THE LIFE OF BOBBY

For the 'adventure capitalist,' making a huge fortune is really only half the fun

BY COLIN CAMPBELL • When Bobby Genovese fires up his 1930s-era wooden speedboat, the Miss Canada III, noise explodes like a thunderstorm inside his boathouse on Lake Rosseau in Muskoka, Ont. Out on the lake, as Genovese throttles up the 500 h.p. engine, the dials on the little two-seater's dash jump to life, and within seconds he's skipping in a blur over the choppy water at over 100 km/h—fast by any standards, but in an antique boat that looks like it belongs in a museum, scary fast. The tan, fit, 45-year-old Genovese, however, is beaming. "Look at us," he exclaims, thumping his terrorized, white-knuckled passenger on the back, before turning for another run.

This is what it's like to hang with the man better known as *Bobby G: Adventure Capitalist*—the title of his reality show, which airs on the U.S. high-definition channel, Mojo (not available in Canada). The show focuses on his time spent running Barbados-based investment company BG Capital, and on his true calling: living the dream existence of a 21-year-old adrenalin junkie. *Loving life / Pulling pranks / More money than you or me*, wails the show's lounge-music theme song, a tune so over-the-top that even Bobby G calls it "ridiculous." But really, TV can't do him justice. His custom rock-climbing wall, and the enormous waterslide that weaves along the edge of his property into the lake, really have to be seen to be believed. And then there's the experience of zipping around like an acrobat on a human-powered hydrofoil called the AquaSkipper. Genovese is married with two young children, but when he says "it's all about the kids," the line can only be taken seriously when you accept that Bobby G is the biggest one here.

Thanks to his reality show, he seems destined to become one of Canada's best-known celebrity businessmen. Then again, in the grey, buttoned-down world of Bay Street, he doesn't have much competition for the limelight. Let's face it, talking balance sheets and return-on-capital is pretty dull compared to tearing a strip out of Lake Rosseau and then hanging out beneath his man-made waterfall, which pumps out 19,000 litres of water per minute. ("I didn't want it to look like a moose pissing," he explains.) Fair enough. Bobby G is someone who understands the importance of appearances. So what if the business behind the man could never live up to the larger-than-life character he's created?

BOBBY G on his custom-made climbing wall, not far from his massive artificial waterfall

BG Capital holds a relatively small and eclectic group of companies, from the oddly named Neptune Society (North America's largest cremation company), to a home builder in Muskoka, Ont., a preschool in the Bahamas (which he bought in order to secure entry for his children) and an engineering company in Newfoundland, to name a few. The whole portfolio, he says, produces annual revenues of $150 million. All his success might seem a bit, well, too good to be true. That is, until you add to the mix his best-known property, Clearly Canadian. The bottled water company was once a global success story, but when Genovese picked it up three years ago, it had been reduced to a money-losing mess. It's the one thing that seems to inject a healthy dose of drama into both the TV show and the happy-go-lucky life of Bobby G.

Sitting on his dock, sipping lemonade served by one of his five live-in staff who mill around in white polo shirts and khakis, Genovese tips his head back at mention of Clearly Canadian. "I need a hug!" he smiles. In 1992, Clearly Canadian had $200 million in sales and a well-known brand. A decade later, in a market crowded with similar products put out by the likes of Coca-Cola and Pepsi, that number was reduced to $20 million and a mountain of debt. In its latest quarter, it had a loss of $4.4 million. Its stock, once worth over $20 a share, was trading last week for $1.17. The company is featured prominently in the show, but rarely in a positive light. One episode has former president Brent Lokash planning to launch a suicidal marketing campaign called "Ban the Bottle," until Genovese suggests that might not be such a great idea. Others show the management team showing up at meetings with distributors and at trade shows with the wrong samples.

But Genovese is convinced there's still a solid company in Clearly Canadian. "We all know what we bought. It's the brand name," he says. And since taking over, he's been working to reinvent it as a health food company. Clearly Canadian bought the baby food company, My Organic Baby, and DMR Foods, an organic snack food company, last year. It also installed DMR's founder, David Reingold, as president and Genovese himself as CEO. This month, Clearly Canadian bought the organic jam company, Crofters (nearly doubling the size of the company in the process, says Reingold). As for bottled water, Genovese says they're exploring licensing the Clearly Canadian name and flavours for other companies to bottle and label. Trying to go head-to-head with bigger competitors just isn't possible anymore, he says. "The beverage industry is a tough business. You don't realize how tough until you're in it."

