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SASKBUSINESS

SASKATCHEWAN BUSINESS MAGAZINE

December 2012

**HUMBOLDT
SURGES
AHEAD**

SaskSENSE

**Protecting
Saskatchewan's
Competitive
Advantage**

BUSINESS of the YEAR
MOSAIC

Walt Precourt,
Senior Vice President, Potash,
The Mosaic Company

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COVER STORY

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The Mosaic Company as *Saskatchewan Business Magazine's* 2012 Business of the Year isn't really that surprising. After all, the company is the world's largest producer of crop nutrients, posting net sales of \$11 billion last year and operating one of the largest potash mines on the planet.

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The Front Desk

Twila Reddekopp

Publisher



A time for reflection

Every year, when it comes time to write the *Front Desk* for the December issue, I reflect on all that has happened since the last one. Twelve months have marched by and again, Saskatchewan has made headlines.

Staying with tradition, this issue features our *Saskatchewan Business Magazine's* Business of the Year – this year, The Mosaic Company. As Mosaic, they have not been around very long; they were born out of a merger by Cargill Crop Nutrients and International Minerals and Chemicals Corporation (IMC Global) in 2004. IMC was the first to produce commercial potash the pink gold in Saskatchewan in 1962. Mosaic has in their portfolio one of the largest potash mines in the world located at Esterhazy. If you are not familiar with them, look way up next time you attend a home game of our beloved Riders. Yes, they are huge part of our Rider nation. It has been said that Mosaic Stadium is more recognizable than the Statue of Liberty in some parts of North America.

In 2007, Mosaic made the decision to invest \$6 billion in expansions to their potash operations in Saskatchewan. They believe in the pink gold and in Saskatchewan. And while they were busy with their expansions, they also found time to invest over \$13 million into numerous community and provincial initiatives, and that does not include the man-hours that they have dedicated to causes such as Habitat for Humanity. They are a global company that has chosen Saskatchewan and Regina as home for their Potash Business Unit. Congratulations Mosaic – well deserved!

Up the road a bit (a bit of an understatement in this province) you will find the city and community of Humboldt. As our writer, Anne Lazurko, found out when she arrived there, it is buzzing. The population of Humboldt increased by 12 per cent in one year and the city is home to a new district health complex, regional high school and a full service recreation centre – all in 24 months. Did I mention – population 6526? This place has been busy. When reading the articles on Humboldt, one has to wonder – where have I heard this before? It reads like an article on Saskatchewan – opportunities abound. A microsm of our province. But their population is expected to rise a bit faster than the rest of the province to 9000 by 2013. They are not going it alone – they are working on plans as a region that encompasses about 15,000 people. Many hands and minds make light work. They are all reluctant to say that their growth is a “boom” – rather it is sustained growth within a healthy and thriving regional economy. The rest of the province could maybe learn a few things from this region.

One of the most important things we can do right now is to reflect in awe. With all the growth and challenges our province has experienced, we would not be in the enviable “have positon”; we would be back where we were eight to ten years ago. That was not a bad place to be – at the time. Fast forward to today – I am excited and proud of our Saskatchewan. We are a force to be truly reckoned with. Our day has arrived!

Thank you for spending some time with us amongst the pages of this publication. Thanks for telling us your stories and thank you for believing in your province. It is a great place to work, play and live. From all of us at Sunrise – we wish you a happy and blessed holiday season and all the best in 2013.

Twila Reddekopp, Publisher
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Protecting Saskatchewan's Competitive Advantage

A STEP Securities Seminar put on by Ministry of the Economy

by Nathan Hursh

Dan Polonenko of Gowlings won't use his laptop for work on an airplane anymore. His reasoning is simple: you don't know who is sitting beside, behind or in front of you. This may seem paranoid, but do you realize how vulnerable you are? Most breaches of intellectual property are opportunistic, not premeditated, according to Dan.

Businesses that exploit market opportunities, manufacture a specialized product, deal with suppliers, look for potential partners, raise capital or deal with technology and technical information possess knowledge that their competitors may not have. A business's intellectual property is its greatest asset.

If you think back to business trips where you commuted by plane, do you remember whom you sat beside? Do you remember what you talked about? Can you remember any conversations that you overheard? Do you remember what you were working on?

"Do you ever stop to think about how good the quality of photos is that are taken with a cell phone nowadays?" ponders Dan. "It could be as easy as someone walking by you to use the restroom and taking a quick photo without you knowing. That photo has high enough resolution to read every aspect of the camera-facing part of the document you were working on."

Airplanes aren't the only place to be wary. Have you ever thought of how vulnerable things may be in your hotel room? The cleaning staff doesn't know what you look like, so what is stopping someone from wandering in to the room while it's being

cleaned? Simple measures, like having luggage locks and ensuring that work documents and technology that contain strategic information are out of sight and not easily accessible, are crucial to protecting you and your business. The same goes for trade shows and leaving your laptop or tablet unattended. Lock your computer to the table and buy USB port locks. In the

CHARLES HARDEN'S FOUR RISKS AFFECTING SMALL- TO MEDIUM-SIZED BUSINESSES:

- Security weaknesses with cloud services
- Phishing scams
- Equipment losses
- Unsafe mobile smart phones

time it takes you to use the restroom and return to your booth, someone could insert a flash drive into your computer and upload spyware.

Physically securing your documents, computing devices and property is one aspect of security, but password-protecting your cell phone and computers is a must, regardless of whether you travel or not. Passwords themselves should provide adequate obscurity and strength to keep out unauthorized users. TIME recently released a list of the Worst

PROTECTING YOUR COMPANY'S INTELLECTUAL PROPERTY TRADE SECRETS VERSUS PATENTING: WHICH IS BEST FOR YOU?

TRADE SECRETS

- Best suited when reverse engineering is difficult
- Potentially unlimited life
- Known by only a limited number of people
- If stolen, harder to legally enforce rights
- Hard to enforce in a large company
- Requires clear in-house policies
- Someone else could patent and prevent you from using it

PATENTING

- Patent applications may evolve from trade secrets
- Best suited when easy to reverse engineer
- Maximum 20-year lifespan
- An issued patent makes for a stronger legal position
- Creates marketplace barriers to competitors
- Onus on you to monitor for infringement
- Can be expensive

Information prepared by Dan Polonenko, PhD Principal, Patent Agent Tel: 604-443-7623 Email: dan.polonenko@gowlings.com

Passwords of 2012*. As the article states, if any of your passwords are on this list, change them now! Most guidelines also advise against using your birth date, address or hometown. Instead, use a minimum of eight characters with upper and lowercase, add numbers and never use the same password twice.

According to Charles Harden, a managing consultant at Seccuris Incorporated, small- to medium-sized businesses are the most targeted by outside threats. As small businesses and entrepreneurs are abundant in our province, we should pay particular attention to schemes that target personal information and intellectual property. Harden highlights four risks affecting small- to medium-sized businesses: security weaknesses with cloud services, phishing scams, equipment losses and unsafe mobile smart phones.

The problem with cloud services is that no one seems to have a clear definition of exactly what they are. Some experts say that it is a convenient way of accessing shared data through a variety of devices, while others claim that anything provided on the internet as a service is cloud computing. The weaknesses in any emerging technology or innovation can be exploited before the security aspects are fully addressed. Numerous horror stories have surfaced about individuals and organization experiencing significant data breaches. With cloud computing, a hacker can extract business-critical data from an employee's tablet, personal computer or smart phone before completely wiping out everything on the device. For anyone with personal or confidential information on a digital platform, that's a pretty scary thought. The key to cloud computing is being informed about information security and doing enough due diligence to use cloud services with

effective safeguards that protect you, your data, and your organization.

Have you recently received an email notification from a bank telling you that you may be at risk and to sign into your account through a secure link? If so, you may have been targeted by a phishing scam. I receive at least one of those emails a month, along with others, claiming that something harmful is happening to my online identity and asking me to input my personal information so that I may be saved. A phishing scam is an attempt to acquire information, and sometimes money, by pretending to be trustworthy. Elderly people are common victims. Avoid these scams by having spam filters on your email accounts and looking closely at the links. Even copy and paste the links into a text editor, like Notepad, to double-check that the link directs you to the correct site. A minimum requirement for your safety is to ensure you never give out personal information if you are suspicious that a site is not entirely legitimate.

When it comes to preventing equipment loss, Dan Polonenko's advice should be repeated: have physical security and password-protect all of your technological devices. For mobile smart phones, be aware that mobile malware does exist and that clicking an external link can be potentially dangerous.

This article is not meant to scare you or make you paranoid; it is merely a cautionary tale for potential worst-case scenarios. Charles Harden points out that no single effort or product can mitigate risk completely. It is a matter of planning, implementing and monitoring. There is no such thing as being risk-free, but taking steps to ensure that your intellectual property, personal information and trade secrets are secure will reduce risk considerably. ■



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Business of the Year

THE MOSAIC COMPANY

by Penny Eaton

That The Mosaic Company is *Saskatchewan Business Magazine's* 2012 Business of the Year isn't really that surprising. After all, the company is the world's largest producer of crop nutrients, posting net sales of \$11 billion last year and operating one of the largest potash mines on the planet at Esterhazy, Saskatchewan. Mosaic is a familiar fixture in the province, investing more than \$13 million here last year into numerous community and provincial initiatives such as the Mosaic Heart Centre, the Children's Hospital of Saskatchewan, Habitat for Humanity, Mosaic Place in Moose Jaw and many others. And everyone knows that the Riders' home field advantage is at Mosaic Stadium.

No, what's surprising is that The Mosaic Company only came into being less than a decade ago.



Walt Precourt,
Senior Vice President, Potash,
The Mosaic Company

Photo by Keith Moulding



◀ Mosaic's Colonsay potash mine and mill facility has received an investment of \$500 million to expand and upgrade the site's operations.

It was created from the merger of Cargill Crop Nutrients and International Minerals and Chemicals Corporation (IMC Global) in 2004. Cargill Crop Nutrients primarily represented phosphate production, while IMC had a long history in Saskatchewan, beginning with producing the first commercial potash here in 1962.

In terms of finished phosphate products, Mosaic is the world's largest producer, with a greater annual capacity than the next two largest producers combined. Most of their phosphate is sourced from the southern United States, although Mosaic also owns phosphate facilities in China, Brazil and Argentina.

Here in Saskatchewan, Mosaic operates three potash mines at Esterhazy, Belle Plaine and Colonsay, along with two others in the United States (Carlsbad, New Mexico and Hersey, Michigan), for a combined total annual potash capacity of 10.4 million tonnes.

POTASH FOR THE FUTURE

But that's about to change. In 2007, Mosaic embarked on a \$6 billion expansion to their potash operations in the province. In fact, although Mosaic's current business is comprised of 51 per cent phosphates and 49 per cent potash, the company anticipates a shift to 40 per cent phosphates and 60 per cent potash by 2020.

"We made important headway with our potash expansion projects this past year," says Jim Prokopanko, president and CEO for Mosaic. "We expect these projects will generate over one million tonnes of new capacity in fiscal 2013."

Mosaic's Belle Plaine facility is the world's first and largest potash solution mine, opened in 1964. A solution mine works differently than a conventional underground mine, in that instead of people and machines digging the potash out, a saltwater solution is pumped into the mine that dissolves the potash into brine that is then brought to the surface for extraction. Solution mines are usually used when the potash is found in porous sedimentary rocks that tend to collapse or flood more easily at greater depths.

In 2008, Mosaic began a \$2.3 billion project to expand the current mine at Belle Plaine and enlarge the capacity of its refinery and storage facilities. By the time the expansion is fully complete in 2020, it will add more than one million tonnes per year of potash.

Colonsay's potash mine and mill facility have been in operation since 1969. Beginning in 2009, Mosaic invested \$500 million to expand and upgrade the site's mill operations, develop additional mining units and increase the underground storage capacity. The project is expected to be completed in 2013.

Esterhazy, the world's first and largest commercial potash mine, is also getting bigger. Mosaic is investing more than \$3 billion in a two-stage process which, when complete, will add another two million tonnes of potash production from their facilities here. Begun in 2008, the company has already finished an upgrade to their K1 milling facility. The K2 expansion involved investments in new warehouses and underground storage, additional hoisting and excavation capacity and a new milling circuit that will increase milling capacity by one third.

Construction is also underway on K3, which will be a new satellite to the K2 mine. It is a massive project. Once finished, the head-frame will stand 374 feet tall and will be the tallest building on the prairies between Winnipeg and Calgary. The shaft itself is a hole 20 feet in diameter that will descend 3200 feet beneath the surface. Construction is no easy task. To

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reach the potash, the crew will need to penetrate a 650-foot layer of high-pressure water and quicksand called the Blairmore or Mannville formation.

In the 1950s, 17 different shafts were sunk in Saskatchewan in attempts to mine potash, but all failed or were abandoned because they couldn't defeat the Blairmore due to problems with flooding and shafts collapsing. Success wouldn't be realized until 1962 at Esterhazy, when IMC pioneered what became known as the Blairmore Ring, similar to techniques still used today. The ground was frozen to immobilize the underground water and then the mine shaft dug and reinforced with stacked rings of concrete and steel to permanently hold back the water. It took five years of hard work and several setbacks, but when potash was reached and production began, it set the stage for Saskatchewan to become the potash powerhouse it is today.

