



# Hard... and soft as Steele

Harry Steele may have earned his business reputation by eating his unions' solidarity for snacks and calling spades by their proper names, but there are other sides to this iconic Newfoundland entrepreneur, and they too have played a role in his success.

Story by Stephen Kimber • Photo by Marvin Moore



**Harry Steele** is happy to chat he tells me (“let’s have coffee”), but he isn’t particularly interested these days in pontificating about the state of the world, business or otherwise, or being interviewed for publication yet again.

He’s now in the fullness of his 86th year—“I celebrated my 85th in June,”—and he’s no longer deeply involved in the day-to-day business of Newfoundland Capital Corporation, the holding company he formed back in 1980 and which has since mutated and morphed into various, almost always successful corporate investment personas: airlines, oil and gas, trucking, coastal shipping, container terminals, newspapers and, now, radio broadcasting.

The reality, Harry Steele is quick to point out, is that he hasn’t been the president of NCC for more than 20 years. He stepped down as the company’s CEO 12 years ago and now, though he is still the non-executive (the emphasis is his) chair of the Board, he is more than happy and confident to leave the decision-making, and the talking, to his son Rob.

“You should talk to younger people,” he tells me. “I don’t have anything new to say.”

**In the fall of 2013**, when *Atlantic Business Magazine* editor Dawn Chafe and I began culling the names of candidates to profile for a 2014 25th anniversary series celebrating iconic Atlantic Canadian entrepreneurs and business leaders, Harry Raymond Steele was always at or near the top of any list we compiled.

And why not?

Steele’s is the perfect, up-by-the-fisherman’s-bootstraps, Atlantic Canadian success story. Born in 1929 in Musgrave Harbour, a tiny outport on Newfoundland’s northeast coast, Harry grew up in a family that

scraped a bare subsistence out of a little fishing, some gardening, a few farm animals and the firewood that was the bounty of the forest. While he helped out on his father’s fishing boat, Steele earned his high school diploma in the two-room, two-teacher school.

He might never have escaped that life, except that Newfoundland joined Confederation in 1949, the year Steele turned 20. The new premier, Joey Smallwood, was desperate to drag his fellow Newfoundlanders, kicking and screaming if necessary, into the twentieth century by boosting their education levels. So he offered \$300 to any high school graduate who agreed to study education at Memorial University in St. John’s. Becoming a teacher didn’t appeal to Steele. Not having to drag himself out of bed at three in the morning for the rest of forever to work on his father’s fishing vessel did.

Memorial expanded his horizons exponentially. He met and married Catherine Thornhill, a St. John’s music teacher. He joined the University Naval Training Division (UNTD), a military-run program which was designed to goose up the numbers of potential naval officers but which also, coincidentally, helped Steele finance the rest of his studies. He graduated in 1953 with his B. Ed.

Rather than take a job teaching, Steele signed up for the navy, initially just to fulfill his UNTD obligations. But he quickly discovered he loved military life. He rose rapidly through the ranks, eventually becoming a very young lieutenant commander. He harboured dreams of an admiral’s appointment, sooner rather than later. But Paul Hellyer, the then-Liberal defence minister, put paid to those ambitions in the mid-sixties when he announced plans to unify

Canada’s navy, army and air force. Harry Steele had not joined the navy to become a soldier. (For most of the last decade of his military career, in fact, Steele would continue to report for duty in his traditional blue uniform rather than switch to the generic “jolly green” armed services uniform Ottawa mandated.)

Steele’s first response to Hellyer’s announcement was that he would quit the navy and study law. He was eventually persuaded instead to take a prestigious four-year posting to Washington as a military attaché while he waited for the dust to settle on the unification debate. It didn’t, or not the way he’d hoped. So, in 1970, Steele opted for one last posting back to Gander, less than 100 km from his Musgrave Harbour birthplace, where he became head of a new \$17-million military communications research centre... and began plotting a post-military career he hadn’t wanted. If not for unification, he says today, he might have stayed in the military until retirement.

