibilities in the company divided along the same lines as Ingrid and Wolfgang, and sharing many of their parents' core values, their joint leadership promises long-term continuity within the company, as *Napoleon* will gradually transform itself into a second-generation family-owned and operated business.



The Napoleon International Builder Show Team.



Stephen and Wolfgang at a trade show in England.

www.napoleonproducts.com

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***NAPOLEON IN THE
COMMUNITY –
INVOLVEMENT,
CORPORATE PHILANTHROPY,
AWARDS AND
ACCREDITATIONS***



Wolfgang and one of the participants at the 2005 BBQ Championship.



BBQ Championship in Barrie, organized by Napoleon.



Trophies at the 2006 BBQ Championship.



Napoleon Grill balloon at the BBQ Championship in Barrie.

THE CANADIAN BARBECUE ASSOCIATION AND THE CANADIAN BARBECUE CHAMPIONSHIPS

In 2004, Ingrid, Wolfgang and Napoleon's Corporate Advertising Manager David Coulson, traveled to Germany together to attend the Barbecue World Championships, which were hosted in Germany that year. Barbecue championships are hugely popular in Europe and particularly in the US, where events such as the annual *Jack Daniel's World Invitational Barbecue* in Lynchburg, Tennessee, have been drawing big crowds for years. Yet, aside from some local events, there was nothing comparable in Canada at the time. In the absence of a national Canadian Barbecue Association that could act as host to a national event in Canada of similar standing, Wolfgang and Ingrid decided to explore the possibility of launching the Canadian Barbecue Championships in Barrie. In their capacity as judges at the 2004 World Championships, Ingrid and Wolfgang learned how to judge contestants' performance and how to organize the championships. Following a long conversation with the organizer of the world championships, Ralf Zubler, Wolfgang suggested on their return to Canada that they establish the Canadian Barbecue Association. The purpose of the organization was to serve as a catalyst for growing the barbecue category in Canada and to act as the host of an annual Canadian Barbecue Championships competition. David Coulson was placed in charge and became instrumental both in building the organization and in organizing the Canadian Barbecue Championships.

In 2005, the first year the Canadian Barbecue Championships were held in Barrie, eleven teams, mostly from Canada and some from the US as

well, entered the competition. The event coincided with *Kempfenfest*, a large community event held right on the shores of Kempfenfelt Bay with arts and crafts, an annual antique show, music performances, a children's village and many other fun activities. *Napoleon* has been a sponsor of Kempfenfest since 2002. The Canadian Barbecue Championships grew larger each and every year, and in 2010, its fifth and final year, the event attracted thirty-three teams from countries including Switzerland, Denmark, Belgium, England, the US and Canada. With \$35,000.00 in cash prizes to be won in different categories (such as beef, ribs, fish, dessert, and sauces), the Canadian Barbecue Championships paid out more prize money than the World Championships.

Although the championships were held in Barrie, this was not about promoting *Napoleon* product, but about growing the barbecue category as such. A great community event with various corporate sponsors, the Barrie championships created a lot of national press, as the winners were able to go on to bigger competitions such as Jack Daniel's because the Barrie championships were recognized as a qualifier.

The event was extremely well received by the community, but it took a lot of money and effort on the part of *Napoleon*, and of David Coulson in particular, to keep hosting the championships year after year. After five years of organizing the annual competition, David passed on the responsibility to a web-based group of volunteer organizers. Unfortunately, after realizing how much work is involved in organizing the event, they let it die. Today, there are still some smaller regional championships, but the national event is no longer being held (<http://canadianbarbecueassociation.com>).



Wolfgang and Ted Reader posing in front of the world's largest Hamburger with Napoleon associates looking on.



David Coulson operating the grill during the grilling of the world's largest Hamburger.



The world's largest Hamburger grilled on a Napoleon custom grill in downtown Toronto.