It's difficult now to appreciate just how big a deal Saskatchewan's first successful potash mine at Esterhazy really was to our development. The official opening ceremony included numerous local and international dignitaries and saw the town of 700 grow to almost 7000 over the space of a few days, with many people staying in train cars brought in for the occasion. (YouTube *The Challenge at Esterhazy*, a 20-minute video produced in the 1960s, is a fascinating vignette of an important time in our history.)

These connections to the past are important to Mosaic. On September 28, 2012, Mosaic held its grand opening for the K2 mine expansion and commemorated 50 years since K1's official opening on September 20, 1962.

"Grandfathers, children and grandchildren are working in our facilities now," says Walt Precourt, senior vice president, potash. "Our people are working with their neighbours, working with their families. We're part of the fabric of the community and we have been for decades. It's a great source of pride for us."

Meanwhile, construction on K3 continues. The mine is scheduled to begin production in 2016.

There have been thousands of contractors contributing millions of man-hours to date in Esterhazy and this will continue until the project is completed. The projects at Belle Plaine, Colonsay and Esterhazy are not only the most capital- and labour-intensive projects underway at Mosaic, but complex processes like freeze-hole drilling and head-frame construction are safety-challenging endeavours. Mosaic has gone above and beyond standard safety practices, and the results have been impressive: by the end of fiscal 2012, the potash business unit achieved more than three million hours worked without a lost-time injury.

All of the expansion has meant an upsurge in hiring. At the time of the merger when Mosaic began, it employed about 1500 in the province. Since then, the company has added 800 new workers in Saskatchewan to its total global staff of 8000 people in eight countries.

Expansions at Belle Plaine will bring additional capacity of more than one million tonnes per year to the world's first and largest solution potash mine.



Construction is underway on the K3 service shaft head-frame, which will stand 374 feet tall and will be the tallest building on the prairies between Winnipeg and Calgary.

Congratulations Mosaic 2012 Business of the Year

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IT'S ALL ABOUT COMMUNITY

In the short time Mosaic has been in existence, it has become a household name, largely because of its involvement in countless community initiatives.

In 2006, the company donated \$2 million to launch the Mosaic Heart Centre at Regina General Hospital, the single largest donation in the history of the Hospitals of Regina Foundation. The funding went toward an upgraded catheterization lab, a new electrophysiology laboratory, outpatient programs and replacement of outdated equipment. Since then, Mosaic has contributed a further \$400,000 for the next phase of the Mosaic Heart Centre which will include a new electrophysiology lab. That's not all. Mosaic employees have raised over \$50,000 for the Centre through their donations which are matched dollar for dollar by the company.

Mosaic is committed to investing in the communities where their operations are located. For example, in 2011 Mosaic contributed \$1 million to help kick off a fundraising campaign for the St. Anthony's Hospital Foundation in Esterhazy. "Our priority has always been to make sure that communities have what they need. We want to be able to provide a great place to work and communities that are strong, vibrant – places where people want to live," says Brad DeLorey, the director of public affairs for Mosaic potash, himself a Saskatchewan native who now lives in Regina.

In Moose Jaw, not far from the Belle Plaine facility, a new \$64 million multiplex now bears the name 'Mosaic Place' and plays host to sporting and entertainment events the community would not have dreamed of having earlier. Mosaic is contributing \$1.5 million over 10 years to the facility. "We felt it was a great way, not only of engaging our employees but engaging all of southern Saskatchewan," DeLorey notes.

Mosaic is serious about community engagement. It's central to the company's philosophy, and it's evident from the long list of organizations Mosaic partners with, which includes \$5.5 million for the new emergency medical helicopter service, Shock Trauma Air Rescue Society (STARS) and \$4 million to the Children's Hospital Foundation of Saskatchewan.

It's not simply a matter of writing a cheque, although of course that helps. Mosaic contributed \$450,000 to Habitat for Humanity in Saskatchewan, which became the catalyst for the organization to leverage more than \$1 million additional contributions to the cause. As well, Mosaic employees went out to swing hammers and hang drywall to build 37 new homes in the province.

"You don't drive by these [Habitat] houses and see a flashing Mosaic sign, but we know as a company that we've built homes for 37 families in this province. That's a rewarding thing to think about," DeLorey notes.

Mosaic Stadium, home of the Riders, was one of Mosaic's first sponsorship initiatives as a newly-minted company. It was a decision that has paid off. DeLorey says polling research has shown that in some parts of North America, Mosaic Stadium is more recognizable than the Statue of Liberty.

"It really allowed us to showcase the company in a venue that no one else had the opportunity to do. We look back now and really attribute it as one of the best marketing things we've ever done," he reflects. "It branded us right across the country and I think it became bigger than we ever expected it to be."

DeLorey says that there's nothing better than to associate Mosaic with the Roughriders. "We have what we think of as a grassroots company, one that wants to work with people, and then we have the Saskatchewan Roughriders, part of the true grit of the province. It's been a great partnership from the very beginning."



▲ Mosaic Stadium, established in 2006, is the pinnacle of Mosaic's community investment in Saskatchewan.



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Mosaic's current agreement with the Riders is in place until 2015 and the company would like to see it continue if and when the team moves to a new stadium in Regina.

That's not the only way Mosaic is changing the skyline of Regina. The company established its corporate potash headquarters here in December, a move that will bring 220 positions to a new 20-storey office tower in downtown Regina.

"It's a huge undertaking, but we have all the confidence in the world in Saskatchewan and we believe that this is the rightful home for our potash headquarters," Precourt says. "Saskatchewan is an exciting place to be and we are proud to be a part of it."

Mosaic's strong commitment to community involvement is evident in all the countries where they operate. In Florida, Mosaic has donated a 4000-acre ranch to be converted into a state park to conserve wetland habitats near their South Fort Meade phosphate mine.

In Guatemala, India and in seven countries of Africa, Mosaic agronomists are working with local growers to change traditional farming practises to increase their production by three to five times. When farm families can produce a surplus, it can mean the difference between abject poverty and a better life. Not only are Mosaic's products helping to produce more food for the world, but efforts like these help improve people's standard of living.

GLOBAL COMPANY, BRIGHT FUTURE

"Quarterly and even annual results can suffer or benefit from the whims of the economy, the grain and oilseeds markets, transportation costs, weather and many other influences," says company CEO Jim Prokopanko. "We manage Mosaic for the long term. I am certain that we have the management experience and strength and the commitment to operating with excellence to navigate both turbulent and calm waters."

Despite volatility in world markets for fertilizer, Mosaic continues to show strong, steady performance, demonstrated in secure investor confidence and healthy annual earnings. Mosaic was named to the S&P 500 in 2012, reflecting their position as one of the world's largest companies.

Their success has been recognized by other measures as well. For the third year running, Mosaic was named as one of the 100 Best Corporate Citizens in *Corporate Responsibility Magazine* in recognition of its conservation and environmental stewardship and financial transparency. And for the first time in 2012, Mosaic was included in the Ethisphere Institute's list of the world's most ethical companies. It was the only crop nutrition company on the list.

With world demand for food on the rise, the need for potash and phosphates will also grow. In addition to these essential crop nutrients, Mosaic is also investing in other products that will help farmers produce more food. One innovation is MicroEssentials, which uses a unique processing technique to fuse nitrogen, phosphate, sulfur and zinc into one nutritionally-balanced granule. Prokopanko says product innovations like these are driven by "the 4Rs concept: applying the right combination of nutrients at the right time, in the right place and in the right amount."

Getting it right has always been the goal at Mosaic, whether it's serving their customers in 40 different countries, achieving safety targets or investing in their communities. It's a global company that has had both a long and a short history in our province and it's helping to build a bright future here at a time when we've got what the world needs.

"The world population is growing at a rapid pace and people need more food; the only way we're going to do that is by using crop nutrients," Precourt observes. "We sit here every day with a very noble cause: we're helping the world grow the food it needs. At the end of the day, we're trying to feed a global population, starting right here in Saskatchewan." ■



▲ Mosaic Tower in downtown Regina is the new home of Mosaic's Potash Business Unit.

HUMBOLDT SURGES AHEAD

When the population of a small Saskatchewan city increases by 12 per cent in one year, people notice. When that city builds a new district health complex, a brand new regional high school and a full-service recreation centre all in the space of two years, people notice. And when the local and regional economy is driven by existing and future potash production, export manufacturing companies and a thriving agriculture sector, we should all notice.

Humboldt is buzzing. Business is rolling into town, housing and commercial developments are under construction and retail thrives. There is also a full-scale doctor recruitment initiative, a bustling newcomer centre providing immigration services, and entrepreneurial endeavours flourish. The excitement is palpable, and anyone who is someone in this small city of 6526 souls gets it; they understand that what's going on here is a huge opportunity.

A huge opportunity fraught with huge challenges. While there is much optimism, there is also a kind of hand-wringing anxiety about the need for both local and regional infrastructure and social initiatives to keep the ship sailing and on a course that's best for the people who live here. And because this region is a microcosm of the entire province, Humboldt's success may just point us all in the right direction.

Perhaps no one understands the dichotomy more than mayor, Malcolm Eaton. Just acclaimed to his third term, he's steered the city through some pretty crazy waters and anticipates more of the same. These are heady days in Humboldt, and Eaton proudly boasts of his city's community spirit, clean and safe environment, and a general enthusiasm and vibrancy witnessed in every shop and office.

But the teacher of 30 years raised five children in a smaller, less hurried Humboldt and he says, "The challenge will be in trying to maintain that rural, small town Saskatchewan appeal, while taking advantage of big city opportunities."

The nature of the mayor's job has changed dramatically. "The biggest change is acting like a city. Strategic planning and long-term planning have become very important because our decisions have long-term implications. It's a challenge for council to sit around the table and think 20 years out. I don't think communities like ours had to do a lot of that in the past," he says. "The city is spending a great



by Anne Lazurko



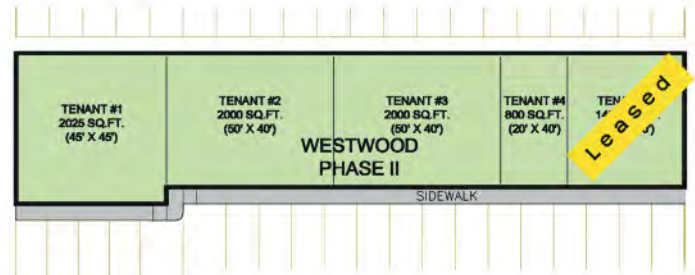
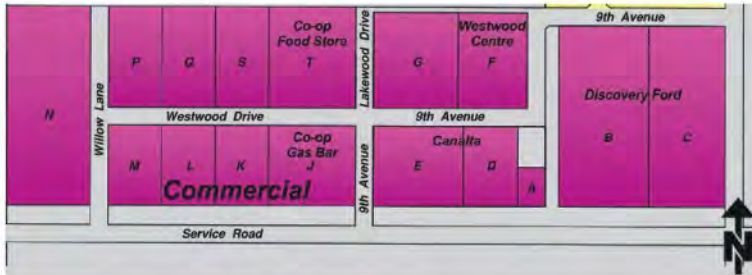
Malcolm Eaton,
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DonnaLyn Thorsteinson,
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deal more money on planning initiatives for everyone's benefit."

"We've had to modernize policies, programs and procedures to respond to society today and down the road," he says. For example, past service agreements with small land developers were straightforward, but today there are 100 acres in various stages of development that require servicing agreements, development levies, higher standards for inspection and changes to licensing.

As with most growing Saskatchewan communities, available, affordable and appropriate housing are the goal in Humboldt. "Over the years we have built housing of a certain type, the single family dwelling for an upper end market," says Mayor Eaton. "We are missing options that respond to the needs of a new labour force like smaller homes, duplex and townhouse options, and rental units."

"We are having good conversations about needs and standards," he says, pulling out a fat study on population growth that indicates ranges and options, market research, the effect of small lot zoning and more. "We're not doing this for the people of Humboldt," he says. "We are doing this for those people coming."

And they are coming. Based only on the BHP Billiton potash project at nearby Jansen, Humboldt is estimated to see 50

per cent of the associated jobs and spinoff growth, and that proportion of the approximately 5000 expected new residents in the region. That would bring its population to 9000 by the year 2023, according to a 2012 BHP Community Readiness Study.

THE BHP FACTOR

People in Humboldt don't call this a boom. They would say it's been a long and steady growth period, punctuated most recently by the expectation of new jobs and associated spinoff from the BHP Billiton potash mine under construction at nearby Jansen. Yet the BHP project has put enormous pressure on Humboldt and region to be ready for all the people that come with all those jobs.

The recent slowdown in new potash activity and the reticence of the BHP Billiton board to put their final stamp on the Jansen project creates "just that shadow of doubt" in Mayor Eaton's mind. But there's a sense amongst politicians and business people here of forging ahead with faith, while holding their collective breath.

