

WHITEHORSE'S GREY EMINENCE, ROLF HOUGEN, ON BEING A GLOBAL PIONEER P18

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The man behind the empire

Rolf Hougen founded WHTV cable television, CKRW radio, Whitehorse Motors and a range of other electronics, furniture, sporting goods and real estate businesses.

In his sunny corner office on the top floor of the Hougen's building on Main Street, Whitehorse, Rolf Hougen, in his late seventies, still wears a finely tailored suit to work. Although his hours have decreased - from an 80-hour work-week to about 20 - and despite his managers and adult children taking over many of his enterprises, it's clear he's still at the helm of a veritable empire.

Running the company department store since age 14, perhaps his greatest achievement was during his time as founder and CEO of Canadian Satellite Communications Ltd. (Cancom), when he ran Canada's first satellite television delivery network and implemented the world's first satellite scrambler technology. Hougen has served as chairman of the Canadian Chamber of Commerce, has won the Order of Canada, and has an exhausting list of other awards and achievements. He's also the father of six and grandfather of 18.

On what Whitehorse was like when he moved there as a boy:

My father came to the Yukon for the gold rush and left, but we all moved back during the building of the highway in 1944 when I was 14. I can tell you the only reason my mother didn't turn around and leave was because she would not ride the White Pass back out again, frightened at the height of the railroad. And she had not got past her fear of flying and you couldn't drive the Alaska Highway so she was locked in. It was quite a shock to come to Whitehorse. Besides the military and construction buildings, it was a shack-town. But it wasn't long before she did like it. We built one of the first houses with a real foundation.

On how the Hougen's Department Store got going

My father was selling door-to-door Rawleigh products. Then we opened a little shop. Our sales the first year were \$4,000 or \$6,000 with just a little bit of profit and we never drew any salaries. Then we moved to Main Street, giving us about three times more space.

There were two other department stores in town, large ones too. I always thought they were little staid and I was aggressive. So we kept growing and growing over the years, until we became much larger than they were and indeed, we bought them out. We expanded largely by acquiring other businesses and adding departments as we grew. It was very busy. I worked seven days a week and went back to work virtually every night of the week. Fortunately I have always lived within a few blocks of the business, so it was convenient to go home for lunch and for dinner.

On his evolution from retailer to cable television mogul:

It was because we sold television sets. We got into cable by initially visiting a company in Ketchikan, Alaska, who strung some wires from pole to pole to deliver one channel of black and white. I arranged with Yukon Electrical to string cables from pole to pole too. In the end it didn't work out. But by then our store had sold around 300 television sets and if the cable system failed, we would have a real problem

