

Entrepreneur building something real while others shuffle paper

BY GARY LAMPHIER, EDMONTON JOURNAL NOVEMBER 14, 2009



Sine Chadi has made good on ambitions as a local landlord and drug distributor.

Photograph by: Rick Macwilliam, The Journal, File, Edmonton Journal

Edmonton / Tired of reading about scummy Wall Street bankers who ransacked the U.S. economy and stuck taxpayers with the tab?

Yep, me too. But until the pols in Washington develop a backbone (don't hold your breath), nothing will change. The rot on Wall Street runs deep, but the banks pay the pols' campaign bills. You get the picture. It's a cosy two-way deal.

So today, let's change the channel, shall we? After all, most local businesses have zip to do with the thieves on Wall Street. They're just busy working hard, trying to make an honest buck in what is still a tough economy.

I was reminded of this the other day when I sat down with Sine Chadi, the CEO of Imperial Equities. Imperial is a small commercial and industrial real estate firm Chadi formed in 1998.

Its portfolio is modest. It owns no gleaming office towers or mega-shopping malls. Its properties are mostly small office and industrial buildings, scattered around the perimeter of the city.

Although Imperial's shares are listed on the TSX Venture Exchange, its daily trading volumes are skinnier than Calista Flockhart's arms. Not one share has changed hands since mid-October.

Imperial's market cap is just \$18 million, and annual revenue for fiscal 2008 totalled under \$14 million.

In other words, Imperial is hardly a glamourpuss business, and Chadi --a former Liberal MLA--doesn't take home fat bonuses, like the suits on Wall Street.

Still, he has made a go of it. He bought properties when they were cheap, and sold some at a nice profit during Alberta's recent oil-fuelled real estate boom.

Imperial treats its tenants well-- its buildings have a zero vacancy rate--and Chadi has avoided any serious potholes.

He's also a classic Alberta entrepreneur, with a nose for a deal. When I last interviewed him, in 2007, Chadi had just acquired a drug-distribution business. He had big plans to grow it, but I was skeptical. After all, entrepreneurs are born dreamers. That's often the only way they can keep going, when the rest of us would call it quits.

Well, to his credit, Chadi made good on his vow.

Imperial Distributors Canada has seen its annual revenues grow from just \$1.2 million in 2006, to \$6.9 million in 2007, \$10.4 million in 2008, and roughly \$15 million in 2009, which ended Sept. 30.

"We just had our biggest month ever in October, with sales of \$2.5 million, and for November we're looking at doing the same or more," says Chadi.

"The target for 2010 is \$30 million in sales. We're hitting numbers now that we've never hit before."

In a sector dominated by huge players like U.S.-based McKesson Corp., Imperial is still a little fish, of course. It operates a small, 10,000-square-foot distribution centre on the city's west side where it employs 15 people and operates a fleet of five vans.

It carries 9,000 drug products-- up from just 1,500 when it started out--and offers same-day delivery service to hospitals and pharmacies around the province.

"We supply generics to Alberta Health, the Royal Alex and U of A Hospital. We're also a secondary supplier to London Drugs. They met with us and said: 'We know what it's like to be the little guy, and we're going to support you.' And by golly, they have," he says.

Like many sectors, drug distribution is a low-margin business, averaging about five per cent. It's all about volume, says Chadi, and Imperial aims to become a big player.

"We didn't start this up just to do mediocre business. We want to create a big business here," he says.

"In Alberta, about \$2 billion worth of drugs are sold every year. Certainly, one would think that an Alberta distributor could eventually get 25 per cent of that business, or about \$500 million."

That may sound like wishful thinking right now. But Chadi has already proven the skeptics wrong. I hope he pulls it off. Unlike the paper shufflers on Wall Street, he's building a real business.

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