

Irving empire: wagons to oil tankers

Irving means business K.C.: of myth and man

by Josh O'Kane

How does the "Irving Empire" stand today? When something got in K.C. Irving's way, he made it his own and changed it. How has that monopoly changed – and is it for the good of New Brunswick and Canada?

His three sons, Arthur, Jack, and James, are now the primary proprietors of the Irving Companies. The profits of Irving Oil allowed K.C. to branch out into his other industries.

The forestry branch, JD Irving Ltd. (JDI), has grown to be the largest landowner in New Brunswick, Nova Scotia, and Maine – 1.4 million hectares. In fact, it is now one of the largest foreign landowners in the United States.

JDI helps to feed the pulp and paper industry that Irving also has acquired, but also provides a field (literally) that allows the company to fulfill its reforestation goals, consistently planting over 25 million trees per year. The company's mills have 0.6 of the world's market share – that doesn't sound like much, except it's all from one little province – and Irving is looking to see that share grow.

In the convenience store market, Irving's Mainway stores – recently changed to the name Blue Canoe – are attached to many of Irving's gas bars across the Maritimes and Northeastern seaboard.

Back in the oil industry, the Saint John refinery, producing 300,000 barrels a day, is now responsible for 50% of Canada's petroleum exports. The refinery is the biggest in Canada and the Eastern seaboard. Irving has also made a great dent into the California markets by offering low-sulfur gasoline several years before the emissions laws even came into effect, taking control of the market before one was even there to begin with.

Irving's Canaport is not only hooked up to the refinery, but also to the Bayside and Coleson Cove power plants in Saint John – totaling 1325 megawatts of combined capacity. Because of this, and its other receiving abilities, Canaport is also the region's largest receiver of petroleum.

Energy and power appear to have a large amount of effort devoted to them by the Irving companies. Mary Keith, Public Affairs spokesperson for JDI, offered this to say: "There's no question that with rising fuel and energy costs, alternative means to generating energy is going to be important." Current efforts towards environmentally friendly efforts include the harnessing of wind power in Prince Edward Island and New Brunswick.

UNB itself is not left out of the mix. "We've got over 500 UNB grads on the pay role at the moment," Keith explains. And within the campus, research is going on to help make JDI more environmentally friendly.

"One of the things that we're doing with UNB is a very interesting water-course mapping project... looking to ground water and how water moves [underground] in an effort to ensure that we're respecting water course regimes."

"We are very engaged with research [at UNB]." Other efforts include research in purifying the



The Irving Mainway on Regent serves its New Brunswick customers, as the provincial flag flaps overhead.

Michele Legendre/The Brunswickan

water released by their pulp and paper mills, which inevitably has a positive impact on fish health in the region.

She goes on: "there's been a tremendous amount of science and work done in order to better understand ecosystems, and we are applying that knowledge today."

The Irvings do pay tribute to nature when they can – Arthur Irving, Sr., has served as president with Ducks Unlimited Canada. At Acadia University, the K.C. Irving Environmental Center, The Arthur Irving Academy for the Environment, and the Harriet Irving Botanical Garden, all have ongoing efforts to preserve nature through education and experience.

As for New Brunswick forestry, Keith says that they continue to make efforts to give back more

than they take. "The forest is constantly evolving, and so are the industries involved with forestry." They claim to always follow the best practices, especially with regards to the Kyoto accord: "We've worked very hard to maintain [our] certifications [from] independent bodies."

Nature and oil aren't the only two conquests of the Irving companies, however. Cavendish Farms, a frozen potato product producer is also owned by the Irving Group and has factories in Prince Edward Island and North Dakota, with head offices in Dieppe, NB, and sales locations across Eastern Canada.

Another primary conquest of the Irving companies are media outlets. They had a television monopoly in the 1980's: Irving had control of the only CBC affiliate at that time, and ran MITV (Maritime Independent Television) until it was sold to Global. Irving also has control of New Brunswick's print media. Owning all English and French daily newspapers and most English weekly and community papers, there is little other choice but Irving publications.

In the 1970s, when this concentration was limited to only 4 English daily newspapers, a federal commission of inquiry into media concentration took aim at the Ir-

ving family's control. Today, for print media across Canada, there exists a much higher degree of concentration than existed with Irving in New Brunswick during the 1970s.

However, the case with Irving was one of the first in the nation; the Irving family supposedly allows their media holdings to operate "relatively" independently – with the only oversight being in their finances. All Irving newsprint is printed at J.D. Irving's mill in Moncton, yet again encouraging more internal profits.

Monopoly or not, New Brunswick meant a lot to K.C. Irving, and it continues to mean a great deal to the Irving family.

"Our head office is here, and we're the only pulp and paper company in the province with its head office in New Brunswick," explains Keith. "It's home, and that's important to us."

