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# Entrepreneur OF THE YEAR

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» Profiles by LORI BAMBER

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# 2004

## Entrepreneurs Of The Year



In the September issue of *BCBusiness* you read the profiles of the finalists in Ernst & Young's program to salute B.C. entrepreneurs. Impressive resumé's, yes?

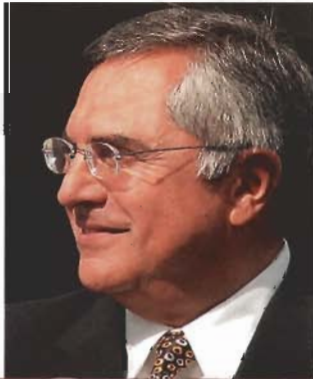
But the judges weren't allowed to stop there; they were required to narrow the field even further and select just one star performer in each of the seven categories to receive the Entrepreneur Of The Year designation.

The cover of this issue shouts the name of this year's overall winner – Robert Madigan of Teligence Communications – but turn the page and you'll discover the names and read the stories of the winners in the six other categories, plus the lifetime achievement recipient.

They'll make you proud to be part of the B.C. business community.



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PACIFIC REGION

# Entrepreneur Of The Year

# Dialed In

Robert Madigan Teligence Communications

**T**eligence Communications creates the software and telecommunications network behind voice personals, Web-conferencing and other 'voice interactive' business services. One of its divisions, Boulevard Media, is the force behind Live Links, the local, personal chat line advertised by beautiful young women on late night television who stay home to chat. They'd be very lonely indeed were it not for Robert 'Rob' Madigan, 40, and Teligence Communications.

You may never have heard of the company, but the Teligence Communications network averages more than 420,000 calls per day – more than 165 million minutes of telephone traffic each month. In addition to voice/Web personals, the company provides premier (guaranteed bug-free) teleconferencing, Web-conferencing, entertainment, direct advertising, credit-card risk management and billing services.

Founder and CEO Rob Madigan's entrepreneurial career started with an honors degree in business administration at Wilfred Laurier University in Waterloo in 1987. From there he headed to Belfast, Ireland with the accounting giant then known as Deloitte Haskins + Sells on a co-op term. Upon his return to Canada, he landed a job as a brand manager for Robin Hood Foods. But the technology revolution was singing its siren song, and it wasn't too long before Madigan answered the call, joining a voice interactive startup in Toronto.

"I think I was a born entrepreneur. After a year, I was a successful middle manager. But then came the day that I realized I didn't want my boss's job. And I didn't want my boss's boss's job, or even my boss's boss's boss's job."

Recognizing potential that the company he worked for did not, he began seeking a broader horizon and found it to the west. It wasn't Vancouver's mountains or beaches that attracted him; the appeal was that it was the only Canadian city with a million-plus people without an operation of the kind he knew he could create. In 1990, funded by personal savings, family and friends, he began with a four-person operation. Today, 14 years later, the company is still privately owned, has been profitable and debt-free for more than a decade, and offers services to 1,088 geographic markets through 27 hubs in 15 U.S. sites. Or as the company's promo crows, from 'Portland to Peoria to Plattsburg'.

Reversing the unfortunate but common pattern in which technology services and products developed in the U.S. are then sold into Canada, drawing Canadian dollars southward, Teligence spends \$6 million on administrative costs in Canada, \$22 million on payroll – and sells its services into the U.S. market. In fact 93 per cent of the company's revenues (\$81 million in 2004) are generated south of the line. It is, as anyone who works for the company is quick to tell you, a 'made-in-B.C.' success story.

The people within his organization would probably also tell you that Teligence is all about Rob Madigan. But to Madigan, Teligence is about the people. 'Respect for the individual' is his guiding principle, and it doesn't simply mean being courteous and friendly. Respect here is something deeper, an appreciation for the unique talent, experience, world view and vision that each employee brings to the company. Other CEOs talk liberally about their employees being their greatest assets; Madigan expresses an almost reverent desire to leverage the assets of the employee to the greatest degree, for the benefit of the company and each individual.

## FREE ADVICE

"If your spouse or partner calls, take the call. If that relationship isn't healthy, you're no good to anyone"

All 400 employees are 'associates' and are considered 'investors' in the firm. It's an attitude that's held dear at all levels of the management team. In a recent interview with a local business publication, Teligence human resources manager Michael Hudson said this of the company's employees: "They invest their careers, time and energy and in return we're responsible to provide a good return on that investment."

Part of that return is creating a work environment that's fun. Madigan serves up the hamburgers and hot dogs for the summer barbecue and a priority is placed on celebrations and group outings throughout the year. Even the usual 'Employee of the Year' awards are a bit different. In December, Madigan oversees what he calls a "spirited session" in which department managers submit and defend their nominations for the coveted President's Awards. As well, investing in people extends to investing in their development – the company is happy to sponsor associates' MBAs. Or as Elizabeth Whiteford, corporate communications specialist, puts it: "We all expect a hard day's work from each other here. But it's also about that important life balance."

That principle was vividly demonstrated when Madigan's wife Trish called via his cell phone during his interview with *BCBusiness*. Turning away from the boardroom table, he took the call and had a brief but obviously affectionate conversation with the mother of his two young children. (Whiteford explained, somewhat apologetically, that his wife's call is the only one he's allowed to take while in an interview.)

"A fellow once gave me a great piece of advice," says Madigan after clicking off. "Always take the call from your wife. You'll always be busy. You'll always be doing something really important. But always take that call. It's the most important relationship in your life." Madigan extends that philosophy to his employees. "I tell everyone, 'Even if you're meeting with me, if your spouse or partner calls, you take that call. If that relationship isn't healthy, you're no good to me.'"

