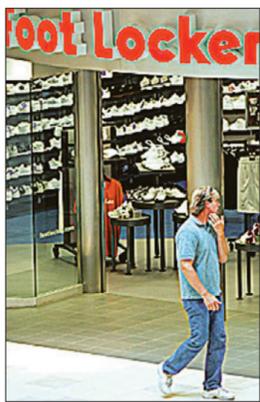


FOOTWEAR



**Kicked by flat sales, Foot Locker profit falls**

NEW YORK ♦ Athletic footwear chain Foot Locker Inc.'s second-quarter profit plummeted 68 per cent, weighed down by nearly flat sales, an impairment charge and other expenses.

The company lowered its full-year earnings outlook to a range of \$1.52 to \$1.62 a share, citing a challenging athletic retail environment in Europe and softening U.S. sales trends.

The Associated Press

TOBACCO



**U.S. judge powerless to punish big tobacco**

WASHINGTON ♦ U.S. District Judge Gladys Kessler says the top U.S. cigarette makers conspired for decades to mislead the public about the health hazards and addictive nature of smoking, but there's not much she can do to make them pay.

The judge says she was barred by an appeals court ruling that remedies must be designed to prevent future wrongdoing, not punish bad behaviour.

The Associated Press

FOOD



**Sale of Canadian assets costs J.M. Smucker**

ORRVILLE, OHIO ♦ J.M. Smucker Co., the top U.S. producer of jams and jellies, says first-quarter profit fell 4 per cent, pulled down by a charge for selling its grain-based Canadian operations.

Net income fell to \$28.7-million US from \$29.9 million during the same quarter last year. Sales growth and a drop in administrative costs were offset by higher raw material costs.

The Associated Press

**SPECTICKER... PUTTING YOUR FOOT IN IT. HOW NASTY SOCKS CAN RUIN A BUSINESS SUIT. GO 16**

**BEST PRACTICES** ■■■ Behind the scenes of a successful local business

# THEY'RE CLEANING UP

*Radigan Bros. has been around for four generations, but it has reinvented itself many times*

BY MEREDITH MacLEOD

The Radigan name has adorned a downtown business for more than 100 years.

It's a remarkable achievement on a number of fronts. First, it has always remained in the Radigan family — four generations — but the business has changed course radically since its founding as a furnace-maker in 1905.

Radigan Bros. is now a distributor of industrial grade cleaning equipment and supplies for much of southern Ontario.

Second, while few businesses survive that long, those that do usually get swallowed up by bigger competitors or get so big themselves, that they flee the downtown for larger, greener pastures elsewhere.

Not so with Radigan Bros. The company retains its commitment to Hamilton's downtown in a Ferguson Street building with, perhaps, the oldest working elevator in the city and heavy beams and columns rescued from a railway station that reached 100 years itself before being torn down.

Paul Radigan, owner of the company, is fascinated by the history seen by those 200-year-old beams. They witnessed the hard work of his great-grandfather, grandfather and father. The scratches and gouges of decades of manufacturing in the 17,000-square-foot building is apparent in the original hardwood.

"This building tells a great story. I just love being here," he said.

Another surprise: An industrial cleaning supply company might not be the first place (or even the last) you'd expect to find a We Love Our Customers sign on the door, but there it is.

Then Radigan says something unexpected. The shelves in the showroom are lined with industrial-sized cleaners, disinfectants and soaps in fragrances such as fresh linen, apple and sunburst. But he thinks we use too many heavy-duty cleaners with fragrances and dyes.

"People are way too quick to spray chemicals. I talk more people out of buying stuff than I do selling it. It all ends up down the drain and into the bay.

"I just can't come in here and be excited about selling stuff that is bad for the environment," says Radigan, who has two sons, 25 and 8, and a third child on the way.



Paul Radigan still gets advice from his father because 'no one wants to be the generation running the ... business when it goes down the drain.'

There are mops, brooms, buckets, too, but Radigan believes in putting them at the back of the closet. For the past six years, he's specialized in leasing, selling and renting industrial sweepers, scrubbers, polishers and vacuums. They are self-propelled machines that operators walk behind or units ridden like lawnmowers. Radigan Bros.' primary customers are schools, arenas, hospitals, manufacturers and property management companies.

"Cleaning used to be back-breaking work," said Radigan. "Now we can get rid of the mops and buckets and one person can do a whole school or a plant. They clean as fast as you can walk. They can do 26,000 square feet an hour."

That kind of efficiency makes the price tag for the machines — \$4,000 to \$20,000, depending on size and options — easier to justify. Radigan also stresses that the machines use much less chemicals and that cleaners have less direct exposure to the cleaners and solutions.

He tried out several lines of machines before settling on the

**AT A GLANCE**

**Who:** Radigan Bros.  
**Where:** Ferguson Avenue South  
**When:** Since 1905  
**What:** Industrial cleaning equipment and supplies, eight employees, supplier to local school boards, Hamilton Health Sciences and many local industries.

Wisconsin-built Tomcat. Sales are climbing each month.

"Tomcat actually interviews its distributors before taking them on. They like to deal with family businesses looking to sell quality. We fit the mould ..."

Radigan visits each business to evaluate its needs and advise on equipment. Radigan then offers on-site training and servicing for the machines. There is lots of interest in cleaning equipment, especially given increased vigilance about health and safety for workers and liability around slips and falls.

The Radigan name was first hoisted in Hamilton in 1905 when John Radigan, a tinsmith, started making furnaces and

lanterns under the banner of John Radigan & Co. John's son, Frank, Paul's grandfather, took over the business and replaced manufacturing with sales of hardware, tools and war surplus metal in the 1920s.