THE WORLD'S LARGEST HAMBURGER

In the summer of 2010, crowds of onlookers were on hand in downtown Toronto to witness the creation of what could become the largest hamburger in the world. Weighing in at 590 pounds, after being garnished with 50 pounds of cheese, 20 pounds of onions, 12 pounds of pickles and 30 pounds of lettuce all on a single "monster bun" – this megalithic burger was almost triple the size of the previous world record holder. *Napoleon*

staff started cooking the 300 pounds of beef at 4 a.m. in the morning and it was not until noon that they were ready to slide the massive burger on to the bun and add all the garnishes. *Napoleon* had engineered a specially-designed, hydraulic-enhanced, "Monster Grilling Machine" that was able to flip the burger midway through the cooking process. It had taken the company's engineers over 3 months to design and build this custom grill. Celebrity Chef Ted Reader had created the recipe for the record burger and he oversaw the cooking process as well. According to the Guinness World of Records website, the record burger's official



Opening of the Georgian College Innovation Lab sponsored by Napoleon, 2009.



Family skate. I to R: Stephen and his wife Shannon, Charlie Horse (mascot of the Barrie Colts OHL hockey team), Ingrid.

title is "Largest Hamburger Commercially Available." By placing bids on the massive, record-breaking burger, individuals and organizations from within the community raised over \$8,500.00 for *Camp Bucko*, a camp program for children with burn injuries.

CHARITY SUPPORT

The Schroeters are grateful for the amazing opportunities they have had over the years. As the largest privately-owned employer in the Barrie area

they see it as their responsibility to give back to the community. When approached by charities and other local organizations, they do not like to say no, resulting in monetary and product donations to hospitals, nursing homes, sports teams, schools and many charities. The Schroeters and their company are supporters of *Reach for the Rainbow* in Toronto which benefits handicapped children going to camp. Among the many charities and organizations they have supported over the years are the Royal Victoria Hospital in Barrie, Simcoe Hospice, Gilda's Club, and the Parry Sound Hospital. As part of their ongoing commitment to the community,



Napoleon soccer team.



Napoleon Dragon Boat racing team 2010.



Stephen and Chris Schroeter on the Napoleon soccer team.



Napoleon ball hockey team. Back row L to R: Ron Koosman, Todd Bush, Steven Schwarz, Bruno Tassone. Front row L to R: Chris Schroeter, John Kennedy.

the Schroeters have been providing the Royal Victoria Hospital with funds towards the establishment of a cancer care unit.

As a technology-based company that employs many engineers, *Napoleon* has sponsored the *Innovation Lab* at *Georgian College* with state-of-the-art machinery for three-dimensional prototyping. A plaque outside the lab recognizes the company's contribution to the college. This partnership, combined with the constant growth of *Napoleon*, helps in drawing local engineering students from *Georgian College* to the company. *Napoleon* also sponsors *Barrie's OHL hockey team*, as well as many soccer teams and contributes to the costs of maintaining fields and facilities used by children from the area. The company further encourages their associates to join organized sports teams (darts, ball hockey, golf, among others) and supports these activities with funds.

In addition to hosting, *Napoleon* is also a major sponsor of a large annual fundraising event called *Taste The World*. With over 300 tickets sold, the 2012 event raised \$68,000.00 for the *Kempfenfelt Rotary Club* and their partner *IOOF Seniors Homes Inc.* Local and regional restaurants provide a culinary adventure with international culinary stations that allow guests to try different foods, wine and beer pairings. In addition to acting as host, *Napoleon* donates product to the event to be auctioned off at silent and live auctions. (<http://tastetheworldbarrie.com>).

Upon the launch of the company's series of high-efficiency furnaces in the fall of 2011, *Napoleon* announced their plans to donate \$100,000.00 worth of furnace products to *Habitat for Humanity* to be installed in not-for-profit housing projects. *Habitat for Humanity Canada*, in an ongoing

