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Client, supplier bonds have been this family's strong suit for three generations

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Tom Mihalik Sr., right, and his son Tom Jr., left, have both worked at Tom's Place since they were children, each absorbing from their respective father the values that are core to the store's success and longevity.
THOMAS BOLLMANN

Tom Mihalik recalls how in the early days of the family's second-hand clothing shop his father William often secured deals with a bottle of scotch.

"He would give Goodwill and Salvation Army managers a bottle of Johnnie Walker and after that, they called every time they had a batch of tuxedos come in," says Tom, owner of Tom's Place, a fixture of Toronto's vibrant Kensington Market neighbourhood since 1958.

Whenever a contact tipped off William – at the time a recent Hungarian immigrant – that used items had just arrived at other thrift stores, he would rush over to scoop them up. He'd then repair the suits, shirts, and shoes to sell to restaurant servers who needed affordable work clothes.

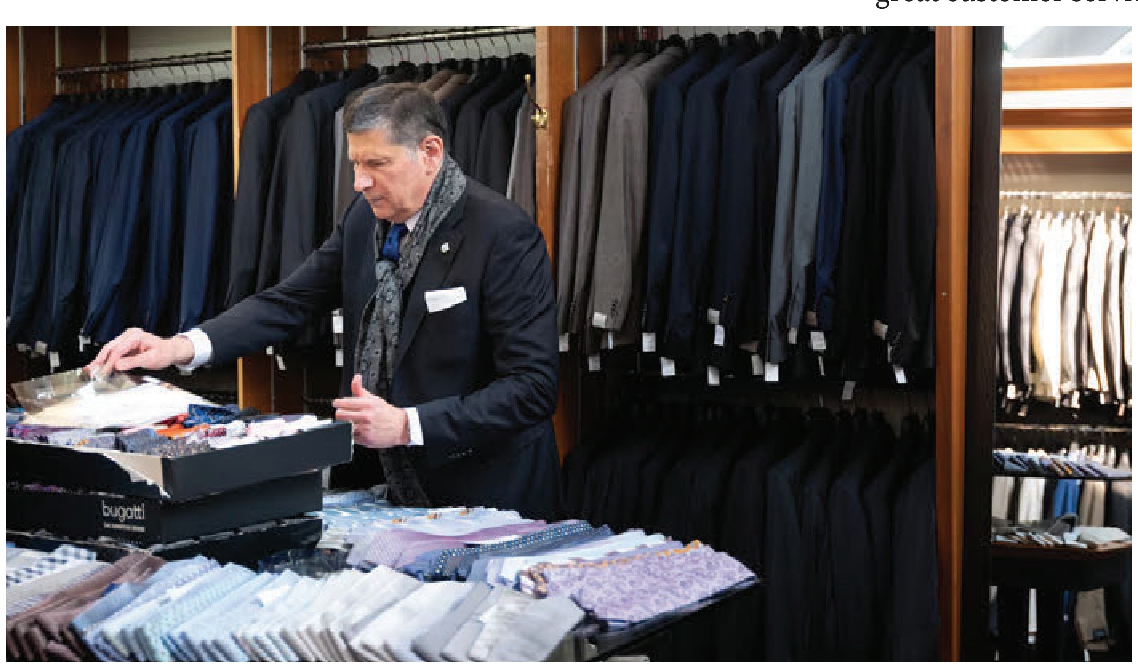
Today, Tom's Place is a leading provider of fine menswear in the city, in no small part thanks to maintaining strong personal connections with generations of customers and suppliers.

"It's those relationships going back two or three generations that have made us so successful today," Tom says.

Indeed, long-standing patrons now bring their grandchildren to the store for their first suit. A who's who of Canada's business community has frequented Tom's Place, which counts among its past clients former Toronto mayor John Tory and the late Ken Thomson, founder of Thomson Corp. (now Thomson Reuters) and owner of The Globe and Mail.

But the venture's ability to withstand nearly seven decades of retail industry change is also because of intergenerational mentorship within the family. Tom started working at his father's business, then called William's Bargain Store, at age 12.

Over the years, the shop expanded, first selling slightly damaged men's leather coats from Montreal, then women's designer wear by the late 1970s – including exclusive lines such as Norma Kamali – and finally menswear in the 1980s.



Tom Mihalik Sr. meets with suppliers at his store every season to feel the fabrics and pick the colours of new products.
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That's when Tom pooled his savings with loans from friends to purchase the enterprise. "My dad was tired and business was tough. There was a horrible recession in the 1980s," Tom says. "He saw the writing was on the wall and said, 'Son, if you want to buy this business, this is your big chance.' "

Tom pulled the enterprise out of the downturn by quickly establishing ties with high-end suit makers such as Hugo Boss and Giorgio Armani, in part due to the store's success with women's designer clothes. He rechristened the shop with the current eponymous name and over time expanded it to encompass six storefronts and 15,000 square feet of selling space.

Now 69, close to the age at which William retired, Tom is confident that his eldest son Tom Jr., 46, who himself has worked at Tom's Place since he was a teenager, will buy him out when the time comes – though the patriarch doesn't envision that being for at least another five years.

"We won't have to change the signs," Tom Sr. says with a laugh.

After witnessing his father's craft for more than three decades, Tom Jr. has built his own clientele list and solid connections with suppliers and designers. He has absorbed the business's core values of robust relationships, reasonable pricing and great customer service and intends to preserve them even after his father eventually steps back.

"I have learned through osmosis," Tom Jr. says.

To Wendy Sage-Hayward, a family enterprise advisor at the Family Business Consulting Group in Vancouver, Tom's Place epitomizes a familiar formula for long-term family business success in which every generation is often involved in the operations from an early age. "They feel it, they live it and experience it, and I think that embeds those values into the rising generation," she says.

Contrary to the conventional wisdom that most family businesses fail by the third generation, a 2021 Harvard Business Review report notes that these enterprises actually tend to have superior longevity from competitive advantages including better resilience through challenging times.

That's often due to durable connections established over many years, Ms. Sage-Hayward says. "That built-up social capital is so important whether it's customers or suppliers."

Indeed, family businesses often excel in relationship management. For example, Tom's Place has endured the pandemic, the 2008 global financial crisis and the lean economic years of the 1990s in large part due to its close ties with clients and vendors. "For us, business never declined," Tom Sr. says. "We didn't like the way the clothing industry was going with less service in the stores."

The purveyor's strong relationships have even insulated it from the popularity of online shopping and suppliers' move toward filling orders virtually. "We conduct business very much in-person or over the phone," Tom Jr. says.

Every season, vendors meet Tom Sr. at the store to show him new products. "My dad picks the colours and likes to touch the fabrics he feels will be successful," Tom Jr. says. Suppliers accommodate their preference for doing business in-person "because we are so important in the menswear retail side of things."

It's no surprise that the shop's old-school practices – including shunning e-commerce, though Tom's Place does have a website – haven't affected sales, Ms. Sage-Hayward says. "Independent retailers are not going to out-Amazon Amazon. They're going to out-relationship larger competitors."

For Tom Sr., knowing that one of his sons wants to lead the business – the others work in law and finance – is deeply encouraging. He couldn't imagine anyone but family taking over because outside ownership likely couldn't preserve those deep personal bonds spanning generations.

"I would not sell the business to somebody else [outside the family]," Tom Sr. says.

"I would close it down otherwise."

Since it opened in 1958, Tom's Place has grown to encompass six storefronts and 15,000 square feet of selling space in Toronto's vibrant Kensington Market.
THOMAS BOLLMANN