

Obituaries

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WILFRED POSLUNS, 78 » BUSINESS MOGUL



Despite his frenetic work life, Wilfred Posluns was a dedicated philanthropist, credited with raising about \$100-million for charity over his lifetime. JOHN McNEILL/THE GLOBE AND MAIL

Dylex founder built fashion empire with unique, respectful management style

Consortium drew on power of the shopping mall to bring multiple retail businesses, each with a unique identity, under the same roof

BY FRANK B. EDWARDS

Whether he wanted it or not, the garment trade was in the blood of Wilfred Posluns. The grandson of a Polish tailor who had travelled to Canada by cattle boat in the early 1900s, Posluns grew up in the shadow of Toronto's rough and tumble clothing business.

Posluns was a toddler when the International Ladies' Garment Workers' Union went on strike against the family's Superior Cloak Co. in the summer of 1934. Determined to break the union, his father, Louis, and Uncle Joe locked their 200 workers out and moved the operation from Toronto to Guelph, Ont. The firm hired non-union workers and continued to produce high-end women's coats behind a line of police and company security men. Rocks were thrown, cars smashed, tear gas fired and several strike breakers were hospitalized.

Forty years later, Wilfred Posluns managed a much different style of company. His Dylex Ltd. was a gargantuan fashion consortium of clothing factories and big-name chain stores – including Fairweather, Tip Top, Big Steel and Suzy Shier – that revolutionized Canada's retail business. At its peak, Dylex claimed up to 12 per cent of the country's clothing dollars. But dreams of \$5-billion sales figures failed to materialize and, by 1987, the empire was collapsing.

Wilfred Posluns died on Aug. 15 after suffering from a blood disorder for several years, according to a friend. He was 78 and revered by his friends and family as a gentle, upbeat and brilliant man. He is credited with raising about \$100-million for charity over his lifetime. Many of those millions came from his own Posluns Family Foundation.

Toronto clothier Harry Rosen jokes that Posluns was a master at eliciting donations, especially "if you were a friend of Wilfred's. And particularly if he knew how you were doing."

Posluns was born April 4, 1932, to Louis and Leah (Granatstein), the youngest of three sons. His two brothers

“Wilfred never made an entrepreneur who came into their business feel anything less than independent and free to exercise his creative abilities. Never once did he regiment people to think in a particular corporate style.”

Clothier Harry Rosen

FASHION POWERHOUSE

Notable stores and factories that were once in the Dylex family:

RETAIL

- » Tip Top Tailors
- » Fairweather
- » Braemar
- » Suzy Shier
- » L.A. Express
- » Thrifty's
- » Ruby's
- » Feathers
- » Fantasia
- » Diva
- » Fashion Council
- » Town and Country
- » Harry Rosen
- » Club International
- » B.H. Emporium
- » Big Steel
- » Club Monaco
- » Brooks
- » T. Edwards
- » Onstage
- » Foxmoor
- » National Brands Outlet (NBO)
- » Wet Seal
- » Drug World
- » BiWay

MANUFACTURING

- » Manchester Children's Wear
- » Nu-Mode Dress
- » Paulman International
- » Forsyth Group
- » Canadian Clothiers
- » Tobias Kotzin
- » Target Apparel

followed their father and uncles into the clothing business – grandfather Abraham had launched Superior Cloak in 1916 after several years at the T. Eaton Co. – but Posluns headed into the investment industry.

His eldest brother, Irving, recalls that "Wilfred was a very precocious youngster. He was entrepreneurial from the time he was six years old." That was the year that he roamed his neighbourhood with a toy trumpet to raise money for poor children just as he had watched the local Salvation Army band do. Eventually, he admitted that he was the poor child in question.

While his brother Jack attended New York's Fashion Institute of Technology, Posluns studied commerce at the University of Toronto, Irving's alma mater, and graduated in 1955. Midway through the program, he married Joyce Eleanor Cohen.

By 1960, Posluns was a stockbroker with Bay Street's R. A. Daly Company and had also acquired a minority interest in Morton Shulman's Lido Investments, which specialized in the relatively arcane field of trading share options, a high-stakes leverage game that could produce huge gains – and losses. (Shulman became well known as the wealthy and outspoken chief coroner for Ontario.) When a Daly client's investment in 570 options ended badly for the investor, security investigators discovered that Posluns had resold the client's money-losing options in New York for a significant profit to Daly, Lido and himself.

The Toronto Stock Exchange's Board of Governors fined the company \$5,000 and demanded that Posluns resign quietly or have his trading privileges revoked publicly. Posluns refused, arguing that he was being made a scapegoat because he was Jewish. He sued the TSE for \$2-million and took his fight all the way to the Supreme Court of Canada, which ruled against him seven years later in 1968.

His son David remembers those years with admiration. "To him it was a matter of principle and he was a principled person. ... He didn't

like being backed into a corner, notwithstanding the fact that he was dealing with the Canadian establishment."

