Ray Wolfe, Oshawa Group chairman, hopes to make company the leading grocery distributor in Canada.

Oshawa Group eyes aggressive growth

By PAUL GOLDSTEIN

Since Ray Wolfe returned in 1976 after a gradual recovery from a heart problem to run Oshawa Group Ltd., the Toronto-based grocery distributor and supermarket operator has been an increasingly strong performer.

Although he is 65, Oshawa's chairman and chief executive said he has no plans to retire or sell his controlling interest. He hopes to make the company the leading grocery distributor in Canada, with further acquisitions in Ontario and Quebec. He does not foresee any move into the United States.

The diversified wholesaler-retailer supplies about 2,600 food markets, but it is best known as a major supplier to IGA stores. The Wolfe family controls all the common shares, and Mr. Wolfe said in an interview that no sale is likely, "at least for the next generation."

Non-voting A shares of Oshawa are traded on the Toronto and Montreal exchanges.

Mr. Wolfe controls the voting trust. His son, Jonathan, 31, is the heir apparent and currently runs the distribution unit, Oshawa Foods, but two nephews and a niece are also active in the business.

Of Mr. Wolfe's generation, the other major shareholders who are active in the business are his brother, Jack Wolfe, a vice-president, and a cousin, Harold Wolfe, corporate secretary and general counsel.

For the year ended Jan. 22, 1982, profit from operations was $18.3-million or $2.67 a share on sales of $2.1-billion. For the current year, Oshawa's chief executive thinks profit could be $2.90 to $3 a share, or perhaps a bit higher. Sales are expected to reach about $2.4-billion.

Besides wanting to expand in the wholesale business, Oshawa covets any stores Dominion Stores Ltd. of Toronto might want to dispose of in Ontario — perhaps by buying the leases and sub-leasing to IGA independents.

"We have the largest expansion program on our plate in our history with our dealers."

IGA and other independents, which have captured an increasing share of a slow-growing market, are opening larger stores in small Ontario communities such as Bradford, Haliburton and Minden.

Independents often can take on a small money-losing location from a corporate chain and begin turning a profit immediately, as happened when some Food City stores were converted to IGA stores. Generally, family-run independents work harder and do not have unionized work forces to deal with.

Also on Oshawa's blueprints for aggressive expansion are 46 company-owned, free-standing Drug City and Metro Drugs outlets.

Wholly owned Towers discount department stores managed only a small profit last year, after four years of reasonably good earnings. But in the past two months, the 47 stores have been doing better. Towers has been doing comparably or better than its Toronto-based rivals Woolco (a division of F. W. Woolworth Co. Ltd.) and K-mart Canada Ltd., Mr. Wolfe said.

Towers (Bonimart in Quebec) does not generate as healthy a return on investment as Oshawa's food operations, but it is not on the block. Orderly expansion of two to three stores a year is planned. Towers is upgrading both decor and product lines to keep in step with the trading up of most department store chains.