"A senior tech engineer joined us recently," continues Madigan, "who asked me, 'What do you put in the water here? How do you get all of these people so committed to your core values – (innovation, commitment, integrity and teamwork)?' The big differentiator, I think, is how I conduct myself. Me – my character – what I value. That respect for the individual. I want to know what you know, what you see. That's what innovation is, where it comes from. Innovation isn't invention – it is the small, meaningful change."

"We've attracted an eclectic, international, multi-racial team – we have that

London/New York feel. Our people are really interesting, smart, focused and driven. And they won't tolerate intolerance. It's about being inclusive, approachable. Nobody lives on 'mahogany row'. An associate recently sent me an email saying how much he appreciated the fact that I was there to say hi to him during his orientation, [that] he was able to sit it on meetings I was at in the first couple of weeks he was here. That I actually asked him what he thought. Listening is so important – you get the benefit of that fresh set of eyes."

"We want to be the employer of choice in B.C. We've had a quiet profile, but we're working now to get the word out."

Madigan might be the quintessential entrepreneur, but the fact that his company has not only survived but also thrived in the wake of a technology meltdown may be due to a healthy sense of caution. Eschewing the rising tide of venture capital available to fledgling tech companies throughout the 1990s, he grew the business incrementally, funding each stage of new development through cash flow rather than debt or public offerings.

That prudent business model may have its roots in what Madigan recalls as a gut-wrenching period in the company's early development.

"Two years in, we had \$50,000 of capital left and our burn rate was \$10,000 a month. We had five months to live. We couldn't raise any more money – our balance and income statements just wouldn't support it. That first month, victory was getting our burn rate down to \$8,000; a little bit more the next."

In those desperate times, Madigan discovered his "personal mettle to overcome – to slay the dragon, whatever that particular dragon might be. You have to believe in what you're doing, and find the internal drive, the intestinal fortitude – retreat, rethink, then advance. It's learning about your resources. The human will to survive comes out. To engage, to fix – the will to keep going."

Being close to the wall has another benefit: managing your margins takes on a compelling urgency. Madigan picks up a highlighter and weighs it thoughtfully. "You think about things. Do we really need to buy this highlighter? Or could we underline with the pen we already have? Oh, you need a new pen? The hotel across the street has a jarful of pens that are free. You need to be lean – and at the same time, never cut what shouldn't be cut.

"You're going to have those experiences. I will have those experiences again. I keep climbing and climbing, waiting to crest the hill so I can take my feet off the pedals and glide. But that isn't going to happen. I won't be doing that." □

## DETAILS, DETAILS

The Entrepreneur Of The Year program sponsored by Ernst & Young has been saluting entrepreneurs since its inception 11 years ago, in the fall of 1993. Pacific Canada, which includes B.C., Nunavut, Northwest Territories, is one of five regions to participate in the Canada-wide event. The others include: the Prairies (Alberta, Saskatchewan, Manitoba); Ontario; Quebec; and Atlantic Canada (New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland).

Ernst & Young starts soliciting nominations each March. Entrepreneurs or their colleagues are invited to submit detailed information (including financial, for Ernst & Young's eyes only) about themselves and their companies at [eoy.ca](http://eoy.ca). To be eligible, candidates must be owners/founders who are primarily responsible for the recent performance of a company, which is at least two years old, or, if the company is publicly held, be active members of senior management.

Nominations close in May at which time the judges (see *Path to the Podium*, page 51) begin their work vetting the nominees and establishing the pertinent categories (technology, manufacturing etc.) for that year. Once the judges have made their decisions, the finalists are notified by Ernst & Young in early July that they have made the cut.

Out of those finalists, one will have been selected by the judges in each category as the Entrepreneur Of The Year. And of those, one will be named Pacific Entrepreneur Of The Year and will represent the Pacific region in the competition among the five regions to name Canada's Entrepreneur Of The Year.

As the media sponsor from the beginning of the program, *BCBusiness* publishes brief profiles of all the finalists in the September issue. The success stories of award recipients appear in this issue, although the names will have been a well-kept secret until the gala black-tie awards event at the Vancouver Trade & Exhibition Centre, September 27. □

# Power Vision

Mossadiq Umedaly Xantrex Technology

**M**ossadiq Umedaly, 53, might have had a silver-spoon childhood in Uganda had his family not insisted otherwise: "I had a good, solid upbringing. A lot of responsibility. I was given a great deal of freedom to mess up at a very young age – 13, 14. I was sent to build a house, to rent out – I think I was 15."

Those tough, early lessons in entrepreneurialism would soon prove fortuitous – Umedaly was studying business at McMasters University in Ontario in the early 1970s when dictator Idi Amin's regime forced the Umedaly family to flee their country with nothing. Despite the lack of a support system or a place in his new country's 'establishment', he somehow found the means to earn a graduate degree in business administration as well as a CA designation.

Umedaly joined what was then known as Price Waterhouse in 1975, and soon after being transferred to the firm's Rome office in 1979, went to work with an organization led by someone he describes as a primary influence in his life, the Aga Khan.

As a senior manager with the Aga Khan Development Network, Umedaly was instrumental in the creation of a US\$300-million medical university and teaching hospital in Karachi, Pakistan. His objective, says Umedaly, was to "make a difference in people's lives [and] create an organization, strategy and systems that would endure."

Today, decades later, the medical organization continues to be financially self-sustaining and, perhaps most important, a benchmark of excellence for similar organizations throughout the developing world.

