

# The master builder

Veteran technology manager **Gerry Pond** seeks a new business model for Atlantic Canada

BY PHIL BLACKMORE

**A**lthough he officially retired as the president of Aliant Telecom Inc. recently, Gerry Pond hasn't slowed down yet. Today, he chairs the board at Q1 Labs, an American Internet security-software developer with two offices in Canada, including one in Saint John, N.B. In early May, he also joined iMagicTV Inc.—a software supplier for broadband networks based in Saint John—as CEO.

The company is a good fit for Pond; it offers him the chance to be a part of the formation of a new company in the software field. And it's a subsidiary of NBTel, a company he had worked for since 1966 after he graduated from the University of New Brunswick with a BA in economics.

In his 35 years at NBTel, Pond held positions in human resources, marketing, customer service, and new-business development; in 1994, he became CEO. The following year, Pond was appointed president and CEO of Bruncor, NBTel's parent company. By March of 2001, after the merger of the four Atlantic telcos, he became president of both the telecommunications and emerging business units of Aliant Inc.

In 1997, the Canadian Information Productivity Association named Pond Innovator of the Year for several new NBTel initiatives, including a screen-phone service. He has volunteered for such organizations as the Information Technology Association of Canada, the Canadian E-Business Opportunities Roundtable, the University of New Brunswick, numerous Aliant Inc. affiliates, and the Canadian Chamber of Commerce, where he served as chairman of the board. *Atlantic Progress* spoke with Pond at his Q1 Labs office.



**Atlantic Progress:** How did you know it was time to step aside as president of Aliant Telecom?

**Gerry Pond:** Bell Canada decided that it was time to place one of its executives in the job that I had. That happens a lot. We were wondering if it was time anyway, because there are evolutions with younger people coming along,

and we needed to shrink the management team because of the economics of the business. There was the notion in the background that I had had a good life here, and perhaps I should move on to something else and make it easier for those behind me. In the end, Bell had some designs for the business that didn't fit for me.

**AP:** You've been highly recognized as a strong supporter of innovation. During your tenure with the regional telecom industry, how did you foster it?

**GP:** First you start with a very high-order mission that says we are dissatisfied with our ability to tap into the intellectual potential of our citizens and employees. We've got good ideas



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in Atlantic Canada, and as many brains as in any other part of the world; why can’t we make better use of that? We blew the doors off the inhibitions. You don’t want any artificial restrictions like, “We can’t do it because we’re small, or because we’re in the Maritimes, or because no one’s done it before.” You can’t be too confident either, but once people believed that we could keep up with the biggest and best, it had a snowball effect.

**AP:** Were you satisfied with how Aliant Telecom compared with the biggest and best telcos during your tenure?

**GP:** You’re never satisfied, and that’s what keeps you going. What discourages me is that we have yet to create any new companies that are self-sustaining. We’re not going to be successful here in Atlantic Canada until we have another company that is a significant force and has its own momentum—one completely independent of its parent company. In Kanata, Ont., you see that sort of thing with Nortel Networks Ltd., Mitel Networks Corp., and Newbridge Networks Inc. We don’t have that “cluster effect” yet. I wouldn’t be happy until we did.

**AP:** There is a perception in the region that the Aliant merger didn’t go as smoothly as perhaps it could have. Why do you think that is?

**GP:** Although the four companies did have a history of some collaboration through the Atlantic Provinces Telecommunications Council and Stentor Canadian Networks Management [the organization that co-ordinated national services between telcos across Canada], let’s remember that they were very much affiliated with four provinces that had a bad reputation for collaboration. This was also a merger of four companies. I’m not aware of another like it in



## Q & A : the productivity puzzle

Canada; most mergers are two companies, some are three, but this was four. Finally, Stentor was breaking up at the time, adding a sense of urgency to the situation. If that was the pot that was boiling, and you ask how well did Aliant do, I think it did very well. I congratulate Stephen Wetmore on his leadership during this period.

**AP:** How do you feel about Bell pushing for increased control over Aliant?

**GP:** Bell has always had a major shareholder position, and in the case of NewTel, a majority shareholder position. Bell has provided national leadership to the industry; if you consider these two factors, what we're seeing is a natural extension of what's been taking place over a number of years. I'm not denying the need to leverage economies of scale. My hope would be that we also recognize the need to nurture other forces as well. Usually

innovation occurs in smaller entities, then the challenge is to absorb them without killing the innovation process. So how do you do that? There's a skill set there. I would hope that [Bell] will look to these other models where there has been a successful marriage between what is big and world leading, and what's local, smaller, and innovative.

