With 10 stores in the Toronto, Ontario area, the Malcolm family has created a retail dynasty.

Josh Malcolm, owner of Classic Fireplace & BBQ Stores in the Toronto, Ontario, area, may be part of the largest hearth retailer family dynasty in North America. Besides Josh’s four stores, his father and three of his brothers own six separate hearth retail operations in the greater Toronto market; that’s a total of 10 Malcolm family-owned hearth shops. To top it off, a younger brother and sister work for one of the shops, and that makes these operations truly family affairs.

Classic Fireplace had humble and completely unplanned beginnings. In the early 1980s, father David Malcolm was working at a General Motors (GM) automotive plant in the Toronto area when he decided to buy a wood stove. He had heard of a guy making wood stoves in Barrie, about an hour north of Toronto. That “guy” was Wolfgang Schroeter, who was just getting his fledgling Napoleon Fireplaces off the ground. Wolfgang talked David into buying
three stoves, and that began the Malcolm family affair with hearth products.

David promptly installed one of the stoves, and sold the other two right off his truck. His wood stove sales soon snowballed, and in a short amount of time he was selling enough to quit his GM job and start a retail fireplace store right in his garage – Nestleton Airtight Stove Company.

Today David has two hearth stores, Over Ridge Fireplace in Port Perry, Ontario, and Ash or Embers in Lindsey, which is where Josh’s sister, Marley, and youngest brother, Isaac, are working. While it’s somewhat unusual in today’s retail world, Josh and his siblings followed their father into the hearth business.

In 2003 Josh Malcolm purchased Classic Fireplace in Scarborough, Ontario, a hearth retail operation that began in 1980. Building on his success with that first location, he then opened a store in 2005 in the Toronto Beach area, followed by his Whitby store in 2010 and an Ajax location in 2014.

During Josh’s growth period, his brother, Kingsley, opened two locations in the region’s Cottage Country – Fire on the Rock in Coboconk and Fire or Ice in Bobcaygeon. Younger brother Logan opened Fires Alive in Peterborough, and middle brother Nicholas opened Fire Away in nearby Bowmanville. All 10 stores, though owned by Malcolm family members, are independently owned and operated. “But we all work together and help each other where we can,” says Josh.

The store is clean, neat, interesting and spacious.

Josh, now 36, never planned a hearth career. But as a mechanical engineering graduate of the University of Western Ontario, he had been doing sales and service work for his father’s stores from the time he was 17; he even received his gas service and installation license.

“To tell the truth,” he says, “I went away to university so as not to get into the fireplace business. I saw that the hearth business was a lot of work and had a lot of ups and downs. But after graduating and still helping my father, Classic Fireplace came up for sale. It seemed like an opportunity. I didn’t need to go to the university for four years to do this, but it still helps.”

Josh’s brothers also worked for their father, “and at some point it made sense for them to branch out and not work for our father,” says Josh.
“David Malcolm has given his children a real opportunity in the hearth business, and they have made the most of it,” says Stephen Schroeter, senior vice president of Sales and Marketing for Napoleon Fireplaces. “They are very family-oriented and run their operations with tremendous business ethics. It’s nice to see a second generation in these companies.” Schroeter, himself, is a second-generation employee with Napoleon.

In Josh’s case, Classic Fireplace has been very successful, even in today’s sluggish Canadian economy. While he does not divulge annual revenues, he says sales in his four-store operation have been growing at 20 percent a year for the last four years, partly as a result of the addition of the new locations. Sales in each of the individual locations continue to show at least 10 percent annual growth.

The secret to Josh Malcolm’s success is really not a secret at all. It’s plain common sense. “It’s important to put the customer first,” he explains. “That may seem like an old way of doing business, but it’s coming around now as the only way to do business.” He finds it particularly important in today’s world of social media where any customer can post things, good or bad, about your company.

The store managers really make it all happen for each of their locations, says Josh. He runs the Scarborough store, the oldest and largest location. Jennifer Cherry, with 20 years of experience, runs Josh’s Whitby store. Dave Turk has more than 10 years in the hearth business, and he heads up the Ajax location, while Cliff Harris, with nine years of hearth experience, runs the Toronto location.

“We have a good accumulation of knowledge here,” says Josh. “I was born and raised in the hearth business, so between us, we make sure every customer is properly handled.”

Hearth products are 80 percent of Josh’s sales, and most of that is purchased dealer-direct from Canadian manufacturers. Products from the remainder of Josh’s more than 20 hearth products suppliers are purchased through two-step distributors. The Malcolm family pools its orders as a buying group when purchasing Napoleon products, but each of the Malcolm family-owned locations has its own selection of suppliers, depending on each individual market. Grill sales are 20 percent of the sales of Classic Fireplace.

Fortunately for all the Malcolms, they operate in the greater Toronto market. Dealing primarily with middle- and upper-class consumers, “We’re not in a depressed market at all,” says Josh. “We are in the fastest growing city in Canada, and real estate is quickly growing with it. The last four years since our recession have been a heck of a run..."
for us."

To take advantage of that trend, Josh maintains a large roster of custom homebuilders and renovation contractors with whom he personally works. “We don’t do tract homes,” he says. “We just do custom homes, renovations and retrofits. These builders and contractors all have my cell phone number. When they are doing projects, I work directly with them. Higher-end builders want to be serviced.”