"BHP has been open and willing to discuss their plans with us. We can't wait for formal approval," Eaton says. "When the announcement is made, there are a lot of things that will have to happen in a big hurry."

At the Chamber of Commerce, executive director, DonnaLyn Thorsteinson, agrees. "We have confidence in BHP," she says. "Their explanations make sense."

Australia's BHP recently cancelled other mega projects in other global mining industries hurt by lower commodity prices and high cost of business, but Jen Koury, VP of Human Resources, insists the \$12 billion Jansen project remains a priority.

"I suppose there is a mixed message from the board," she says, and attempts to clarify. "We still believe in this geology and the commodity because the long-term fundamentals are there in terms of supply and demand. Across the globe, this one comes up fairly strong in terms of commitment and strategy. Our commitment hasn't wavered."

Phase one of the project is well underway, and involves construction of two shafts, one service and one production. It was announced in August that production would be increased from two million to four million tonnes for this initial phase.

The change means an extensive increase in engineering design work, Koury says, and a delay in the final start-up date which was initially projected at 2015. There are currently 400 on-site construction workers, which will increase to 2000 beyond phase one. Construction of a

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housing camp for these temporary workers is underway with 500 beds expected to be available by late December, she says.

Some analysts question whether the delay is designed to give BHP time to see what happens in the global potash market before fully committing to the project, but Koury says the delay is good news because the increased production now means higher production at time of commissioning.

It might be good news for Humboldt and region in terms of readiness because the availability of housing could be a limiting factor. Developers are responding. By October of this year, 86 building permits were issued valued at over \$32 million and almost 40 per cent of that represents home construction.

HOUSING

It's perhaps unique to Humboldt that both local and outside entrepreneurs are seizing the opportunity to help the community grow. Local businessman and entrepreneur, Steve Dillabough has put the bulk of his efforts into commercial property development (see *Raising Entrepreneurs* story), but he's also sold land in his west end development to Northridge Developments out of Saskatoon for a housing project that will see 23 new housing lots, with future phases to include a potential multi-family development.

Bridge Road Land Management Ltd. also received approval this fall for a 40-acre diverse housing project, with construction on two of six phases started this year, according to Sjoerd Heuse, manager of land development and finance. Based in Manitoba, the company has developments in Wynyard and Leroy among other Saskatchewan towns.

"Right now the rental market in Humboldt is underserved," Heuse says. The company will start with 24 to 30 units built as row-housing and large multi-family complexes combined with green space. Later phases might see single family residential lots and 'active adult living' housing, but the whole thing will be based on needs assessments over time. "We have to look at the numbers, but also the types of demographics coming and then we'll look at the pace of our development and the types of housing to suit that demographic."

Humboldt has a fairly defined growth plan, he says, adding the mayor, the

Chamber of Commerce and council have all been open and welcoming. No doubt. His company is providing the kind of diversity of options Mayor Eaton is looking for.

Keeping costs down is not always easy in a growth environment. "Tendering, bids and building specs need to be right up to date," Heuse says. "We do a final round right before the project starts so the investors have up-to-date information and we can assure them of their return. It's part of diligence efforts."

"It's a very fine-tuned fiddle that we're playing," Heuse says.

COMMERCIAL GROWTH

It's a fiddle being played on the commercial development stage as well. Steve Dillabough is owner in Discovery Ford and Discovery Motorsport and has ventured into commercial land development, establishing Westwood Development Corporation. Last year he moved his dealerships to a new location on the corporation's 100-acre development on the west end of the city. Canalta Hotel opened its doors and 7000 square feet in the Westwood Centre house FCC, Conex Insurance, Viking Wealth Management and Satisfaction Hearing offices with a second phase designed for office and retail space. A new Co-op Marketplace is also under construction (see *Raising Entrepreneurs* story).

Across the highway, the Quill Centre owned by West Humboldt Properties Ltd., a subsidiary of Colliers International, opened a Canadian Tire, Mark's Work Warehouse and Tim Horton's, with construction of a Sobeys, Humboldt Vision Centre and Canadian Tire Gas Bar underway. This development started even before BHP announced the Jansen mine project, showing a real faith in the diversity of the region's existing economy.

In an effort to avoid 'donut-shaped' growth, the city established a downtown revitalization tax exemption policy for the downtown Business Improvement District. Since then, office renovations on downtown properties have attracted professional services and niche retail shops, adding traffic to anchor institutions like the Humboldt Museum housed in the historic Humboldt Post Office which recently received a provincial heritage site designation.

It's actually quite mind-boggling. Development in this small city only an hour

from Saskatoon has absolutely exploded in every possible direction: housing, commercial, recreational and social. But people here don't seem all that surprised. The word entrepreneur was used more in a few hours in Humboldt, than in the lifetime of most people. And maybe that spirit is why people here don't seem afraid of change and growth, only determined.

Michelle Bankowski has seen a lot of both in her 28 years in the Humboldt business community. She's president of Diamonds of Detroit, a jewelry business subject to the ebb and flow of prosperity. In the past few years her business moved from 465 square feet in a strip mall to 1500 square feet in Humboldt Mall. She employs a staff of 10 including casual help.

"We've been fortunate to experience growth every year," she says. "The increase in business overall is rather significant. I think it's a combination of more jobs and better paying jobs. It's the ideal time to be in business." It wasn't always so. Eight years ago she was part of Action Humboldt, a group whose purpose was to save rural Saskatchewan. "Wow, what a difference eight years make," she laughs.

The group still exists, but now it helps the community to take charge of its own growth. "We come together when issues are identified and then partner the right people to affect change," Bankowski says. "People here are progressive and young at heart with an entrepreneurial spirit to make bold moves and decisions."

She credits the entire region with doing the same. "What is remarkable about the district is that there is not an 'us versus them' mentality. People recognize they can't work in silos, that they need to get their egos out of the way and look at the broader picture."

Apparently it's working. In spring of 2011 the new Humboldt District Health Complex was opened. At least 29 municipal and city partners collaborated to raise \$16.5 million with government contributions of \$26 million. The complex houses a 34-bed hospital along with lab, diagnostic and specialty clinic space as well as all regional community health services. Doctor recruitment efforts by a stand-alone committee made up of individuals from Humboldt and surrounding municipalities have increased the number of area doctors from seven to 13 in just 18 months.



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REGIONAL PLANNING

It's just this kind of awareness that has moved the entire region forward. Eight hundred to 1000 permanent jobs are expected over the course of time to full commissioning of BHP Billiton's Jansen potash mine. PotashCorp's Lanigan mine has been producing since 1968, saw a major expansion in 2004, and employs 650 people. A robust agricultural sector and the expansion of manufacturing and service industries in the infamous "Iron Triangle" round out the economy of the area (see *Not a Boom* story).

Such diversity is almost a guarantee of stability, but growth in all sectors has stretched municipal housing, labour and infrastructure resources thin, forcing all stakeholders to look beyond their own borders and cooperate on a regional level. In fact they're looking to the early days of Alberta's Fort McMurray as an example of how *not* to grow.

A community readiness study produced last year by BHP highlights the lack of preparedness in Fort McMurray and lessons learned around planning, community engagement, housing, labour and regional cohesiveness. The mayor of Fort McMurray was on the agenda of a regional planning conference at the end of November.

As Michelle Bankowski put it, "We have to have it clear in our minds what we don't want to be. If we know the end result, we can work backward from there... We can't do everything at once. We need to identify key result areas and do a really good job of each. Whether it's labour, housing or infrastructure we need to find solutions as a community. We need to go outside our own area and look at the big picture. Humboldt wants to be the number one community in the province, and we can be as long as we keep strategic planning in place."

DonnaLyn Thorsteinson is executive director of the Humboldt & District Chamber of Commerce. Membership is up from 137 four years ago, to 214 today and encompasses business within a 50-km radius.

Thorsteinson sits on provincial and national chamber associations, was part of the province's growth strategy task force, and is a tireless advocate of the region's business community and its motto: "The best place to live, work and invest."

The value of the chamber is in networking," she says. "And to ensure the business voice is being heard when municipal decisions are being made around things like the regional planning initiatives."

While Thorsteinson fields phone calls from cell phone companies and business consulting firms, the chamber's past president, Kevin Plemel, talks about the importance of thinking regionally. "We recognize that by ourselves we're 6000 people, but the region is 15,000. Cooperation is imperative," he says. "All the communities have niche businesses which attract workers. So you might have

and social services to respond to the needs of individuals and families. Several of these areas are not directly under the realm of city responsibility but we have to work together to try to make sure we have the capacity."

He also sees communication with governments as a critical role for the city. "We are going to need some additional resources to provide infrastructure because this isn't happening in every region," he says. "Under the existing grant structure [to municipalities] everyone is treated the same, but we are not the same. We are putting forth a motion to ask for



one spouse working there while the other works in another community."

Community barriers seem to be breaking down with the recognition of their dependence on one another. In fact, the chamber's directors come from all over the region and from within different industry, retail and manufacturing sectors. Plemel says everyone in the Humboldt region seems intent on 'getting this right,' on managing growth to maintain stability within the community which means taking some social responsibility.

His thoughts are echoed by Mayor Eaton. "Typically we view the city's role in growth as providing infrastructure like water, sewer and roads," he says. "But in its broadest sense we need to look at education, health care, policing, highways

additional investment. We are not trying to take money away from anyone else, but new money is required, something like an infrastructure growth fund."

Eaton says the city is as yet unclear as to what the newly released *Sask Party Growth Plan* will provide.

"We see signs that the province is open to doing some things differently and working with us on the challenges," he says. "The next few months are critical planning times for us as we prepare for the 2013 construction season as a start-up to some major developments in housing that will be phased in over the next few years...and secondly, for some longer term planning around the major infrastructure issues related to land development such as water, sewer, lagoons, etc." ■

RAISING



Steve Dillabough, President, and
Gord Lees, General Sales Manager/Partner,
Discovery Ford Sales

ENTREPRENEURS

Humboldt's entrepreneurial ventures far exceed what is expected of a community this size.

by Anne Lazurko

There is some kind of genetic mutation evident in the Humboldt region. It's an entrepreneurial gene that's given rise to 100-year-old export manufacturing company, Schulte, or to PAMI which has expanded from the evaluation of agricultural equipment to producing military defense services, to the unique, Staging Canadell, a business that manufactures portable staging and music risers for markets across North America.

Who knew? Humboldt is a community of 6500 souls. It would seem the entrepreneur per capita ratio exceeds that of most communities.

"Humboldt outperforms what its population suggests," says self-titled 'serial entrepreneur,' Steve Dillabough. "It's always been on the cutting edge of entrepreneurship."

So has Dillabough. He came to Humboldt in 1993, purchasing the Ford dealership and turning some lucrative land deals. With "no desire to be in land development," he ended up buying a quarter section on the west end of town in 2008 in order to get the corner he wanted for his expanded dealership. He managed to build new facilities for Discovery Ford Sales and Discovery Motorsports at a time when the North American auto industry was crashing.

And Dillabough became a land developer in spite of himself. With an eye to the enormous growth potential in the region, and a solid wish to help his community, he is now into some 14 ventures on that west-end quarter including his own Discovery initiatives, a new Canalta hotel, and two 7000-square-foot office

developments with construction underway on a new Co-op Marketplace.

"The hardest thing is convincing others [outsiders] that Humboldt is as good as we know it is," he says. "We can convince them by being on the ground and having the confidence and entrepreneurial spirit to build business... so nine guys got together and started building buildings."

"The idea that 'if you build it they will come,' is a lot easier if you're inside of it," he says, adding that it's more than okay to be an emotional investor because when you do business with your heart, you're willing to work a lot harder. "A financial investor only looks at the money."

But Dillabough has to make money too, and his approach to business is strategic, focusing on commercial developments and following a few self-imposed rules. His projects must add value to the community, he controls them, he will take no debt in land development, and he tries to avoid cannibalizing another business.

And while developers might look for tax (or other kinds of) incentives from the city, Dillabough believes providing them is a mistake. "The purest function of the city is to provide sewer, water and other infrastructure. I see opportunity in every direction. We [citizens] have to decide what we want to seize and how much we're willing to do. We have to be committed to doing what it takes, to have what we want."

To that end, Dillabough wants to spread that mutant entrepreneurial gene a little farther, and with community organizations, he has committed to establishing a centre for entrepreneurial excellence (CEE for now).

ENTREPRENEURS HELPING ENTREPRENEURS

Dillabough says there are two kinds of entrepreneurs. The first has an idea and obtains 70 per cent of the money required to pursue it. "It's not enough to make them successful, but enough to make them dangerous," he says. "After six months they run out of money and then decrease quality or go out of business."

The second is an entrepreneur who has been provided both capital and education through mentorship with an experienced business person who knows what it takes to get past that first six months. Both would be provided by the proposed CEE. When the business can operate on its own and its owners have met the requirements for education, it would be expected to buy out the company. "This way they are protected from their own success," Dillabough says.

