



Ace's "Crown of the Sea"

Father-son team continues to grow in Southern California

By BRAE CANLEN

Jeff Schulein of Crown Ace Hardware has accomplished what few dealers can lay claim to: 17 stores, a solid succession plan and, since the economic downturn, no store closures or major employee layoffs. In fact, Schulein and his son, Mark, are in negotiations to open an 18th store, this one in San Diego.

"I'm an entrepreneur who does things by the seat of his pants," Jeff said. "Mark is a good manager. He's highly organized. So together we make a good team."

Although Jeff is officially in charge of business development, while Mark runs the day-to-day operations of the stores, one gets the feeling that the father and son make a lot of joint decisions, and despite their different styles, influence one another. For example, Crown Ace is much more choosy about where it opens stores now, Jeff said, and will walk away from deals if the lease is too high or other conditions don't seem right. "It has to be pretty low on the risk scale," Jeff explained.

Schulein purchased his first hardware store in Corona del Mar — "Crown of the Sea" in Spanish — in 1974. Over the next three decades, he added 11 more units, all of them

in various Orange County cities. In January 2007 the chain purchased a four-unit Ace chain with locations in Riverside and Yucaipa, Calif., two inland communities, and Lake Havasu City, Ariz.

In 2008 they crossed the San Diego County line with a store in a decommissioned and redeveloped military base called Liberty Station. Their newest location is a unit in the northern coastal town of Encinitas.

Crown Ace is on the lookout for potential sites, mostly in San Diego County. "We see a lot of expansion opportunities there, and we now have the infrastructure to support growth in this region," said Mark, who entered the business post-college (University of San Diego) when the chain had eight locations. Staying relevant in the mind of the consumers is something many dealers don't even worry about, but the 41-year-old father of three names "strong [people] teams" as the glue that holds the chain together.

Crown Ace is retooling its marketing campaign to make it more viable. And it's not just the bosses who are thinking about this issue.

At the Crown Ace Hardware in Liberty Station, store manager Angela Sharrett noticed the large number of dog walkers who came by her store on their way to a nearby park. She started giving out free dog

biscuits, and it wasn't long before the dogs began dragging their owners into the store for their daily treats. "We've had six dogs in here so far today," said Sharrett during an interview on Feb. 17.

At 20,000 sq. ft., Liberty Station is Crown's largest store — big enough to have two full-sized gazebos in the 5,000-sq.-ft. garden center. Crown's ideal model is 10,000 sq. ft. to 11,000 sq. ft., but the business has a store that's 16,000 sq. ft. and one that measures 6,000 sq. ft.

Unlike other independents, Schulein also doesn't ignore competition from big boxes. "We're in the repair business and the service business, and the boxes handle things differently," Jeff said. "But they're in our market, and our customers shop in both places. So we have to be well aware of their prices and who they are."

If he were just starting out, Jeff said he would take a serious look at the urban store market. "It doesn't fit who we are today, but I think there's a lot of opportunity there," he said.

Perhaps the one rule that has held the business together more than any other is one laid down by Mark: "No shop talk on weekends." (The Schulein family also includes two other grown sons who work in other professions.)

"That was a tough transition for me," Jeff admitted. "It hasn't been easy. It's taken a long while, but I think we're in a pretty good place now." ■



Jeff Schulein (left) and, his son Mark Schulein.



Upscale outdoor living vignettes generated big-ticket sales in Crown Ace's Liberty Station store in San Diego.

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