**AP:** How did you get into the telecommunications business?

**GP:** The telephone company was expanding in the mid 1960s, looking for a variety of new disciplines, and I just happened to be in the right place at the right time. I started working in Moncton as a service representative, and I stayed for 35 years doing a variety of different tasks, from marketing to planning to human resources and productivity. It was an enjoyable career; I'm very lucky.

**AP:** To what would you attribute your considerable personal success?

**GP:** You're only as good as the people around you—corporations are collections of people working together. Perhaps because I wasn't an engineer, I was able to create some leadership that was new to the company and that provided a bit of momentum. But I had a great team of people, and I've always attributed my success to those around me. Most executives don't do it alone.

**AP:** When you shared your economic outlook with the New Brunswick Chamber of Commerce in April of 1999, you set aside the issue of good government for another day. Could you elaborate on that?

**GP:** In Atlantic Canada there is simply too much government. I don't think we should necessarily merge the provinces, but we should merge a lot of their operations. And the private sector needs to take a leadership role in overcoming the challenges in this region and stop looking to ACOA and



Industry Canada to create the solutions. We've tended to do this in the past—especially around election time—to say, "OK, let's get a big barrel of government money and start to dole it out so that we can solve our problems." We have to avoid business opportunities that are not very well thought out and are probably cannibalistic in many ways, like building hotels with government money. It's really hard to have private money competing with that model. We need grants—but as seed money, not as subsidies.

**AP: How would you compare the Atlantic provincial governments?**

**GP:** I think all of them, regardless of political party, have attempted to get out of this cycle. Where I think they've fallen down is in the thought that they could do it alone. If they couldn't collaborate on lotteries, how could they on issues such as health and education that are less clear? What these governments have lacked is the political will to form a coalition to overcome some of the impediments to the delivery of cost-effective government services.

There have been some successes, but I feel that they have only touched 10% of the opportunity for a pan-Atlantic business strategy. The challenges are difficult to achieve, but if they're not attacked soon, they will be attacked in another way. Soon we won't be able to afford the university system that creates the intellectual property or the health system that keeps us medically fit.

**AP: If you were an Atlantic premier right now, what would you do?**

**GP:** The urbanization of the world continues. Most modern businesses want to locate in urban centres because they want access to the various services they need. Are we going to say that in Atlantic Canada we're going to be different? That we're going to have no urbanization? I think that's like defying gravity. You have to centralize some of the services so that these capabilities can continue to grow, because if you don't have the growth of the cities, you don't have the growth of the rural areas either.

I would try to build an agenda around a model that looked closely at the Atlantic provinces and the services their governments offer, as well as the economic-development agenda, and get some common ground on that. I think in tourism that already has been achieved, probably because

it's easier to do it there.

**AP:** In March, Quebec Premier Bernard Landry compared the low value of our loonie to a drug addiction, stating that despite any immediate comfort it provides, the long-term effects will ultimately be



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“We’re not going to be successful here in Atlantic Canada until we have another company that is a significant force and has its own independent momentum”

**detrimental. What do you think about that?**

**GP:** I wouldn’t compare it to a drug. Perhaps it’s more like blinders; at some level it is creating a sort of false economy. When you look at our standard of living, you see that it’s dropping. It’s perhaps our expectations that are out of synch with our economy. I’m not sure it’s the dollar that is the problem—it may be the people that are the problem. People don’t believe that a lack of productivity relative to our trading partners, particularly the U.S., is a problem, so they acquiesce. Maybe the drug is apathy

toward that problem that has been clearly identified.

There are things that can be done. Employees can lose less time by being more conscious of their health and being sick less. Also, there are large amounts of unproductive activity taking place, and no one really seems to care about it. I have nothing against unions, but there seems to be an acrimony of methods in Canadian labour relations. So I think the culprit is a lack of will to do something about it. It’s easy to blame it on a monetary system or the government, but I think this is everyone’s responsibility.

**AP: What advice do you have for regional managers, and what is your prognosis for our region economically?**

**GP:** Managers need to perpetuate the “can-do” attitude—get behind and encourage our entrepreneurs for all they’re worth. They also need to foster a collaborative approach between competitors and create a sense that we can do it from here.