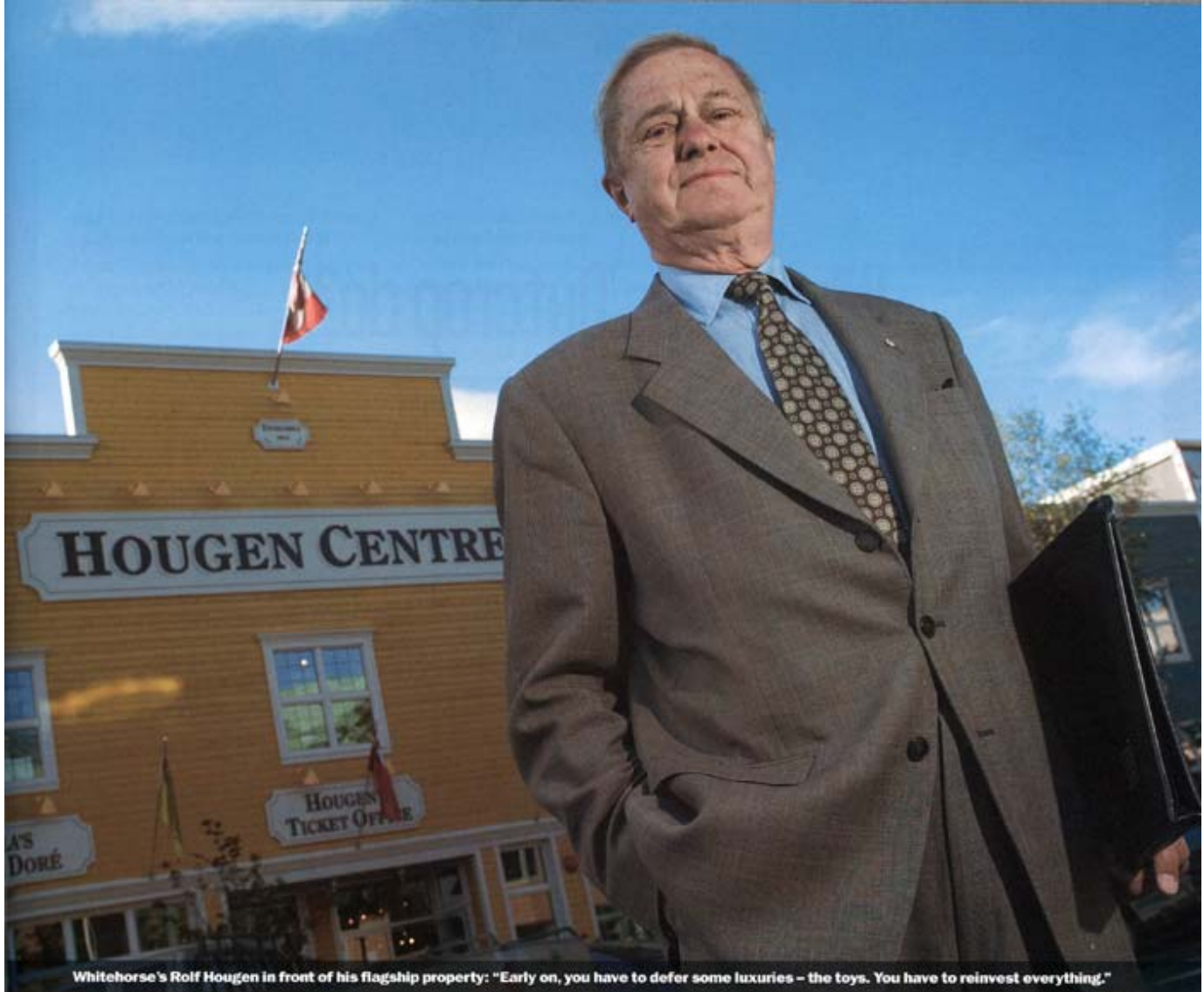
because there was not other signal for those sets. So in the late '50s I became deeply involved in the operations and management of cable. Many of the TVs were sold on terms through our finance company. If the cable system failed, we would have a real problem on our hands. It drove me to be very committed to this.

On becoming a global pioneer in satellite communications:

In the '70s, we started experimenting to see if we could receive our own satellite signals. You had to have 12-foot dishes at that time. We were able to bring down signals and one weekend we put them onto the cable. We knew the department of communications person was going out of town for the weekend, so we plugged in the satellite receiver to the cable system and we were showing live television for the first time. Well, he came back and demanded we shut it down because it was illegal. But it was just an experiment and we had shown everyone it could be done.

For months, we lobbied the department of communications and the CRTC [Canadian Radio-television and Telecommunications Commission] to bring down signals and we were not successful. They were concerned with issues like copyright, which was a grey area at the time. People all over southern Canada were buying these big dishes and receiving American signals illegally.

The Canadian government was very concerned about protecting sovereignty and culture. In the end, they were very excited about our concept of how it might be done. I went from the cable operators to the broadcasters and in short time we put together Canacom. When this went live, the satellite's footprint was all over North America.



Whitehorse's Rolf Hougen in front of his flagship property: "Early on, you have to defer some luxuries – the toys. You have to reinvest everything."