BEING A PART OF THE WIDER COMMUNITY: COMMUNITY ORGANIZATIONS AND INITIATIVES SUPPORTED BY NAPOLEON

Alzheimer Society-Barrie Chapter; MADD Canada; Autism Ontario-Simcoe County; MS Society-Simcoe County; Barrie Colts Hockey Team; Oro-Medonte Fire Fighters; Barrie Food Bank; Oro-Medonte Minor Soccer (Team Sponsorships); Barrie Soccer Club (Team Sponsorships); Oro-Medonte Museum; Big Brothers-Big Sisters; Out of the Cold Program-Barrie; Canadian Cancer Society- Simcoe Chapter; Ovarian Cancer Canada; Canadian Special Olympics-Simcoe Chapter; PAK- Players Assisting Kids (Under Privileged Children to Attend Camp); Children's Wish Foundation; Parry Sound Health Centre; City of Barrie (Various Community Events); Reach for the Rainbow (Children with Special Needs); Crohns & Colitis Society-Simcoe Chapter; RVH Cancer Care Facility; Easter Seals of Simcoe County; Salvation Army Shelter; Elmvale Fire Fighters; Seasons Centre for Grieving Children; Festival of Sound (The Barrie Area Arts); Simcoe County Museum; Georgian College (Sustainable Energies Lab, Wellness Facility, Scholarships); Team Ontario Women's Gymnastics; Gilda's Club- Barrie (Cancer Facility); Tim Horton's Children's Foundation; Habitat for Humanity-The ReStore; Hawkestone Community Association (Local Children's Activities); Hospice Simcoe (Palliative Care Facility); Wendat (Simcoe) Community; Psychiatric Support Programs; Knights of Columbus-Barrie; Women & Children's Shelter-Barrie.

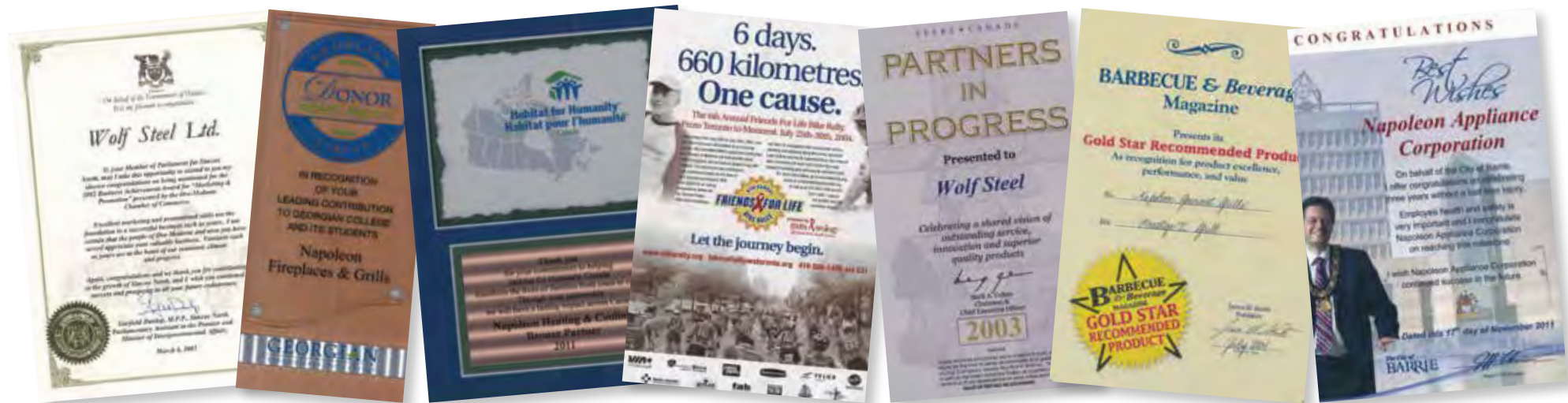
attempt to break the cycle of poverty, makes affordable housing accessible to low-income families who otherwise would not be able to afford their own home. Building homes while using volunteer labour and donated materials, Habitat for Humanity sells these homes to partner families who have met the required commitment of contributing 500 volunteer hours to the building of their home. Furthermore, as part of the organization's partnership with low-income families, Habitat for Humanity offers partnering families an affordable and sustainable no-interest, no down-payment mortgage. The Schroeter family and *Napoleon* staff are excited about *Napoleon* furnace products being put to good use in Habitat for Humanity housing projects.

NAPOLEON AWARDS AND ACCREDITATIONS

Over the years, Wolf Steel/Napoleon and Ingrid and Wolfgang personally have been recognized for their contributions to the hearth, patio

and barbecue industry and the economy of the larger Barrie area. The innovative spirit of the company has resulted in a number of industry awards.