By 1998, when he joined the board of Xantrex, Umedaly had already helped bring Ballard Power Systems and fuel-cell technology to the world stage as its CFO, raising \$1 billion in equity in the process. After leaving Ballard and looking closely at a number of opportunities, he found what he sought in a tiny niche company with annual revenues of only \$15 million but with solid management, promising technology – and great opportunity. This opportunity: a rapidly rising demand for clean, efficient power, anytime, anywhere.

"There is almost always a mismatch between 'raw' power and the form in which we need it," explains Umedaly.

Nazir Mulji was a founder of Xantrex in 1983 and today is vice-president of engineering. Of Umedaly, he says, "He

could see the possibilities here from the very beginning . . . He has the ability to help create a strategy, and the ability to help execute it. Very few people can do both. He saw the future of advanced 'power electronics' – actually, he coined that phrase, which is now widely used throughout the industry. He has tremendous energy and the ability to cross boundaries, from finance to industrial design – to dive deep down and pay attention to the details that other people often miss."

At Ballard, Umedaly became aware that there was no power-source company that was both creative and sustainable over the long term. On one end of the equation were GE and Emerson. On the other end, innovative startups that might or might not be around in a year. In Xantrex he found a company with the potential to fill the gap. Focusing on three high-growth sectors – distributed, mobile and programmable power markets – he set out to share his vision with the investors, employees and customers.

"Visualize," says Umedaly. "Plan. On paper, in your head, with your whole being. Feel it. Taste it. Grasp it. That is where you'll find the conviction, the motivation to engage the human force to do what needs to be done. To me, success is not only what you achieve for yourself, but also what you help others achieve."

"If you create an enterprise, a product, or a solution that is innovative and sustainable, that creates value for all stakeholders and makes a worthwhile contribution to society, you will attract talent around you, you will captivate their imagination, and together, create the drive, energy and results which are congruent with your vision."

That vision was compelling enough to attract US\$110 million in global investment and to acquire a number of larger companies along the way. By 2003 Xantrex's revenues had increased tenfold, to US\$136.6 million. On March 2004, the 20th anniversary of its founding, Xantrex went public, raising \$50.3 million on the TSX.

"It is a very powerful thing," muses Umedaly, "when the vision becomes a reality. Five years later, that vision is still intact. When we started acquiring companies in the late 1990, we were the smallest of them all. 'You can't acquire us,' they'd say. 'Maybe we'll think about acquiring you.' But they didn't know how tenacious we were." □

## FREE ADVICE

"Visualize, in detail, in color, in your head, on paper, with your whole being. . . . That is where you'll find the conviction to motivate, to engage the team, the human force to do what needs to be done"

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Founder Cliff Coulson

# Son of Innovation

Wayne Coulson & Cliff Coulson The Coulson Group of Companies

**F**orestry is a brutally tough business; behind his youthful appearance and warm smile, Wayne Coulson's weariness shows, even at the young age of 44; he's been stewarding the family business since he was still in his 20s, when his father Cliff Coulson, who founded what's now The Coulson Group after serving with the Canadian Scottish Regiment in the Second World War, suffered his first debilitating stroke.

It hasn't been easy.

Yet Wayne Coulson also seems extraordinarily gracious, treating everyone with the same respectful warmth and generosity. He sees it as part of his job. For even with 550 employees – and “conventional log-harvesting, helicopter logging, lumber manufacturing, lumber re-manufacturing, helicopter fire suppression, fire-fighter deployment, overhaul of S61 helicopter engines and major dynamic components, and executive transport” operations – this is still a family business.

“You'll notice that people smile here, that they're warm,” explains company CFO Susan Merivita. “It's because of our culture. Wayne's dad has been in a wheelchair for a long time now but every single week, Wayne brings his parents through on a tour of the facilities. You see that and know – oh, that's the kind of company this is.”

Merivita, the Coulsons and COO Jim Messer have achieved a rare partnership. While Merivita ensures the industry's thin margins don't land on the red side of Coulson Group's ledger (“she points out the brackets around my numbers,” says Jim, laughing), Messer oversees operations and Wayne Coulson focuses “out ahead,” preparing for the next inevitable challenge. “Competition drives you to change,” says Coulson. “If your business is failing, you have to reinvent yourself.”

In the late 1980s, when new timber sale contracts were hard to come by, Coulson managed to convince then-Forestry Minister Dave Parker that selective helicopter logging was the way of the future, eventually winning the largest (but most restrictive) timber sale award in the province's history. To do that, Coulson bought a helicopter – the company's first Sikorsky S-61 – and named it after his mom, May. (Through an alliance with Sikorsky, Coulson now owns or has maintenance contracts for more than half of the S-61s in existence.)

With long-time Coulson employee Gary Collinge (who used to pick up young Wayne for work before he

had his driver's licence), he experimented with the world's first “flying grapple system” eventually inventing an entirely new logging method and receiving the U.S. patent. When the days proved too short to get all the work done, the pair invented the world's first helicopter night-logging system. “[Wayne] looked over at me and said, ‘If you can see a baseball going across home plate in a lighted stadium at night,’” says Merivita, “surely you can see a log.”

Unlike some larger companies that give a lot of lip service to community engagement while doing the bare minimum, social responsibility is a continual priority here. Ongoing, innovative partnerships with First Nations, development of environmentally sound, selective logging practices, family and elder-supported training programs for youth, and ongoing financial support for the community's food bank and shelter are only some of the ways the Coulson group (family and corporate) walks its talk.

