

FEATURE BIOGRAPHY - HERB DOMAN

The trouble with legends is that nobody knows they're being created when they are.

Pioneers have the same problem.

There never was a pioneer who thought of himself as that, a trail blazer from past through present to the future.

And that's the problem with Harbanse Singh Doman, 56, who has difficulty in accepting the fact that through his business acumen he has created and is still building a pioneering legend in the forest industry - not just in home-base Duncan; not just in British Columbia, or Canada, or the Pacific Northwest; but in every part of the world where softwood lumber is sought, bought and sold.

If you suggest the legendary proportions of Herb's rise from the seller and deliverer of dump truck loads of sawdust or firewood to the head of multi-faceted Doman Industries, his brown eyes blink while his shoulders shrug in disbelief as his mind rolls back to the day in the mid-forties when, as a 14 year old, he was told of his father's death.

With the family to look after, Herb quit school and took his first steps along the road destined to lead him to heights then undreamed of - especially by a young Sikh hooked into an Anglo-Saxon world at a time when minorities were not always treated fairly and there was no human rights code to say that they must be.

Two years after his father died, and now a grown-up at the age of 16, Herb struck his first major deal when he persuaded a truck dealer to skip the down payment on a new truck so that he could move directly to monthly payments from his growing cash flow.

Another five hard working, hard driving years were to pass before Herb could afford a second truck and become confident enough to incorporate. And another decade became history before the newly formed Doman Industries went public.

Herb never looked back with regret.

Not that it was always onward and upward. There were times when, as world markets faltered, so did Doman Industries.

But, as financial consultant A.D.G. Reid wrote in the Investor's Digest in May, 1987: "During the 13 year period 1965 through 1978, the company, with minor retrenchments, showed consistent and strong upward growth which saw sales soar 1,800 per cent from \$6 million in 1965 to \$115 million in 1978 while net earnings skyrocketed 47 times from \$237,000 to \$11.1 million."

Times were good, the future rosy as Herb steered Doman Industries to the end of the decade confident, as were most economic forecasters of the day, that the best was yet to come.

Even the flatter sales and a warning drop in earnings in 1980 didn't dampen the quiet Doman confidence.

In fact, in 1980 Doman Industries joined Whonnock Industries (now International Forest Products Ltd.), and B.C. Forest Products Ltd., to purchase at 1/3 each, Western Forest Products.

The deal included two pulp mills, five saw mills and extensive logging operations. On the surface it marked the entry of Herb Doman into the big league of the forest industry.

Financing for the deal was by bank borrowing by way of a 14 year term loan at a floating rate over prime with no principal payments until March 1984.

In October 1980 bank prime interest rates were 12 1/4%. Before the ink was dry on the agreements designed to make Doman Industries big league players, interest rates started to climb at an alarming rate. In 9 months they soared to 22 3/4%, the highest in recorded history and the vehicle designed to take Herb Doman to the stars wobbled on the launch pad and threatened to blow up and bring down the rest of his hard won empire.

Around the world markets failed, banks and businesses collapsed and Herb Doman faced the bleak prospect of a long, hard road to recovery. While his critics may have savored the fall, sniffing that he'd gone too far too fast, Herb looked upon the situation as one more challenge, albeit a bigger one than he had ever faced.

Like many other critics over the years, some observers under-estimated the strength of the man's character; they forgot who he was and where he'd come from.

They also forgot the team he had at the core of his operations.

Since the birth of Doman Industries, founder Herb had been putting together a lean, loyal, super team of executives. When the downturn became recession and recession a full-fledged depression of the '80's, the team, all members now corporate veterans, kept their nerve and their cool - and over what seemed at the time to be interminable years of anxiety, they persevered.

But more than nerve, confidence and corporate skills were involved in those distressing years when all was in danger of being lost, and the Doman legend earned it's most illustrious pages in the history books.

Asked about those dark days today Herb Doman permits the trace of a smile to flicker and says with pride - but more as a statement of honor: "We never closed, you know? Never laid a worker off. We cut back on shifts, but we kept everyone on, I owed them that. They were all good people and I knew what they had done for me. And I wanted them to know I knew."

"The darkest time came when we had six months inventory sitting on the dock; and I want to tell you there was no light at the end of that tunnel."

"But we hung in there, and it turned around as I knew it would."

Herb is careful to emphasize the role his executive team played in those years when nerve, honor and loyalty played equal roles.

