

Key Data:	
Name	Peter Redekop
Position/Title	Co-founder (Wall & Redekop); CEO & Founder (Redekop Properties Inc.); Partner (Redekop Kroeker Development Inc.)
Companies	Wall & Redekop; Redekop Properties Inc.; Redekop Kroeker Development Inc.
Location	Vancouver, B.C.
Type of Business	Residential / Condominium Construction & land development
Number of Employees	450 (Wall & Redekop); 10 – 15 (Redekop Properties Inc.); 5 (Redekop Kroeker)
Status	Public (Wall & Redekop); Public (Redekop Properties Inc.) Private (Redekop Kroeker)
Years of Operation	1958 – present
Revenue (Annual)	N/A

PETER REDEKOP REDEKOP KROEKER DEVELOPMENT INC.

Interviewed by Qiang Yu & Jedmarc Evangelista
on October 21, 2004

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PRELUDE

My experience as a businessperson—or, what we would call an entrepreneur today—is rooted in my family story. My own experience, as a Mennonite immigrant to Canada after World War II, shaped my life and outlook on business significantly.

I was born in 1935 in a Mennonite colony in the former USSR (in a region which is now part of the independent country of Ukraine). The Mennonites originally settled in the USSR from Prussia in the late 1700s. Catherine the Great allowed them to set up self-sustaining, self-administered colonies in exchange for exemption from military participation (since they were pacifists) and autonomy in managing their affairs. Our Mennonites were German speaking, due to their original German/Prussian roots. This arrangement, made with Tsarist Russia, was not honored when the Communists came to power after the 1917 Revolution. We Mennonites suffered severely under the Communists in what then became known as the U.S.S.R. The Communists confiscated our assets that had been accumulated over generations. Our churches were destroyed; in some cases, even desecrated by being converted to agricultural uses. Although we had no physical church building, we still read the Bible. Our families prayed with the blinds closed because any type of religious observance was illegal. If we were caught practicing our faith, the father

of the house would be immediately sent to a concentration camp in Siberia. Many men were confiscated in the middle of the night, sent to Siberia, and never heard from again. My parents, and many other Mennonite families, faced those risks between the Communist Revolution and the outbreak of World War II. Even though I was quite young, I remember many of these events quite vividly since they were quite frightening.

There was great upheaval when World War II started in 1939. The German army advanced into Russian territory in 1943, including our Mennonite colony. I was 8 years old at the time. We lived under German occupation for about two years. The Russians then turned the tide in the war and began to force the German army to retreat. We Mennonites retreated with the German army until we ended up in what was German territory before the war. We roamed around as refugees in Germany from 1943 until the war ended in 1945. After the war my family, my parents and us four kids, were moved to The Netherlands, where we stayed for two and half years. I learned the Dutch language. I finished grade five in The Netherlands. I was now thirteen years old and all of this was quite confusing for me!

In 1948 we emigrated to Canada. We were known as 'displaced persons' as we were rooted from our homes in Russia and ended up in Germany and then Holland after the war. So we were 'displaced' from our original homeland. My family was sponsored by one of my uncles who lived in Manitoba so that is where we first settled in Canada. We lived in Manitoba for four months and then later in 1948 we moved to Abbotsford, B.C. and settled on a farm.

ENTREPRENEURIAL SEEDS

1. *When did you start your first entrepreneurial venture and what was it?*

I built my first house in 1958. I was unhappy with my job at a sheet metal factory. I was about 20 – 21 years old and I told my father that I am quitting my job and I am going to build a house. I was really excited. He said 'You do not know how to build a house.' I said "I will learn." I came home and worked on my plan with my older brother John. First, we bought some tools. Next we bought two building lots

in Clearbrook (which is now part of Abbotsford) for \$850 each. We had a design plan approved and we built our first house.

When you grow up on a farm, you are pretty handy. I can figure out everything pretty quickly. If I did not know how to do something, then I just asked. We did virtually all the work ourselves and used very few sub-trades. We did the cement work and put on the roof shingles. We even did the cabinets – it looked pretty horrible actually. But somebody bought the house and we made \$1,000. We were excited, not so much that we had \$1,000, but that we had succeeded. So, I proved that my idea could work. Of course, then, we said to my dad 'I told you we can do it.' This kind of success is exactly what young fellows need; it boosts your confidence and encourages you to keep going.

