

Ken Rowe: This captain of industry is still at the helm



Illustration of Ken Rowe, executive chairman, IMP Group International Inc.

ANTHONY JENKINS/THE GLOBE AND MAIL

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HALIFAX

Published March 1, 2013

There was a time when the prospect of lunch with Halifax aerospace tycoon Ken Rowe would have been greeted with unabated enthusiasm. For five decades, he has been Atlantic Canada's happy warrior, gleefully taking on all comers – whether crossing swords with Russian mobsters or plotting takeovers for his powerful private conglomerate.

But recently, Mr. Rowe, at 77, seemed to be falling into the pattern of aging chieftains, who lose the thrill of the chase and embrace the quieter pleasures of preserving a legacy and playing year-round golf.

They donate money and have business schools named after them, or they invest in Florida real estate.

Mr. Rowe's name now graces the school of business at Dalhousie University, and he has spent more than \$7.6-million (U.S.) on a beachfront home along Florida's Gulf Coast.

So has this master and commander of Maritime business, a former ship's officer who has been tough as nails and proud of it, finally mellowed?

Not a chance, I was pleased to discover over pan-fried haddock at a Halifax country club.

Mr. Rowe clearly enjoys the stature of an elder statesman who can impart his wisdom to MBA students – and his tennis and golf games are at a level much younger men would envy.

But of all the games he plays, "I enjoy business. That's what I do.

"In the end, it is not the money. As in tennis or golf, you like to win. If you are in business and you are successful, it just happens that money is the outcome [of winning]."

As if to hammer it home, he indicates he has scored some match points in the Canadian business game he entered as a 29-year-old Briton who was assigned to Halifax to run the branch plant of a British company.

Recent acquisitions by his company, IMP Group International Inc., will propel his core aerospace business to a new level, he says, putting it on the map as an international player in maintaining the world's aircraft.

IMP has bought a significant West Coast aviation company, Cascade Aerospace Inc., thus giving it nationwide presence. Cascade has a good business in maintaining civil aircraft, as well as the Hercules military transport planes.

It nicely complements IMP's Halifax operations, which perform maintenance and repairs on a range of aircraft including Ottawa's Aurora patrol planes, and a Trenton, Ont., branch which, among other things, overhauls CT-114 Tutors flown by the aerobatic Snowbirds.

And, just this week, Mr. Rowe sealed a smaller purchase of a Toronto aviation and charter company called Image Air.

In expansion mode

Ken Rowe is thus a prime consolidator in an aerospace sector where Ottawa wants to see big, world-competitive players that can demonstrate expertise across a range of activities. Mr. Rowe's role in this game plan? He is the guy who keeps the planes running – not just Canada's planes but those of U.S. and European clients, including, at the moment, replacing wings for Norway's long-range aircraft. Now he is poised to expand that profile. "We've got the critical mass now to really go after the international business," he says, and is actively scouting for takeovers in Europe and the United States.

Aerospace and aviation are by far the biggest segments of IMP, a conglomerate with revenue of more than \$1-billion a year from interests spanning charter airline CanJet and private aviation firm Innotech-Exequire Aviation Group. It has spread its wings into health, with its ownership of Can-med Healthcare, which supplies equipment nationally, ranging from wheelchairs to medical

imaging technology. He is a significant investor in Canadian banks, whose stocks he uses as liquid, dividend-paying parking places for his expansion capital, and is reputed to be the largest shareholder of Canada's biggest financial institution, the widely held Royal Bank of Canada.

He is thus a big beneficiary of the recent run-up in bank stocks. "[Royal Bank CEO] Gord Nixon and his team are doing a good job – I'm very appreciative," he says.

He owns an array of Halifax real estate, through IMP – which has two hotels and is developing a high-end residential project – and as personal abodes, including a house for sale on Halifax's elite Northwest Arm, a downtown penthouse condo, and his summer home in St. Margaret's Bay, on the ocean west of the city. And there is that Florida house, which is one of his few nods to the aging process – the Canadian weather sends him south several months of the year.

He came to lunch at Halifax's Ashburn country club – that is, Old Ashburn, a 90-year-old landmark just off a major expressway in Halifax, as opposed to New Ashburn, which at 42 years old is not really new but qualifies as a mere piker in this historic port city. The golfers are long gone, and the club is operating under winter hours, but Old Ashburn is a convenient place to dine, being just down the road from IMP headquarters.

During the summer, Mr. Rowe likes to hit the short fairways of Old Ashburn, where he can still achieve scores in the mid-80s. He averages a few strokes higher on the longer New Ashburn course, where his drives don't have the same reach as they once did. So he relies on his short game to stay competitive – which could also describe his growth plan, which entails moving in small, strategic steps.

At lunch, he eats carefully to stay in shape for the tennis season in Florida. He is always connected to Halifax by e-mail and phone, keeping close tabs on the IMP empire. "When you own the business, you can't retire from it," he says, "and your mind is never far away from it. But I can do as much or as little as I want." These days, he is doing quite a lot.

Officer in charge

Mr. Rowe grew up near the ocean in Essex, England, the son of a railway-manager father and a store-owner mother. He left home to join the British Merchant Navy and the maritime mentality is still there. He feels that running a company is like steering a battleship with its rigorous chain of command and disciplined teams of operating crews backed up by support functions.

"I run the company like a ship, and there is only one captain, no matter what you call the job. The buck stops at my desk in the end," he says. Like any good captain, he relies heavily on an able first mate, chief executive officer Steve Plummer, who joined him more than 30 years ago out of business school. (At some point, Mr. Plummer will retire and that will raise an interesting succession decision, for Mr. Rowe's three children are all senior IMP managers.)