But he was, by then, already a millionaire. Back in the late 1950s, while teaching at the navy’s Maritime Warfare School in Halifax, he’d begun investing in the stock market. He wasn’t always successful. In fact, he kept framed copies of his first \$500 worth of worthless stocks. But he learned. At one point, he took a career aptitude test offered by Richardson Securities, racking up “one of the highest scores ever,” according to his then brother-in-law, Roland Thornhill. Thornhill, a stockbroker who would eventually become deputy premier of Nova Scotia, introduced him to Seymour Schulich, the research director of Halifax-based Eastern Securities Ltd. who himself went on to manage pension funds worth more than \$10 billion, write a book called *Get Smarter: Life and Business Lessons* and have at least six university schools, including Dalhousie’s law school, named after him. Schulich fed him useful oil stock pointers. Steele would later name Schulich chair of the Board of Newfoundland Capital Corporation.

It was an early, but far from only indication of Steele’s almost military sense of loyalty to those who supported him, personally or in business. This past June when the new Steele Ocean Sciences Building

opened at Dalhousie University, Schulich was a guest of honour. "When Harry spoke to a person, his eyes didn't dart around the room looking for more important folks to buttonhole," Schulich recalled in an interview with Dalhousie News. "The person who he was talking to was the centre of his world at that moment. He never talked about himself; he always talked about the other person."

Before he left the navy, Steele had already begun to re-invest his stock market winnings into what often seemed like hopeless enterprises (like the Albatross, an aptly named, bankrupt Gander hotel) and turned them into profitable winners.

He once described his modus operandi as taking a "pragmatic" approach to investing in risky businesses ("you've got to pick your spots") and then calculatedly reducing the risks by making tough decisions, facing down his opponents if he had to.

That's essentially what he did with Eastern Provincial Airways, Newfoundland's storied but perennially money-losing regional airline. In the early 1970s while still in the navy, Steele became interested in the only airline then serving Labrador because the provincial government of the day had announced plans to develop \$3 billion worth of hydro projects there. He began acquiring EPA shares.

After a short, unhappy, post-retirement stint as EPA's full-time vice president of traffic and sales, Steele quit (he thought the airline was abysmally managed), turned around and gobbled up 67 per cent of the company's shares, giving him the absolute control he needed to make the changes he thought necessary.

Returning to EPA's head office, Steele quickly replaced its management team with his own, cut one third of the airline's flight attendants, stared down strikes and strike threats from pilots, flight attendants and maintenance workers, and launched a very public and ultimately successful lobbying campaign to pry a share of the lucrative, direct Halifax-Toronto flight market from his much larger and politically better-connected western-Canadian rival, CP Air.

At the same time, another example of showing loyalty to those who

have been loyal to you, Steele brought in a profit-sharing plan for EPA's remaining employees. In the beginning, that must have seemed like a bad joke to workers at the money-bleeding airline, but Steele transformed EPA's \$815,000 operating loss the year he bought it into a \$4.4-million profit five years later. That turnaround becomes even more remarkable when you realize that, at the time, most other airlines around the world were flying into stormy, unprofitable air space, and often disappearing off the radar altogether.

Steele laughs. "If I knew then what I know now, I'd never have bought it." And yet he made money? "Yeh, I made a lot of money. I made money by calling a spade a spade."

By the time Steele sold EPA to CP Air in 1984 for what was described as a "whopping" \$20 million, parent NCC had already also become a player in the country's ground and ocean transportation business, not to mention preparing to dip its investment toe into other

he continues to acquire even more, most recently in mid-August, for what the official news releases describe as "investment purposes."

Why wouldn't we include Harry Steele as part of our Voice of Experience series?

**Today, Rob Steele** does run the show at NCC and Newcap, a fact no one seems more proud of than his father. But Rob is also the first to acknowledge his father's key role. Or to concede that the father-son business dynamic hasn't always been easy. "My father," he says with a laugh, "takes up a lot of room."