2. *What motivated you to become an entrepreneur?*

While I was a teenager on the farm, I had this idea that I wanted to buy a brand new car. I figured out very quickly that even if you buy an old car, you would use up all your earnings. On top of that, you want to go out and buy hamburgers and take out young girls. But all that cost money.

So I decided that I would hitch rides with my brothers and friends until I had enough money to buy a new car so that I could pay cash for it. This was basically my first business decision.

I worked for my Dad on the farm for about a year. He paid me \$150 per month. But he did not give me the money. Instead he put it into a bank account and saved it for me, which was good and smart. If I got the money, it would have been gone quickly, because young guys are young guys. So that was a kind of forced savings program. I saved about \$1,500 - \$1,700 from working on the farm, but the car I wanted to buy was a '57 Chevy, hard top convertible. This was a very beautiful car and I wanted to order a brand new one from Ottawa.

But I figured out that if I kept working with Dad it would take too long to save the money to buy the car. Then, I decided to leave Abbotsford and go to Vancouver to find a job. I would be able to earn about 2 or 3 times much as my Dad paying me at home. It was OK for me to leave the farm as I was done my role learning from my Dad.

I found a job in Vancouver and worked for one year in a sheet metal shop. I started at \$1.25 per hour and at the end of the first year I was earning \$1.75 per hour. Sometimes, I worked on Saturday and got double time. So now I earned about \$350 to \$375 a month – a lot more than the \$150 per month I was earning with my Dad. I was able to save \$200 per month towards the new car that I planned to order. Finally, I had saved the \$3,750 in my account that I needed to order my car.

I ordered the car and wrote the guy a check when it arrived. I now felt that I achieved what I really had worked for. I would polish my car once a week. Now I could drive around in my brand new car and take girls out to the White Spot for a hamburger.

But I soon discovered that I could not save money anymore. I was living the kind of life I had denied myself before and I could not save any money. I was now working in Vancouver. I came home to Abbotsford every Friday night and stayed over the weekend. Then, every Sunday night I went back to Vancouver. I was renting a room in a house in Vancouver, which cost \$25 dollar per month. I had to do my own cooking—I survived on jam sandwiches. So, I had my new car and I was working at a steady job, but I could not save any money.

I became very unhappy with my situation. I didn't see any future prospects. I thought of my situation in comparison to a Mennonite fellow I knew in Abbotsford. He was a car mechanic and earning at least twice the wage I was at that time. He was married with a couple of kids and had a house mortgage and a car payment. All of a sudden I realized that this fellow was married to that job for the rest of his life. He could not just quit. He would not have enough money to feed his family. If he could not make his mortgage payments, he would lose his house. So he had no choice, but to basically keep that job.

For a young fellow like myself, about 20 – 21 years old at that time, that made me very depressed. So I went home and told my father that I wanted to quit my job. He asked why and I said I have no future where I am working. My father said, 'You've got a job, a brand new car, you've got what every young fellow wants.' But I said I have no future—and he understood that.

So every weekend when I came back home I would keep complaining that I wanted to quit my job. But I had not figured out what I would do if I actually did quit. Since I wanted my Dad's approval, because I respected his wisdom and the fact that he had survived World War II and brought our family to Canada, I was going to come up with a plan.

Prior to this discussion with my Dad, I had ordered a book by mail. My parents subscribed to a German newspaper. In one issue there was an advertisement for a book titled, *How To Make \$1 Million On Real Estate In Your Spare Time*. I ordered this book for \$5.95. It was written by a life insurance salesman. I never did finish reading the book. I just read a couple of the chapters, but I got the simple message very clearly. First, when you acquire a property make sure it is a good buy. You have to do your homework. You don't just listen to the realtor and the neighbours. After you buy the property, you fix it up a little bit. You paint it, repair the stairs and improve the landscaping—but don't spend too much money on it. Then, you put it back on the market for more money. You make sure you get a good price for it. There will be a margin. I said to myself 'I can understand that; that is a very simple formula.