He's brought in Darrel Mills to help. Though the CEE is not a formal entity yet, Mills will be its general manager. A relative newcomer to Humboldt with years of business consulting under his belt, Mills chose the city because "it's a smaller place with something going on..."

"The Centre for Entrepreneurial Excellence is a natural concept for this area," he says. "The idea will be to help the small guy out so our business owners remain local... We would maintain fairly significant control and set it up to protect both the investors and the new entrepreneur. It would be a long-term commitment because the interest rate would be low and they would need time to become a stable business."

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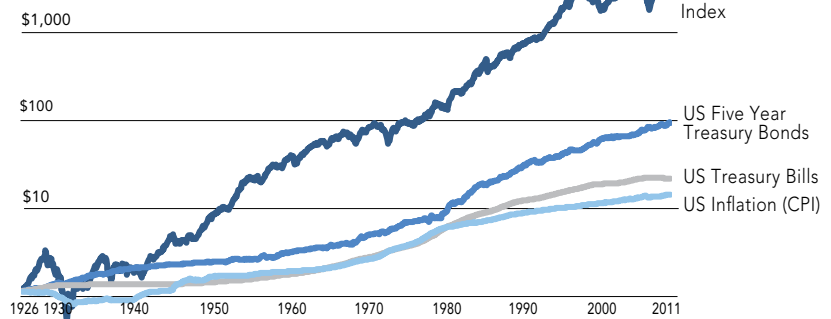
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It's a model designed by local entrepreneurs to help other locals, and points to a sense of responsibility within the business community here to 'do' growth right. "We realized if we don't do it, then development will be done by outsiders with no community involvement," Mills says.

Growing your own entrepreneurs: welcome to Humboldt. Welcome to the whole region. Because, while the city of Humboldt is exploding with new business and that entrepreneurial spirit, so too are the surrounding communities.

A PHENOMENON OF SCALE

Just ask two teachers turned small business entrepreneurs. Jan and Dan Sylvestre are co-owners of Muenster Powder Coating. Theirs is the truly entrepreneurial story everyone in Saskatchewan is talking about. While the world moaned of economic doom in 2008, the Sylvestres found a positive spin.

While they lived and worked in Humboldt until 2008, they were enticed to Muenster by vacant and cheap commercial property, low taxes, overhead and utility costs and the location provided good access for customers and vendors. "We are not big risk-takers so the Muenster property made sense," Jan says.

The couple started the company because they recognized a demand for the service in the area. Custom powder

coating is a process that prepares and cleans raw metal products, sprays finely ground powder onto them and bakes them, resulting in an aesthetically pleasing and durable coating, says Sylvestre.

There were only six custom powder coaters in Saskatchewan at the time, but her business is unique. "We will custom coat anything and everything that fits into our ovens," Sylvestre says. "It means a lot of troubleshooting, problem solving and managing efficiencies."

And that's the way she likes it. While manufacturers were the company's initial niche market, it has branched well beyond to coating items used in agriculture, mining and forestry, as well as a host of products from individual businesses in a 100-km service area. From coating ag implements, test baskets for greenhouses in Vancouver, electric vehicles for the potash mines, risers for Staging Canadell, to doing pieces and parts for schools and hospitals, the Sylvestres have taken advantage of all the activity unique to the region.

It's a truly entrepreneurial thing this company is doing. And they chose to do it in Muenster, population 400, because the village offers everything the couple wants for their business and their family. Their five employees all reside there as well.

"We've always been able to find mature, experienced workers because of the relationships we have within the community,"

Jan says. "Being in a small town means there is a team spirit in the workplace."

Their suppliers are easily accessible and those things not found locally can be found in Humboldt, only seven minutes away. If you consider you might drive two blocks in Saskatoon's rush hour in that time, it's not a bad proposition.

Like Steve Dillabough and those planning for Humboldt's growth, Jan Sylvestre has strong views about how growth should happen in her small village. She has spearheaded community meetings to discuss how to get the village to where it needs to be.

"We have a small tax base here which forces us to focus on priorities and be creative in problem solving," she says. "And we don't want outside forces to dictate what our community will look like...local councils must keep in touch with the community members' perspective and provide avenues for them to have a voice."

Childcare, housing, infrastructure, skilled labour: all of it applies as much to Muenster as to Humboldt or to Saskatoon. It's all about scale. But there is a felt urgency amongst the regular folk in smaller places and, with local entrepreneurs like Dillabough and Sylvestre keeping a close eye on their communities and the nature of growth, maybe, just maybe, the smaller centres actually stand a better chance of getting it right. ■

NOT A BOOM

A How-to in Sustainable Regional Growth

by Anne Lazurko

Politicians, business owners and industry leaders around Humboldt are reluctant to call the unprecedented growth in the region a 'boom.' While the BHP Jansen project might create one over the next few years, it will come amidst sustained growth found within an already healthy and thriving regional economy.

Based on an old and remarkably diverse export manufacturing scene, a strong agriculture sector and existing potash production, growth in this region is the norm. And perhaps what's most unique: it doesn't come at the expense of small towns, but seems to be happening because of them.

This couldn't be more true than in the region's astounding manufacturing sector. Bourgeault, Doepker, Schulte, Michel's – these are just a few of the manufacturers within the "Iron Triangle" and based in small towns like St. Brieux, Annaheim, St. Gregor and Engelfeld, all with populations under 600.

BUILDING IT BETTER

Within a 60-mile radius of Humboldt you will find the most manufacturing per

capita in the country. And make no mistake. These are not small industries. While they do some business locally, much of their market is national and international. Together they employ hundreds of people and have created spinoff companies within the region that employ more and keep other small towns alive.

It's a remarkable thing, really. And very hard to pinpoint why this happened in this particular region other than having origins in a sense of community and that entrepreneurial spirit. Again.

Ed Anderson, North American territory Manager at Schulte Industries, tries to explain. Based in Engelfeld, population 247, the company started as a family blacksmith and is 100 years old this year. It employs 135 people and its acting CEO is extended from the original family.

Schulte now builds mowing, snow removal and rock removal equipment for agriculture and commercial applications, exporting about 75 per cent of its product, half of that to the US. They sell to 60 countries around the world with one employee designated to international sales and another to Europe.

"Our success is in niches and specialty

markets," Anderson says. "We find out what's needed and build what they want."

For example, Schulte designed a special cutter for irrigated cotton in Arizona and a mower for citrus growers in Florida. "They couldn't believe a company 3000 miles away could build it and supply them."

Indeed.

Bourgault Industries started when Frank Bourgault got tired of breaking cultivator shanks in the rocky soil near St. Brieux. He designed a 16-foot cultivator appropriate to the area. Today Bourgault employs 365 people in two separate tillage and air seeder divisions, both located in the small town of 590 people. The company has since built facilities and markets in the US and Australia and has dealerships and service departments in Eastern Europe and Asia. All since 1969.

Doepker Industries is another company that started small and grew when a local farmer decided to manufacture farm equipment for local needs. Doepker now manufactures highway transportation trailers exclusively and employs 200 people at its operation in Annaheim, almost half of them women.



Len Hergott,
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In a nice fit, Michel's Industries in nearby St. Gregor employs about 80 people to manufacture tarps for grain trucks and semis as well as other agricultural and industrial applications.

Perhaps Colin Tamme explains the region's manufacturing phenomenon best. "Basically somebody just said make a better 'whatever' and it evolved from there. These people have a competitive and entrepreneurial streak."

He could say the same about his company. Tamme is the GM of Koenders Manufacturing at Engelfeld where 38 employees produce rotationally molded and metal products for a variety of industries across North America. Until two years ago, only about five per cent of their business was local.

The plant churns out 300 products per day using four ovens, 24 hours a day, five days a week. The metal shop has tripled production in the past year, and the company is looking at expanding the shop and adding a new facility to house more business.

It's a competitive industry. "We have to try to keep it unique and not to overlap products," he says. With a product line of over 250 items, management of production cycles and costs is key, and Tamme isn't resting. The company is doing constant research to develop 'first to industry' products.

"Copying products that are already out there takes the volumes and margins out of the equation for companies," he says. "New products and markets create real growth. Customer needs change and that creates new markets...Almost every five years you have to reinvent yourself based on product life, new molds, markets, etc." In other words, build a better 'whatever.'

AGRICULTURE

With all the hype about new mining and old manufacturing in the area, it would be easy to pass over the significance of agriculture. Agriculture is old in the Humboldt region. Dubbed the 'sure crop' district because it has reportedly never had a crop failure, it would be easy to say, 'yeah, yeah, we get it: farming is important in Saskatchewan.' But really. It is important here.

New and expanding ag dealerships, feed companies, and grain buyers line

the highway into Humboldt, the city hosts the head office of Big Sky Pork (troubled at present but a large employer nonetheless) and the Western Beef Development Centre. The Prairie Agricultural Machinery Institute is located here, and has evolved from evaluating farm machinery to developing new technologies that serve among other industries, the military. People here joke about covert activities at PAMI, but they're only half joking.

In a place where an entrepreneurial gene seems a prerequisite to residency, agriculture too has developed beyond its roots.

Len Hergott sees it. He's an owner at Hergott Farm Equipment, a Case IH dealership in Humboldt. "As the older generation retires, I've seen a new mindset amongst younger farmers when it comes to farm business," he says. "Younger farmers are more optimistic than older farmers. They don't sit back. When there was flooding last year, the young guys figured out what they had to do to progressively get their crop in. They put tracks on their equipment and got at it."

Over the years, farms have grown, averaging about 10,000 acres, he says. So too has the machinery and its complexity. "Everything is more specialized and everybody's got to be trained in the right area. We provide training through the [equipment] companies we work with and through SIAST and CTRC [Carleton Trail Regional College]."

While Hergott's 35 employees are all local, he sees increased competition for labour from existing and new mines whether it's in his automotive or service departments. "It's hard to compete with starting wages," he says. "We can compete in the long term once they are up to a skill level, but starting wages is difficult."

While growth in the area has raised labour concerns, he credits the new optimism amongst young farmers to more than just good commodity prices. Hergott says many young people are coming back to the family farm because they can work at the mines and earn income while getting their start in farming. Once again, it is evident that the region's economic diversity allows all stakeholders to achieve something they might not accomplish alone.

AND THERE'S "ALWAYS" BEEN POTASH

While there's a lot of hype over the BHP Jansen project, potash has been important to the region for over 40 years. PotashCorp opened its Lanigan mine in 1968, progressively building capacity from one million to 3.8 million tonnes per year and increasing its workforce from 350 to a 2012 budgeted 650 people. A debottlenecking process in 2005 saw the refurbishing of a new mine within the shell of an old which increased production and changed operations from a 10 on/four off schedule to 24/7 continuous production.

"We are around 600 employees right now, so we're still looking for those last 50 workers," says Rob Bubnick, GM of Lanigan operations. "The process is a little slower than we'd like, but we want to do a good job of hiring and training. We're bringing them on slower, but doing it right."

Workers are coming from further away, with at least 10 per cent of his workforce now from Saskatoon and some from as far away as New Brunswick and British Columbia, many of them electing to stay in nearby small towns.

But the company is helping to develop a skilled local force as well. PotashCorp is partnering with SIAST and looking to aboriginal and First Nations groups. "It [growth] will be a heck of a challenge if we don't partner with people here in Saskatchewan," Bubnick says.

Potash is growing the region's economy in more ways. Canpotex has partnered with Procor Ltd. in construction and operation of a railcar maintenance and staging facility near Lanigan. The facility is designed for inspection, repair, wash and maintenance of a fleet of 5000 railcars used specifically for potash transportation from Saskatchewan to the west coast and will employ 20 full-time staff.

Lanigan is feeling the love. Sporting a new medical clinic, hotel and restaurant, the town grew by 150 people since the last census to almost 1400.

With all the existing activity in mining, agriculture and manufacturing, the prospect of extensive new job creation from BHP is seen as just another part of the economic evolution of the region. Most here would say, without the slightest hesitation, "Bring it on." ■



Ten Years, and Still Going Strong

Opportunity, dedication, perseverance, and a strong commitment to growth all contributed to the incredible growth Athabasca Basin Development has experienced in just ten years. But the key to getting it all started was the unity of seven small communities in Northern Saskatchewan.

Ten years ago, three First Nations communities and four municipal communities formed the limited partnership with the vision of creating an entity that could be easily approached to foster business opportunities instead of dealing with seven individual communities. "The Athabasca Basin area is host to the world's richest high-grade uranium deposits, and some of the world's largest mining and exploration companies have operations in the area," says CEO Geoff Gay. "The idea when the company was first formed was to have one unified entity to make it easier for our shareholders, the seven communities, to participate in the opportunities in the local mining industry. And so when we began, we were primarily focused on providing services to the mining and exploration industry."

The company started from humble beginnings. Today, Athabasca Basin Development is an investment company committed to building and investing in successful companies. ABD now has complete or partial ownership in ten companies providing a wide range of services, and last year's consolidated revenues were over \$100 million.

