

Merger headaches hurting forestry growth

From C1

James sawmill as part of its merger with Slocan Forest Products. The buyer was Pope & Talbot, which is now in receivership. The mill is shut down and was last offered for sale at one-sixth of the value Canfor sold it for in 2005.

In the case of West Fraser, it was required to sell two mills in Burns Lake in its 2006 acquisition of International Paper's B.C. assets despite opposition to the sale from the local community. Both mills are now operating on curtailed shifts.

Lazar said by putting such conditions on mergers, the government is not saving jobs. Mills are still going to close, he said.

Investment analyst Kevin Mason noted that Canadian companies are selling into a global market but are small-time players by global standards.

"We have one of the largest forest resources in the world and yet we have no dominant companies that are global players," Mason said.

"Within Canada, just merging two reasonably sized firms still would not make a large global player, and yet it generates a lot of difficulties on the competition side. It is a huge impediment to growth and one of the hurdles that has to be moved out of the way."

Rick Jeffery, president of the Coast Forest Products Association, said the fact that the report was unanimous bodes well for the government implementing some or all of it.

He said the industry particularly needs to diversify beyond the U.S. and federal support for marketing initiatives is an important part of that, he said.

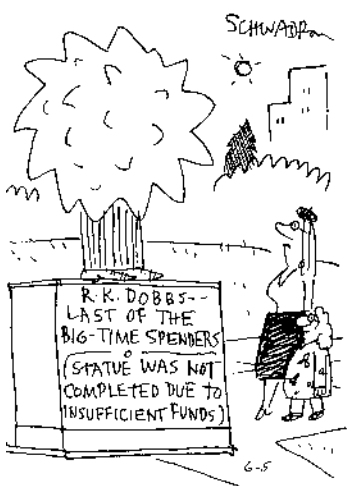
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BUSINESS B.C.

INTRAWEST ADDS EXECs

VANCOUVER — Vancouver-based resort operator Intrawest ULC has appointed incoming chief executive officer Bill Jensen and new president Brian Collins to its executive committee, effective immediately. Jensen, formerly with Vail Resorts, replaces Alex Wasilov as CEO on June 30. Collins, with more than 24 years of experience as a luxury condo and hotel developer, was most recently the principal and founder of Colgate Development LLC.

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Commercial drive shoe shopping leads to business deals — in China



MALCOLM PARRY
VANCOUVER SUN

TRADE TALK

When Grace Choi Li went shoe shopping on Commercial Drive in 1999, the Hong Kong-born near-teetotaler couldn't have guessed it would lead to her shipping 1,000 cases of \$65-a-bottle Italian wine to China. But that's what she and Worldwide Synergy Trading Inc. partner **Carmen D'Onofrio Jr.** did in March. A second container-load will soon leave the port of Livorno for late-July delivery to the city of Zhong Shan, with two more to follow by year's end.

Entrepreneur-fundraiser Li graduated in economics and political science from the University of B.C., hoped to be a fashion designer, and is now widely known as the VGH & UBC Hospital Foundation's senior development officer for major gifts. D'Onofrio is a former Canadian Olympic-team soccer player who played pro in Canada and Italy and parlayed a soccer scholarship to Stanford University (**Tiger Woods** was a classmate) into a degree in economics and international relations. The link was D'Onofrio's late father, who sold Li two pairs of rhinestone-trimmed pumps from the Kalena's store he opened in 1967, and presciently said: "You should consider getting into the wine business. It's going to take off in China."

With wife **Isa**, the elder D'Onofrio had already founded Vancouver-based Stile Wines, which should distribute 50,000 cases this year, with a retail value of \$70 million. His gambit to capture Li's interest was a breakfast-time tasting of a half-dozen vintages. She never touched a drop, but was engrossed by the story's her host told.

"He was a very good storyteller," Li recalled this week. "I knew the Chinese would like the stories and the philosophy, and that they would sell the wine."

Still, it was only after D'Onofrio Sr.'s death in 2005 that his son and Li made a 20-day exploratory trip to restaurants, supermarkets and boutiques throughout China, where 80 per cent of beverage-alcohol sales involved distilled products. The wine market was more sophisticated than D'Onofrio expected in Beijing's international restaurants. "But wine wasn't being targeted for consumption in the Chinese restaurants," he said. "We wanted ordinary Chinese people to drink wine, so there was a huge opportunity for us."

Huge obstacles, too. Like a 120-per-cent rate of duty that has since fallen by two-thirds. Little or no available advice on wine and food pairings. A widespread belief that labelled wines — like pirated CD and DVDs — were fakes.



Carmen D'Onofrio Jr. and Grace Choi Li send containers of Italian wines to Zhong Shan, a Chinese city that, though second-tier, has a metro population of 15 million.