Ever since the Hearth, Patio and Barbecue Association (HPBA) introduced the annual *Vesta Awards* for hearth products excellence in 2001, *Napoleon* product has consistently been among the finalists and has won many awards. The *Vesta Awards* were created to recognize and honor companies for their innovation in product design and technology in the hearth and barbecue industry. In 2006, for instance, the *Napoleon* "750", a large five-burner grill unit, with dual lids— one with Infrared burners, the other one with conventional burners, plus side burner and a warming drawer—was recognized for its quality with the *Vesta Award*. On March 2, 2012 at the HPB Expo in Atlanta, Georgia, *Napoleon's* "HMF200" and "9600" wood/gas furnace combination was honored with winning the *Vesta Award* in the central heating systems category and went on to win the prestigious *Daniel J. Melcon Award* for best-in-show product in the hearth products category. The "HMF200/9600" combo furnace won for



Napoleon awards and accreditations.

its industry-first energy savings feature that saves a homeowner about \$600 in electricity costs per year. When the fire in the wood furnace dies down, a second thermostat calls for heat and the gas furnace starts. As an added bonus, the ultra-efficient gas furnace also features a DC motor that can save up to 80% on electricity bills. *Napoleon* manufacturers both the wood and gas furnaces that were recognized through the *Vesta Award* in their Barrie, Ontario facility and unlike other manufacturers, the entire combination is backed by a warranty as a system - another first in the industry.

Since 1998, when *Napoleon* started exhibiting product at the *Sport, Camping and Garden Lifestyle Show (SPOGA)*, the world's largest trade show for the promotion of outdoor products with over 2,500 exhibitors from 63 countries, in Cologne, Germany, the company has won several awards. In 2007, *Napoleon* was the Gold Award winner, and their "Gemini™ Grill" also won first place in the barbecue category.

An entrepreneur in her own right, Ingrid was a finalist for the 2008 Business Woman of the Year Award for the city of Barrie.

Napoleon has been closely affiliated with the *Hearth, Patio and Barbecue Association of Canada (HPBAC)* and its umbrella organization, the *Hearth, Patio and Barbecue Association (HPBA)*. Ingrid served as treasurer on the Executive Committee of the *HPBAC* for several years until 2012. She currently is a board member and a member of the Communications Committee of the *HPBAC*. She further is a member of the Expo committee of the *HPBA*. Stephen Schroeter continues the Schroeters' involvement in this important industry organization as a member of the *HPBA* Government Affairs Committee.



Wolfgang with the Napoleon Hybrid 150, the Best in Show and Best in Category Winner at the HPBA Expo 2012.



Wolfgang and Ingrid welcoming Premier Harris to the plant.



L to R: Wolfgang, Joe Tascona (M.P.P.), Mike Harris (Premier of Ontario, 1995-2002).



Wolfgang is being presented with the Queen's Diamond Jubilee medal on April 15, 2013 by the Mayor of Barrie, Jeff Lehman.



*NAPOLEON TODAY
AND OUTLOOK
INTO THE FUTURE*



Store in Punta Cana, Dominican Republic, selling Napoleon products.

NAPOLEON TODAY

Although having become the largest employer in the Barrie area with around 500 associates in the company's two Barrie facilities alone, *Napoleon* has remained a 100 percent family-owned and family-operated business. From humble beginnings over 35 years ago, the company has grown into the largest privately-owned manufacturer of fireplaces and grills in all of North America. The *Napoleon* Group of Companies encompasses 9 separate facilities and employs around 750 people worldwide.

With global reach, state-of-the-art machinery, a complete range of products including many industry firsts and innovative, modern design in different product categories, *Napoleon* has become an industry leader in supplying cutting-edge, high-quality products to the market, which



Store in Mexico selling Napoleon products.

have earned the company an excellent reputation by consumers and dealers alike. Today, the *Napoleon* brand name has reached beyond the boundaries of Canada and attracted a loyal customer base at an international scale. Consumers trust the brand to be of great quality and for being fully supported by an extensive dealer network and by *Wolf Steel/Napoleon* as the manufacturer.

