Thomas Fung's Frugal Ways

What does a $350-million media/retail/real estate empire look like? Fairchild Group headquarters offers few clues. The nondescript offices sit atop an empty storefront in South Cambie, with pastel-coloured rooms and dark wood furniture that hasn't been updated since the 1980s. Thomas Fung, the company's 65-year-old chair and CEO, clearly has other priorities: "Things don't come easy; you have to work hard for it."

Fung built his empire over 30 years in disparate businesses that include the Chinese-language Fairchild Media Group (which owns three radio stations, in Toronto, Vancouver and Calgary, as well as two national TV networks), Richmond's Aberdeen Mall, Saint Germain Bakery and Daiso. Growing up in Hong Kong, Fung and his family were so poor that they occasionally found themselves homeless—sleeping under stairwells while Fung's father, King Hey, chased low-paying labour jobs. Eventually, King Hey managed to launch a security brokerage firm Sun Hung Kai & Co with two close friends, and worked his way up to become the largest personal shareholder of Merrill Lynch. When King Hey died in 1985, Fung inherited less than a 10th of his father's fortune.

Unlike King Hey—who didn't have a full estate plan—Fung decided to set up a family fund shielding a portion of his assets from economic volatility. And in preparing for succession at Fairchild Group, he has devised a plan whereby Joseph, his only child—now managing principal at Fairchild Management Capital (the company's investment arm, based in Hong Kong and focused on the Chinese market)—will be allotted 49 per cent of his shares; the remaining 51 per cent will be divided among key employees and friends. It's a structure that Fung hopes will motivate the team to support his son and allow the 35-year-old to prove his management skills in the 1,000-person company.

Before joining Fairchild in 2009, Joseph worked for seven years in finance and business development at Morgan Stanley in Singapore and New York and at Hong Kong's PCCW Media. In March, he also opened a nonprofit private school in Hong Kong—with Fairchild money—that teaches a Canadian-inspired, student-centred curriculum. "Joseph has very strong social skills," says Fung. "He's capable, he speaks six languages, he has very close relationships with politicians, business associates and working partners. One thing he has to strengthen is managing the staff."

As a young father, Fung instilled frugality in Joseph by taking him on trips across Asia and South America to visit impoverished neighbourhoods. And he's proud to note that Joseph eschews business class airplane tickets and dining out at Michelin Star restaurants. Still, he did spring for his son's lavish 1,200-person wedding at the Vancouver Convention Centre last year—a seemingly out-of-character move for the famously thrifty titan.

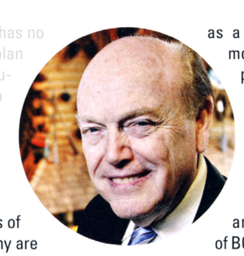
"In the beginning, I actually didn't want a big party at all. Neither did Joseph," says Fung. He then chuckles aloud. "But then another thought came to me: Maybe I take that opportunity to introduce my associates to him and introduce him to my peers? Instead of doing it one by one, might as well do it all at once—in one day."

the Great Handover

Illustrations by SUHARU OGAWA

Many are the tales of family businesses that have descended into tumult or failed completely in the founder's absence. In the public sphere, both UBC and Telus—two of the province's biggest employers—have in recent years seen newly hired chief executives depart amid considerable turmoil. A look at why good succession planning matters—and what 11 B.C. enterprises, both private and public, are doing to prepare for the future *by Matt O'Grady, Jenny Peng & Jim Sutherland*

a decade away, she has no formal succession plan but instead calls regular family meetings to discuss the business and other matters.



THE PATTISON GROUP

The succession plans of no other B.C. company are speculated upon as frequently as the Pattison Group's, both because it's so big, with 41,000 employees and 2015 revenues of $9.1 billion, and because founder and sole owner Jimmy Pattison (above) is now 88. Well, that speculation can keep right on growing because Pattison still isn't revealing details of a plan that he put in place some four decades ago and updates every year. Son Jimmy Jr. is currently head of one of the group's divisions but isn't regarded as a likely successor. Instead, most point to one-time NDP premier Glen Clark, who's been with Pattison since 2000 and is currently president of the company, and Dave Cobb, who was second in command at Vancouver's Olympics and briefly CEO of BC Hydro before joining Pattison in 2012. Neither should be measuring Jimmy's corner office, however. Maureen Chant, his secretary of 53 years, says he's as busy and energetic as ever.

H.Y. LOUIE

Another private company that engenders its share of speculation, H.Y. Louie—which operates retail chains including London Drugs and IGA—is currently headed by a mere septuagenarian, Brandt Louie (below left), who's 73. Son Greg (a trained radiologist) oversees the company's health clinic business, Highroads, while Stuart (a lawyer) provides counsel to all of H.Y. Louie's divisional heads. When asked by *BCBusiness* in 2015 if he saw a time when he would transfer responsibility for H.Y. Louie to one or both of his sons, Brandt responded: "I think so… I guess I can never completely withdraw from at least being part of the business, but probably within the next three to five years, they'll be able to take on the role I play now."

ODLUM BROWN

Debra Hewson (above) has been president and CEO of the investment management firm for almost a decade (and COO for seven years before that), but she's only in her 50s and shows no indication of being ready to leave a position in which she's been the recipient of much acclaim. If she were to, however, Odlum Brown would have an opportunity to accomplish something that's been all too rare: replace a female leader with another female leader. Odlum's COO, Peter Pacholko, is a man, but four of six vice-presidents are women. As is standard practice, the company offers no comment on succession possibilities.

TELUS CORP.

Back in 2014, it seemed the question of who would succeed Darren Entwistle as CEO of Telus had been tidily answered. Company veteran Joe Natale was a popular choice as his replacement, but after just 17 months, the company announced that Natale would be leaving the position due to being unable to relocate to Vancouver from Toronto, and Entwistle—who as executive chair of the board had not abandoned day-to-day involvement, in any case—would return to his old post. So, what now? Entwistle is only 54, but he has confirmed that he would still like to follow through on his stated intention of returning to the U.K. and a teaching position while also saying that he is back at Telus for "the long term." If a replacement is needed sooner rather than later, the name of David Fuller, executive VP and president of consumer and business solutions, has been floated in media reports, but the company has no comment.

BLACK PRESS GROUP LTD.

David Black's Black Press publishes more than 170 newspaper titles in two provinces and four states, including the *San Francisco Examiner*. Moreover, he's the principal of Kitimat Clean Ltd., which has proposed a $13.2-billion oil refinery to refine bitumen arriving there via a future pipeline. The 70-year-old says that a succession plan is in place but offers no details other than "the Black family will continue to own the business." Black has four grown children: twins Alan and Fraser, and daughters Morgan and Catherine. Only Fraser is known to work with Black Press, as an editorial consultant. ■