My prognosis for our economy is that looking at certain indicators such as our lagging productivity, onerous taxes, and aging demographic, things don’t look good. But the new economy is giving us a bit of a break in that some of the ground rules are being mixed up a bit. In the end, I’m optimistic about our ability, but concerned about our execution.

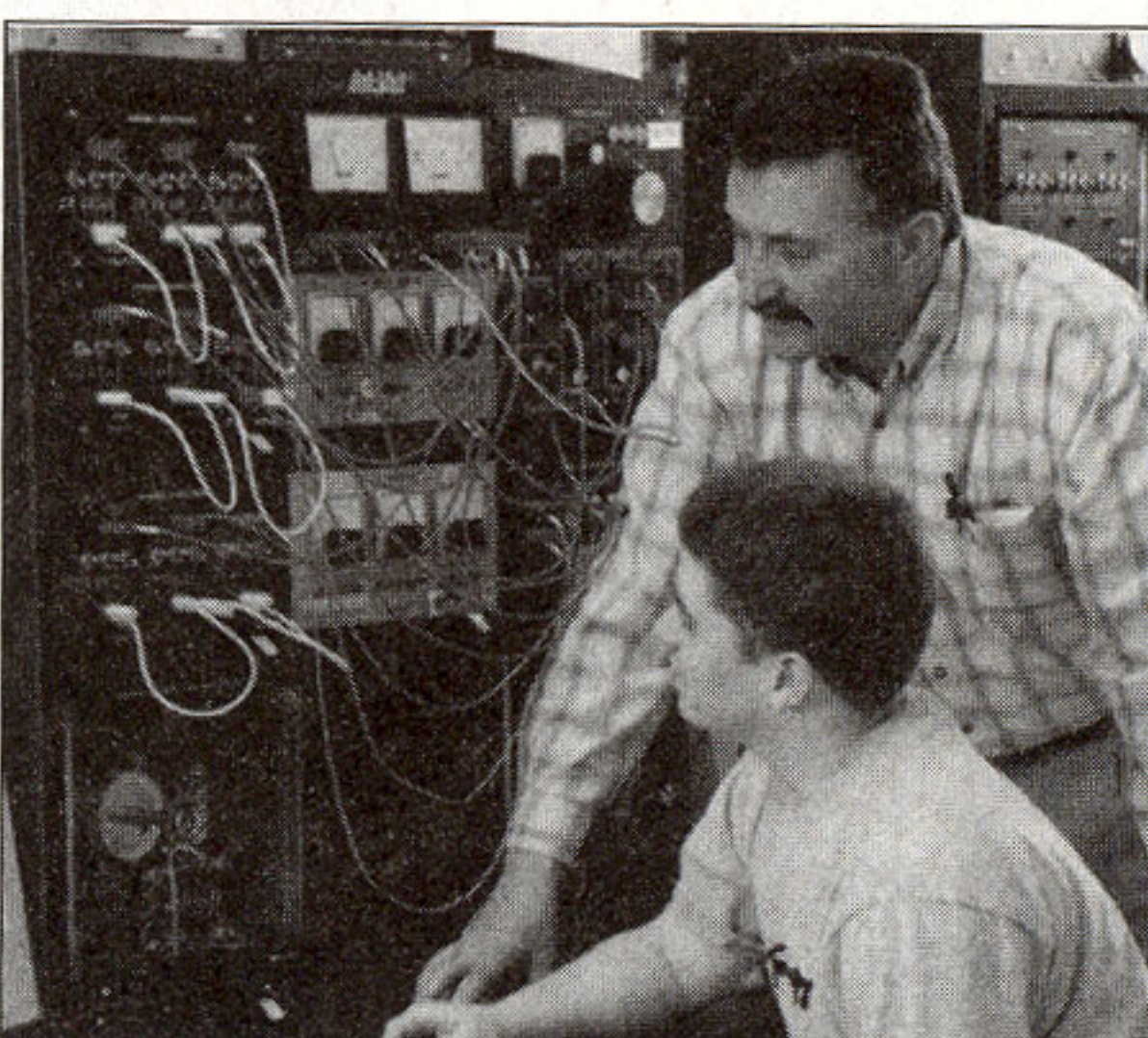
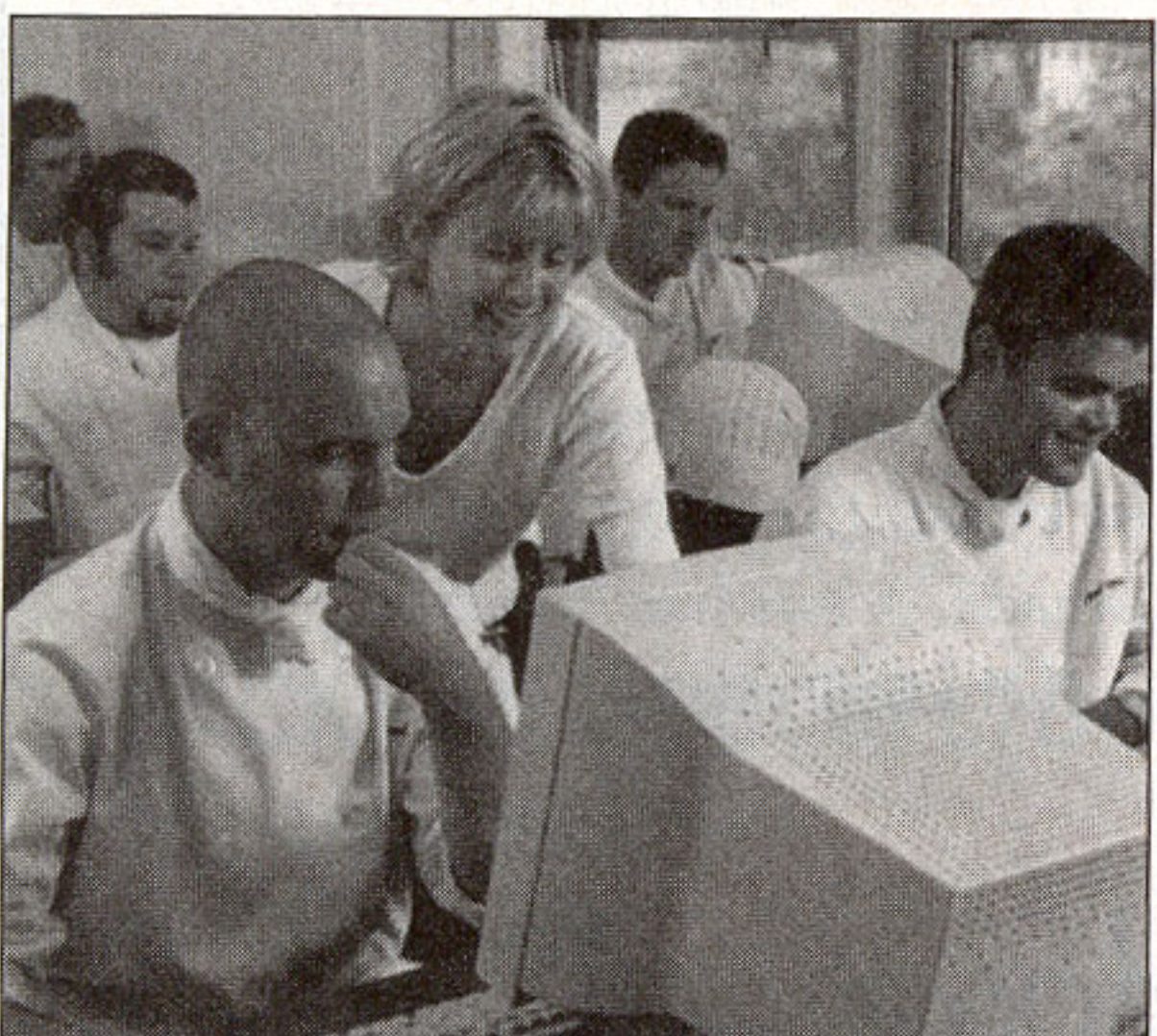
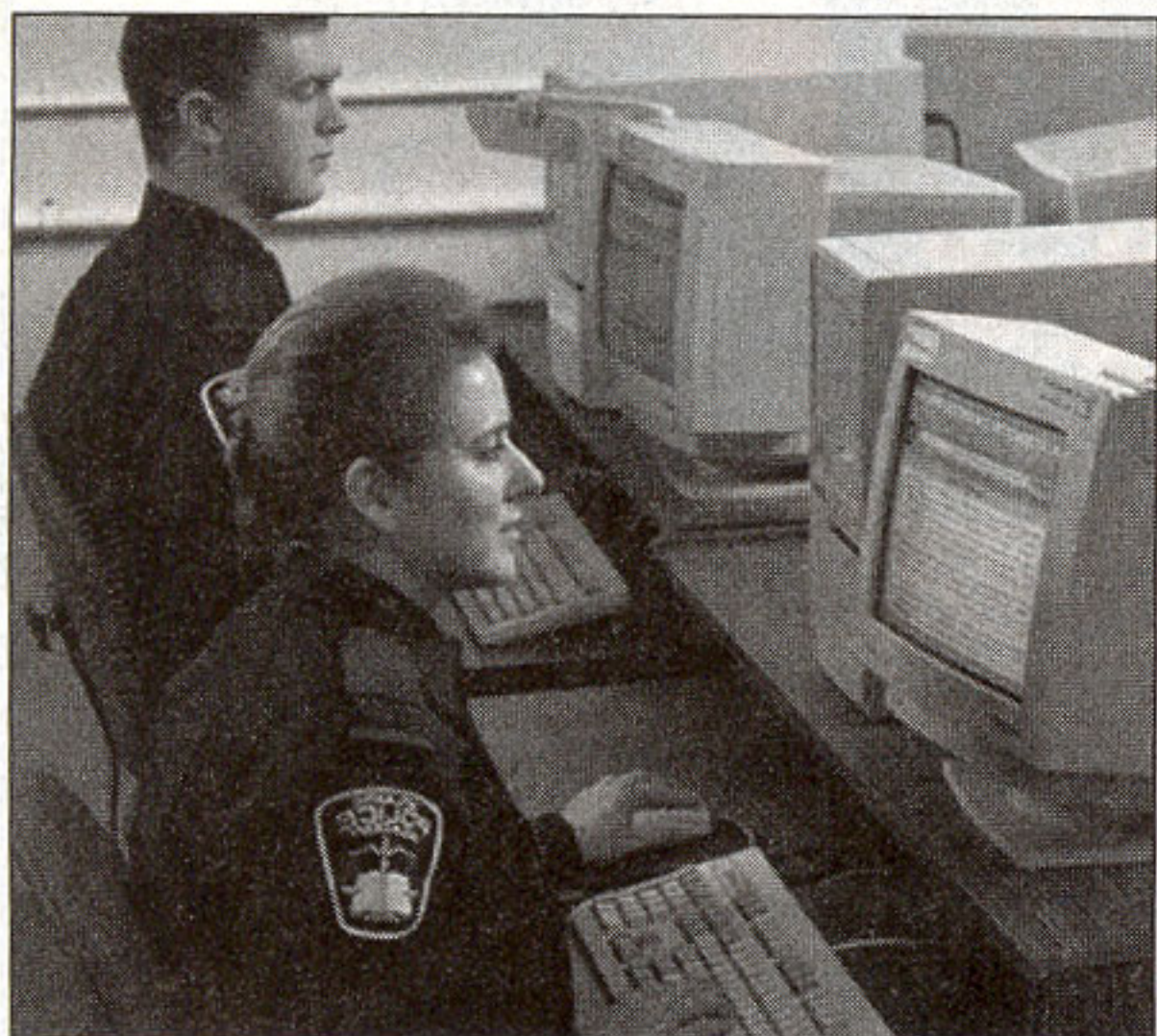
**AP: You’re the CEO of Saint John-based software supplier iMagicTV.**

**Why did you take the job there?**

**GP:** I have a long history with NBTel, and iMagicTV is a subsidiary. I accepted the opportunity because I have a lot of confidence in the company, and I wanted to be part of the formation of a new software company. I’m also able to implement an innovative agenda.

**AP: What are your future plans?**

**GP:** I want to stick around as long as I can and contribute to this region. I’m currently the chairman of the board of Q1 Labs, a new software company headquartered in Delaware. We were incorporated in April of 2001 and have nine employees in three offices: Saint John, Fredericton, and San Jose, Calif. We sell an Internet-based intrusion-detection system that discovers who intruders are and which servers they’ve accessed, allowing you to take corrective action. We’re shifting from an R&D phase to a commercial launch phase. A New Brunswick insurance company is our first customer. FINIS



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