Business of the Year

ATHABASCA BASIN DEVELOPMENT

Geoff Gay
CEO, Athabasca Basin Development
Geoff Gay, CEO of ABD; Kristy Jackson, Director of Marketing & Communications, ABD; Anne Robillard, ABD Board Chair
When companies are fortunate enough to experience tremendous success, it is easy to lose sight of priorities. Securing bigger clients and finalizing high-profile deals can eclipse what was once a company’s founding value. However, for Athabasca Basin Development, priorities haven’t changed for over 10 years. The value on which ABD was founded remains firm and both the seed to its growth and the key to its success. This year, as our 2014 Business of the Year, SaskBusiness Magazine would like to honour ABD for accomplishing what so many have struggled to do. Regardless of how large its branches may be today, ABD has not abandoned its roots.
ABD is an investment company that looks for business opportunities largely within the mining and resource sector of the Saskatchewan economy. That being said, the company values diversity and is constantly looking for areas in which to expand. This year, ABD went beyond its typical areas of investment and now has ownership in 10 companies, with plans to continue investing in companies in a variety of industries. ABD’s investments have led to recent consolidated revenues of over $176 million and include partial or complete ownership in construction, underground mining, industrial security, electrical, diamond drilling, industrial structures, logistics, aviation and now a Pepsi franchise company.

Since 2002, ABD has been investing in companies with the aim of fostering Saskatchewan business and bettering the Athabasca region. ABD has a unique structure, as it is 100 per cent owned by seven different Athabasca communities. For CEO Geoff Gay, the unity of these independent communities is what laid the foundation for ABD’s success: “Seven communities being unified was a main component that allowed the company, once it was formed in 2002, to accelerate its growth. We had seven shareholders that were very much aligned and, as a result, our board of directors was very aligned in what we needed to do. So that was one reason that we’re able to be successful.”

Since its inception, ABD’s focus has been reinvesting for the long term. “We take previous earnings and use those to invest so that we create new earnings in other businesses, geographic sectors and industries,” explains Gay, “so we can be diversified and expand our investments.” For ABD, the big picture is the only picture. Small successes are welcomed; however, it is ABD’s goal to ensure long-term prosperity, employment security and stability for its investments and their staff. “We place high emphasis on financial metrics because if we don’t have long-term earning potential, it’s going to be difficult to continue with things such as employment or corporate sponsorship,” says Gay. “So we place a lot of emphasis on financial metrics and that usually involves a very strong management team.”

ABD’s business model has proven successful over the years. With emphasis on long-term prosperity and reinvestment of wealth, the company experienced significant growth in just a short period of time. This growth and the continued support from various partners allowed ABD to act on its founding values of giving back to the community in a sustainable way. Beyond simple corporate responsibility, ABD’s philanthropic efforts have kept a keen focus
on providing for the Athabasca region. “One of the things we’ve focused on since day one is, even though we’re running a business, we want as much as possible for people to understand where the Athabasca region is and who the communities are.”

In pursuit of this, ABD recently participated in the Northern Tour with the Saskatchewan Chamber. “We take various industry and government leaders to the Athabasca region and show them a bit of what’s going on.” ABD staff participates on the Northern Business Task Force. “These are the types of things we like to get involved with on a daily basis,” says Gay.

When choosing charities to support, Gay says ideally efforts will impact the Athabasca Region or aboriginal communities. “While we do contribute in other areas, our main focus is to tie donations back to the Athabasca region.” For example, ABD has continually been involved with Saskatoon’s Ronald McDonald House. “Even though the facility is located in Saskatoon, our understanding is that the North is the first- or second-largest user of the facility. So it fit with our goals and that’s ideally what we’re looking to do: tie it back to shareholder benefit.”

ABD’s most recent charitable act was an impressive $250,000 donation to help establish cell towers in Saskatchewan’s north. Along with SaskTel and Huawei Canada, ABD’s donation will bring cellular service for the first time to Fond du Lac, Black Lake, Stony Rapids and Wollaston Lake. Commenting on why this initiative was deserving of ABD’s largest corporate donation in its history, Gay explains: “When we’re looking to direct funds or donate money it’s very difficult to find any one initiative that benefits everyone. But when we examined the cell tower initiative, we saw that everyone in the region would get some benefit out of it at some point in time. Whether it is for safety or securing a job or communicating with family or for a business climate, it will impact residents, help businesses and industry. It is something that doesn’t just happen one year and then you don’t see the benefits of it. As long as the technology stays in place, people will be benefiting from this for many years to come.”