While the strength of Toronto’s growing economy has insulated Classic Fireplace from Canada’s otherwise struggling economy, the Canadian/U.S. dollar exchange rate could be another concern – but it’s not – yet. Since 80 percent of Josh’s product purchases are from Canadian manufacturers, the exchange rate is of little concern. But one of his major grill suppliers is a U.S. manufacturer.

“I think we’re going to see the exchange rate affect us with that vendor,” he says, “but that is probably our only major vendor to be affected.”

Competition doesn’t seem to bother Josh and certainly has not hindered his success. “We try to travel the high road with our competitors,” he says. “We’re generally more expensive, and we only carry exclusive products not found in the Big Box stores.” Josh keeps his four showrooms neat, clean and well stocked. “We aim to win the sale or job, not just on price, but on our presentation as well as on our reputation.”

With the goal of keeping each showroom nice and neat, Josh designed each space and uses his outside contractors to build displays. “I try to keep the allocation of display space relevant to the sales history of that category and product,” he explains, “and in line with any trends that are changing.”

The store carries Napoleon, Big Green Egg and Lynx barbecues.

As his grill sales grew, Josh allocated more showroom space to accommodate that opportunity. “We also look at coming trends,” he says. “Maybe I have three modern fireplaces on display, but I see that in the next five years modern fireplaces are going to represent 20 percent of my sales. I would shift up those displays to represent 20 percent of my showroom presentation.”

Josh uses sales history to make certain each store is displaying what it should for that particular market, and then forecasts trends to make sure those showrooms are actually ahead of the times, not behind.
He’s always looking at new display layouts, but generally breaks his showrooms into product categories, such as wood or gas and fireplaces or stoves rather than by product brands. “Again,” he says, “we always keep them as clean, tidy and as open as possible.”

Classic Fireplace has its own in-house service crew, but hires out its installations to outside contractors. “Yes, that could be a profit center for us,” he says, “but it comes with a certain amount of needed organization and headaches. I haven’t needed that profit center for us to grow, but it’s something I’ll look at in the future.”

Advertising on the Internet with media such as Google AdWords takes up about 25 percent of Classic Fireplace’s advertising budget. The remainder is spent on door flyers and door-to-door publications. “We don’t advertise promotions or sales,” he says. “We just advertise the product brand names and the store itself.”

Josh sees a lot of dealers focusing on deals and sales. “The problem is that you basically just keep adding insult to injury because, if a customer likes a deal and tells his friend about that deal, that friend then just wants to talk to you about a better deal. So your salespeople end up spending all their time having to talk deals rather than making you any money.”

Josh attributes most of his sales to word of mouth. “The stores are in established neighborhoods,” he says, “and the company, as Classic Fireplace, has existed for more than 30 years. Yes, I took it over 12 years ago, but it’s still Classic Fireplace. We have lots of momentum and a lot of customers and products in the field.”

Josh Malcolm’s advice is to go where the money is.

Josh’s advice for hearth retailers is to first make sure that any expansion being considered is really needed. “You need to dot your ‘I’s’ and cross your ‘T’s’ and make sure your current location is doing 100 percent before you move ahead.” He also recommends seeking out the type of customers you want, and focusing on being in front of those customers.

“If you want cheap customers who always want a deal, you’re not going to make a lot of margin,” he says. “If you want to make money on every sale, you need to be organized enough to make sure you can service higher-end clients. That’s where the money is. So focus on the middle- to upper-end clients who will buy your products and tell their friends about your store and the product rather than just the deal.”
That approach seems to have worked for Josh Malcolm.

SNAPSHOT

**Store Name:** Classic Fireplace & BBQ Store

**Addresses:** 65-B Rylander Blvd, Scarborough, Ontario. Other locations are in Toronto, Whitby and Ajax, Ontario.

**Owners:** Josh Malcolm

**Year Established:** Early 1980s. Malcolm purchased it in 2003.

**Key People:** Cliff Harris, manager Toronto location; Jennifer Cherry, manager Whitby location; Dave Turk, manager Ajax location

**Web Site:** www.classicfireplace.ca

**E-mail:** Scarborough location (416) 283-2783

**Phone:** Scarborough location (416) 283-2782

**Number of Stores:** 4

**Number of Employees:**
- Full-Time: 10
- Part-Time: 3

**Gross Annual Sales:** N/A

**Sales by Category:**
- **Hearth:** 80%
- **BBQ:** 20%

**Square Footage:** Showrooms, Scarborough 2,600; Toronto 600; Whitby 2,000; Ajax 2,000; Warehouse 1,600

**Percent of Annual Gross Sales for Advertising:** 2.5%

**Lines Carried:**
- **Hearth:** Napoleon, Valor, Montigo, R H Peterson Co, Jøtul, Dimplex, Amantii, Morsø, Stûv, Security, Minuteman, Outdoor GreatRoom, Anvil, Pilgrim, FDM, Thermo-Rite, Rutland, W-D Metalcraft, Multi-Cast, Fires of Tradition,
- **BBQ:** Napoleon, Big Green Egg, Lynx,
- **Other:** Bromic
Classic Fireplace & BBQ Store, Scarborough, Ontario.