Kicked off the stock exchange, Posluns joined his brothers in their clothes manufacturing business and became interested in real estate. When he tried to buy the art deco headquarters of his grandfather's old rival, Tip Top Tailors, he met with resistance from the Dunkleman family, who wanted to sell their entire business. His accountant put Posluns in touch with Winnipegger Jimmy Kay, who wanted to buy the failing clothing business but not the real estate. After a lengthy meeting, the two men created Dylex, an acronym for "Damn Your Lousy Excuses," that absorbed the Posluns company and Kay's Fairweather stores.

While the partnership would end in acrimony decades later, the pair were well suited to turn Tip Top around. Within a year, clothing sales at the chain's 52 menswear stores had risen to \$37-million.

In 1968, Posluns asked Harry Rosen to drop by the Tip Top factory to assess a new designer's work.

Retired but still a consultant for the upscale stores that bear his name, Rosen says, "That led to further discussions and culminated in my joining them. They bought my business outright. I was the first acquisition they made."

Rosen became the model for Dylex's future acquisitions – he supervised the store and advised the partners on a range of practices from design to merchandising. He later returned to manage the Rosen store full-time and eventually bought back a 49-per-cent share. He regained full ownership in 1992.

Through the 1970s, Dylex bought controlling interests in clothing chains but left the stores in the hands of the entrepreneurs who had been running them. It treated an acquisition's management team as part of the business's assets.

"Wilfred never made an entrepreneur who came into their business feel anything less than independent and free to exercise his creative abilities. Never once did he

regiment people to think in a particular corporate style," Rosen recalls.

The flexible management formula worked and money rolled in. By 1980, annual sales rose to \$650-million. Five years later, Dylex had 2,700 stores across Canada and the United States. The company had interests in more than a dozen Canadian businesses, both manufacturing and retail. Each store had very specific customer demographics and didn't compete with one another even though they were side by side. Families spent Saturdays wandering from one Dylex store to the next, unaware of the corporate connections between Harry Rosen, Town and Country, Thrifty's and the discount store BiWay.

One of the keys to Dylex's success in the 1960s and 70s was Posluns's understanding of the power of the new suburban shopping mall. In one negotiation, Dylex could hammer out a good price for a dozen different clothing stores in a new development.

To keep up with the growth, a generation of retailers had to be trained. Bonnie Brooks, CEO of Hudson Bay Co., describes herself as a graduate of the Dylex School of Retail. Another alumna of the Fairweather chain was Elizabeth Evans, now director of Ryerson University's Ted Rogers School of Retail Management.

"It was groundbreaking," Evans says. "He built a corporate entity of diverse fashion companies most of which had been created by individuals with a strong sense of fashion, ... and provided them [with] financial power."

Jeanne Beker, CTV's resident fashionista, recalls her teenage introduction to stylish clothes: "The fare at (Dylex's) Big Steel was cool and empowering. It brought a little piece of the London groove to my local mall. ... Finally, we didn't have to drive to Buffalo to buy our hip clothes."

According to Rosen, Posluns was incredibly smart. And a good listener: "He could be tough but not unreasonably tough, and always very considerate of the position of the other person. In my experience, there was never

a time when I came in with an idea that he couldn't jump on right away and understand it. He had a terrific comprehension of business, period."

Even with its dizzying growth, Dylex could not fully satisfy Posluns's ambitions. Outside of the partnership, he became wealthy investing in real estate, shopping malls, technology, medical businesses, and oil and gas companies.

Despite the frenetic pace of his career, Posluns always found time for favourite charities. He served on the boards of several, including Mount Sinai Hospital and the Baycrest Centre for Geriatric Health.

The eventual collapse of Dylex was spectacular, providing blood sport for the Canadian business press through the early 1990s. The move into the United States in 1984-85 had involved the leveraged purchase of almost 1,400 chain stores, and the previous magic of having a multiple retail presence in a single mall wasn't working. Interest rates were high, consumer sales were low and Posluns and Kay were embroiled in a court battle over control of Dylex.

A loyal family man, Posluns looked to his family's arsenal of MBAs for help. By 1990, his 30-year-old son David, who had managed the U.S. business for three years, was back in Toronto as senior vice-president of corporate development, secretary and treasurer. Daughter Lynn became Fairweather president at age 31, a year later.

By the time the Dylex empire sought bankruptcy protection in 1995, its stock had dropped from \$20 to mere pennies and there were only 700 stores left.

"It was a demeaning time," Irving Posluns says.

The board members resigned and Posluns took his family and friends into his new investment company, Cedarpoint Investments, which continues today. Dylex struggled for another six years under new management and eventually sold off its remaining assets in 2001.

Posluns leaves his wife, Joyce, his brother Irving, and children Wendy, Lynn and David.

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