Frank had 10 children and as they grew, four sons joined the business and renamed it Radigan Bros. and assumed control April 1, 1948. Joseph, Paul's father, was the boss, but his brothers Bill, Bern and Jim all had a role.

The postwar building boom led the brothers to selling paint, floor wax, cleaning supplies and the primitive vacuums and floor polishers available then. Their primary customers were contract cleaners and painters.

Unlike most who grow up in a family business, Paul spent little of his time working for his dad. After high school, Radigan was expected to go to university.

His father never pressured him to join the business. Instead, he worked as a summer student at Dofasco, sold clothes at Sears, washed dishes, pumped gas and worked on the assembly line at Camco. Paul got a degree in biology and a medical laboratory

CATHIE COWARD, THE HAMILTON SPECTATOR

**Follow your instincts**

**Biggest challenge:** "To change the direction of simply a supply company to an equipment-based one. To change what you are known for... It's a sustainable business now, and we're meeting our big competitors head on. We have thousands of pieces of equipment out there and our service department is booming. The cycle of replacement is setting us up for the next bump of growth."

**Biggest surprise:** "To be able to go into big areas and compete head-on with ... big-name multinationals, especially in places like Mississauga and Brampton."

**Best decision:** "To follow my instincts regarding the hiring of good staff, and selling the line of equipment we're proud to sell. Do you know how frustrating it is to sell something you know is standard? It's horrible."

**Worst decision:** "The worst decisions are usually failing to do something. It's hesitating. I hired people years ago to sell equipment. Although they were knowledgeable, they didn't have the same philosophy of doing business as we did. That was a learning experience."

**Learn the most:** "The vendors used to put on two- or three-day training conferences in sales and business practices. There aren't as many as there used to be. I'm a bit of a dinosaur in this industry."

**Best advice given:** "My father used to say, just because you've had a demonstration or a deal and it hasn't gone through, don't worry. There's your learning for today. You need to experience mistakes. Find out why you didn't get it and learn from that."

**Best advice to give:** "If you have your heart set on something, be prepared to invest years learning about it. Ignore the negativity. Hard work always pays off, but you have to be prepared to do a 180 (degree turn) when you go down the wrong path."

**Secret to success:** "Investing in staff and inventory without extending ourselves too much credit-wise. We don't depend on outside financing. My parents grew up in the Depression and learned those lessons."

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## Big banks expected to report solid gold earnings

BY RITA TRICHUR

TORONTO ♦ Analysts say Canada's six biggest banks continue to feast on "outstanding" credit quality and are expected to deliver solid results when they report third-quarter earnings over the next two weeks.

Most analysts forecast median earnings per share growth of about 10 per cent over last year. They caution, however, that capital markets revenues will be less robust than last quarter, while results from core retail banking operations are slightly pinched by pressure on net interest margins.

"Things that we're particularly watching are the quality of

the loan portfolios for the banks," said Tom Kersting, a financial services analyst with brokerage Edward Jones. "We expected continued good credit quality, though moderating slightly from really great conditions that we've seen recently."

The Big Six are benefiting from a "benign" interest rate environment, with both the Bank of Canada and the U.S. Federal Reserve calling a halt to interest rate hikes over the last two months.

That spares the banks' net interest margins — which is the difference between the interest they earn and expend — from shouldering any extra pressure.

Despite previous predictions of a more marked deterioration

in credit quality in the back half of 2006, conditions are holding up fairly well because of a strong domestic economy, analysts say.

"There is still a low jobless rate and strong demand for jobs," observed Kersting.

"I think that consumers, for the most part, are in a pretty manageable position with their credit. So, having said that, we do expect loan losses to continue to creep up from very low levels, but we're not really expecting the jump up that even I thought might happen in the second half of this year."

In particular, analysts will be closely monitoring credit quality at CIBC, Canada's largest credit-card operator.

In June, CEO Gerald McCaughey said retail credit is the bank's "primary challenge" because "consumer loan losses remain higher than we would like."

CIBC has been trying to increase the origination of secured loans to improve its portfolio's overall asset quality, but has also predicted that lending growth will likely decline because of higher interest rates and energy costs. For the group as a whole, contributions from capital markets businesses are expected to be less potent than in the previous quarter.

"It looks as if the normal seasonal slowdown is under way," said Andre-Philippe Hardy of Merrill Lynch in a note to clients. He estimates revenue from

capital markets activities will decline 6 to 7 per cent from the previous quarter.

"The slowdown appears broad-based in nature. We estimate sequentially weaker results for debt and equity underwriting revenues, mergers and acquisition advisory fees, wealth management revenues and flat to down trading revenues," he adds.

The third-quarter earnings season runs Aug. 22-31, with Bank of Montreal kicking off the earnings parade. It will be followed by TD Bank on Aug. 24 and Royal Bank the next day. Scotiabank reports Aug. 29, leaving CIBC and National Bank of Canada to cap the season Aug. 31.

Consensus analyst estimates for third-quarter earnings per share, according to Thomson Financial:

- BMO: \$1.20, up 11 per cent from a year ago.
- TD: \$1.16, up 11 per cent.
- Royal Bank: 84 cents, up 11 per cent.
- Scotiabank: 86 cents, up 12 per cent.
- CIBC: \$1.60, down 5 per cent.
- National Bank: \$1.24, up 5 per cent.

Kersting remains bullish on the Big Six's longer term prospects, forecasting earnings growth of about 8 per cent over the next five years.

The Canadian Press