With its strong focus on wealth creation and reinvestment, the company is well-positioned to continue to acquire, build and grow successful businesses. "One of the things that separates us from our

peers is our commitment to growth," says Geoff Gay. "From day one, we have taken our earnings and we reinvest them in other companies, and that's part of our growth. Because of this, we've gone from one company to ten companies. And each of these companies will grow organically, increasing our revenues, which allows us to invest in more companies, and grow even further."

Looking ahead to the next ten years, ABD will continue to increase equity by not only growing their existing investments, but investing in new entities as well. "We are always looking for new opportunities," says Geoff Gay, "Companies with strong management teams and the potential for growth. Our growth over the last ten years has been incredible, and with the long term strategy we have in place, we anticipate the next ten years will be just as exciting."



The limited partners are: Camsell LePortage, Uranium City, Wallaston Lake, Stony Rapids, Hatchet Lake, Black Lake, Fond du Lac
For more information or to discuss potential projects contact ABDLP:
Head Office 306.633.5672 • Prince Albert Office 306.763.5636
info@athabascabasin.ca



The Humboldt Regional Newcomer Centre

ATTRACTING SKILLED LABOUR

A Slow Waltz in Humboldt

by Anne Lazurko

Humboldt mayor, Malcom Eaton, tells industry leaders, “It’s your job to hire employees. It’s our job to hire the spouse and kids.”

He knows full well the statement puts pressures upon himself, the city, and the region to follow through. New and existing potash projects, sustained growth in regional manufacturing and agriculture, and resulting service and hospitality needs are creating hundreds of jobs that will propel this small city of 6500 into a brave new world. Recruitment, training and retention of labour will be key to sustaining the flight.

While housing and infrastructure dominate the city and region’s spending plans, none of it matters if people don’t come to fill the expected jobs. According to a March 2012 housing needs assessment from the now defunct Prairie

Innovation Enterprise Region, primary industry in the region will create almost 2200 direct and indirect jobs within ten years, expanding the region’s population by up to 7000 residents.

So what does it take to hire the spouse and kids? A healthy community life; Jen Koury, VP of Human Resources with BHP Billiton, would argue it tops the list of what’s required to attract labour. Availability of good healthcare, educational options, and recreational opportunities (including shopping) might make or break the decision of a young family to stay.

Humboldt has done remarkably well in addressing the needs. A new healthcare complex and a new high school were built within the past two years along with a new multi-use recreational facility. Shopping options are increasing with

new commercial developments in big box stores and downtown improvements have attracted more niche shops.

The city and area entrepreneurs appear to be well on their way to meeting Koury’s criteria of a healthy community life. And others are doing their part in myriad ways.

WELCOMING NEWCOMERS

Mayor Eaton pauses when asked about long-time residents and their readiness to embrace the new growth environment. “I have some concerns that they don’t see the scope and magnitude of what’s happening,” he finally says. “But it’s getting better. Communications are better. We’re improving step by step.”

Perhaps the scope and magnitude is best witnessed at the Humboldt Regional Newcomer Centre. Walking in the door

Helping *Customers* Succeed!



"Support responsible forest management"



Regina Sales Office
1111 8th Avenue S4R 1E1
306-525-2304

Saskatoon Sales Office
619 8th Street East S7R 0R1
306-934-7575

PRINTWEST

mister print

is a multicultural experience with a number of cultures and languages represented. Quite a change for a city rooted in German history.

One of 11 such 'gateways' in the province, the centre is a non-profit entity funded by the provincial government. It serves communities within a 150-mile radius and is mandated as a first stop information, referral and settlement organization serving folks who come either from overseas or from other regions of Canada.

The centre has a warm and welcoming atmosphere and executive director, Janine Hart, is (pardon the pun) at the heart of it.

"As a gateway we work with people from the time they get to the country to whatever point they are, and feel, settled," she says. The staff of four does pre-arrival work with both individuals and employers, followed by help with housing, social insurance numbers, health cards, school transcripts, banking requirements and "the whole plethora of things you need to think about when you move."

If you consider what that means to someone from another country, it has to be overwhelming. The centre helps with referrals to social services or community organizations, assistance with assessment and updating of professional qualifications, registration in language classes or simply the provision of winter driving sessions. Imagine winter for a Tunisian!

Within the region, the centre partners in a 'collective kitchen' program, teaching newcomers how to cook from scratch with local ingredients. A conversation café is held twice a month to allow folks to practice English, learn other cultures and to socialize.

Hart is from England. She came to Canada five years ago with her husband and five children and has been at the centre for three years. She says the major draw to the region is quality of life.

"There is no way we could have the same quality of life there [in Leeds]. Here you have a guarantee of a good lifestyle, personal safety for yourself and your children, and a pretty decent summer," she laughs. "The region has everything you need: schools, recreation and good wages."

"People are coming here for generational opportunities, for the future of their children," she says. Welders, power engineers, technicians are attracted to the

job market here. They are skilled workers, but often their spouses are educated as well.

The centre's clients are mostly aged 28 to 35 with families, Hart says, and while initial immigration was from West Africa, South Africa, and the Philippines, more recent newcomers are from Mauritius, Tunisia, France and other European countries.

Direct immigration accounted for about 75 per cent of clientele two years ago, but that's down to 60 per cent with the rest coming from other regions of Saskatchewan or other provinces. Doctor recruitment has been a draw lately, as have manufacturing and hospitality positions. While mining is heavy on the minds of most, recruitment for those positions has focussed largely on the province's local and aboriginal populations.

TRAINING FOR TOMORROW

Skilled immigrants can provide only a small portion of the region's anticipated work force. And the rest? It's hoped the bulk of workers will be homegrown regional and provincial folk. That will require an intense focus on training.

At the Humboldt & District Chamber of Commerce, executive director DonnaLyn Thorsteinson says employment needs are being "just met," particularly in the retail and hospitality sectors. "We encourage those businesses to invest in their employees. A bare-bones, minimum-wage approach won't work because these positions have to be made attractive." The Chamber has been asked to arrange customer service workshops by companies intent on just such investment.

Creating a local skilled workforce is a long process. BHP's vice president of human resources, Jen Koury, is already hard at work with pre-employment and training initiatives with the Jansen project full commissioning still years away. The company's focus is working with First Nations and Métis groups, assessing their skills and pre-employment needs.

"We are looking at ways to incorporate some of this at the high school level," she says. "And we are working now with major contractors to hire aboriginal workers for construction with the hopes they will flow into operations and management positions."

Locally, she is hoping Carleton Trail Regional College (CTRC), SIAST, the University of Saskatchewan and SIIT will all provide outreach to rural areas for programming. "We are keen to partner," she says. "The pipeline [of workers] is from everywhere, any and all workforces with an interest in mining, but the priority will be on local."

With area manufacturing hungry for welders, power engineers and the like, competition for these workers in the region is getting fierce. CTRC is poised to deliver programs to develop a skilled workforce to keep everyone happy.

"It's a pressure and an opportunity," says Ivan Yackel, CEO at the college. "It's great to see the demand, but there is pressure to respond and to find funding. We have to be selective about where the money goes." He's happy to see the province talking of funding to achieve training objectives. "There has been a mind shift that education is a good investment, especially in a boom, that if you invest you can reap the rewards and keep the economy from recession."

"We are definitely working with business and industry to develop what they need," says director of programming, Shelley Romanyszyn-Cross. Training in trades like plumbing, pipe-fitting, industrial mechanics and welding has good uptake, safety courses are in demand, and First Nations training has increased significantly in keeping with BHP Billiton initiatives. As well, enrollment in health service courses such as practical nursing and continuing care is high.

"We do need lead time on some programs they want. BHP develops its strategies and needs to share that so we can be ready. We can't work with the ministry on funding without a three-year plan," Yackel says.

Yeager sees some opportunity to partner with mining companies who might be willing to release their workers to teach for a period if it's seen as beneficial to the mine's employment strategies, or the health region might partner for instruction in health-related education.

"It requires relationship building and planning regionally," Yackel agrees.

Indeed that seems to be the message throughout Humboldt: build relationships, plan for labour needs, and retain good people to keep the city on the road of sustainable growth. ■



GREEN MACHINE

Financing Growth in the New Saskatchewan

A Study by the Saskatchewan Institute

The Saskatchewan Institute is a major, multi-year initiative of the Conference Board of Canada that focuses on issues that are relevant to Saskatchewan. The Institute's forthcoming study *Green Machine: Financing Growth in the New Saskatchewan* assesses the state of capital in the province, provides estimates of capital demand and identifies key financial reforms that will make it easier for the province to attract the capital it needs to support continued economic growth.

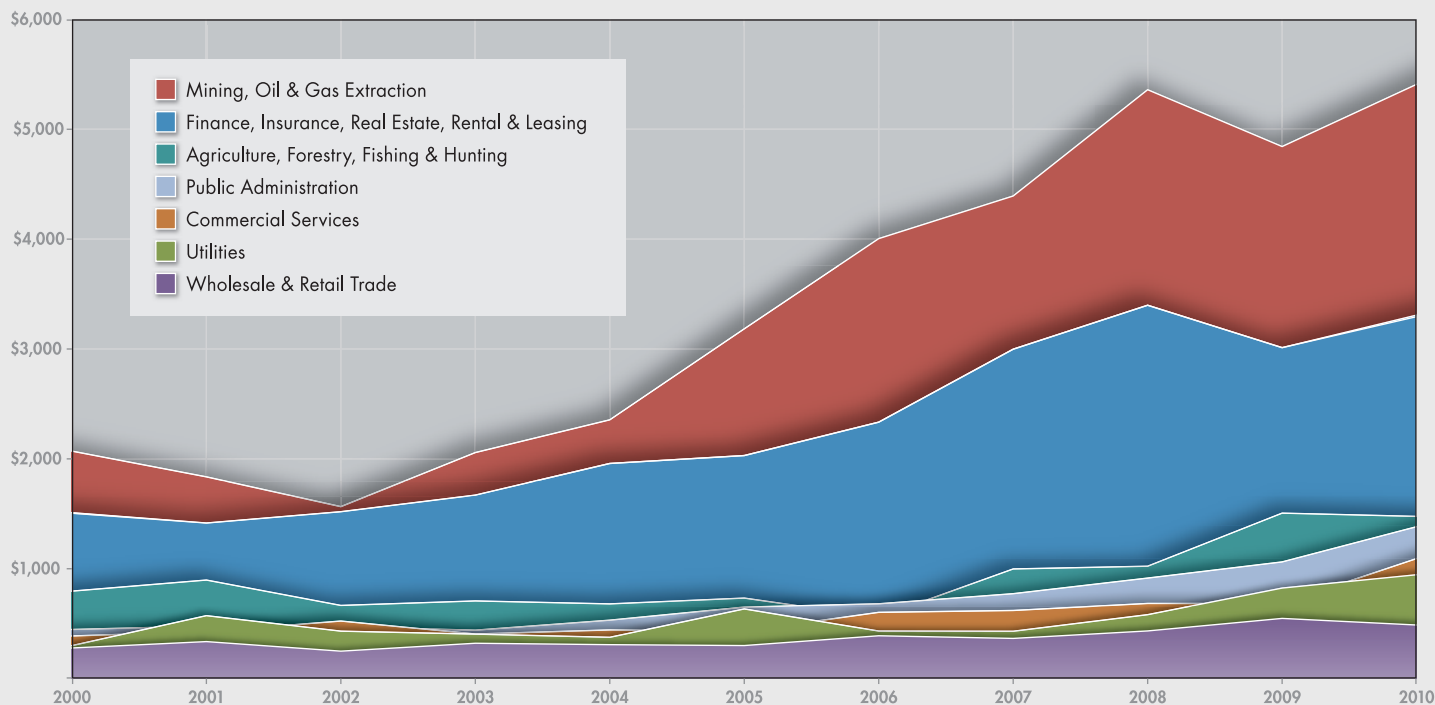
SASKATCHEWAN'S INDUSTRIAL STRUCTURE IS CHANGING

Saskatchewan is diversifying from its traditional strength in agriculture to other resources, such as oil and gas, potash and uranium. In 1976, agriculture was 24.0 per cent of provincial GDP, which decreased to 11.2 per cent in 2011.¹ This structural change has largely been driven by real prices for commodities, which have been strong for most of Saskatchewan's major exports, and by a greater openness of government to developing these resources. The mining sector, in particular, will have a larger role in the provincial economy and in driving future growth.

SASKATCHEWAN'S CAPITAL STRUCTURE WILL ALSO HAVE TO CHANGE

Demand for capital in Saskatchewan's resource sectors, especially in mining, will continue to increase. There are 12 major mining projects planned with an estimated \$20.2 billion value to be financed over the next five years.² The sources of capital for mining are different than the agrarian funding Saskatchewan has traditionally relied upon. These projects are capital intensive and bear greater risk and the funding is typically a blend of local and foreign. So capital will become increasingly external to Saskatchewan. Of the major projects planned in the province totaling over \$100 million, approxi-

by Christa Ross & Erin Butler



SASKATCHEWAN'S GROSS FIXED CAPITAL FORMATION BY INDUSTRY

Source: Saskatchewan Bureau of Statistics

mately 30 per cent of the executing companies are listed on the Toronto Stock Exchange and 45 per cent have headquarters outside of Saskatchewan.³ If we look at the junior oil and gas exploration companies with operations in the province, most are publicly traded and headquartered in Calgary, Alberta.⁴

THE STATE OF SASKATCHEWAN'S CAPITAL MARKET

The global economy is facing a long-term secular improvement in commodity markets. This is a permanent change that will transform the role of capital in Saskatchewan, as it has done in Alberta. Saskatchewan has a traditional strength in community-based funding, most notably through the credit union system, which is a much larger player in the province than in other jurisdictions.