The day *BCBusiness* visited the company at its Port Alberni base, the company was celebrating a significant (but confidential) government transport contract. Its fire transport and suppression division continues to receive global recognition, and its new Executive Transport venture is on track to offer the first regularly scheduled, luxurious flights from Vancouver's downtown waterfront to Victoria's, beginning this fall. (Once you see the inside of this 20-person helicopter, you'll never want to travel any other way.)

Wayne Coulson continues to follow an innovative path first carved out by his father, now 85. In the early 1980s Cliff launched Hecate Logging, the first venture of its kind in British Columbia. Hecate Logging was a partnership between Coulson Forest Products and the Ehattesaht First Nation.

“[The Ehattesaht Cooperative Association] were in receivership,” says Wayne Coulson. “My dad said, ‘We don't want to buy you out. We'll put up the money [to operate] and we'll be equal partners.’ They bought their 50 per cent back out of profits. People thought we were crazy. That project is one of the reasons we have such successful partnerships with First Nations today.”

About his own initiatives, Wayne Coulson puts it simply: “My dad just never said no to me. I think back now and just shake my head. When we bought our first helicopter, I had three weeks of work lined up, and it was \$875,000! But I could see the future of helicopter logging – I guess my dad could too.” □

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“You're  
accountable  
for your  
culture”

# Trend Fitter

Chip Wilson Lululemon Athletica

**D**ance, sing, floss and travel – that's just one of the tenets in the *Lululemon Manifesto*, a guide to life and business posted in its offices and on its website, this being Lululemon Athletica. Lighthearted, yes, but also apparently the recipe for a wildly successful leisure clothing organization.

In retrospect, CEO Chip Wilson's destiny seems to have been mapped out from an early age; his father was a physical education teacher, his mom, a home-sewer. But even though he'd excelled in athletics, swimming for two national-level teams, wrestling and playing football, his Calgary upbringing initially took him in a very different direction. For the five years after he earned a BA in petroleum economics, Wilson worked as an oil negotiator.

On the side, though, he had something else cooking. While in California in 1979, he bought an "innovative" pair of shorts for his girlfriend; her friends loved them. Never one to sit out an opportunity (he bought a home with three rental suites while still in university), Wilson traced a pattern on newspaper and made 200 pairs. Eaton's and The Bay weren't interested, so he opened an outdoor store in Calgary to unload the merchandise with which he was now 'stuck'. Within a few months, sales were so brisk he was back in California looking for more fabric.

Westbeach, his innovative sportswear line, soon grew into a full-time occupation for Wilson, with four stores and international operations by 1985. Fuelled by the emerging snowboard culture, the company moved from surf- and skate-wear into production of the world's premier snowboard gear. However, by 1997, competition was fierce, depressing margins, and the yen was collapsing in Japan, a hotbed of snowboarding enthusiasts. When a U.S. company made an offer, Wilson decided the time was right to move into a related, but substantively different market; he believed women's athletic wear was "about to explode." The days of choosing between thong leotards or men's sportswear were just about over. Yoga was the 'sport' of the new century and Lululemon was about to make a lot of health-oriented women very comfortable.

Today, Lululemon stores are scheduled to open in Japan, Hong Kong and Australia in the fall of 2004. On this side of the Pacific, in addition to the landmark Kitsilano and Robson stores in Vancouver, Lululemon has locations in West Vancouver, Whistler, Edmonton,

Saskatoon, Ottawa, Calgary, Victoria, Santa Monica, Newport Beach and three stores in Toronto. It has received 500 requests for franchises from around the world and expects to have a store operating in the U.K. in 2005.

Wilson, 49, is warm, focused and engaging – just what you'd expect a yoga devotee to be. He proudly takes this writer for a tour: 3,700 square metres of production facilities, design and testing studios, and administration offices. Plus a yoga studio.

"You have to be able to reach critical mass – of design, construction, right to retail – without any constraints," Wilson notes when asked about his best advice to new business owners. "Think it all the way through. Cash flow is just one of 10,000 things you have to look at. It's about figuring out where there might be a crink in the pipeline. If you identify constrictions, you may need to consider a smaller pipeline."

He learned early, he says, that it's vitally important to invest in the very best people – and keep them. "We've hired aggressively to ensure we have the right people in place before we need them."

The company has a variety of unique training programs, from sending management-oriented staff to participate in learning sessions like the Landmark Forum, a popular personal management and development seminar, to providing them with cassette tapes of motivator Brian Tracy. Ultimately, though, says Wilson, keeping the best people depends on growth, providing the room for talented people to grow with the company and achieve their dreams: "People flourish when they're given a salary they're satisfied with and a lot of leeway. I've learned to train people so that I can trust them, so they can set goals and then go out there on their own."

Now that Lululemon is "way bigger than I ever envisioned it being," Wilson is beginning to focus on a broader bottom line.