Turning around a company like Clearly Canadian is a three- to four-year process, he says. Genovese expects the coming year should be the one where all their efforts begin to pay off. And what happens if the company still isn't making money by then? "It will," Genovese insists. "It will."

SCREAMING DOWN THE LAKE IN AN ANTIQUE SPEEDBOAT, A BEAMING GENOVESE SLAPS A GUEST ON THE BACK. 'LOOK AT US!' HE YELLS.

Coming from a born self-promoter like Genovese, it's easy to be skeptical about such bravado. But this is a guy with a pretty good track record of coming out on top. He and his two brothers were raised by a single mother on a farm in Cookstown, north of Toronto. He was "not scholastically inclined," he says, and dropped out of school in Grade 9 (still his highest level of education). But he excelled at riding horses and parlayed that talent into a job at the Eglinton Equestrian Club, before striking out in his early 20s for what he considered the exotic city of Vancouver.

Genovese arrived in Vancouver in the late 1980s in the midst of its wild stock promotion days that earned the city the title "scam capital of the world" in *Forbes* magazine. "There was no way I was going to get my broker's licence. I couldn't get my Grade 9 math," says Genovese. But what he lacked in schooling he made up for with his ample people skills. Genovese saw an opportunity in the investor relations game and soon enough had started his own company, the Investor Relations Group, which specialized in promoting newly public companies and getting them on the radar of analysts and brokers. It was lucrative, but murky, Genovese admits. When companies didn't live up to their sales pitches, miffed analysts blamed him, he says.

"At this point, I'd made enough money," he says. And in 1995, he decided the time was right to sell IRG and leave Vancouver. (He did so with no regulatory black marks on his record.) "I thought, there's got to be a better Monopoly board," he says about his decision. Genovese wanted to run something of his own, something "where there's no one to blame but yourself" for mistakes. More importantly, in BG Capital, he seemed to find his true calling as an entrepreneur. "I love building businesses. The only criteria I have is that they be profitable. The only exception was Clearly Canadian."

If bottled water has been a big disappointment, it's hardly the end of the world for him. The real money-maker in his portfolio is the Neptune Society—what he describes as "the best move I ever made." While others were plowing money into the Internet boom in the late 1990s, a skeptical Genovese came across the cremation company, which is really more of a direct marketing operation. Neptune's strategy is to paper the United States with marketing materials urging people to plan ahead and buy an affordable cremation before they die. Neptune now signs up over 80,000 people a year for its $2,000 cremations (a bargain compared to over $5,000 for a traditional burial). On average, those "contracts" last 11 years, while the company does only about 18,000 cremations each year. As a result, Neptune has built those contracts into an almost $100-million trust, up from $28 million when he arrived, he says. "I feel like Starbucks. I can't grow this any faster."

The newest offshoot of the Neptune Society is a project called the Neptune Memorial Reef—an artificial reef off the coast of Miami, Fla., featuring hollow concrete pillars and statues on the ocean floor into which canis-

PHOTOGRAPHS BY JEFF HARRIS

ters of people's remains can be inserted. It may sound crazy, but Genovese is swimming with ideas for the underwater mausoleum. He envisions it becoming a famous dive site as well as a big growth industry for a whole new kind of burial.

There's no escaping the fact that Genovese's business instincts are inseparable from his simple desire to enjoy himself. He works hard, plays the same way, and basks in the attention that follows. One of the properties BG Capital holds, for instance, is the Vancouver International Polo Team. Genovese admits this is really just him and a handful of professional polo players he hires to play with him at tournaments around the world. Over lunch of chicken, cold noodle salad and edamame beans served on his deck, the hyper-competitive Genovese even boasts of winning the Lake Rosseau annual father-son canoe race. No easy feat considering his son is just six years old and barely big enough to hold a paddle.