Credit unions have played an important role in funding Saskatchewan's agricultural industry and supporting small- and medium-sized enterprises in the province and will continue to do so. But the large resource projects that will be the main catalysts of Saskatchewan's growth will not be funded by credit

unions. Junior resource companies may get some working capital and commercial loans from credit unions but, as a large majority of the juniors with operations in Saskatchewan are moving in from out of province, they will likely be bringing their own funding with them, thereby introducing non-traditional sources of capital.

WHAT DOES THIS MEAN FOR SASKATCHEWAN'S ECONOMIC GROWTH?

Saskatchewan's economic growth will be driven by large-scale resource projects with long-term investment horizons that will depend on large funding sources, such as public equity and bond markets, and foreign direct investment. Financiers will want to know that Saskatchewan has sensible and stable policies on royalties, taxes, and foreign direct investment, so that they can ensure a reasonable rate of return. Provincial leaders will need to ensure they have appropriate infrastructure, policies, regulations, talent, and the right amount of government involvement in place to attract the capital necessary for continued growth.

The Saskatchewan Institute's forthcoming study *Green Machine: Financing Growth in the New Saskatchewan* analyzes the strategic choices Saskatchewan and provincial leaders must make as the need for capital transforms and expands.

A copy of the final report will be made available on the Saskatchewan Institute's website: www.conferenceboard.ca/si. ■

1. Saskatchewan Bureau of Statistics Provincial Economic Accounts (1976 GDP) and Statistics Canada, Table 379-0025 (2011 GDP)

2. Enterprise Saskatchewan, The Conference Board of Canada

3. Enterprise Saskatchewan, The Conference Board of Canada

4. The Conference Board of Canada



25 Years of Appreciation

Elton John got one at TCU following his performance! Bono got one for his birthday at his home, on a street with no name, just outside Dublin! They're great for entire staffs, customers and clients, at Christmas time, to say *thanks* for the business or your hard work! They're ideal for support staff on *Admin Assistant's Day* and for so many other reasons, such as *congratulations* when new babies arrive, even expressing sympathies when someone passes! Everyday, as it has been over the last **25 years**, just around the corner or sometimes around the world, a **Creative Compliments** unique design is delivered to someone special from someone special for a special occasion!

Since Ellie Richardson started her gift basket business **25 years** ago, then later added flowers, her creativity has fueled her passion everyday! Indeed, she says ***Creative is our first name*** and, accordingly, every gift basket and floral arrangement that leaves the premises can be a one of a kind, totally unique, a true one off, design! You can choose the basket, what goes in it, any colour ribbon and bow you want on it, even with your company name and logo too! All of which is why Elton John's gift basket design was adorned with his trademark glasses woven with Saskatchewan wheat. Why little Tina Carter's 9th birthday basket

had a lot about ballet on it because she's all about ballet. Why the gift baskets for the International Police Womens' Conference, held in Saskatoon, had chocolate badges and handcuffs, to make their event an "arresting" one!

That's why Ellie and **Creative Compliments** have won ABEX and SABEX awards, Tourism Saskatchewan's *Business Excellence Award*, as well as four awards at this year's *Celebrate! Gift Basket International Awards Show* in Las Vegas, including first runner-up for 2012 *Designer of the Year*!

It's no wonder, that Ellie so often hears... "Oh, I'll leave it entirely up to you, just do more of your magic!" and that **Creative Compliments**, now celebrating its **25th year**, has come to be Saskatchewan's #1 gift basket & flower provider, serving Saskatoon, Regina, and all of Saskatchewan, as well as delivering across Canada and across the world too, even to a street with no name, just outside Dublin!

creative compliments
GIFT BASKETS AND FLOWERS **25 YEARS**



sask SENSE

Photo by Nathan Hursh

Saskatchewan's publication for entrepreneurs, organizations and aspiring young people

Volume 1 ▶ Issue 2

Introduction

From the field to your pantry.


As much media coverage as mining receives in Saskatchewan, I am a firm believer that farming is the most integral industry in our province. Agriculture has a rich history and has shown that it has an ability to create an abundance of products such as biofuels, pet foods and culinary masterpieces. It is always fascinating to see trends and products reappear or being effectively marketed to make them relevant again.

Take quinoa for example; this ancient seed has been around for eons in South America and due to its unique qualities has become extremely popular in North America. A certain level of ingenuity and patience has allowed for the crop to evolve and be grown right on our doorstep here in Saskatchewan. I've had quinoa in my cupboard for ages and never looked closely enough at the package to realize that it was grown and packaged in our province.

One thing that instills pride in me is seeing a product that is seeded, harvested, processed and packaged in Saskatchewan and the hard work that goes into each venture. A perfect example of this is Three Farmers Camelina Oil where one of their selling features is traceability of the product right back to the grower. The time and effort that has been put into this company to gain nation-wide exposure is nothing short of phenomenal.

Look at the numbers. A realized net farm income in Saskatchewan for 2011 was \$2.8 billion, which is up \$1 billion from 2010. Those numbers translate to success not just for the agriculture sector, but for the entire Saskatchewan economy. Farming will continue to diversify with the creation of new products and that industry will continue to impress from the entrepreneurial level to the corporate level. Corporate farms with thousands upon thousands of acres are just as important as the little hobby farm and I'm excited to see what will happen next.

Nathan Hursh
desktop1@sunrisepublish.com

 @NateSask

Other businesses that
feature Saskatchewan
grown products:

SaskMade Marketplace

The premier destination for all things SK! Located in Saskatoon, this shareholder-owned gem has everything to make a full meal or find a perfect gift.

Horizon Manufacturing

Pulse crop-based pet food manufacturer based out of Rosthern. Innovative and holistic products that have garnered attention worldwide.

Living Sky Winery

Recipient of the Outstanding Young Farmer 2012 Award. Produces amazing artisan wines with locally-grown ingredients.

Terra Bar

Competed in W. Brett Wilson's Pitch Party. Terra Bar is a delicious gluten-free whole food made from SK lentils, chickpeas, flax and honey.

The Quinoa Comeback

This extremely healthy, gluten-free product has become a worldwide sensation. Did you know it's grown right here in Saskatchewan?



Michael Dutcheshen's father, Joe Dutcheshen, was ahead of the curve 20 years ago. As a pharmacist and farmer out of Kamsack, he shied away from conventional crops and had a flair for experimenting with new grains. "He thought that quinoa was going to be the grain of the 90s," explains Michael, general manager of food sales and processing. "There were a lot of pharmaceutical properties to the grain that were interesting to him and naturally he started experimenting."

He wasn't the only one experimenting with quinoa (keen-wah) in North America. There was a company out of Alberta, and one in the United States, that were also contemplating

be sprayed, which was unique to quinoa and extremely beneficial, as the crop struggles to compete with weeds.

So, why go through the trouble with a crop that seemed to struggle so much through the early stages? In the late 90s there was a marketing word that started being thrown around to describe any product that had a number of health benefits beyond what most entry-level products contained. The term superfoods was born. The term was thrown around so loosely that the meaning was convoluted to irrelevancy, but quinoa, with all of its properties, earned the title. Gluten-free and protein-rich, quinoa can be used for breakfast, lunch or dinner in a variety of forms and can be purchased certifiably organic through Northern Quinoa Corporation.

"Quinoa has become a buzz word because of the protein content and people have been learning more about the benefits of a plant-based diet than they used to," explains Dutcheshen. "The benefit of our product over the quinoa in the supermarket is that ours is a locally-produced product and our golden variety has a distinct nutty flavour as opposed to the blander white varieties coming out of South America. The end consumer likes the additional flavour and our commercial customers use it as an ingredient to increase the presence of quinoa in their products."

The popularity of quinoa has grown exponentially in the last few years and with that, business has evolved for Northern Quinoa Corporation. The company has been concentrating more on bulk shipments to manufacturers who purchase their quinoa and quinoa products as ingredients, but now with the increased popularity they are going to be investing in a redesign of their packaging and online store while looking to have a presence in retail stores.

The next challenge will be finding more growers in Saskatchewan to try quinoa. "One of the benefits of farming quinoa is that its seed size is very similar to canola and thus can be harvested with the same combine settings and equipment," says Dutcheshen. "The most we have produced in a year is about 1600 acres with an average yield of 1000-1500 pounds per acre. With customers increased demand, we're really looking for growers wanting to try something new."

As a vertically integrated company with value-added products and new products in development (like a quinoa pasta), it will be exciting to see if Michael's father's persistence with quinoa pays off. As the only quinoa processing plant in North America and based on current evaluations and the direction they are going, it's safe to say that you'll be hearing more about Saskatchewan quinoa and most likely cooking it yourself. ♦



Northern Quinoa Corp. is a vertically integrated company that manufactures a full line of quinoa products including flakes, flours, puffed quinoa and pasta. They sell their products at quinoa.com.

the potential of this unique South American grain that has history dating back to the Inca Empire. Due to the initial challenges with climate, weed control and market prices, the other two companies halted their quinoa operations. Quinoa has a bitter seed coating known as saponin, which is thought to deter insects and avian pests. Removing the coating is very difficult and must be done before consumption, but Northern Quinoa Corporation was successful in finding a process, which simultaneously removed the bitterness and created a shelf-stable product. This gave the company a huge advantage as their initial competitors could not manufacture a similar product.

Every year, the crop would get better adapted to Western Canadian's growing conditions through Northern Quinoa Corporation's selective breeding program and by pushing it to warmer areas of the province. After 12 years of a selective breeding program, Dutcheshen created a variety that could

A photograph of two women, Elysia and Natasha Vandenhurk, sitting at a dark wooden table in a cafe. They are both smiling at the camera. In front of them are two white coffee cups on saucers. The cafe has large arched windows in the background, and the interior is lit with warm, hanging pendant lights. The floor is made of dark wood.

The Ancient Grain Revival

From the field to the consumer; the traceability of Camelina Oil has made it an extremely attractive alternative to chefs and foodies across Canada

When you look at brands whose marketing is based on a figurehead, you have a picture of what that mascot or brand looks like, but you also know that it's typically a fictitious or historical character. In the case of Three Farmers Camelina Oil by Canpressco, you can look up the "three farmers" who are the namesake and inspiration for the brand in the phone book for Midale, Saskatchewan.

Camelina oil comes from the ancient oilseed *camelina sativa* and was originally grown as a biodiesel fuel in North American markets. After a presentation that highlighted the Omega-3 and Vitamin E contained in the seed, Colin Rosengren, Ron Emde and Dan Vandenhurk immediately discussed the potential for other products produced from the seed. In 2009, Dan Vandenhurk approached his daughter, Natasha, to spearhead the marketing for the camelina that he and the other two farmers were growing. They toyed with health or skin care products, but decided that the best course of action was with a culinary product. This decision created an opportunity for Dan's younger daughter, Elysia, to get on board with the company to lend her expertise as a Red Seal chef and to help open doors in the food market.



Natasha and Elysia's first challenge was highlighting the benefits of camelina oil and creating effective and attractive branding to pique the interest of potential clients and customers. The sisters had a great support system in place, as the shareholders for the company, Canpressco, are the same three farmers who grow the oilseed.

A resurgence in the specialty health market focused on ancient seeds (such as quinoa) allowed the Vandenhurks to establish a focus for their product. "Cold pressing is a type of extraction that is readily available in Saskatchewan," explains Natasha. "If we wanted to market our product as healthy, we needed to keep the nutrients intact; if we were to heat it or extract the oil from the seeds in certain ways we would just end up being another canola oil."

Despite camelina oil not being certified organic, the seed is not treated with pesticides or herbicides and is featured in organic retail stores. The big thing for Natasha and Elysia was getting their product third-party certified and offering a non-GMO product that has a traceability system in place. QR codes on each of their products can be scanned with a mobile device or a numeric code can be entered on their website (threefarmers.ca/trace) so that consumers know exactly who made the oil and where.

Being a Saskatchewan-based company has proved beneficial

for Canpressco for a number of reasons, but the big one is that they are right in the middle of their two biggest markets: Vancouver and Toronto. "Email has made it pretty easy to get in touch with people at different retail stores and restaurants, but there's something to be said for face-to-face meetings where we can display our products," explains Natasha. "Getting in front of these people is what we have done for most of last year and a big part of this year, to the point where Elysia moved to Toronto for a month and a half to work and network."

The footwork and face time has started to pay off as the sisters now have their products in a wide range of stores, from smaller niche markets to Toronto-based chains with over 20 stores and, just recently, a major retailer headquartered in Saskatchewan, which will put Three Farmers Camelina Oil in over 200 stores. They attribute their success to the way they approach their pitch. "We're very careful to treat everyone the same and don't give any special deals based on size; everyone gets treated the same," says Elysia. "We want to make sure we're not undercutting anyone and we want our product to remain a premium product."