Rob was already in his late thirties when he joined the family business 12 years ago. By then, he'd built his own successful business empire. After partnering with some friends to buy his first Chrysler dealership in the early 1990s, he oversaw the evolution of what has since become one of the

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waters. In 1985, Steele ventured into newspaper publishing with the acquisition of a controlling interest in the Halifax Daily News (he sold it to Southam 12 years later), and then into broadcasting with the purchase of Charlottetown-based CHTN in 1986. Today, Newfoundland Capital, through its wholly owned subsidiary, Newcap Radio, is the country's second largest private radio broadcaster, boasting 95 stations from coast to coast, and radio broadcasting has become Newfoundland Capital's main operating investment.

Harry Steele may no longer be running the show at Newfoundland Capital, but he is still its key player, holding 69.9 per cent of its outstanding Class A Shares and 97 per cent of the outstanding Class B Common Shares. Although he's 85,

most successful auto businesses in the country with 15 different dealerships, covering the alphabet from Audis to Volvos.

"Things were looking good," he recalls, so when his parents and brothers urged him to take over as NCC president and CEO, he was initially reticent. His father had his own management team, "and I knew that if I was to make my mark, I'd have to bring in my own team." He did. "We banged heads."

But Rob is also quick to acknowledge how much he learned from, and owes to, his father. When you asked him the single biggest lesson he learned from his father, he demurs. "There were so many small ones."

But he does remember one moment in the mid-eighties. He and his

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father were in Edmonton. Harry was negotiating to buy a couple of radio stations. That morning, Rob had breakfast at the hotel with his father and his father's accountant. The accountant was going over the numbers, suggesting high/low, good deal/bad deal price ranges for acquiring the stations.

“An hour later, we're in this guy's living room and he names his price, and it's way higher than the accountant's high end,” Rob remembers. “I thought, OK, this deal is dead. But they kept talking, and even though the price only came down a bit, my father said yes anyway. I was only 19 and I was confused so, as we're walking back to the rental car, I asked him why he did it. He said, ‘If you listen to your accountant all the time, you'll never do a deal.’ What he was saying was, ‘you're the risk taker. You have to size up the deal, decide if it's worth it for you.’”

It's a lesson Rob Steele is still putting into practise every day.

## **To get to Harry Steele's office,**

you head east from Dartmouth along Windmill Road toward Burnside Industrial Park. Go past Steele Volkswagen (part of the Steele Auto Group... “all Rob's, not mine,” Steele will point out), then take a left at the lights at the butt end of Akerley Boulevard. That takes you into a driveway between the two low-slung two-storey buildings that comprise the nondescript 96-room Burnside Hotel, Dining Room and Lounge. (When Steele owned it, it was known as the Atlantic Inn.) Follow the driveway to a back parking lot and...

“There is no signage,” Steele's long-time secretary, Veronica Brown,

acknowledges in an email. Instead, there's a large rock to the right rear of the parking lot with a street number on it. Follow the meandering lane beside the rock up through the trees and you'll come to an almost hidden, understated stone and glass building, the head office of Newfoundland Capital Corporation and NewCap Radio.

“How's it going, Steve?” Harry Steele asks as he sweeps into the boardroom. “What are you hearing?” Despite his 85 years, Steele doesn't look much different than he did in his EPA heyday. He's still tall, close to six feet, though a little less imposing. And while the voice still commands the room, it's grown a little softer. There are a few more wrinkles, a few more jowls, and a little less hair to comb over.

Harry Steele and I have a history. Back in 1983, when he was in the middle of “eating his pilots' union solidarity for breakfast” (brusquely informing EPA pilots that if they voted to reject a conciliator's report giving them \$80,000 a year, which the company had accepted only “with misgivings,” the pilots would be on strike immediately and that “any settlement, whenever it comes, will be within this framework”), I arrived in Gander to write a profile of him for *Financial Post Magazine*.