A retailing system that put wines in showcases, where potential buyers couldn't touch them. And, most dauntingly, the six-figure "access fees" intermediaries in first-line cities demanded. "Otherwise, they don't want to talk to you any further," Li said. Their response to the latter was to aim at second-tier cities such as Zhong Shan, "which still has five million residents and a metro population of 15 million," D'Onofrio said. They also recruited importers and restaurateurs Li knew to be their local contacts, and took them on an 18-day tour of Italy, where they met estate producers "and learned the wine was real," Li said.

Back in Vancouver, D'Onofrio, Li and a silent equal partner incorporated Worldwide Synergy Trading Inc. and dispatched their first shipment of 30 labels from nine Italian estate wineries. They also founded Ninety-Plus Vintages Ltd. as a Canada-China wine consultancy and event-planning firm. And they contracted with China-based Oriental Garden Wines & Spirits Ltd. to extend their market reach and ease the transfer of funds.

The market has become a two-way street. Stile Wines now imports Pagoda rice wine, which list at \$14.99 in B.C., and sorghum-based over-proof National Liquor 1573 priced at \$72.99.

"China can afford good wines," Li said. "But I've requested all my buyers to slow down in the first year, so we can settle strategy and provide education."

"If we can do four or five

containers, we're happy," D'Onofrio said. "Stile Wines was set up because my father thought it was important to bring what Italians were drinking to Canada. Now, it's important for us to recognize what the people in China enjoy."

BUSINESS LUNCH: Recruitment-firm principals **Sarah McNeill** and **Cheryl Nakamoto** took the former's new Range Rover HS from their Homer-off-Drake office to **Harry Kambolis's** C restaurant on False Creek. The four-block walk might have given them too much of an appetite. As it was, they both tucked into pan-roasted sablefish, \$19. Nakamoto started with prawn salad, \$8. McNeill had the best-selling lobster bisque with candy-smoked salmon, \$8.25, and was ready for everything from the dessert list.

"I have a hollow leg," said the sports-hearty mother of two, who likely hasn't gained a pound since her 10 years with **Anna Wyman's** ballet academy. That era ended "when my knees gave out." But she and Nakamoto — they promote their self-named firm as McNak — have taken more punishment since.

Today, the firm turns over \$3.2 million. With 11 staffers of its own, it places 1,000 people in permanent or temporary jobs yearly. It pays some \$27 a foot for 2,800-square-foot offices in a building owned by friends **Saeedeh** and **Sean Salem's** Marquise Holdings company.

But things were less rosy in February 2002. The dot-com and investment industries had



Sarah McNeill and Cheryl Nakamoto say their \$3.2-million-a-year recruitment firm might be three times larger had they not decided to prioritize family raising.

tanked, the six-year-old firm was barely breaking \$1 million in revenue, and the principals had stopped paying themselves. Nakamoto's second child was three days old when the Bank of Montreal phoned to say a \$40,000 credit line was used up, and McNeill Nakamoto had no money.

Entrepreneur-husbands **Cameron McNeill** and **Ed Klarich** were both in start-up mode, and couldn't be tapped. But the McNeill clan, which came from the hardscrabble island of Barra, had a useful motto: Vincere vel mori. Conquer or die, that is.

The two tabled detailed job descriptions and responsibilities, reviewed all aspects of client relations, and figured they'd be better equipped to deal with better times ahead "if we made our work fun," McNeill said.

A new \$100,000 credit line from the CIBC added more than fun to the mix, and by early 2003 McNak was growing again.

So was McNeill. "That's when I got pregnant again," she said.

In fact McNeill Nakamoto is a casebook example for other young female business proprietors with families to raise. Said Nakamoto: "When we saw all the entrepreneurs that have failed marriages and no balance in their lives, we made a commitment to grow our company and achieve balance with our children."

That entails the two taking all school holidays, including five weeks in the summer. They also spend only four days a week in the office, with Fridays always at home, school or where required.

"We could have been a \$10-million company now, and had offices in Calgary and Seattle," McNeill said. "I know our capabilities."

"But who wants to travel five says a week?" Nakamoto asked.

"We weren't prepared to give up that time as mothers," McNeill said.

Still, they do give up a lot of time.

In 2007, they launched a wine auction and party called Grape Juice to benefit the Big Sisters organization. It raised \$11,000. This year's running at the Opus hotel took in \$28,500. "And we'll hit \$50,000 in 2009," said McNeill, who also chairs Big Sisters' annual Diva auction and co-chaired a \$250-ticket benefit for Vancouver Opera this week.

Nakamoto, meanwhile, has renewed her high-school relationship with Junior Achievement, and will emcee its student-awards ceremony next week. The two also plan to launch their own charitable foundation.

Back in the workaday world, they say clients are asking them to offer executive-placement services, which would be a natural for the well-connected pair. They might even relocate one of their own staff.

Griming, Nakamoto said Japanese potential clients see the company's name and say: "Ah, your work for your father."

"No," she replies, referring to part-time comptroller **Kaz Nakamoto**. "He works for me."

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