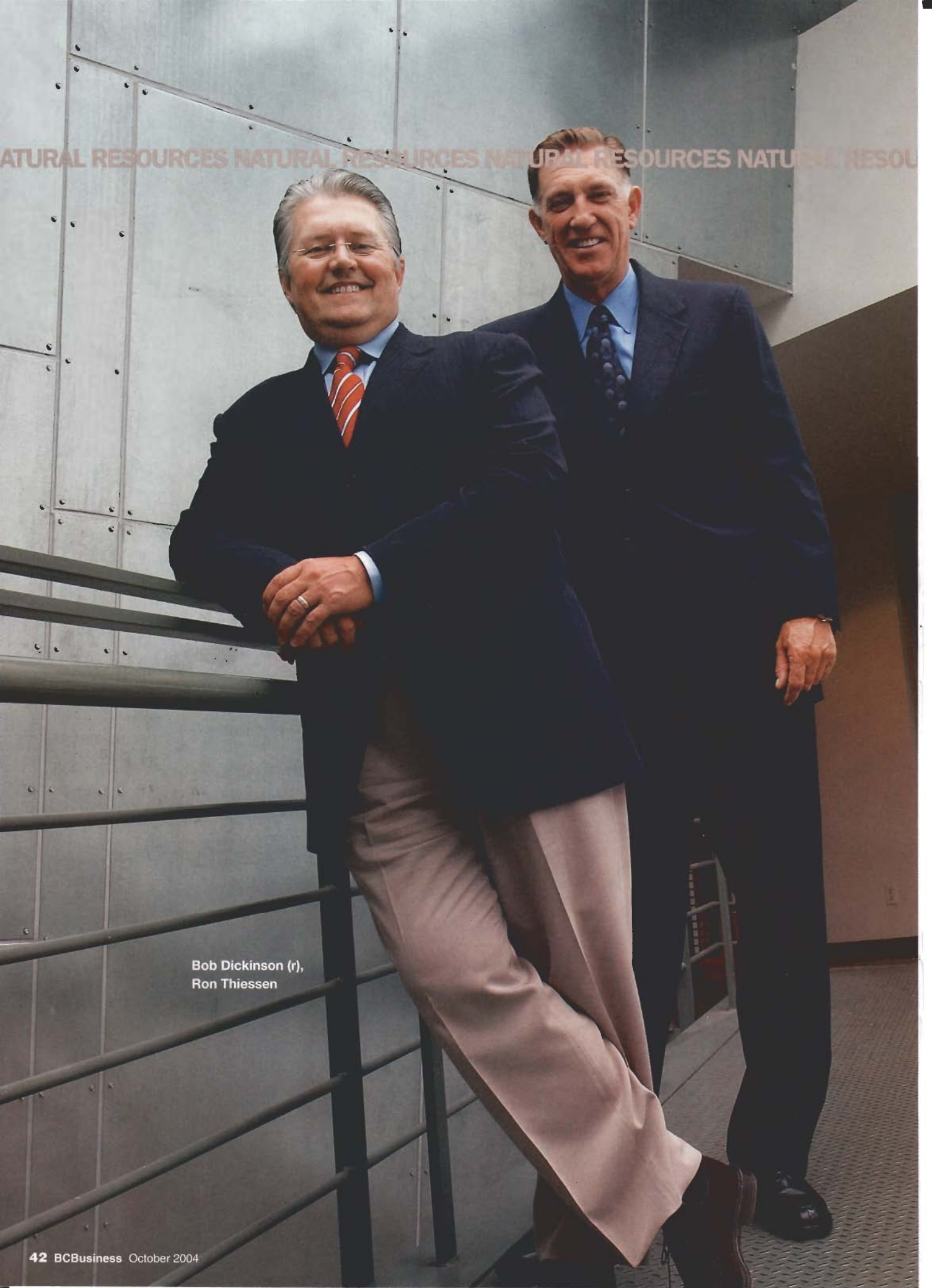
"For me, it's about seeing how much I can contribute to raising the level of health in the world. I've always been experience-driven – my chances of succeeding financially may have been limited, but the more important question for me was, what am I going to learn? I'm at the point now that [my family's financial needs] are taken care of. I can continue to be risk-oriented and try new things.

"If I didn't have that, I'd probably die." □

## FREE ADVICE

"Think your production process through: You have to be able to reach critical mass – from design, construction, right to retail – without any constraints"





Bob Dickinson (r),  
Ron Thiessen

# Earth Movers

Robert Dickinson/Ron Thiessen Hunter Dickinson

**R**obert 'Bob' Dickinson, 57, chairman of Hunter Dickinson Inc. (HDI), grew up in West Vancouver. As a boy scout, he had fallen in love with the great outdoors and dreamed of becoming a park ranger. But a career counsellor in high school introduced him to mining and it wasn't long before he was in the Cariboo, working as a 'student geologist' or as he terms it now, a "gofer".

Go for this, go for that and yet the joys of working in the wild, combined with the "potential of finding great wealth" were enough to propel him toward the geology program at UBC. During his studies he spent four months each spring and summer out in the bush, even earning enough to invest a little bit in the stock market. On a tip from a friend, he made \$200 – enough of a windfall to encourage him to learn more about the financial markets by going on to take an MBA, also at UBC.

"I regret," says Dickinson – a man with very few regrets – "that it took me a long time to realize how small the world is. In retrospect, I should have taken at least one of those degrees somewhere else."

Despite his temporarily limited worldview, Dickinson's mining career progressed quite satisfactorily. In late 1985 he joined forces with HDI co-founder Bob Hunter to create North American Metals, a \$40-million success story. Other memorable successes – Continental Gold, the Mount Milligan mine – quickly followed.

"When we started in 1985," recalls Dickinson, "the hardest part was raising the money. But once you establish a track record, people are happy to invest money in your projects. Today it's relatively easy; the difficult part now is identifying the right properties. We're looking for large world-class projects; it takes almost as much money to develop a small mine as it does a large one."

Ron Thiessen, 52, CEO and president, discovered mining via a very different route. A talented hockey player who had developed a reputation for both skill and toughness in his hometown of Saskatoon, Thiessen was recruited by the Vernon branch of accounting firm KPMG. (Off the ice, he had completed a commerce degree.) The Vernon and Vancouver offices of KPMG had an annual hockey game and when the Vancouver office found out about Thiessen's talents on the ice, it offered him a signing bonus to come here instead.