Although we probably wouldn't have agreed on much when it came to politics, business, labour, government, or life, Steele himself was impossible to dislike. He was a straight shooter with a willingness to not simply state his views but also to stand behind them and take whatever consequences followed.

But there were other intriguing personal sides to him too, including one I got to see up close one day while I was trailing him for my story.

We'd ended up in the St. John's offices of the late Craig Dobbin, another self-made Newfoundland millionaire. Steele, Dobbin, Dobbin's brother Baz, a real estate developer, and Baz's partner, Frank Ryan, were hanging out, drinking tumblers of Pinch and Chivas, and sharing jokes and stories, most about Andrew Crosbie. Andrew—scion of one of Newfoundland's most famous business families, and brother of John, one of the province's most successful politicians—had fallen on hard times, his various business ventures for various reasons suddenly imploding into receivership, or bankruptcy, or just shuttering. Andrew, it was whispered around St. John's, had fallen into a funk. He was gaining weight, drinking more than he should, heading down what seemed like a path to the early death that had plagued generations of Crosbies.

“Boys,” Harry Steele said suddenly, “Andrew's in trouble. We've got to help him. Andrew's helped us all, at one time or another. Now it's our turn. Not just for Andrew. For the Crosbie name.” It may have been coincidence but, a few months later, Crosbie emerged, “phoenix-like, from the ashes of business disaster, to announce that reports of his demise have been overdone.” For an outsider, it was a fascinating, telling moment: the self-made fisherman's son from Musgrave Harbour stepping up to support a troubled member of the island's old aristocracy.

I can no longer remember whether it was just before or just after Steele sold Eastern Provincial to CP Air in 1984, but he later hired me to document the history of the airline from its bush-plane beginnings in 1949 (it was, ironically, founded by Andrew's father, Chesley Crosbie) to whatever the present then was. He offered no more explicit directions than that. I remember telling him that the book, if that's what it turned out to be, would have to include the stories of his sometimes bitter fights with his unions, and that I would need to include their views and those of his many other critics as well. He didn't flinch. And so I did. But when I finally delivered the manuscript in the spring of 1986, it disappeared into some forgotten filing cabinet, my first, unpublished book. We never spoke about it after.



Our paths crossed again in the 1990s when Steele owned the *Halifax Daily News* and its then editor hired me as a columnist. Among the newspaper's eclectic collection of opinionists, I occupied a position on the left of the political spectrum. I still remember with fondness a letter to the editor denouncing me as a "pink dinosaur," and demanding that whoever was in charge should fire my ass out the door. Harry Steele was in charge, but he never fired me, even though his views were considerably to the right of my own, and some of my views no doubt exasperated him.

Perhaps more significantly, from a public interest point of view, he left the paper's editors to their own more-than-qualified devices to cover the news, including a major political scandal involving Steele's brother-in-law, Rollie Thornhill. Shortly after Thornhill had become minister of development in John Buchanan's government in 1978, he negotiated a deal with four chartered banks to write off debts of more than \$125,000 for 25-cents on the dollar. Although it's a Criminal Code offence for a public official to accept a benefit without the express written permission of a superior, the RCMP initially refused to investigate. When they finally did, and concluded charges were warranted, the justice minister of the day, Thornhill's cabinet colleague, publicly announced there were no grounds to indict Thornhill. Reporters and editors from the *Daily News* were in the forefront of dogging that story, which ultimately led the Mounties to reverse themselves and lay 17 charges of illegally accepting a benefit, forgery and fraud. All the charges were ultimately withdrawn or dismissed.

When you ask him about that episode today, Steele shrugs. It would have been "irresponsible" for him to interfere in the newspaper's reporting and editorial positions. He says that as if it's no big deal. Having lived through the later Conrad Black and Izzy Asper eras at the *Daily News*, I would beg to differ. But that's another story.



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“Some people can see things coming from afar. I never did. I just adjust and adapt to what happens.”