The second message I got was that the same principle applies when you have an income property, such as a duplex or rental suite. The amount of rent you bring in from the tenants will determine the value of the property. If you spend a bit of money on making the property look better you can improve the rental income. Thus, your assets are worth more money than what you paid. Even though I never finished the book, I felt I could grasp these concepts very clearly. The principles were so simple. These principles motivated me to build my first house. These simple principles from the book guided me to think about what I was going to do next.

3. *Was there any one person who was a model of inspiration for you and in what way?*

My Dad was an inspiration for me. He loved farming, but I believe that he would have been a better businessperson than a farmer. Whenever Dad went to the auction market to buy a car, some farm-

ing equipment, make a deal or negotiate, I loved to go along and watch because he was very good at it and enjoyed it.

My Dad was my mentor. He always gave me the freedom to choose what I wanted to do rather than forcing me to do something. Sometimes we would disagree, but he allowed us to do things even though he knew that was the wrong way, because he wanted us to learn from it.

My Dad—and my Mom—modeled a strong faith. We grew up in a very fine Christian home. My parents were both devout, born again Christians.

4. *Was your educational experience helpful? If so, in which way?*

My educational experience was not helpful, as we immigrated to Canada when I was 13.

As the youngest of four siblings, I had the opportunity for some schooling in Canada, while my two brothers and sister all went to work. I went to school for three and half years. I was two years older than most of the kids in my grade. I was placed back because I couldn't speak English. For the first six months of school I sat in the back of the class with no idea what was going on. That was in the late 1940s and there was no ESL [English as a Second Language] program, even though there was an influx of non-English speaking refugees from Europe into the Fraser Valley area. Today, schools are equipped and prepared to deal with ESL students—but not then. My teacher barely knew I existed. His attitude was simply to leave me alone. I then transferred from my first school to the Mennonite Educational Institute [MEI] for one year. I worked pretty hard and I finished grade 10. After grade 10, I quit school and worked with my Dad on the farm for two years.

My Dad and Mom both considered it very important to teach us how to do physical work, especially farming. My Dad, in particular, believed that the ability to work hard would serve us well into adulthood and raising our own families. That was one way that he believed he could prepare us for the world.

Even though I grew up on a farm, I did not like farming, because it is physically hard work and it was really not too exciting. You talk to the animals, but they don't talk back. I am more of a people person. I like to interact with people. On the farm you are by yourself, tilling the soil, growing strawberries and raspberries, milking cows, etc. Plus I don't like to get up at 5:30 in the morning.

Regardless of my own unique experience, there is no question that today a person's education is important. I love to deal with people who are well educated, because they are bright and sharp. When you analyze investment returns or assess projects, they are on top of it.

5. *How many different business ventures have you started in the course of your entrepreneurial career and what percentage do you estimate were financially successful?*

About 80 to 90 % of my ventures were financially successful. We have been through a lot of things. We started off building houses and then we began to build apartment buildings in Vancouver. From 1965 to 1972 we built thousands of suites a year. We were the largest apartment builders in Vancouver at that time. Plus during that time we went into a real estate sales agency under the name "Wall & Redekop." We had at that time the largest sales force in B.C. with 450 sales people and 12 offices. We also had a bunch of farming operations in Abbotsford that my brother John looked after. Within four years we were the largest egg producer in B.C. with an 11% share of the market. We also did a lot of land developing as well.

COMPANY FOCUS: REDEKOP PROPERTIES

6. *How did you identify the opportunity that led to the setting up of the business?*

I did not think too much about it. Today, you have to look at what you are really good at.

7. *What were the critical elements you assessed before you decided to pursue the opportunity?*

I did not think too much about this either. I just did whatever I wanted to do.

8. *How much time did it take from seeing the opportunity to the first day of business?*

I started to build my first house after four weeks.

9. *Did you find or have partners?*

I have one partner and that is my brother John.

10. *Did you have a business plan of any kind?*

Yes. When I built the house, I predicted the cost of the house and then set my goal of what I wanted to sell it for.

11. *What kind of financing did you have?*

My brother and I went to the bank and wanted to borrow \$5,000. We had \$2,000 of our own money so we wanted to borrow \$5,000 from the bank. However, the bank wanted to lend to our Dad but, not us. We finally managed to convince the bank to give us the money.