After his navy stint, Mr. Rowe trained as a corporate secretary, the British equivalent of a professional manager, and joined the Great Grimsby Coal Salt & Tanning Co. Ltd., then Europe's largest manufacturer of commercial fishing equipment. In 1964, he was sent to Halifax

as managing director of the company's North American interests. As he and wife Dorothy, with two children and a German shepherd, arrived by train through the grimy industrial areas of Halifax, Dorothy said they might not last the full two-year posting. But they grew to love the city and it, too, has blossomed – although Mr. Rowe says it badly needs a transfusion of redevelopment in the core.

Heading out on his own, he bought a foundry he called Industrial Marine Products, later shortened to IMP. Over the years, it diversified out of marine markets and into its twin focuses of airlines and aviation. Three times, he entered the business of running scheduled airlines, and three times he exited, and now CanJet operates as a charter airline. The experience left him with a sour feeling about the scheduled flight game and a lingering enmity toward rival Air Canada.

His most colourful battle was over a Moscow hotel, in which he partnered with the Russian airline Aeroflot in the early years of Russian capitalism in the 1990s. IMP's management agreement was unilaterally terminated, setting up a legal battle. At one point, Canadian authorities in Montreal seized an Aeroflot plane on the airport tarmac, holding it until a payment was made to IMP.

When the Aeroflot tiff was resolved, Mr. Rowe watched as Russian gangsters moved in to seize the hotel. IMP sued the Russian government in a push to regain its investment, and Mr. Rowe finally salvaged a satisfactory agreement.

You might think he would rue the whole sorry episode but, no, he mostly loved it. "We worked hard and played hard," he said, and Russia in the post-perestroika era was an exciting place to be. But any investment in Russia is going to be high-maintenance, he said.

He is equally lacking in regret over his marathon takeover attempt for Vector Aerospace, a Toronto-based aerospace firm. He became a large minority shareholder and launched an insider bid for a control stake. That was thwarted by another major shareholder and, in 2011, the company was sold for \$625-million to a division of European aerospace giant EADS NV. He had wanted to own Vector, but he had no alternative but to sell when EADS stepped forward to pay a sizable premium.

Maritime success story

When anything happens in Halifax, Mr. Rowe is usually part of the action, and he expects IMP will win subcontracting work for the \$25-billion warship contract awarded by Ottawa, a project widely heralded as the region's economic saviour. He welcomes the shipbuilding activity, but warns that "I don't think it is the panacea for solving Halifax's or Nova Scotia's problems." He knows, as a contractor to governments, that long-term public projects often lose out to future fiscal realities.

He would, instead, look to develop well-educated young people who will stay in Nova Scotia – or return to it – and build companies to diversify the economy. That is why he gave \$15-million to the Dalhousie business school in the fall of 2011. An earlier fundraising campaign had already put his name on the school building, but he resisted extending it to the entire faculty. The

university pressed him to reconsider, saying the students wanted to be associated with a Maritime success story.

Now that he is fully committed, he expects results, including higher standing for the school in international business school rankings. The academic leaders at Dalhousie had better be on their game. Ken Rowe does not like to lose.

VERBATIM

On philanthropy: If people like myself don't do it, who's going to? You can't wait for your children to do it.

The joy of bank stocks: I don't have time to study every damn company's balance sheets. I like the banks' triple-A security, the dividend paying, and they are all liquid. You can dispose of them if you need your money quickly.

Lessons for life: Try to create a passion for what you really want to do, so it will last a lifetime. But understand the difference between passion and emotion. Passion is a really high level of enthusiasm, but there is no place in business decision-making for just emotion.

On competition: I'd rather be beaten by a better tennis player than beat up on someone else who is a lot less capable. But the exception on that is business. If you aren't the best, there is no place for you.

On being friends with your team: As a Brit, I may be a bit more reserved. I don't live with my senior team. I get along with them but not as personal friends where I am in their houses all the time. Sometimes you have to give direction and it is easier to give it with authority.

On being popular: It is like when I was at sea. Sometimes I didn't like one captain as much as another, but I liked a competent captain, particularly when you are in a storm.

On the family business: I've never run the company as a family company, although the three children are in it. They are all there on their own merits and became presidents of core groups.

Children as CEO candidates: I wanted them trained on how public companies run, and to know about the company which they may as shareholders inherit some day. They have to compete for the [CEO] job and the board has a responsibility to look inside or out.

Future business: We are having a good look at renewable energy – windmills and what have you, but more as a kind of low-cost annuity. We see higher returns in the industries we're in now.

CURRICULUM VITAE

BEGINNINGS

- Born July, 1935, near Southend-on-Sea, Essex, England.
- Boyhood dream: Being a sea captain.
- Joined private shipping line in British Merchant Navy.
- Left navy to become corporate secretary.

FAMILY

- He and wife Dorothy have three middle-aged children, all active in the company: Julie Rehemtulla, president, Can-med Healthcare; Kirk Rowe, president, Innotech-Execaire Aviation Group; and Stephen Rowe, president, CanJet Airlines.

LEISURE

- Tries to play tennis three days a week and golf once a week
- He and Dorothy guide their 44-foot motor yacht around the Maritimes.

QUOTE

- “I was a navigator in the British merchant navy. I am very comfortable around boats.”

CAUSES

- Rowe School of Business, Dalhousie University
- Kenneth C. Rowe Heritage Hall, Canadian Museum of Immigration at Pier 21
- Lead donor for purchase of MRI unit for the IWK Health Centre, Halifax

Source: The Globe and Mail <https://www.theglobeandmail.com/report-on-business/careers/business-education/ken-rowe-this-captain-of-industry-is-still-at-the-helm/article9226779/>