"I have always hired good people because without good people the game is soon over. I have always encouraged them to think for themselves, move for themselves, make decisions."

"There's only one thing I don't let them do without careful consideration and debate and that's buy filing cabinets. Executives who buy filing cabinets are writing too many memos and letters. I'm running a diversified forest company not a post office."

When you catch his eye it's twinkling a little, but not much.

On August 10, 1988 the Vancouver Province published the earnings and share value of nine B.C. Forest companies over the first six months of 1988. While all but one showed increased earnings, only one - Doman Industries - showed increased earnings and increased share prices.

Doman's earnings were up 55 percent from a year ago, its share prices up around 12 percent over the same period. The other eight companies all recorded drops in share price values.

On that note of optimism Herb Doman could be forgiven if he relaxed a little, rested on his laurels and waited for the future to come to him.

But he isn't that kind of man. He worries about tomorrow and he remembers all too clearly the anguish and difficulties of the early 1980's.

And remember, in addition to building a legend, Herb Doman has always been a pioneer.

"I think 1989 might be a little quieter than this year," he says reflectively. "And I think we have to be ready for it. We have to start figuring now, well ahead of time, how we're going to handle the known cyclical nature of the forest and lumber industry."

"You know for years, for far too many years, the B.C. forest industry has been telling its customers what they have to buy. We've been saying you'll buy two by fours or you'll buy nothing - and some of our best customers or potential customers, have said "Okay, we'll buy nothing from you but we'll go elsewhere to find what we want."

"That just has to stop. There is always a market for lumber even in the depths of recession. People still build and renovate houses - or cabins. We have to find out what people want - and manufacture our lumber to meet those needs."

"When they tell us they don't want to buy two by fours, by god we'd better stop trying to force two by fours on them. If they tell us they want manufactured window frames, we'd better start making them."

In modern jargon such manufacturing is called "value-added" and in simple terms means getting every meter of value from the log before we ship the resources across our borders.

Putting his confidence where his money is, Herb Doman is building a "value added plant" at Duke Point, Nanaimo. He expects it to be in full operation by March or April 1989 and says it would be ready to go sooner if B.C. Hydro could deliver essential heavy transformers before its guaranteed February 1989 deadline.

"Put simply," Herb says "the Duke Point plant is being built to our customers' specifications. It is what we call a low grade utilization plant in that we will be manufacturing our products from what is today waste left on the forest floor. With new technologies the end product will not only be stronger than anything we manufacture today, it will be made to customer specifications from what was once regarded as waste."

When it is in operation it will be the first of its kind. Herb says he expects the other forest companies to follow his example - "but hopefully not until we've got a good head start on the market."

As an afterthought he adds almost sadly; "You know when it takes 50 years to grow the raw material, I think we have a responsibility to utilize it to the fullest."

Herb Doman still works seven days a week, although he says he's slowing down a little, and still lives in a rented house on the Maple Bay side of Duncan.

"But I think I'll build a house soon," he laughs. "I've just never had the time before."

What does he do on weekends when his offices in Duncan and Vancouver are closed?

"Well, the weekends sort of give me the opportunity to drop in on the various operations and talk to the guys. As I say, I have had good people workings for me and I like to listen to them. I just talk to people, whoever happens to be around. It's important for the boss to listen to the guy who works out in the wind and the rain."

"More often than not, when you have problems, he's the one who not only knows what's causing the problems, but often has some damn good ideas on how to solve them."

"That's my weekend. Just reminding them that they work for me - and that I work for them. And I always level with them. Like the morning (a Saturday) I was telling some of our people that interest rates were going up in Germany and that it has cost us some cancelled orders. I think it's important that they know what's going on so that they can understand some of our decisions."

"I think they learn something from me and I know I learn from them."

For this particular interview Herb Doman is casually dressed - red and white striped summer shirt, white slacks and running shoes.

In contrast, the last time I talked to him at length was at a formal dinner at Government House where black tie and tuxedo plus cummerbund were the order to the day.

I look across the table at him biting into his hamburger topped with cheese and bacon and realize I'm in the company of one of those all too rare 20th Century men who can walk with crowds and keep his integrity, can talk with kings yet never lose the common touch.

That's Herb Doman, born near Duncan, April 9, 1932. Educated in local schools. A product of the community he still calls home.

And both legend and pioneer in his own time.

(1988)