



YOUR BUSINESS

NEWS FOR INVESTORS
& ENTREPRENEURS

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DAVE SIDAWAY THE GAZETTE

Quebec City-based Pneus Ratté is celebrating its 75th anniversary this year with Charlyne and Stéphane Ratté at the wheel.

the entrepreneurs

FOURTH GENERATION siblings are busy expanding Pneus Ratté across the province

Tire business keeps rolling along

MIKE KING
THE GAZETTE

Claude Ratté wanted a better future for his three children other than following in the tracks of the resilient yet unglamorous family tire business, **Pneus Ratté**.

He stressed school over rubber in order to give them more options in life.

"Although dad didn't force us, he encouraged us to get an education," recalls only son Stéphane.

Charlyne, his youngest sister, explained that their father "wanted us to have a career instead of just a job."

But both remained within the fold and in 2003 were handed the reins to Pneus Ratté with Stéphane named president and Charlyne became vice-president. (Another sister Mélanie went into journalism.)

What the siblings inherited is one of the province's top tire retailer/wholesalers, headquartered in Quebec City. There are four branches (two in the provincial capital and one each in Shawinigan and Lévis), an affiliate in Lévis and warehouse/distribution centres, **Distribu-Pneus** in Quebec City and Shawinigan as well as **Distribution Écono-Plus** in St. Romuald near Lévis, holding a total inventory of 150,000 tires.

Plans are to double the size of the year-old Distribution Écono-Plus to a capacity of 64,000 tires by the end of 2010.

While there are more than 100 different tire brands, Pneus Ratté carries only the 15 most popular and well-known names.

"We're the fourth generation in one of the few Quebec family firms operating so long," Charlyne said of the enterprise celebrating its 75th anniversary.



COURTESY OF PNEUS RATTÉ

Pneus Ratté back in the early days.

Pneus Ratté joins the select club that includes **La Maison Simons** department store established in 1812, cookie company **Biscuits Leclerc Ltd.** launched in 1905 and the **Omer DeSerres** chain of art-supply stores founded three years later.

"It's rare, especially in today's economy, that we're all still going," the 34-year-old said adding it's much too soon to know whether her 8-year-old son also will follow in the family footsteps.

The boy may have an easier ride into the business than his mother and uncle.

At 15, she started a full year working in the warehouse in between attending high school and CÉGEP.

"I wanted to start in the warehouse at 17, but dad made me start by changing flats and installing tires," Stéphane, 38, remembers. "I thank dad for that now because it gave me an education (in the business) from the bottom up."

He said the two "work hand in hand" with him in charge of finances and acquisitions

while Charlyne handles marketing.

"We do work well together," she acknowledged. "We have good communication, otherwise there would be infighting."

They've developed into a successful duo since becoming the bosses six years ago, tripling revenues and staff in that time to \$30 million and 160 employees (260 in busy periods) respectively.

Coming off a big year thanks to Quebec's new mandatory winter tire law, Charlyne said Pneus Ratté is consolidating its acquisitions in 2009 and remaining open to more takeovers.

Asked about any interest in expanding into the Montreal-area market, Stéphane said there is still room for Pneus Ratté to grow in the capital region and added: "We don't want to go where there are no opportunities."

The next strategic area they are targeting is Trois Rivières.

One key to the company's success is "we never stop innovating," Stéphane said, claiming Pneus Ratté nine years ago introduced North America to the modern full-service garage concept complete with a bistro.

It was unveiled in 2000 after the \$2.2-million renovation and expansion of the headquarters increased the on-site garage to accommodate 23 service bays.

The brother-sister team has brought the company a long way from when great-grandfather Adrien Ratté opened the Ratté Tire Shop (the name was changed to Pneus Ratté following the 2001 adoption of Bill 101) in Quebec City in May 1934.

On the web: www.pneusratte.com

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TAX STRATEGY

Banks put low priority on families



PAUL DELEAN

Late-filing penalties and the Quebec education savings incentive were among the topics raised in the latest batch of reader questions. Here's what they wanted to know.

Q: "I was late filing my 2007 income-tax return and that of my husband. Neither of us had any balance payable and we both got refunds. Yet I just received a notice of assessment for \$2,500 plus interest for late filing. I am not disputing that I filed late. But why the \$2,500 penalty? Is there any way of getting the Canada Revenue Agency to cancel this penalty or reduce it because it's my first time filing late?"

A: The first order of business should be finding out the reason for the penalty. It may not be what you think. If you happened to answer yes to the question on the federal return asking if you owned foreign property worth more than \$100,000, then you also had a requirement to complete, sign and return Form T1135, detailing those assets, by the filing deadline of April 30 that year. The fine for failing to do so is \$25 a day, to a maximum of \$2,500, which may explain the amount you were assessed. It could also be a simple mistake that a call to CRA should be able to clear up.

Q: "I don't get it (literally). Why are so many financial institutions, mine included, still not offering Quebec's education savings incentive to their RESP (Registered Education Savings Plan) clients?"

A: We put the question to Peter Lewis, vice-president (operations) for the Canadian Scholarship Trust Foundation, which has just become the 19th financial institution to comply with Revenu Québec's legal and administrative requirements, thereby enabling its 60,000 Quebec clients to receive the incentive (which amounts to 10 per cent of the first \$2,500 in annual RESP contributions, as of 2007). Lewis said that, while it can be complicated and requires a commitment of resources, it's mostly a question of priorities. "Any RESP provider could be making the (Quebec incentive) available. They just have to dedicate the resources to make it happen," he said. "We thought the program important enough for Quebec families that we were happy to make the investment. It's a tremendous incentive." If you happen to have an RESP at non-compliant institutions like **Bank of Nova Scotia**, **Laurentian Bank**, **CIBC**, **Toronto-Dominion Bank** or **Bank of Montreal**, you might legitimately ask why Quebec families are such a low priority for them. Quebec had one of the lowest RESP participation rates in the country in 2008 with only about one-third of eligible children having received federal grants to help fund post-secondary education. The national average was 38.3 per cent, and the participation rate in Alberta was 44.4 per cent.

The Gazette welcomes reader questions on tax and investment matters. If you have a query you'd like addressed in this column, please send it to Paul Delean, Montreal Gazette Business Section, Suite 200, 1010 Ste. Catherine St. W., Montreal, Que., H3B 5L1, or by email to pdelean@thegazette.canwest.com

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