"We've worked very hard to implement programs that are focused on helping talented New Brunswickers stay at home with good paying jobs."

However, Irving isn't always known for treating their employees perfectly when other things are at stake. The former company Saint John Shipbuilding Limited, which was owned by Irving, was forced to close after pressure was put on the unions to allow lower wages in order to compete with the global economy. The unions put up a fight, and long story short, the shipyard in Saint John was forced to close.

After all, business is business, and Irving certainly knows business. From carting bottles in a wagon, to owning a fleet of oil tankers, K.C. Irving created a force that has influenced New Brunswick more than anyone else combined in the last 100 years.

With a stronghold on everything from gasoline to print media, it's hard to imagine what the Irving companies don't own in the province. Taking anything in your way, buying it, and changing it according to your needs is a surefire way to get what you want.

But in the big picture, how does it work out for New Brunswickers in general? Is one source for everything worth the lack of choice? The ability to internally purchase whatever resources are needed is certainly an asset, but what effect does it have on the residents of the province?

Some could say too much, and some could say none at all. But the facts are there: From french fries to gasoline, Irving is everywhere in New Brunswick, no matter where you look.

The life and times of K.C. Irving

"One day...the Irving family descended on an Irving project in the forests of New Brunswick." K.C. was there with his wife, sons, assorted grandchildren and great grandchildren, and workers stopped what they were doing to gather around to welcome them. At this moment a very young great-grandson looked up at his own father and, in a tone of admonition, said: "Look, Dad, men not working."

The previous excerpt is found in How and Costello's *K.C.*, a biography of Kenneth Colin Irving, creator of what is today known as the Irving empire.

On any given day, there's one company you know you're going to be exposed to anywhere in New Brunswick. From picking up any city's paper, to eating french fries, to buying lumber, to getting gas, you're bound to use, or at least see, an Irving product.

The Irving Group of companies seems to have a stronghold over almost every industry in New Brunswick. The petroleum, forestry, and pulp & paper industries, and even print media, are dominated by Irving in the province. Many people are often left wondering how one company can exist with so many assets in so many industries.

It all started in a little village called Bouctouche in 1899.

That year, Kenneth Colin (K.C.) Irving was born into a family that already had the respect of the community at large. His mother was a serious and tenacious woman, from whom he derived much of his personality and persistence. His father, J.D., was a generous man who was influential on the North Shore; this provided K.C. with an early base from which to become an entrepreneur.

One story has it that as a child, K.C. received a 4-wheeled wagon as a present. Instead of playing with it or lugging toys, he went into business with it. At only 6 or 7, he hired two 10-year-old friends and got them to clean cellars for him, salvaging what they could. Found bottles would be returned for cash. Soon enough he was making regular profits, keeping the majority, and giving his two workers the rest.

Another tale has it that after hearing neighbors complain of noisy ducks on his property, he killed them – and sold them to the very same neighbors, netting \$100 along the way.

It appears a businessman was in

the making, whether or not Bouctouche, or the world, was ready.

Hunt and Campbell's 1973 biography of K.C. Irving described his personality as "gentle, polite, gracious, and unassuming." Of his business attitude, however, he is said to have been a "ruthless entrepreneurial aggressor of boundless moral outrage."

A ruthless fighter on the school grounds at home, it was K.C.'s dream to enlist and fight in the First Great War. His father, however, had different thoughts, and enrolled him in Dalhousie and Acadia universities.

But learning meant nothing compared to practical work, and so he went off to travel, making it as far as British Columbia while en route to Australia, before turning back. He came back to enlist in the Royal Flying Corps in World War I, against his father's wishes. However, the war ended soon thereafter, and he found himself working for his father at the Irving General Store in Bouctouche.

In 1924, K.C. opened up a garage and service station in conjunction with the store. Under the name Irving Oil, Ltd., he went into competition with the much larger Imperial Oil, who had snagged their franchise from him. The residents loved it – competition meant better prices.

Irving Oil was the beginning of K.C.'s corporate conquest.

Throwing a Ford dealership into the mix, K.C. was soon the go-to man for cars and car services in Bouctouche. In the 1930's, he opened up a lubricants packaging and blending plant in Saint John, challenging the market by being the first to offer 1-quart glass bottles of his products.

Saint John soon became the helm of K.C.'s efforts; in 1931, Ford offered its first franchise to Mr. Irving, and a bond was established, increasing his quickly-expanding empire in the automotive

industry.

Soon he took up bus lines and truck companies to do his delivering. In 1933, after his father's passing, he acquired J.D. Irving Ltd., the family lumber company, and began to take an interest in forestry. Gradually, Irving began to acquire other foresting companies, and after having timber holdings across North America, his interest in reforestation began.

Back on the oil front, Irving expanded into Québec and Newfoundland (upon its entrance to Canada in 1949), and continued to grow as K.C.'s profits rolled in.