PATRICK KANE

Ours was the first in Canada. But what would prevent people from stealing our signals? So we then developed a scrambling system and that was the world's first.

We told the CRTC, "You give us the licence, we'll put the signals up and deliver the service in 90 days," and we did. What we didn't realize is that if Carmacks or Faro or even Whitehorse wanted to receive the signals, we had to go through the same hoops as the city of Toronto. There was no provision to push applications of minor communities through. Our signals were up in 90 days, but the first licence the CRTC issued for a community to receive our signals took a year.

So our \$25-million budget became a \$38-million before we were able to turn it around and start making money. At the time I had \$6-million invested either personally or through bank guarantees.

Had we not succeeded I would have lost everything I ever had. I was the largest shareholder and I sold a chunk of my shares to my colleague. I could say on New Year's Eve of 1983, I was in debt \$6-million. On January 3rd – and I went fishing over that weekend – I could say I was debt-free. But I went from the majority shareholder with 36 per cent to a minority with under 10.

On remaining committed to living in the Yukon:

I told my wife Margaret when I first got into this, "This is going to be a big corporation, but there's no way I'm going to leave the Yukon. I will resign once it's going and be a shareholder." But I stayed a long time, only gave up my director position seven years ago.

Somebody once said, "You're always away." At the busiest time I added it up and I was away 40 per cent

of the time, which still leaves 60 per cent here. One of my colleagues in Cancom thought he could convince me to move to Toronto because I was chairman and CEO. We had a president in Toronto but he had to report to me here in Whitehorse. There's never been a desire on my part or Margaret's to leave the Yukon. No matter how much we travel, it will always be our home. And all our investments are here as well.

On being the Chairman of the Canadian Chamber of Commerce:

I became quite active at the Canadian Chamber, spoke my mind on occasions and in 1989 and 1990, I was chairman of the board, I got to lead delegations to India, Taiwan, Thailand. The chair looks after his or her own expenses. It cost me \$80,000 to be chairman that one year, but it was worth it.

On how he managed to run so many businesses at the same time:

I have been able to compartmentalize my thinking, so expanding into different companies didn't load me with too much. I always relied on managers. I probably at one time had between 20 and 25 shareholders in Whitehorse Motors. I take a great deal of pride in the fact that over the years, in all of the dealings we have had, and if we were paying interest on money or dividends, there was never moment that we were not on time. Shareholders didn't even want to see financial statements because they had total trust in how we were operating.

On giving advice to emerging entrepreneurs:

I've had some colleagues that have said, "I'm going to do what you're doing but I'm going to do it faster," and they've gone out of business. I think you should start small, be prepared to work extremely hard, night and day, because you can't afford to have a lot of people working for you and the outset. You have to build integrity and a reputation for honesty and trust. Early on, you have to defer some luxuries, the toys – you have to reinvest everything until you are at a stage where these things will come.

On what he would like to see change in the Yukon:

We need a better balance between development and environmental protection. There is a total, unreasonable imposition of some of these environmental processes. Somehow, in the Yukon, everybody has to have input, there has to be hearings and hearings on hearings and that is a detriment to development. The Yukon government, the federal government and the city of Whitehorse and not doing what they should be doing from the standpoint of getting us off oil. Geothermal is a proven technology used extensively in European countries. It works.

On the importance of family:

Whatever I have done, wherever I have travelled, I have had the good fortune of total and complete support from Marg. We enjoy life together immensely. She has been responsible for bringing up the children and every one of them is a productive, well adjusted Canadian and Yukoner in every respect. My success is that I never had to worry about home, never had to worry about family. That's been very important in what I've been able to do.

On how his family got involved in the businesses:

We have planned for the days when we won't be around. The first stage is to have manager partners both in family and non-family. So we would own 50 per cent and the partner would own 50 per cent and that included our children. Things that weren't performing very well we either closed down or sold them and brought in outside chains to rent the space or turned them over to our children to run their own shops. It was only this year that Hougen's as a corporate entity sold its very last retail business.