

THE HISTORY OF ALCO GROUP

1931 – 1988

W.A. Salvage Co commenced business in the West Perth markets area in early 1931. The founders were Horry Day [Managing Director]; Tom Cullity [Chairman]; Bob Lloyd of Lloyds, Adelaide; Moore of Moore Le Messurier, Sydney; and Jack Emmett of Emmett contractors, Adelaide.

The capital subscribed was under 2,000 pounds.

Trading commenced from the West Perth store in timber, corrugated iron and some hardware, mainly downgraded or opportunity buys. Lysaght's downgraded corrugated and flat iron was a major product line. After 12 year's trading, the company was manufacturing joinery, processing timber and trading in an expanded range of hardware, timber and sheet materials. Additionally it had purchased a saw mill at Bedforddale.

In 1944 the company acquired Australian Lumber Co, which was a building company with a timber yard, joinery shop and a small hardware store, to support the building activities. It was located in Roe Street, Perth.

In 1945, after the war years, the joinery and timber side of the business was expanded, trading activities in army surplus developed and a section was formed to design and supply complete packaged cottages for the rural market. At this stage, the only demolition activity was the removal of domestic air raid shelters which had been supplied during the war years.

At this time, the Bedforddale saw mill burnt out completely and a new mill was constructed at Kojonup.

In 1950 Horry Day died of war-caused injuries and Colin Day was appointed Group Managing Director.

In 1953 the Roe Street property of Australian Lumber Co. was sold to Peters and a 10 acre site was purchased at Melville. The ensuing year the company was obliged to vacate the W.A. Salvage Co. building at the markets, to facilitate expansion of the markets.

A second saw mill was established at Osborne Park in the early fifties on the site of the present branch. The mid-sixties saw the end of saw milling both there and at Kojonup and a branch of W.A. Salvage was opened on the Osborne Park site. A further W.A. Salvage branch was opened at Fremantle, but it was closed several years later.

ALCO commenced retailing on a larger scale at Melville in the early sixties and the Osborne Park branch of W.A. Salvage was converted to an ALCO outlet. The Melville store was the first self service hardware retail store in Western Australia, using the expertise of an American consultant to perfect the layout.

In 1963 the 11 acre property of Wright's Salvage was purchased at Cannington, the salvage stock at Melville was shifted to that site and trading in salvage goods commenced in earnest. This led to entry into the demolition of larger and more complex structures.

The Melville site of W.A. Salvage was immediately converted into a transportable homes manufacturing centre and in the same period a gang-nail truss plant was installed at Melville. Both were new innovations to the Western Australian market.

The third ALCO retail branch was opened in 1967 at Cannington and in 1969 the Osborne Park store was expanded to its present size.

In 1970 Tom Cullity retired as chairman and Colin Day took on this responsibility. Over the next decade the company consolidated its position in the retail market in W.A. and gradually phased out many of the manufacturing activities and services to the building trade.

In 1971 the administration building at Melville was constructed.

In 1972 the fourth ALCO retail branch was opened at Bunbury.

In 1974 the Morley branch was opened and the second W.A. Salvage yard commenced trading at Balcatta.

1976 was the year in which the corporate structure of the group was streamlined and many surplus structures sold or liquidated.

1977 saw the purchase of Eddys Hardware. The business was closed soon after and all the property sold, along with the company structure.

1978 was the year that the third W.A. Salvage branch commenced trading and the Newcastle Street site was purchased. It was also the year that Colin Day retired as Chief Executive of the group and Murray Day, who was Managing Director of the trading companies, was appointed in his place.

In 1978 in-house computer facilities were installed. The main objectives were to streamline the warehousing and distribution functions and to take over the accounting functions which were then handled by an outside computer bureau.

Brought about by a period of declining profitability, the group's management structure was streamlined in 1979. Many of the activities were consolidated and the six operating divisions were reduced to four, with some hard decisions on trading matters and personal made.

In 1980 the gang-nail truss and roofing service business was sold, virtually cutting off the last link with the building trade supply business.

The sixth Alco store at Wanneroo and the fourth W.A. Salvage store at Spearwood were opened. The Cannington site was redeveloped to accommodate 2 acres of adjoining land purchased, which provided William Street access.

Despite the organisation restructure in 1979, the changes did not halt the deteriorating profitability of the Alco retail division and there were several unsuccessful attempts to sell the company. In 1982, a plan was adopted which was aimed at restoring profitability and to get the company into shape for

public listing over a two year period. Joe Boros was appointed Group General Manager for all trading operations.

In May 1983 Murray Day retired and Joe Boros was appointed Managing Director and Chief Executive of the group. This was significant in that it ended the long succession of members of the Day family in the Chief Executive's role.

Many of the revitalizing plans were implemented during the 1983/84 period and included:-

- Disposal of Balcatta, Bushmead and Newcastle Street properties.
- Part of the Balcatta property was leased back and the W.A. Salvage branch in Perth was relocated to Leederville in June 1984.
- Commencement of the fifth W.A. Salvage branch in Midland in January 1984.
- Redevelopment of the Melville and Osborne Park sites and building the new Alco store at Cannington.
- Phasing out of central warehousing and distribution and restructuring the Alco merchandising activities.
- Re-establishing the transportable housing business.
- Capital reduction resulting in a refund of \$1.1m to shareholders in June 1983.

April 1986 saw the end of an era in the Alco group's history when the offer for purchase of all its shares by Vox Adeon Holdings LTD was accepted. Joe Boros remained as Managing Director, but Colin Day, Murray Day, John Cullity, Dick Le Messurier, Ray Emmett and Ray Lloyd, all descendants of the founding directors, retired.

New appointments to the board included Brian Coppin [Chairman], Warren Jones [Deputy Chairman], and Bill Hall, who was subsequently replaced by Wayne Reed.

In 1987 two of the group's divisional managers, Kevin Langlands and Peter Davis were appointed directors.

The sixth W.A. Salvage store was opened in Malaga in September 1987 on the same site as the fourth Soils and Garden Centre. The three initial garden centres were acquired on 1st July 1986 to complement and form part of the new marketing strategy of the Alco Handyman division. Two of the three yards acquired were relocated to better sites during 1987.

The fifth Soils and Gardens centre was opened in November 1987 in the new 40,000 square metre Alco Handyman development in Bibra Lake.

This development is unique to Western Australia and will comprise a large number of complementary retailers combining to produce a complete home and garden maintenance centre. Three other sites are earmarked for future large Hometown developments and specifically to take

advantage of the opportunities provided by the trend to deregulation of trading hours in the hardware industry.

In 1988 the seventh W.A. Salvage store opened in Belmont and the eighth Alco Handyman outlet was created with the purchase of the Wrights Hardware store in Inglewood.

The Bibra Lake development was sold in June 1988 for \$5.75m and a head lease taken over the property.