**“Is this OK?”** I ask him as I set my tape recorder on the table in the NCC boardroom and open my notebook. We’re meeting for coffee (“I don’t need to do any more interviews”) but it seems like an interview to me. I take notes and, occasionally, he says, “don’t write that down,” usually after he’s been too candid about something or someone from his past. He no longer feels the need to call every spade by its proper name.

There are exceptions, of course. Brian Peckford, the former premier of Newfoundland? “A real horse’s ass... we had some ding-dong public battles.” Still, he confides, Peckford was inadvertently responsible for one of his own successful early investments. They’d had one of their many public set-tos over Peckford’s insistence, in the very early days of the first oil-and-gas-boom-that-wasn’t, that only Newfoundland-controlled companies should have access to the new offshore business. Steele, a free market advocate, disagreed.

“But then I got this call one day from John Pitts (the president and CEO of Okanogan Helicopters, then the largest helicopter company in the world). He wanted to get more involved in Newfoundland. He says, ‘I want you to be my partner.’ I said, ‘I don’t have any money.’ And he says, ‘We don’t need your money. All we need is your name.’”

The result was Universal Helicopters, which Steele ultimately owned for more than 30 years. Last

year, he sold Universal, which he described as a “valued and dynamic asset,” to a Labrador-based Inuit business group. “You can’t control how things turn out,” Steele says with a laugh.

“I’m just an ordinary stiff,” he adds. “Some people can see things coming from afar. I never did. I just adjust and adapt to what happens.”

Steele is the first to note, for example, that NCC’s initial decision to get into radio broadcasting, which is now its primary operating business, was the result of “happenstance. I’ve never been a founder, but I swim in all the streams. I don’t have a particular talent. But I know how to listen.”

Steele is still listening, soaking up information, sponge-like, that may or may not eventually be useful. “The secret of Steele’s success,” one of his EPA directors told me back in the 1980s, “is that he’s always inquisitive. He likes to look into queer things no one else sees any sense in.”

Today it is the state of universities, which he thinks are, generally speaking, turning out far too many unwilling-to-work graduates who should be in community colleges learning useful trades instead. “Tell us about King’s,” he asks of the university where I’ve worked for more than 30 years. “How are you fitting in over there?”

Another secret to his success is that “I recruit good people.”

How does he recruit them, I ask?

“I like to give people opportunity,” he answers. “And they trust me.” Why? Because he “shows up,” he explains.

He does. I’m the only appointment on his agenda for today, other than getting sorted with a new Apple iPhone that will replace his Blackberry, but he chartered a plane the afternoon before just to fly to Charlottetown to be the surprise guest at Frank Lewis’s 75th birthday party. Lewis, now Prince Edward Island’s lieutenant governor, used to run CFCY, the main rival to Steele’s CHTN Radio. “We competed with him early on,” Steele recalls, “and he was quite a guy so, after he retired, we recruited him (as a senior adviser). If I see talent, I go and get it.”

And then shows up to mark significant personal occasions.

In two days, Steele will fly to Newfoundland to see a former business partner who is ill and then attend the funeral for the husband of a woman who works at one of his hotels, who had drowned. “You don’t get forever,” Steele says simply, “so you have to be there.”

As befits his 85 years, Steele has to be in fewer places these days than in his heyday in the 1980s and ‘90s when he oversaw NCC’s various and sundry far-flung enterprises and investments and even served for a time as chair of the Board of B.C.-based CP Air. In those days, visiting Vancouver, Toronto, New York and Halifax was just another day at the office.

Now he begins his quieter days at home in Halifax reading the *Financial Times of London* online, followed by the *Wall Street Journal*, followed by “anything else I can find online. I’m not terribly competent on the Internet.”

He and Catherine head to their Florida home in November. “I’m back and forth often,” he adds, “but the need (to be back in Halifax) is not that great anymore. The people here know what they’re doing. They make the decisions.”

His business philosophy? “I’ve always done the things I like to do and, when I don’t want to do them anymore, I do something else. It’s always worked for me.” He pauses. “There’s lots of people smarter than me. Lots of people made more money than me. But no one is happier than me.” •

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