During these extremely busy 24 months another opportunity arose: being featured on CBC's *Dragons' Den*. The sisters went in asking for \$150,000 for an 18 per cent share in their company. "It was extremely nerve-racking and it came about when we were really busy," explains Natasha. "But we were totally prepared for everything and there was not a question that we didn't have an immediate answer for."

A three-minute segment doesn't do the pitch justice in the Vandenhurk sisters' opinion. "There was so much that actually went on in the conversation," says Elysia. "Because of the editing they didn't get a chance to display our traceability, but it's done in a way to engage audiences, not necessarily to show the important parts of our business."

In the end, the sisters emerged triumphant with the capital they requested for a 20 per cent share courtesy of Arlene Dickison, who applauded the girls for their excellent branding. Natasha and Elysia are ecstatic to have Arlene on board and are looking forward to the marketing expertise she will bring to the company.

Having Three Farmers Camelina Oil as a product under the Canpressco business name leaves an opportunity for growth and expansion into different product lines. The sisters are currently considering seasonal flavours to use in gift baskets to compliment their current flavours (Original, Roasted Garlic & Chili Infused and Roasted Onion & Basil Infused). When asked if they had ever thought of opening their own restaurant, the sisters shared a look and a smile and confessed that a small local bistro is something they have considered, but is still a long way down the road.

What does the near future hold for Canpressco? The sisters are looking to expand their market by finding more retailers and restaurants to showcase their products and working with distributors to expand into the United States. But right now, the sisters are looking forward to a much-deserved day off. ♦

FROM ONE TO MANY

Transitioning from Start-Up to Sustainable Business Venture

The news is full of stories about start-ups and entrepreneurship. They often captivate and inspire, but don't always tell the whole story. While there is generally significant attention and support given to entrepreneurs at the beginning of their careers, with the success of a start-up comes new challenges – most notably that of creating a business that can be sustained outside of the start-up bubble.



Catherine Osler,
President,
TEC Canada

MAKING THE LEAP FROM START-UP TO GOING CONCERN

The challenge – and opportunity – for the entrepreneur is learning how to evolve from a bootstraps start-up to a professionally managed company. Many entrepreneurs must deal with the happy problem of high growth. They've had a dream, started a company on their own, and once the business becomes too much for one person to handle, hired people to help them achieve their vision.

It is in the nature of an entrepreneur to be able to “wing it.” Entrepreneurs are people who have can-do attitudes; they get up in the morning and see that the world is full of possibilities, so with their dream and vision, off they go! One day, however, they wake up to find that they are no longer in it alone. There is often a loose group of employees, systems and processes – and with it a situation that has become unsustainable. They know that if they actually want to build an enterprise with long-term value, they're going to have to change the way they operate. At some point, leaders must begin to work on the business rather than in it, and that can be a difficult transition to make.

RECURRING CHALLENGES FOR GROWING ENTREPRENEURS

Frequently, the biggest challenge for entrepreneurs is to let go. Entrepreneurs usually have high goals, dreams, aspirations and standards that can sometimes look a lot like control or perfectionism. These are behaviours

that can (and must) be changed and adapted because eventually, all entrepreneurs will have to let go if they want to build a sustainable enterprise. The weight of an entire business can't be carried by one person forever. Most entrepreneurs understand this, but learning to take a step back in order to lead is not always easy.

Leading isn't about delegation. That is a management skill more so than a leadership skill – it's about learning how to lead people. How do you build a team? Empower that team? Recognize each person as an individual and understand the contribution they can make? A good team with strong leadership can come together and be the lift under the organization, so you don't have to do it all by yourself.

Great leaders are able to inspire others, but they must also be able to build a followership among those who are working to help them achieve their goals. People must be able to trust their leader, have reason to buy into their vision, and feel that they are given room to grow and contribute. Building followership is critical to being a great leader, and an important step in the process of letting go.

Most people know they need to do this. It is a constant leadership challenge as you grow, but not just from that raw entrepreneurial beginning to the first baby steps of being a professionally-managed company. Even after many years in business, most leaders still wrestle with these questions: What is my role as a leader? What can I do to build a team around me that is part of the solution, part of the vision? What is my relationship with that team?

This is a constant challenge, and an ongoing question of leadership. You don't become a leader and then stop growing. There will always be a constant evolution of your role and contribution. Leading is an activity – it's active, not passive – and you're always asking and answering questions: What's the next step to take at this point? What does the organization need? What do the people need? It is ongoing, and as leaders we'll go to our graves asking these questions.

WHEELS OF DREAMS

There has been growing excitement of late with the decades-old vision of a provincial children's hospital now becoming a reality. Throughout these vision years, there have been many opportunities to get involved in promotional and fundraising activities. Having said that, this latest activity may well be (at least for the hot-rodder/car enthusiast) the sexiest! Not sure if I can say "sexy" in a drive column, but I don't know what word would better describe a 1956 Ford half ton that has been redesigned, styled, shaped and finished to look and perform like a Shelby!

The inspiration for this project was simple: one company (Industrial Machine) wanted to give back to the community. However, from there, connections from all over the province got involved, for a variety of reasons, all of which point to solid provincial ownership and character.

"Our company was founded in 1956, hence the '56 truck," begins Tom Foster, President of Industrial Machine. "It was also our 55th year in business at the time. Our family has enjoyed a great life in Saskatoon and we need to give back."

While the goal of giving back was predominantly business-related at inception, it soon became more personal. "My wife was pregnant with our fourth child and it was a beautiful delivery," recalls Foster. "Everything was fine until, after just two days of being at home, we received a call from the hospital informing us of a problem. We began to realize that this could be bad; it could be meningitis. As it turned out our daughter had picked up an infection, but after they determined the right antibiotic, we were able to return home. In the end all was okay, but my daughter's first fourteen days were pretty shocking."

Through this experience, Foster had his eyes opened to how much the hospital staff was looking forward to the new children's hospital. Better equipped, they could do a better diagnosis, with less uncertainty, while subjecting a child to less invasive procedures. In Foster's case, they were able to remedy this issue here in our province. However, for many families, this involves extensive travel and time away from home.

When Foster pitched the concept of hot rodding a 1956 Ford

to his employees, they were quick to rally around the idea. "We started out with a goal to raise \$55,000 for our 55 years in business," continues Foster. "We started out looking for a '56, found one, bought it, and thought we would have the guys working on it after hours. The guys were getting behind this so much so that one of our young guys started doing a whole bunch of research on the internet, and found that there's a great drop-in [engine] for a Mustang II, as well as many aftermarket parts."

While all of the employees at Industrial Machine were getting excited about the project, they also began to realize that the opportunity was beginning to exceed their capacity. It was about this time that Foster's contact at the Children's Hospital Foundation suggested that they contact Vaughn Wyant (VWAG) to see if Ford would donate a motor.

"I saw this as a great opportunity for our provincial Ford Dealers Association," explains Wyant. "This initiative gives all of the dealers an opportunity to give back to their communities; it is a provincial children's hospital...and it is a Ford truck!"

The Saskatchewan Ford Dealers Association has committed \$50,000 to ensure that the '56 Ford project truck receives the latest Ford has to offer in hi-tech and performance products. Foster and Wyant agree that it has been encouraging to see how the provincial business community is joining together for this great cause, many of whom are otherwise direct competitors.

Dave Pihach, Industrial Machine's Operations Manager, started to communicate the idea to his friends in the hot rodding world, and a team has been assembled to manage the project work. The team includes: Bruce Williams (body design/artwork); PPG Paints (Saskatchewan); OK Tire (Circle Drive, Saskatoon); David Pihach (project manager); Wayne Halabura (design/project consultant); Kinetic Design (media design); and Jeff Pihach (Fromanegg.com - website development). The meticulous and exacting bodywork needed to form





Not all of the details have been nailed down as yet, but the possibilities for this fundraiser seem almost limitless. Foster sees the potential for each of the dealerships to attract additional

All proceeds raised through sponsorship and donations of cash and products will be donated to the Children's Hospital Foundation of Saskatchewan. The Wheels of Dreams Project has a minimum fundraising target of \$500,000 for the Children's Hospital. One has to wonder if the perfect number wouldn't be \$560,000. ■



Context is everything

Another in a series of articles about how to recognize common investor behaviours that may be getting in the way of meeting your financial goals.

\$100,000 is a lot of money to most people. You would give time and thought to how it should be allocated. However, let's say you are in a hot real estate market. You're engaged in a bidding war for a house that has reached \$1.9 million. A year ago you wouldn't have even considered spending so much money for a house like this, but the market has changed dramatically. Just last week you hesitated too long and lost out on a house your wife really wanted. From what your agent is saying, you feel your opponent will balk at going over \$2 million. You have two hours to come back with an unconditional offer. The bids have been going up in increments of \$100,000. In this situation, the \$100,000 separating you from your dream house will feel less significant – just a rounding error, really – and you might keep bidding.

What's happened to change the way you feel about that amount of money? Well, behavioural finance scientists would point out that several mental and emotional factors have come into play. The *reference point* has been changed and you have shifted the \$100,000 into a different *mental account* – your house account – where the \$100,000 has a different value relative to the size of the overall expenditure. The bidding war itself has affirmed the value of the house and made it more attractive to you. The situation has been *framed* in a way that will make you feel that not spending the extra \$100,000 will result in the loss of a house you have already started to inhabit, or possess, in your mind. The pressure to make a decision quickly has unleashed a cascade of hormones, triggering emotions associated with competition, pride in winning and, most significantly, *fear of losing*. Your recent loss in a bidding war makes you even more fearful of losing again and feeling the pain of that loss. Weighed against all of this, \$100,000 seems a reasonable price to pay.

All of these factors work in exactly the same way when we are investing in the stock market. We get swept into both panic buying and panic selling, *buying high and selling low*, and in the process invert the dictum of the successful investor to buy low and sell high.

Studies in behavioural science confirm that *the intensity of emotion we feel when we lose something is at least twice as strong as the satisfaction we take in acquiring something*. For this rea-

son, fear of losing favours the status quo. It drives us to sell winning stocks too soon so we don't lose the money we have already made. What we often don't see is that we miss out on the opportunity for further gains as these stocks continue to grow. Fear of losing (money as well as losing face) makes us hold on to plummeting stocks too long, vainly hoping that they will regain their value so that the loss we have already incurred will not be permanent.

The losses may be small when considered in the context of the overall wealth – say \$3 million or \$5 million – you are trying to amass by the time you retire. However, few people think about overall wealth when they make short-term gains or losses in the market. They tend to reference the last time they checked the market price of their stocks, which may or may not reflect the true value underlying the businesses they represent. For this

reason, people who follow the financial media closely – and are constantly at their computers checking the current prices of their stocks – suffer the emotions associated with loss much more acutely than those who check in much less frequently.

In our complex world, we have to process a lot of information very quickly and our mind uses many strategies to cope, not all of them effective when a cool head is required. No matter how determined we are to act rationally, emotional and cognitive biases get in

the way of making decisions that are in our best interests. The best defense against these biases is to recognize what they look like and how they operate. Then we can put a plan into place that has checks and balances against emotion-driven decision making. That plan will lay out the specifics of, "If this happens, then I will do that" and "Once this stock gets to this point, I will sell." We often need an impartial third party to remind us of our good intentions and hold us accountable for carrying out the plans we made when our heads were cool.

No matter how determined
we are to act rationally,
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making decisions.

Daryn Form is a Senior Financial Advisor with Assante Capital Management Ltd, providing wealth management services to principals of family-owned and privately held companies. The information mentioned in this article is for general information only. Please contact him to discuss your particular circumstances prior to acting on the information above. Assante Capital Management Ltd. is a member of the Canadian Investor Protection Fund and is registered with the Investment Industry Regulatory Organization of Canada.



Creativity is rewarded

Going beyond a basic black tie event is key to making a lasting impression

Many approaches to philanthropy can be dull and uninspiring. If you've done the fundraising dinner circuit as much as I have, you know what I'm talking about – silent auctions with rubber chicken dinners and speeches that inspire... sleep.

I think of myself as an entrepreneurial philanthropist – which means I use the entrepreneurial approaches that helped me succeed in business to enhance my philanthropic initiatives. I believe strongly that creativity, a strong marketing focus, and strategic partnerships can and should be used to engage more people to support nonprofit work. Events and campaigns need to be MEMORABLE – engaging people emotionally as well as intellectually to raise awareness – and resulting funds.