Range of Products

Today, on the fireplace side, *Napoleon* offers wood-burning, gas-burning, and pellet-burning fireplaces, as well as electric fireplaces both for the residential and the builder market in numerous sizes, colours, and finishes. On the barbecue side, they provide a full line of grills (cart and built-in portable models). Complementary product lines include waterfalls,

mantels, barbecue accessories and outdoor products. HVAC products offered by *Napoleon* include biomass combination furnaces (oil, gas, electric and wood) as well as a series of high-efficiency gas furnaces and air conditioners. *Napoleon* product is sold through specialty retailers and wholesale distributors.

Global Reach

Although *Napoleon's* main market is North America, *Napoleon* product is sold in Europe, South America and Asia Minor as well. *Napoleon* has sold product to Saudi Arabia, Turkey, Romania, South Africa, Russia, New Zealand, Australia and India. When the national gas company in Israel became involved in the fireplace retail market, *Napoleon* redesigned product specifically for them. Many of these units were sold in Israel until the Israeli utility company decided to terminate its involvement in the appliance business.



Napoleon ads.

State-of-the-Art Machinery

Continuous investments into the latest manufacturing technologies have resulted in *Napoleon* being the company with the most advanced machinery in the industry in North America. In recent years *Napoleon* purchased many brand-new state-of-the-art machines, including a new Night Train System from Finn Power. With the majority of the machinery in the plant being almost new, the company is well positioned for future growth without having to make major investments into new equipment in the near future.

In-House Product Testing

Napoleon's computerized EPA test facility allows for doing all sophisticated testing which is required for EPA certification in-house. Furthermore, their lab is credited by CSA, meaning that the company does not have to



L to R: Shannon and Stephen Schroeter, Wolfgang and Ingrid, Frieda Eisele, Chris Schroeter, Hilde Heide, Diana Schroeter (Chris's wife) .

rely on external test laboratories at all. Instead, CSA officials come in and witness combustion, explosion, temperature and other tests at the *Napoleon* lab as part of the product certification process. All in-house test equipment is calibrated regularly in order to ensure highest accuracy.

Modern Design and Distinguishing Product Features

Since 2006, *Napoleon* has introduced a great variety of modern fireplaces and stoves. Influenced by European design and ideas based

on current trends that Wolfgang and Ingrid recognized during their frequent trips to Europe and Germany in particular, *Napoleon* has come out with a larger selection of higher-end units. Today, the industry looks at *Napoleon* as the most advanced manufacturer and as a leader in modern design. Whereas many other North American manufacturers are still thinking along more traditional lines, the company's creative spirit and innovative mindset has allowed *Napoleon* to develop a comprehensive line of modern-style fireplaces. Clean straight lines, louverless design, the replacement of logs with glass chips, stones, and driftwood, as well

as the popular flame-only models define *Napoleon's* line-up of modern fireplaces. The recent launch of *Napoleon's* stylish and colourful line of high-efficiency furnaces has reinforced that *Napoleon* product is designed to be more visually pleasing than models offered by their competitors. Furthermore, *Napoleon* furnaces offer customers a wide range of additional features that are unique to the *Napoleon* brand, such as the *Napoleon SureView™* burner window, built-in lights for the installer, or ultra violet lights that kill airborne bacteria while the furnace is operating. Over the years, whenever looking at developing new product, Wolfgang has been asking himself, and by extension the company's design and engineering team: "What can we do to make this product even better? Which additional features would enhance performance and make it even more appealing to the customer?" As the company moves forward, devising ways of perfecting *Napoleon* product and the Schroeters' corresponding desire to provide customers with a unique experience will continue to distinguish *Napoleon* in the marketplace.

