

ENTREPRENEUR

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During the past six years, Ralph Oosterhuis has seen sales growth of almost explosive proportions at Décor Grates Inc., the company he and his wife, Tiki, founded more than 20 years ago. The new housing boom, accompanied by a similar upsurge in home renovation, has seen mass merchandisers such as Wal-Mart and big-box building supply stores such as Home Depot gobble up with a gargantuan appetite the floor and wall grates and heating registers Décor Grates makes.

Sales shot up to \$20-million from just \$2-million in those six years. About 80% of that is shipped by Fedex to U.S. customers. Two years ago, the company moved into a new, 80,000-square-foot plant in the North York area of Toronto to satisfy massive demand. A year ago, Décor Grates began making plastic floor grate parts in-house.

The idea, Mr. Oosterhuis says, is to break a traditional reliance on other companies to make and ship the parts Décor Grates assembles and sells to major retailers. Keeping prices down and inventories lean has been one of the secrets of his company's success, he explains. The other is offering floor and wall registers in almost any style, shape or size that builders or individual home owners might want or need. Inexpensive plastic? Decor Grates can provide them within days. Wood? Steel? Aluminum? No problem. Brass? That is where the company got its start.

"Our competition now mostly relies on imports, chiefly from Asia. That means they have to stock a heck of a lot of inventory and that adds significantly to their cost," he says.

"We import parts and assemble them here. The edge that gives is that we can assemble grates as orders are



Tiki and Ralph Oosterhuis have turned the public's newfound love for home renovation into massive gains for Décor Grates.

Décor Grates will continue to focus on ways to improve its production process and reduce its prices.



Decor Grates Inc.
Head office Toronto
Business sector Decorative and specialty floor and wall grates
Market North America
Revenue: \$20-million
Number of Employees 70 to 80
Web site <http://www.decorgrate.com>
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received. We do not have to devote a lot of space and money to warehousing everything we sell." To stay competitive with its lowest-priced plastic grates and registers, Décor Grates decided to eliminate the middleman a year ago. The company bought its own injection molding equipment. "We save because we don't have to pay the suppliers, profits," he says. "Granted, we still have to buy plastic in bulk, and, frankly, that is becoming a growing concern."

leadership. These are but a few of the characteristics that define entrepreneurial success and that Roynat Capital, Canada's leading mid-market merchant bank, believes should be showcased as proof that entrepreneurial dreams can indeed become reality.

It is a concern that is lumped together with shipping costs. Both are inextricably linked to petroleum prices. Plastic comes from petroleum, and petroleum yields the gas and diesel that fuels delivery trucks. With crude oil topping US\$60 a barrel, Mr. Oosterhuis, like many other entrepreneurs, is becoming increasingly concerned about the impact of rising oil prices.

"Most of our customers resist the very idea of price increases. I think it will come down to what the delivery companies do," he says. "So far, they haven't boosted what they charge us. But if they do - " Energy costs aside, there is another major challenge facing Mr. Oosterhuis, 55, and Tiki, 53, who is president and majority shareholder - and that is growth. The company is still in what he calls "an upward mode." This year will see a huge increase in sales, he says.

"We have really only scratched the surface of the potential market."

Mr. Oosterhuis, thoughts and challenges are light-years away from those that occupied his mind 32 years ago. Then, he was driving a cab for Don Mills Taxi. He met Israeli-born Tiki hitchhiking. They married three weeks later.

Mr. Oosterhuis, faced with the demands of married life, took a job with what was then Northern Telecom as an installer. When he was laid off in 1977, he decided it was time to find a future in which he would be master of his own destiny. His first venture was in the airport limousine business. A year later, with \$5,000 of his and Tiki's savings from her keypunch-operator job, he bought a partnership in a Maple, Ont. antiques store, Creative Antiques Inc.

The store did business with a Toronto shop that did restoration and made brass beds as a sideline. Creative was soon making brass beds itself. As costs rose and demand fell for its brass beds, Creative turned to a new sideline - making brass floor and wall grates. At a 1988 Toronto furniture show, they were approached by a U.S. agent who wanted to make brass beds for sale south of the border.

Forget it, Mr. Oosterhuis told him, instead showing the agent Creative's brass grates. Six months later, the giant Spiegel Catalogue company in

Chicago placed an order.

"Sales went through the roof," Mr. Oosterhuis says. "They caught on with all the major catalogue operations, then the big chain stores like Wal-Mart. Last to sign up were the building and home renovation stores like Home Depot."

In 1990, the couple started Décor Grates to handle the booming new line. The brass bed business became ancient history; wall and floor grates were the path to the future. In the immediate future, Décor Grates will focus on new ways to improve processes and continue to drive prices down and margins up, Mr. Oosterhuis says. In the longer term?

"Décor Grates has had to deal with adversity many times and has always come out stronger," he says. "We have been innovative in finding new ways to make products and stay competitive.

"We have become the experts in the field, a field we invented 20 years ago. We have to do it right because we don't have any other products to fall back on."