Thiessen quickly found his niche in mine financing.

He also found a business partner. When Dickinson and Thiessen met, they were on opposite sides of a negotiation. After the deal was made, says Thiessen, Dickinson approached him and said: "The next time we do that, I want you on my side of the table."

That was a decade ago; the first line in what has become a long success story. Bob Hunter retired along the way and together, Dickinson, Thiessen and partners Jeffrey Mason, David Copeland, Scott Cousens and David Jennings have managed to attract a spectacular team of mining experts and scientists to the company.

With in-house expertise in finance, geology, engineering, regulation, development, environment, community partnership, investor relations and even tax structures, a company that once resided in a single corner office of the 800 West Pender building has grown to three full floors, with operations that extend around the globe.

"We have the best people in each of these disciplines, the [top 10 per cent], and we provide these services at costs no one else can deliver," says Thiessen. "It's all about our people. They come here for the opportunity to build something. We provide the environment; we're all building on a synergy of expertise."

Providing the right environment includes the HDI mantra: responsible development. "When we begin work on a project," explains Dickinson, "the first thing we do is send someone out to the communities in the area to knock on doors and hold coffee meetings. We ask people how they feel about our plans and how they'd like us to do things."

'Social licence' – the term Dickinson and Thiessen use to describe the community partnership development model HDI practises – has allowed the company to operate profitably in areas where others have been afraid to venture. In South Africa, for example, when new government regulations made mining all but impossible for foreign interests, HDI took the unprecedented step of creating a partnership with an organization of black entrepreneurs, providing financing, training and expertise that would allow all to prosper.

"Some people don't want to give up anything," says Dickinson, "but mining today is about relationships. Relationships with communities, First Nations, government, even with other major mining companies. We are always willing to share in order to allow a project to happen." □

## FREE ADVICE

"Work hard to establish a track record early in your career. People will be happy to invest in you once you have some success"

– Bob Dickinson

# Healthy Karma

Richard Glickman Aspreva Pharmaceuticals

**A**spreva Pharmaceuticals began with a dream that was equal part frustration and optimism. In 2001 Richard Glickman, now 46, had just left Stressgen, a biotech firm he founded in 1990 and led to the forefront of the biotechnology industry by 2000. Glickman and fellow founding partners Noel Hall and Dr. Michael Hayden were all directors of the Canadian Genetic Diseases Network. They shared a common concern – pharmaceutical companies cannot ‘afford’ to do the research and development necessary to develop effective medicines for rare-disease sufferers because of the relatively small ‘market’.

Glickman, Hall and Hayden came to a number of conclusions: the status quo was unacceptable. A new business model was required to overcome the inarguable economic logistics; many existing medicines could help these sufferers if only there was a way to fund the research required to prove the latent benefits. Research on existing medicines was, in fact, the shortest, fastest route to new treatment and new revenue generation.

The business model envisioned by the partners incorporates a process called ‘therapeutic product expansion’ or ‘label expansion’. Drugs that work on one disease often work on others, if only research can provide the efficacy, dosage and safety evidence required. Once the evidence is accumulated, patients receive effective treatment and the pharma company benefits through increased sales.

CellCept, Aspreva’s greatest success story to date, is perhaps the ideal illustration of the possibilities. Developed by Hoffman-La Roche to stop the immune system from attacking transplanted organs, CellCept is currently the most successful and widely sold transplant drug in the world. However, Aspreva’s founders believed it could be even more – much more: a treatment for all autoimmune diseases. At last count there are 80 such diseases listed, affecting between five to eight per cent of the population. Lupus is one such disease; there has been no new treatment approved in more than three decades. Multiple sclerosis is another.

Before the trio could begin to determine if CellCept was a useful treatment, they needed to raise a lot of research capital. To do that they had to convince investors there was a possibility of return on their investment. That meant striking a deal with pharma giant Hoffman-La Roche, a negotiation that required a significant investment

of time and seed money. Perhaps because they’d been so badly burned by the last ‘biotech revolution’, the venture capitalists weren’t willing to commit. ‘It sounds like a great idea,’ they said in essence, ‘but if it actually was, why hasn’t one of the big U.S. firms already done it?’

But Richard Glickman, now Aspreva’s chairman and CEO, was a seasoned veteran of financing challenges. Ignoring the doubters in the VC community, the founders tapped friends and family for a round of seed capital and got to work. Using their credit cards and airline points, they flew to Basel, Switzerland, Roche’s head office, to convince the corporate giant of the value of this revolutionary new business model. They saw it as a win for all parties: patients were provided access to medicine, pharmaceutical companies increased their sales through expanded applications, and investors were allowed to participate in the least risky aspect of drug development.

It took a year to sign off on a licensing agreement that Ron Hunt, partner at the legendary investment firm Sprout Group, calls “one of the best licensing agreements recently forged in the industry, [which establishes] a strong foundation for Aspreva’s commercialization program and [allows] Roche’s product to target new markets.”

Once that agreement was signed, the second round of financing proved a breeze. Aspreva raised \$76 million, but was offered more than \$400 million.

“I’m a big fan of starting businesses that actually matter, that produce products or services that benefit society,” says Glickman. “It is so much easier to build a business when people can actually relate to the value of what you’re doing. Think carefully about how you can benefit the community.

“It is so important for us to be successful – but it is so much larger than the implications for just one company.”