In the spring of 2011, my good friend Warren Spitz and I organized a gala corporate dinner to honour the selfless service of our Canadian troops and raise funds for causes that support our military families. While the cause was very serious, we wanted to make the event itself very entertaining. The Vancouver Convention Center was converted into a Forward Operation Base – our guests experienced a “Night in a Kandahar” mess tent. A patrolling helicopter hovered outside the ballroom windows to let reception guests know it was time to enter the mess and take their military-style dinner trays to the buffet line. In addition to black-tie and cocktail dress, guests were invited to dress in the colours and style of the military – including safari and camouflage gear. Described by observers as “one of the most spectacular gala evenings ever to hit Vancouver,” the event included various emotional tributes to the fallen in Afghanistan by a host of artists and entertainers, and a spirited auction featuring Laureen Harper, Shannon Tweed, and her KISS front man, Gene Simmons. The evening raised almost \$1.5 million for military families and veterans in need – and more importantly changed perceptions for many about the relevance and importance of our military families.

My love for creative events began in the early days of FirstEnergy, which set itself apart in the corporate community by turning client events into charity fundraisers. We gained a reputation for throwing some of the most sought-after events in the city – with the highest quality entertainment, food and fun – part of the reason they've been successful fundraisers. The parties were always free, but the “price” of admission was a

charity cheque payable to the charity of our choice delivered at the door. No cheque, no entry.

Perhaps my favourite event so far is the one held around a group 50th birthday celebration. Late in 2006, I rounded up 12 friends who were turning 50 with me in 2007, and together we began planning the largest birthday party Calgary had ever seen. The “Birthday Boys” committed to funding the entire cost of the event so that all of the money collected from invited guests would go directly to the charity – in this case, prostate cancer awareness, research and treatment.

We had the venue and the entire lobby decorated in a 1957 theme to celebrate the year of our births. The menu included classic '50s food like mini burgers, celery and peanut butter, and Mac 'n' Cheese. Guests were invited to dress in their favourite clothing from the era. We booked some of the biggest entertainers from our era – including Randy Bachman and Burton Cummings as well as Beverley Mahood and the classic Peter Noone from the '60s group Herman's Hermits – and then invited 1500 of our friends and colleagues to enjoy a spectacular event.

The event raised \$3,000,000 – making it one of the most successful one-night fundraisers the country has ever seen. But in addition to raising money, we also did something even more impressive: according to some in the industry, we did more to raise awareness

about prostate cancer prevention in one night than had been done in the previous decade.

Your events don't have to be as elaborate or huge. But when you're planning, think about how you can engage your network of colleagues and use some creative marketing ideas to really make your initiative stand out from the crowd, benefit your community, and return countless dividends to the cause and your company. Raising awareness with memorable marketing is always the goal.

Events and campaigns
need to be memorable –
engaging emotionally
as well as intellectually.

W. Brett Wilson, a native of Saskatchewan, is Chairman of Canoe Financial and Prairie Merchant Corporation. His new book, *Redefining Success*, is available through Penguin Books. Connect: @WBrettWilson.



The power of one... vision

Consistent vision throughout an international company can create success

I had the pleasure of interviewing Diane Craig, CEO of Ford Canada recently, regarding the current status of Ford culture, what it would take for Ford to remain competitive, and the importance of her role as the national leader.

As I spoke with her, I felt as though I was speaking with Alan Mulally. Not that Craig is Mulally, or even a homogenized version or clone, but simply that I could detect that she had matured under Mulally's leadership style, and of course, the clarity of Mulally's *One Ford* articulation.

"When Mulally arrived at the end of 2006," confirms Craig, "the economy had not yet collapsed. We had really good leaders there at the time but we had a hundred-year-old culture. It was really broken. Watching what he did, and what one person could do in generating collaboration was an incredible learning experience for me."

Craig went on to state the importance of the *One Ford* plan, pointing out that there is not an employee or a dealer that could not say what the four-point plan of *One Ford* is, and further that there is no digression from this plan at Ford; it is not changing.

If there was good leadership in place, how critical was *One Ford* plan in achieving cultural reform and was the reformed culture the key to helping Ford navigate the restructuring of the last few years?

"This all came at a time when we needed that vision, clarity and consistency of purpose," states Craig.

"It's really the way [Mulally] changed the culture and especially the level of transparency that is in our business today. He established the process and the discipline, and he took the fear out of the culture, enabling people to speak up and to talk about what needed to be fixed. You can't manage a secret. It didn't happen overnight, but it has certainly evolved over time to enable people to really be themselves, and I think that has brought out the best in people."

I wondered if there was anything unique about Ford Canada in comparison with the United States head office, so I asked.

"We are much smaller than Ford in the USA," reflects Craig, "but it feels like an even tighter family here than what I experienced in the USA."

Craig continued, and consistent with every other message I have heard spoken by Ford leadership, described the importance of Ford family values, and the culture that has changed to become

one where employees truly strive to support each other. With the internal workings of culture being strong, what is the greatest external opportunity before Ford today?

"We are humbled by the fact that Canadians have put Ford at the top of their shopping list," responds Craig, "and this provides great opportunity, amidst strong competition. What makes this really exciting is that we have such a fantastic product lineup to offer them."

So it seems that the greatest external opportunity before Ford is directly connected to the internal strength of the company.

"Our *One Ford* strategy has enabled the development of these products," confirms Craig, "and we did this in the depths of recession. When I think about Ford and what is next, it is about taking the momentum we have, and taking [Ford] to the next level. We want people to love our brand so much that they can't wait to tell people about it!"

What are the key principles that Craig must hold and model in her leadership of Ford Canada?

"Owning working together," reflects Craig. "You can have a vision, and you can have the best plan, but if you don't get people to come together it is really difficult to get it done. I think that has been what is so profound for me to watch at Ford: the way people have come together. I try to create an environment where people are not afraid to make a mistake. The best thinking comes when people are

stretched and are not afraid to take risks. I personally have learned more from my mistakes that has helped me and shaped me to be the kind of leader I have become."

Craig went on to describe her sense of fulfillment in experiencing the results of having clear vision, articulated priorities, and accountability for those priorities, but further how her own sense of personal fulfillment and gratification comes from putting all of this into the context of how she leads. I had a sense of congruency between the vision, and personal "being."

"We have a vision to be the most trusted and admired automotive brand in Canada," confirmed Craig. "This includes the way our employees, customers and dealers feel about Ford... this is what we strive to be."





When secrets walk away

Can you stop other businesses from hiring your know-how?

You have undoubtedly heard of cases where a successful employee was wooed to “greener pastures,” and the employee’s know-how, charisma and ambition left with him/her. Did customers leave with the influential employee? Did other employees follow suit, thinking the departing employee was on to something? Can the employer withstand the departure of a key component of its success? Some businesses fail to consider these scenarios until they happen. Restrictive covenants can provide a measure of protection as long as their limitations are kept in mind.

Restrictive covenants are exactly as they sound – legal obligations restricting some behaviour or activity. Restrictive covenants like non-competition and non-solicitation clauses are useful in many business situations such as the sale of a company, forming a partnership, or creating an employment contract. These clauses can form a part of a larger document like a purchase contract, or can stand by themselves as an agreement.

A classic non-competition clause prevents a departing employee or business principal from competing with the business. It may bar the departing person from joining a competitor or prohibit the individual from starting a competing business. A non-solicitation clause is less broad. It prevents a departing employee or principal from actively seeking out the old business’s employees or customers. These clauses usually limit activity for a specific period of time and in an identified geographic location. The wording of these clauses varies greatly and many such passages have been scrutinized by the legal system.

Courts consider restrictive covenants to be restraints on trade and are reluctant to limit the competitive nature of the market. More deference, however, is given to restrictive covenants between two or more businesses or between partners that rank equally in a business relationship. Courts often feel that like-minded individuals or companies are free to contract with one another as they see fit unless it is proven that the bargaining power of the parties was unequal.

Employment contracts are studied more carefully. This is mostly due to the inequality of bargaining power, because the employee is often (but not always) less sophisticated in legal matters. Additionally, there is little benefit to an employee under such clauses. When faced with an ultimatum to sign an employment agreement or forfeit the job, an employee will usually sign

anything required to obtain the position. Courts will not uphold such clauses in employment agreements if the employer did not craft a valid and enforceable clause.

To be considered valid, a restrictive covenant must:

1. protect a proven and genuine “proprietary interest” of the employer;
2. be reasonable in terms of duration and geographic location; and
3. not be otherwise contrary to public interests.

These principles can be applied to non-competition and non-solicitation clauses in both employment and business settings. Someone trying to enforce a clause (usually the prior employer or business partner) must prove these elements to have the clause deemed valid and enforceable.

First, there must be something worth protecting. This could include interests in confidential information, client lists, intellectual property, technology or the like. Secondly, the judge will want assurances that the restraints are reasonable both in duration and geographic location for *all* parties. It must not be overbroad and must go no further than necessary to protect the proprietary interest. This is tricky and often rests on characteristics of the business. For example, if the former employer carries on business and is only known in one small town, it is hard to justify that the restrictive covenant should prevent the employee from working anywhere in the world. Likewise, a restriction that lasts forever will be less likely to survive scrutiny.

The third element, public interest, is also fluid and there is no complete list of prohibitions. A clause that promotes racism, for example, or encourages breaking other laws would be the kind of item that fits here.

In reality, the enforceability of any restrictive covenant will depend on the type of transaction, the bargaining power of the parties to it, and the specific industry in which it is used. While courts are sometimes reluctant to fetter trade and could be inclined to strike down the clause, a reasonably drafted restrictive covenant can prevent departing employees or business partners from taking undue advantage of knowledge learned on the job.

Restrictive covenants
can provide a measure of
protection as long as their
limitations are kept in mind.

Suzanne is a lawyer with WMCZ Lawyers in Saskatoon.

Questions and comments on this article can be sent to her at suzanne.anton@wmcz.com



Lemonade from lemons

Hollywood conservatives should take note of Saskatchewan

The mandarins of policy making are no doubt still scratching their heads on this one. How does a million bucks – a rounding error in the world of government expenditure which totals more than \$11 billion – cause such a ruckus? I'm speaking, of course, of the film tax credit story in Saskatchewan, the business and political world's *Never Ending Story*.

Perhaps the answer to this one is contained in a twist of the old adage: don't get in a PR contest with people who buy videotape by the carload. Film and TV producers know how to tell stories and they know how to keep one alive.

Since the government eliminated its tax credit system supporting the production of TV and film programming in the province we have seen some of the major local players pull up stakes – the producers of *Corner Gas* headed east while Partners In Motion, well known for a string of highly successful TV series including the likes of *Crime Stories* and *Disasters of the Century* which played in more than 150 countries headed west (although the company left its commercial and corporate video division which didn't benefit from the credit in Regina). The latter firm is perhaps the more noticeable in corporate circles. This company was Saskatchewan's Business of the Year. It also earned an Emmy Award, the rarely achieved pinnacle of excellence in global television storytelling.

The company's Emmy for a documentary on the Kent State shootings came from a nomination by a US-based network. Limited to a handful of submissions annually to the awards program, the Regina-produced documentary was chosen from a list of hundreds of docs aired annually on the network. And then the Regina firm won.

Upon their return to the province, the company displayed one of its two copies of the actual Emmy Award in the Premier's office, a showpiece that allowed the premier-of-the-day to impress visiting dignitaries with the global calibre work being done in the province. The company's reasoning in making the gesture was to recognize that Saskatchewan citizens had invested in the company's success through the tax credit, so the province's chief executive should be able to use it as a prop to proclaim Saskatchewan's world-class commercial sector.

Nonetheless, underlying this story is the need to develop a new business model for the film and television industry in the province. Saskatchewan has an investment in the industry, from

production staging to talent. Simply walking away from it may have some political or philosophical appeal but sells the investment made by the people of the province short. So, in our ongoing effort to offer positive solutions to difficult problems, here's an idea, a way to make lemonade from lemons.

As the recent US election clearly showed us, Hollywood is not a bastion of the political philosophy that would see tax credit elimination as a positive step. No, they are the home of left-wing, liberal storytelling on Planet Earth. Movie stars hosting fundraisers for the Obama campaign and others offering up their time to 'host' a dinner with the 'winner' of an on-line contest that generated millions of voter names for the Democrats' social media machine to pepper with pro-Obama messages.

However, in any good democratic environment, a viable opposition voice is foundational but, sadly, there is no right wing version of Hollywood, a place where conservatively-minded film makers can ply their craft without looking over their left shoulder.

Enter Saskatchewan.

Now that he doesn't have an Emmy Award to show off, the premier would do well to start courting the conservative element in the film making world – Clint Eastwood, Stallone, Chuck Norris, Arnold et al – and invite them to make their films here. We have the infrastructure. We have the talent. And, most of all, we aren't hamstrung by tax credits, something a true right winger wouldn't want anyway. Saskatchewan would

encourage right-leaning storytelling.

Hollywood didn't think much of Clint Eastwood's empty chair performance at the Republican convention but they have to tolerate him because of his talent and he has to tolerate them because they're the only show in town. If he moved his productions north of the border, where conservatism is now stronger than in the US, the perfect marriage could ensue and Hollywood would have a competitor.

Hollywood North. It's not Silicon Flats but it has more box office appeal.

Underlying this story is
the need to develop a
new business model for the
film and television industry
in the province.

Paul Martin is heard daily on News Talk 650 and News Talk 980 as well as on the radio stations of the Golden West Broadcasting network in Saskatchewan.



Snow devil.

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