The role of the wealthy playboy sits easily on Bobby G's shoulders, and his greatest skill might be in his ability to share that enjoyment with those around him. Far from being a kind of Canadian Donald Trump, on TV and in person Genovese is undeniably likeable. "He has a unique way of making everyone feel important," says Reingold. When visiting Genovese, he doesn't just want to *show* you his waterslide or his speedboat, he wants you to *try* it and he wants you to *drive* it. "Toys are toys but the key thing is he likes to develop personal relationships. He's an extremely superb networker," says Bryan Smith, a close family friend and founder of Burgundy Asset Management. "Whether he realizes it or not, he wants you to be happy." That kind of magnetism can't be taught, and it is one of the keys to his success as an entrepreneur, raising money and attracting the right people to run businesses, adds Smith.

As for having his life on TV, Genovese is nonchalant. When asked how he feels about the show, he replies: "Am I ecstatic? No. Disappointed? No." The television show isn't so much a vanity project as it is a marketing tool. (The idea was first brought to him by Lokash, he says.) "How could you not do it?" says Genovese. "I thought we should be paying them." There are plans for a second season and some interest from bigger networks, he says, and that would only add to the value of the project as far as he's concerned.

Sitting in his cabin, Genovese points out a model of the Miss Canada III, something a friend spotted in a shop one day and remarked to him, "You know you've made it when you see a model of your own boat in a store." So, has Bobby Genovese *made it*? He quickly reconsiders. "No," he says. "But I'm having a lot of fun." M

BUZZ HARGROVE's last big win seems to have turned the logic of outsourcing on its head

AARON HARRIS/CP

CAW'S NEW MATH

Suddenly automakers are on the hook for suppliers' severance

BY PETER SHAWN TAYLOR • Like many firms in Ontario's troubled manufacturing sector, Kitchener's Ledco had a long history, and a bleak future. The combination of a high dollar, high union wages and the malaise in the auto-parts business made Ledco uncompetitive in 2008. Last January, management gave its workers a choice: accept a 25 per cent wage cut or the factory closes. As wage cuts are anathema to the Canadian Auto Workers union, the plant went bankrupt. There looked to be little hope Ledco's employees would ever receive their severance pay.

At the time of the bankruptcy, CAW officials vowed to pursue Ledco's customers—General Motors, Ford and Chrysler—for the missing severance. It seemed a brave face on false hope. Why would any company pay severance to another firm's employees? Yet this month, CAW scored a $1.2-million payment from the automakers and Ledco's unionized workers received $1,200 per year of service. It looks like a rare victory for a union beset by a long string of bad news. But what does it mean for the Big Three?

"This is an unprecedented development," says Jerry Dias, who oversaw the negotiations for the CAW. "When we told Ford, GM and Chrysler there was an expectation they would pay severance to these workers, they flat out refused. But we made it a major issue in bargaining." In order to settle their labour contracts with the CAW this spring, all three automakers decided the severance was a small price to pay for labour peace. The share from each was based on Ledco's order book, with GM covering three-quarters of the total.

And a week after Ledco workers got their cheques, the CAW announced another $500,000 payment from Chrysler to the employees of the bankrupt Plastech plant in Leamington, Ont. "The broader message is that workers are owed their severance," states Dias. "Someone has to pay." He says the Big Three have "a moral responsibility" to ante up, even if there is no strict legal obligation.

The CAW's surprising success has impressed unionized and non-unionized workers alike. Robert Schott was a non-unionized engineer at Ledco at the time of the bankruptcy. He agreed to the proposed pay cut and today blames the union for Ledco's demise. But he'll give recognition where due. "At the time, it sounded ridiculous to ask GM to pay the severance," says Schott, who recently found a new job. "I'm shocked they actually did. So I have to give the CAW credit for that."

For those who have been watching the recent financial convulsions of the troubled North American automakers, however, this promises even more bad news down the road.

"One of the main reasons you outsource parts production is to eliminate the risks and obligations of being an employer," says business professor Tony Faria, director of the office of automotive research at the University of Windsor. "If you start accepting these sorts of costs, you remove the whole logic of using suppliers." Given that more bankruptcies are expected across the auto-parts sector, Faria predicts the Big Three have dug themselves a brand-new hole in labour relations.

"One time is all it takes to create a precedent," he says. "You can be sure the CAW will be back every time there's another bankruptcy, arguing about 'moral responsibility.' And why not? It worked before." M