As a result, Aspreva had been able to attract more than capital; the organization now boasts some of the top people in their fields from around the world; the management team hails from pharma behemoths such as Eli Lilly, Pfizer, GlaxoSmithKline and Johnson & Johnson. Asked what attracts this tremendous talent to a relatively small company in Victoria, B.C., Glickman laughs. “[One of our partners] calls it ‘pharma with karma.’ Our people are here because they want to make a difference. This is such important work.” □

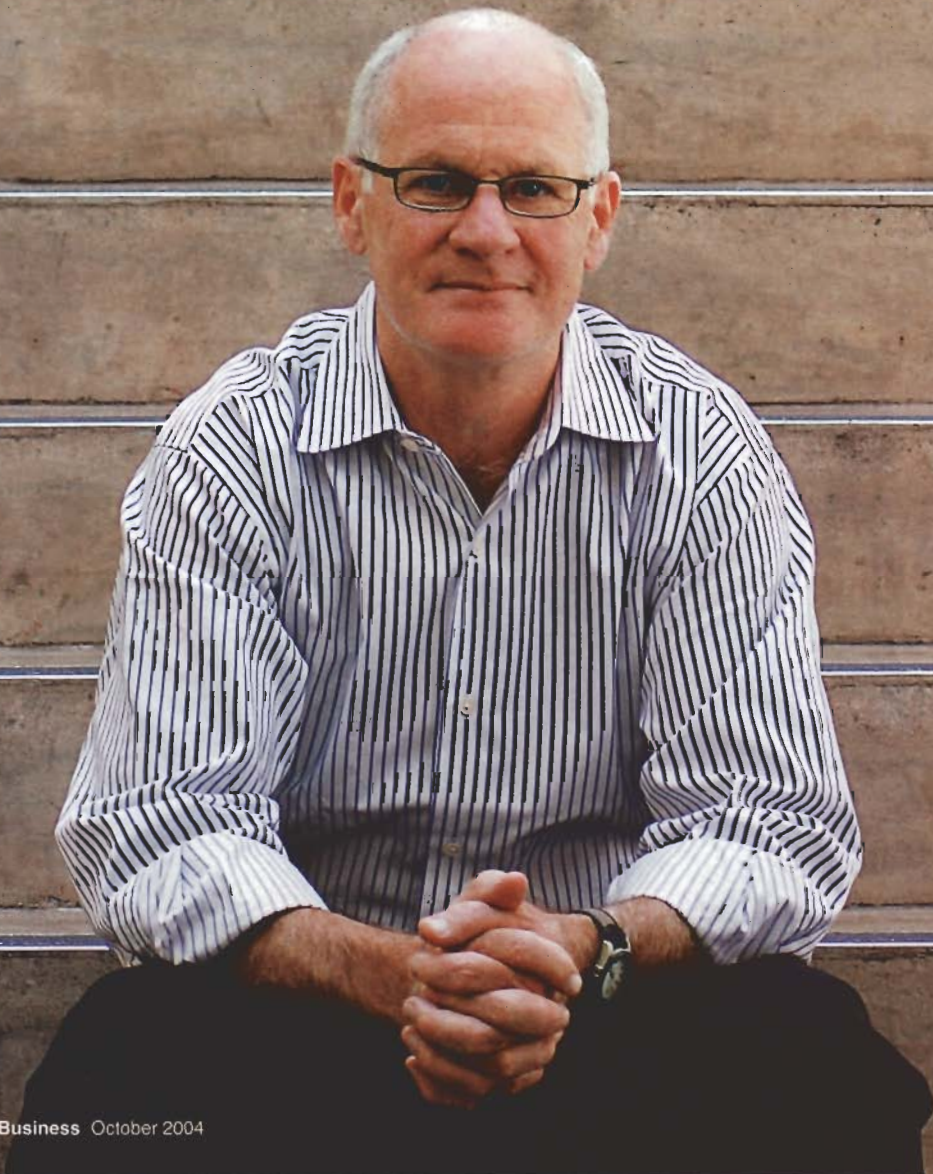
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# Booked Solid

Allan MacDougall Raincoast Book Distribution

**T**he biographies of many CEOs make it reasonably clear that their success was assured from birth: a well-connected family, the right prep school and undergraduate program, an MBA from a prestigious business school and a steady climb through the ranks of management to the very top.

Allan MacDougall's story doesn't read that way. In fact, after being kicked out of one boarding school and flunking out of another, in a system in which harsh corporal punishment all but extinguished his desire to learn, MacDougall's parents suggested he might want to try his fortunes elsewhere; anywhere, in fact, but home.

Leaving Montreal, MacDougall decided to try his hand at the Bank of Montreal in Toronto. From 1966 to 1970, he completed a four-year manager-trainee program, moving up to second-in-command at his branch: "I loved the bank. We were thrown together with all kinds of people; you learn business culture very quickly in that environment."

Culture is a term that comes up often when MacDougall, now 57, talks about the most important elements of business; the great corporate culture for which he strives may be grounded in a painful lesson he learned in those early years. "The place was really run by women, but they were always passed over for promotion. Not even passed over, really – they weren't even considered. I was trained by women who knew *everything*; I was always saying goodbye to them as I moved up through the ranks."

As Martin Luther King, Jr., wrote from his jail cell in Birmingham, "Injustice anywhere is a threat to justice everywhere." MacDougall was soon to experience that reality firsthand. Toward the end of his training period, he was asked to begin training a new recruit, one with a university degree. When he asked the trainee's salary, he was dismayed to learn that it was significantly more than his own. When the bank agreed to pay MacDougall almost – but not quite – as much, he decided it was time to do some traveling.

