THE WATER COOLER

Art of a deal

Risley and Paddick telecommunications partnership lands another whopper

NEWFOUNDLAND-BORN telecommunications mogul Brendan Paddick is feeling a bit of deal fatigue. It’s understandable. In March of 2015, Paddick and his business partner, John Risley of Clearwater Fine Foods fame, had closed a deal to merge the Barbados-based telecommunications company they co-founded, Columbus International Inc., with London-based Cable and Wireless Communications PLC. The merger created a company with a capital valuation of US$6 billion. Then in November, CWC announced it was being acquired by Liberty Global for US$8.2 billion.

Paddick, who served on the board of directors of CWC along with Risley (Risley was deputy chairman), says he’s thrilled to have been part of the deal. But now that it’s done, he hopes things slow down on the acquisition front for a bit. “CWC’s next press release hopefully just says ‘Deal closes,’” Paddick jokes.

However, it’s unlikely this serial entrepreneur will stay quiet for long. Paddick, who started his career selling cable TV service door-to-door in rural Newfoundland, is used to wheeling and dealing. That’s how he and Risley were able to build Columbus International into a regional telecommunications behemoth before it merged with CWC.

Liberty is a behemoth as well. At the time of the CWC acquisition, the London-based company operated in 14 countries, had 38,000 employees and 27 million customers. By adding CWC’s 3,900 employees and over four million customers in Caribbean and Latin American markets, it’s truly a global company and Paddick and Risley are two of its largest shareholders. Not a bad outcome for a former door-to-door cable TV salesperson.

“Striking this kind of deal wasn’t the plan all along,” Paddick says. “But in an industry where scale matters and consolidation is a never-ending game, John and I felt like this was a match made in heaven.”

French connection

Island version of Dragon’s Den looks for next great francophone business whiz

RDEÉ PRINCE EDWARD ISLAND is hoping its version of CBC’s popular Dragon’s Den reality TV show will unearth a host of francophone entrepreneurs who’ve got game.

The Charlottetown-based organization is the province’s francophone economic development association, and it’s using the Dragon’s Den concept to spur more business activity among P.E.I.’s small (approximately 3,000) French community.

“I want people to understand what we have to offer and that there are opportunities here,” says Rachel Chappell, RDEÉ Prince Edward Island’s community economic development officer. “If this contest can allow somebody to give even one more person a job, that means something to me.”

Chappell, who is organizing this year’s contest, says 10 people applied last year. The winner was artisan cheese maker Mathieu Gallant. Chappell is hoping to get as many as 30 applications this year. Why does she expect a big increase in applications? Because the victorious entrepreneur will win $10,000, that’s why. Last year there was no cash prize.

Chappell says $10,000 is significant to small business owners. It can be invested in ways to expand their businesses. Chappell is also hoping the contest can help inspire francophone entrepreneurs to stay in P.E.I., start businesses and grow the island economy. “People moving away is a big problem in P.E.I.,” Chappell says. “We want to get retention up and get people to stay here.”

Pot profiteer

Medical marijuana business nearing lift-off in Truro

EVAN PRICE is getting close to the finish line in his race to open Nova Scotia’s first medical marijuana business.

The president of Truro Herbal Co. learned late in 2015 that the company received what’s known as “Stage 3” approval from Health Canada under federal medical marijuana production regulations. The company has since submitted a security system plan to Health Canada that must be approved. If it gets that, Price is shooting for construction of a 17,000 square foot production facility to start by the spring of 2016. Price says the facility is licensed to produce between three and 15 million grams of saleable medical marijuana annually.

If that happens, Price will be making history. Truro Herbal Co. will be Nova Scotia’s first licensed medical marijuana producer, and only the second in Atlantic Canada. As patients are now able to use cannabis to alleviate symptoms of terminal or chronic conditions, entrepreneurs like Price have started businesses across Canada to supply them with their medicine of choice.

“Our market initially is Atlantic Canada, where patients have been greatly underserved,” says Price.

However, Atlantic Canada isn’t the only region where patients looking for pot to deal with illness are being shortchanged. Licensed medical marijuana businesses are rare in most parts of Canada.
RYAN DESROCHES is discovering there is indeed strength in numbers.

In the summer of 2015, DesRoches, founder and CEO of Halifax-based Bandha Bar, which makes natural, gluten-free energy bars, leased a 1,000-square-foot kitchen facility in the city to make his energy bars. It was a key moment for his three-year-old business. He says most startup businesses in the food sector have to rent out kitchens of established restaurants and make their products on weekends or nights when those restaurants are closed. Having his own kitchen allowed DesRoches to make the bars whenever he wanted.

But the space was larger than he needed, so he quickly partnered with another entrepreneur in the food industry, Ainsley Umlah of Greens of Haligonia, to share the kitchen space. Word spread that the arrangement was working well for the partners, and soon two other Halifax-based food business owners were sharing the kitchen space: Rawthentic Chocolate and Mermaid Fare. “It’s working out as kind of a startup incubator model, which makes it unique,” says DesRoches, who adds there is room for one more partner at the facility.

Cooperation and partnerships are hard to come by in the competitive food sector. But DesRoches says having four small startups under one roof allows them to share employees, processing and packaging equipment and they can often co-distribute their products, which range from energy bars, to raw chocolate and specialty edible seaweed. Marketing and sales synergies have also been created.

DesRoches insists the number one benefit the kitchen sharing arrangement has produced doesn’t even have to do with time management or dollars and cents. “We feed off each other’s energy,” DesRoches says. “We eat together, work together and experience the highs and lows of running our businesses. We’re also able to tap into each of our networks and mentors.”
EQUIFAX CANADA says delinquency rates on loans have grown in Newfoundland and Labrador in the past year. In a recent report looking at consumer credit trends in Canada, Equifax Canada found the delinquency rate in Newfoundland and Labrador (payments overdue for more than 90 days) on loans excluding mortgages was up 5.8 per cent in the third quarter of 2015 compared to the same period in 2014. In the other East Coast provinces (New Brunswick, Prince Edward Island and Nova Scotia), delinquency rates during that period went down. Newfoundlanders and Labradorians also had the highest average consumer debt load in Atlantic Canada at $22,360. Newfoundlanders and Labradorians also had the highest average consumer debt load in Atlantic Canada at $22,360 (it’s $21,059 in P.E.I., $21,779 in New Brunswick and $21,334 in Nova Scotia).

$22,360
Average consumer debt load in Newfoundland and Labrador

Consumer debt includes credit card debt, lines of credit, installment loans and car loans. Regina Malina, Equifax Canada’s senior director of decision insights, says these trends are not welcome ones for Newfoundland and Labrador. She believes, however, that if consumers are aware of them, it can help them take steps to change their spending habits before the problems get worse and have a serious impact on the provincial economy. “Increasing consumer debt is not always a concern by itself. But when it’s married with other factors, like increased unemployment, then it is concerning,” Malina says. “That can negatively impact businesses and consumer confidence.”