In 1951, K.C.'s son Arthur joined the family business, followed by his brother Jack in 1953. The two would prove to be the first of many of the Irving clan to keep a family hold on the company that still lasts to this day.

During the construction of Irving's Ocean Steel Plant in Saint John, K.C. had roads blocked off without city permission. One fish store was cut off from consumers for five days – enough time for them to have to dump a ton of lobster and salmon, useless, for having rotted. Any other company would have faced serious trouble with the Saint John city council – but not Irving.

Perhaps K.C.'s biggest dream was accomplished when he completed the construction of the Irving Oil Refinery in Saint John in 1960. Beginning with the production of 40,000 barrels a day, and upping to 250,000 per day by 1974, it dwarfed any other Eastern Canadian competitor.

The refinery was soon accompanied by the Canaport terminal, the first deep-water terminal in the Western Hemisphere, located just outside of Saint John and fit to hold ultralarge crude carriers.

In 1972, in an effort to focus more on business instead of profit, K.C. allowed his son, Arthur Irving (Sr.) to take over as President of Irving Oil, Ltd. K.C. soon moved to Bermuda

"Whatever the truth about Irving the man, Irving's corporate identity is created at least as much by what the society around it believes as by what it is in reality."

- Hunt and Campbell

in an effort to evade heavy Canadian taxes.

Though he spent as much time in New Brunswick as possible with his family, K.C. assured that he limited the amount of time – six months minus a day each year – so as to not be reinstated as a citizen and worthy of taxation.

All in all, K.C. Irving created an empire. A shrewd businessman, his strict Presbyterian upbringing saw him working every day except when he took time off for church, with the odd Northern New Brunswick fishing vacation.

By owning enough so that each company only needed purchase services and goods from other Irving companies, all profits fell back to him. By the 1960's, eight percent of the New Brunswick workforce worked for Irving, a number that has been growing to this day.

With an estimated 6 billion dollars to his name, he was considered one of the wealthiest men in the world. Some say The Simpsons' Mr. Burns is modeled after a combination of K.C. Irving and Howard Hughes. For those who live in New Brunswick, it certainly seems to make sense.

IRVING COMPANIES

SHIPBUILDING: IRVING SHIPBUILDING INC.

RETAIL: CHANDLER, IRVING TISSUE, IRVING TISSUE CONSUMER PRODUCTS (MAJESTA, ROYALE, SCOTTIES, SOFT WEVE), KENT BUILDING SUPPLIES, PLASTICRAFT, UNIVERSAL, KENT HOMES, CAVENDISH AGRI SERVICES, SOURCE ATLANTIC

TRANSPORTATION: MIDLAND, SUNBURY, RST INDUSTRIES, NB SOUTHERN RAILWAY, KENT LINE INTERNATIONAL, ATLANTIC TOWING

CONSTRUCTION: GULF OPERATORS, BARRINGTON INDUSTRIAL SERVICES, IRVING EQUIPMENT, YORK STEEL, OCEAN STEEL, STRESCON, MARQUE CONSTRUCTION, FCC ENGINEERING

FOOD: CAVENDISH FARMS

PETROLEUM: IRVING OIL

FOREST & PRODUCTS: JD IRVING



KC IRVING TIMELINE

MARCH 14, 1899: KC IS BORN
1916: KC GOES TO ACADIA UNIVERSITY
1916: KC JOINS ROYAL FLYING CORP.
1924: FOUNDED IRVING OIL
1931: FORD OFFERED ITS FIRST FRANCHISE TO KC
1933: AFTER HIS FATHER'S PASSING, HE ACQUIRED J.D. IRVING LTD
1949: IRVING OIL EXPANDS OPERATIONS INTO NFLD
1951: K.C.'S SON ARTHUR JOINED THE FAMILY BUSINESS
1953: K.C.'S SON JACK JOINED THE FAMILY BUSINESS
1960: BUILT OIL REFINERY IN SAINT JOHN, 40,000 BARREL A DAY PRODUCTION
1970: IRVING CANAPORT BUILT, FIRST DEEPWATER TERMINAL IN WESTERN HEMISPHERE
1971: OIL REFINERY 120,000 BARREL A DAY PRODUCTION
1972: KC MOVES TO BERMUDA, ARTHUR SR. TAKES OVER IRVING OIL
1974: OIL REFINERY 250,000 BARREL A DAY PRODUCTION
1979: KC INDICTED TO CANADA BUSINESS HALL OF FAME
1989: MADE AN OFFICER OF THE ORDER OF CANADA
DECEMBER 13, 1992: KC DIES
2003: ARTHUR SR. RECEIVES ORDER OF CANADA
TODAY: OIL REFINERY 300,000 BARREL A DAY PRODUCTION