It was at the end of that trip, which included a bus trip from Bradford, England to Rawalpindi, Pakistan, a bout of typhoid fever, and lots of reading, that he first discovered it was possible to make a living through one's love of books. "I was almost out of money, and I was quite ill – wondering what the hell I was going to do. In Scotland I met a fellow who was one of the Collins

family, the Collins publishing empire. He worked with books. I loved books."

Returning to Canada, MacDougall spent the next seven months driving a cab while looking for a job in the publishing industry. He finally landed a position with one of Canada's premier firms, McClelland and Stewart. By 1976 he had become the sales manager and there was only one direction in which to move: West.

Allied with Mark Stanton, who retired in 1998, MacDougall (who loves the rain) came to Vancouver to launch Stanton and MacDougall Ltd. Their aim was to sell books for existing publishers, but by 1979 they realized that – despite the entrenched belief that nothing important could happen in the Canadian publishing world outside of Ontario – there was an opportunity for book distribution here. Raincoast Book Distribution was founded in 1979, and during the early 1980s the partners

"mined the West Coast" to eventually land deals with leading Chronicle Books in San Francisco, Lonely Planet in Australia and more than 30 other major industry players.

Book Express, a wholesale operation, was launched in 1989. That same year the quirky, wildly successful *Griffin and Sabine* set the tone for the publishing division. In 1999 Raincoast became the Canadian publisher of the *Harry Potter* series, selling more than eight million copies by early 2004.

"Publishing is a complex business," says MacDougall. "Books are returnable. We've been through three banks. We've been at the wall many times – but we didn't even know it, except in hindsight. Long after the fact, we'd look back and think 'Holy shit, that was close'.

"We realized along that way that if we were going to compete [with the established, Toronto-centred Canadian publishing industry] we'd have to be better than them. We learned to get books to Toronto stores faster than Toronto publishers. They're getting better, so it's getting tougher. We have to keep getting better."

In a company as innovative as Raincoast, however, 'getting better' isn't a euphemism for cutting margins and cracking the proverbial whip. "I've always tried to have a good time," says MacDougall, "to do my best and to create a good culture. If that doesn't work, you don't have very much." □

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"Don't feel you  
necessarily have  
to listen to  
anybody"

# Quiet Strength

Last summer, after 50 years in business, including 25 at the helm of one B.C.'s biggest forestry giants, Bill Sauder agreed to his first media interview. "I want to give something back to the province and to the people," he told *The Vancouver Sun's* reporter. Sauder was referring to his \$20-million gift to UBC's commerce department. In making the donation, the 78-year-old chairman of Interfor did it in characteristically selfless fashion – no strings attached, and asking only that it be accepted in the quietest manner possible.

Trouble is, you can't give the largest gift in the history of Canadian business schools without triggering a certain amount of whooping and hollering. So after some subtle coercion, he consented



to the naming of the Sauder School of Business. "If he could have pulled this off without any publicity he would," said Interfor president Duncan Davies at the time. "That's the kind of guy he is."

Sauder built his forestry

empire the long, hard way, starting as an outsider in the 1970s and then acquiring more timber and mills until he had built one of the largest sawmilling and logging companies in Western Canada. By the time he stepped down as CEO in 1997, Interfor had revenues of \$757 million and 3,800 employees.

His retirement lasted barely a year. With markets in a freefall Interfor's board asked Sauder to return. The company had barely \$13 million on its bank line and was hemorrhaging a million a week.

Taking no salary – a signal that sacrifices were needed – Sauder immediately slashed costs and reduced debt. Within a year, Interfor was back on solid ground.

"He places a premium on action," says Davies, not on accolades or publicity. It's remarkable that Sauder even accepted the honor of being Pacific Region's lifetime achievement winner. But as he's discovered, some deeds just can't go unnoticed. ■

# THE PATH TO THE PODIUM

**T**he winners here can all share the same stories about their demanding, soul-searching journey to the top of the heap. The trials of starting a business? Nah, we're talking about the challenge of impressing the seven judges (*listed below*) of Ernst & Young's annual competition.

The process begins with each nominee filling out an exhaustive application outlining everything from the company's chief innovations to its role in civic organizations, to the main achievers of the management team.

And then the tough part. Representatives from E&Y and one of the sponsoring companies meet with each of the candidates for a probing discussion on the information submitted. During the roughly three-hour session, candidates can expect to answer between 25 to 30 questions on topics ranging from their personal philosophies to the financial performance of the organization. A vetting then occurs, with companies too small or too new often excused at this stage.

Those that pass, however, have their strengths and weaknesses noted in a two-page summary presented to each judge. At this point, each judge is asked to make an independent assessment of the candidates. The reviews are then circulated before the judges get together for a professional, if passionate, discussion on the relative merits of each candidate.

Once a shortlist of three finalists is agreed upon by category, the judges drill down until a clear winner emerges. From these category kings, comes the Pacific Region Entrepreneur Of The Year.

## EOY – Pacific Region Judges

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- Alistair Duncan** – President, CEO & Director, *Chromos Molecular Systems*
- J. Trevor Johnstone** – Managing Director, *Tricor Pacific Capital*
- Dr. Ernie Love** – Dean, Faculty of Business, *Simon Fraser University*
- Terry Lyons** – Chairman, *Northgate Minerals Corp.*
- Sue Paish** – Managing Partner, *Fasken Martineau DuMoulin*
- Greg Peet** – VP & General Manager, *McKesson Medical Imaging*
- Kari Yuers** – President & CEO, *The Kryton Group of Companies*