Chief Rick Robillard of Black Lake First Nation echoes Gay’s sentiments, “The cell tower initiative...will improve not just the business climate in our area, but will also improve the safety of our residents and help connect our community members to the rest of Saskatchewan...It opens doors and gives us new opportunities in terms of education, training, business, employment and many others.”

Along with its donation to the Ronald McDonald House and the cell tower initiative, ABD and its investments have supported the St. Paul’s Hospital Foundation, the Northern Spirits Showcase (where young musicians and performers from the North showcase their talents as part of Voices of the North showcase), Christmas in the North (which delivers gifts and necessities to kids in the Athabasca region during the holidays) and the Athabasca Youth Care Home (to which ABD donated fitness equipment). “Initiatives like these serve as important steps toward building a better future for our children,” says Chief Robillard.

Looking to expand its areas of interest, this past year, ABD gained a new investment, Arctic Beverages. “Arctic Beverages was an important one because it diversified us outside of the mining industry,” says Gay. “We also had to go through a rigorous process to be approved, which proved that we have credibility with an international firm such as Pepsi.”

The rigorous process Gay refers to was an extensive look at ABD’s financials, governance, and detailed questioning regarding the company’s business blueprint. Not surprisingly, ABD surpassed all the requirements and satisfied any concerns they may have had. Arctic Beverages is also a strong proponent of a foundation called One by One which sponsors breakfast programs for kids in First Nations schools. “We like a lot of diversity,” says Gay, “and we are really pleased to be working with Arctic Beverages on this.”
Beyond its charity of choice, Arctic Beverages was an ideal investment as it satisfied ABD’s particular and exacting requirements. “We look for strong management teams that understand their business and the business model,” says Gay. “We want to see that the business has the ability to focus on aboriginal engagement and long-term earnings.”

Aboriginal engagement is something ABD has always prioritized and Gay says aboriginal employment benefits the entire province. “We’re very passionate about aboriginal employment, and we’re always striving for improvement, but we do recognize that with the different business we have, aboriginal employment numbers may be higher or lower depending on the type of business and the location of its operations and local population. The aboriginal population is young, energetic and in Saskatchewan for the long term and we are a better province if an under-represented group become full participants in the economy. And from the individual success stories we’ve seen in our investments, meaningful employment has such an incredible impact. There is so much potential and it benefits the whole province if there are more aboriginal people participating in the economy.”

Gay also explains that the success ABD and its investments have experienced in employing the aboriginal population have stemmed from placing a priority on aboriginal engagement. “Much like safety, aboriginal employment needs to be a mindset and culture from the management all the way down through the company in order for efforts to be successful. We are always striving for improvement and still have a long way to go, but we have seen some tremendous stories of success within our own investments through adopting this approach.”

Working with the Athabasca region has proven a fruitful and rewarding endeavour both for ABD and its investments. The area itself covers almost a quarter of Saskatchewan and hosts the world’s richest high-grade uranium deposits, currently supplying approximately 20 per cent of the world’s uranium.

Beyond its economic benefits, the Athabasca region boasts some of the most unique and breathtaking ecosystems in the world and is the least environmentally disturbed area of Saskatchewan. “The fact that it is such a large land mass and is really underdeveloped, means there are still a lot of opportunities up there,” says Gay. “There’s a lot of water, a lot of resources, a lot of potential – it really is limitless what can go on in the region.”

With Arctic Beverages now part of its portfolio, ABD looks forward to acquiring new investments and diversifying its interests even further. “Our investments are capable of servicing some of the world’s largest mining and exploration companies,” says Anne Robillard, board chair of ABD. “We have made an important first step into diversifying our portfolio by investing in a new industry and moving forward, we will continue to invest in strong companies across various industries.” ABD doesn’t believe in competitors, but rather “potential partners.” “We are very interested in meeting businesspeople anywhere in Saskatchewan and beyond, looking to retire or who want to grow their business, who might want to be aligned with an investor who thinks long term and gives back. Right now we are actively pursuing new investments,” says Gay, “and will continue to do so in the decades to come.”

With the amount of opportunities Saskatchewan and the Athabasca region provides, there is no doubt ABD will continue its success well into the future. However, the prosperity ABD has experienced thus far can only do so much. “As much as we have made some donations and created employment opportunities, there is much, much more to do,” says Gay, and if anyone is going to push for more it’s ABD.

“The way we’re structured, we’re basically giving back to communities just through the shareholder process…and we’ve had to stay extremely disciplined in reinvesting their earnings so we can do this for the long run.” The company’s philanthropic efforts are what put them at the top of our list this year for Business of the Year, but that wasn’t ABD’s motivation. “It’s just the way we do business.”