Family Leadership

As previously mentioned, Wolfgang continues to make a decisive impact on the research and development side of the company, spending time with *Napoleon's* team of engineers and acting as an advisor through the various stages of developing new product. Similar to Wolfgang, Ingrid thoroughly enjoys her ongoing involvement in the family business, and interacting with associates on a regular basis in particular. Knowing that competent people were hired in all of her areas of expertise and responsibility, that is for accounting, sales, advertising and marketing, Ingrid limits her current role as CFO to checking on things, going in when

she realizes a need to improve processes, and to guide and support people with her knowledge. As their son Stephen has taken over most of Ingrid's previous work on the administrative side of the company, and Chris has taken on a leadership role on the operations side, Ingrid and Wolfgang are truly excited that their successful team leadership model continues in the second generation of Schroeter family entrepreneurs.

OUTLOOK INTO THE FUTURE

Wolfgang is at a point in his life as an entrepreneur where he wants to put *Napoleon* on a platform from which Chris and Stephen can continue to grow the company in the future. As part of this gradual transitioning process of the company into the next generation, the Schroeters have hired Ron McArthur as company president to take over the day-to-day business and to keep building and improving on *Napoleon's* corporate structure. Wolfgang and Ingrid continue to be actively involved in the company in their respective roles as CEO and CFO.

While foreseeing the biggest growth on the HVAC side, that is a multi-billion dollar market, the company leadership team also sees great development potential for their barbecue division now that *Napoleon* has opened up the European market through their own network of company offices and warehouses. Closer to home, the US remains the largest market for significant increases in market share. Whereas in Canada, *Napoleon* has a very strong market presence and the brand name is well recognized, their portion of the US market is about 5% today. With the US builder market expected to recover in the future, and the high-end market for fireplaces still going strong in the US, *Napoleon* is concentrating



Napoleon USA.

SOME UNIQUE STATISTICS

At present, on a yearly basis, *Wolf Steel/Napoleon*

- Ships over 30,000 courier packages in Canada alone.
- Uses 20 million pounds of steel including a million pounds of stainless steel. That is the equivalent weight of 6,000 Ford Mustangs.
- Uses 16 million screws. If they were put end to end into one long screw that screw would reach from Barrie all the way to Sudbury.
- Uses 511,000 square feet of glass. That is the equivalent amount of glass needed to put windows into over 5100 houses, if an average house has 100 square feet of windows.
- Uses 10,000 gallons of paint. At 20 gallons per house, that amount would paint 500 homes.
- Uses over one million feet of gasket material. Spread out, it would reach from Barrie to Kingston.



Napoleon Quebec.



Napoleon Barrie.

on its growth strategy in the US, because they can take market share there right now at a time when many US manufacturers are negatively affected by the recession. Recently, *Napoleon* has been approached by some of the largest builders in the US who intend to install the modern line of *Napoleon* fireplaces in their developments, providing *Napoleon* with a great opportunity to significantly increase their presence in the US construction market. Today, about half of *Napoleon* product sold in the US goes into new construction projects. With *Wolf Steel* USA having undergone an 80,000 square foot expansion in 2010, the company is well positioned for future growth in that particular market.

The company's leadership team intends to keep developing *Napoleon's* manufacturing plant in China for the production of barbecues for mass



Porcelain Technologies Mississauga.



Napoleon Barrie.



Napoleon England.



Napoleon Austria.



Napoleon Holland.

merchants and wholesalers, while continuing to expand manufacturing in Canada and the US for the specialty market. The Schroeters are not interested in downsizing the company's manufacturing capacity in North America, but rather look at the *Napoleon* plant in China as a way to increase overall global production and gain more market share in additional market segments. As a matter of fact, in October 2011, as part of the launch of *Napoleon's* new furnace line, Wolfgang announced the company's intention to hire another 200 associates for their Barrie plant over the course of the next 5 years and add a 250,000 square-foot logistics center.

With an eye to the future of their Chinese operations, Wolfgang and Ingrid's vision is to develop a product geared to sell in the Asian market. Realizing that with the growth of a healthy middle class in China and

other areas of Asia as well, the Asian market, which is already the largest market in the world for some items, will eventually become the largest market globally for any consumer product. It is with this in mind that they are currently working on developing products for that purpose.

No matter what the future holds, Ingrid and Wolfgang are confident that under the joint leadership of their sons *Napoleon* will continue to be built on the values and commitments that guided them while growing the company into a North American market leader of global reach in the hearth products, barbecues and HVAC industry.