

Clearwater celebrates company's 40th anniversary

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Clockwise from left: John Risley and Colin Macdonald in the late 70's, Colin and Carol Hansen-MacDonald, again in the late 70's, one of Clearwater's first lobster shops, the more modern incarnation of their business, and the iconic giant lobster on the Bedford Highway.

A long, winding road leads from the tiny village of Arichat on Isle Madame in Cape Breton to the biggest live-lobster storage facility in the world — and one of the early secrets of Clearwater Seafoods' success.

In 1976, a young, bearded and long-haired John Risley and his brother-in-law Colin MacDonald founded the seafood company on shoestring.

They started by selling lobsters from the back of a pickup truck on the Bedford Highway before opening their first store there.

Four decades later, the long hair is gone. The big burly sweaters and heavy boots have given way to business suits.

And Clearwater is now a global leader in the seafood industry, exporting to more than 40 countries and having offices and processing facilities in 15 of them.

The seafood juggernaut boasted sales of \$505 million and earnings before interest, tax, depreciation and amortization of \$110 million in 2015. That same year, Clearwater bought the

Macduff Shellfish Group for \$206 million, an acquisition that allowed it to expand its fleet by four trawlers and licenses and increase its access to supply by 20 per cent.

The company has a market capitalization of \$905.95 million and trades on the Toronto Stock Exchange under the symbol CLR. The stock remained closed Wednesday at \$14.17, near the top of its 52-week trading range.

And the company is celebrating.

In a phone interview during a pause in the company's 40th anniversary celebrations Wednesday, Clearwater's chief executive officer, Ian Smith, spoke of the company's rise to a global seafood giant from modest beginnings, describing Risley and MacDonald as pioneers in the development of global markets.

"The company went global very early in the 1980s with lobster, the first product we started to sell, when the company realized you could get a better price by taking it down to Boston," said Smith.

Clearwater was able to get better prices for its lobsters by opening up the U.S. market. When competitors followed, the company kept a step ahead of them by turning to another market where lobster prices were at a premium: Europe.

But there was a snag. The only way to get fresh lobster to Europe was by plane and airlines were then completely unfamiliar with the requirements for shipping live lobster. Risley and MacDonald had to educate the airlines and stay on top of their shipments, ensuring their lobsters arrived in good condition to Europe.

"We developed proprietary, patented technology to understand if a lobster is healthy or not ... and we pioneered the storage of live lobsters by storing them at very low temperatures so they go into hibernation," said Smith.

"The ability to pioneer the storage of lobster and sell it 12 months of the year was the first thing that allowed us to go global," he said.

It's that process that's still used in the Arichat plant today.

With its early start in Europe, Clearwater held the lion's share of that market for years. Then, about 20 years ago, it turned its sights on Japan – and now does business in China as well.

But its technique for the long-term storage of lobster isn't the only innovation that made Clearwater a leader. In the past five years alone, the company has spent more than \$300 million on licenses to expand its access to supply, on research and development, and vessels.

"In scallop harvesting, Clearwater developed ocean bottom mapping. Scallops don't swim a lot and the idea was to be able to use sonar to map the bottom of the ocean, where the scallops are," said Smith.

By being able to pinpoint the location of scallops, Clearwater has been able to harvest its quota more efficiently and with less environmental damage. The company has shared this technology with other seafood companies to ensure the long-term sustainability of the resource.

Clearwater also developed automated shucking technology which it uses on its vessels. While a worker might be able to shuck 12 deep-sea scallops per minute by hand, the machines can do the job four times faster and more safely.

“Our worker’s compensation claims are much lower than the industry average,” said Smith.

With the growing world population and more of people eating seafood for health reasons – and because it tastes good — Clearwater’s chief executive officer is confident the company will be able to realize very good margins and a continued strong demand for its products.

“These are all tremendous opportunities for Clearwater and we see unlimited growth opportunities,” he said. “This means Clearwater will continue to create jobs here in Atlantic Canada.”

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