12. *How much capital did it take?*

It took \$7,000.

13. *How long did it take to reach a positive cash-flow position?*

House construction is different than a manufacturing business or a retail store. In our case, we were able to simply build the house and were able to sell it shortly before we completed construction. So, when we sold the house we received all the money at that time.

14. *If you did not have enough money at the time of the start, or at low points in the business cycle, what were some things you did in order to stretch your capital?*

I do not think this applies to our situation. Again, in the case of a manufacturing operation or retail stores, you might have to stretch your capital. In our case, problems would arise if we had slow house sales. In that case, you would have to discount some of your product or sell without a margin to try to recoup some of your investment. You can also reduce inventory of condominium units, in order to generate more cash inflow. When you have built up inventory and your sales do not fall into place, you have to advertise, discount, or promote.

15. *What did you perceive to be the strengths of your venture? Weaknesses?*

I believed in myself, that I can do it. Believing in yourself is a big strength when you are doing business. I am not talking about the idea that you can conquer the world. You have to be realistic, because money is real.

16. *What was your most triumphant moment? Your worst moment?*

Initially, my most triumphant moment was the time we sold our first house. We got the check. We made \$1,000. We were really excited. Although \$1,000 was not huge money, a young business person or beginner like myself at that time really needs an early success. This was our first house and we sold it right away.

When I quit my job, I told my Dad I wanted to build a house, and I believed I could do it. The success was important also to prove to my Dad that I could do it. I went from farming into construction. It was my own idea; this is what I wanted to do. Then I went ahead, did it and I succeeded. That is very important no matter how small the success is. You just need an early success. Basically, you build from there.

With respect to my worst moment, I have been in some tough situations. We grew to 450 employees from the 1960s to the early 1980s with Wall & Redekop. The market turned and we went down to about 40 - 50 employees in 1982 and 1983. I had to let go of a lot of people. You have to tell them 'We do not have a job for you tomorrow.'

row.' That was very difficult for me, because these people had worked for more than ten years to help build up the company, and we were very successful. Even though the industry was hot, we did not have enough work. That was very depressing for me. That was my lost moment in my business life. But we made sure we helped our former employees get new jobs. All of them today are still my friends, but I worked really hard on that.

17. Once you got going, what were the most difficult gaps to fill and problems to solve as you began to grow your company?

The tough part is to plan, look ahead and determine how you are going to grow your business. I believe you have to grow your business and that you cannot just stay stagnant. If you stay stagnant and others move forward, then you are falling behind. Business people have to be aggressive.

You have to look ahead at what you are going to do six months from now, a year from now, and two years from now. Our business is market driven. In our case, if the economy is poor, people do not buy new homes. We have a very cyclical business. You have to look ahead and see what the weather is like out there. I think people who think they can predict for the next five years in the real estate industry are fools. You can predict six months to a maximum of two years. If you go beyond that it just does not work. You cannot rely on that type of prediction.

18. What were the key attributes you looked for in people as you grew the company?

I like people that are bright and can communicate well. You have to be able to get along with people on whatever level. In today's business, you have to be sharp, bright, honest, and straightforward. More importantly, you have to be able to communicate effectively.

LOOKING BACK

19. What are some things that you have found to be most personally rewarding and satisfying for yourself as an entrepreneur?

We used to have 450 sales people. So, when we traveled and I would check in at the airport, people would comment and say 'Oh you're Peter Redekop, one of your salespeople sold us a house.' 'Oh that's very good ... did they do a good job for you?' 'They did a fantastic job; Very good people. They were straightforward and honest.' I would always thank them for telling me. I found enormous satisfaction in this.

Another example is when I filled up with gas in Surrey about four years ago, and the gas attendant said, 'Oh you're Peter Redekop! ... I bought one of your units.' I responded by saying, 'Oh, good. Do you still live there, how is it working out?' 'Yes, I still live there, we got a fantastic deal, the deficiencies were taken care of and everything was handled professionally.' It is times like this that gives me great satisfaction.

20. What advice would you give to an aspiring entrepreneur? Could you suggest the three most important lessons you have learned with respect to starting and running a business?

You have to be honest.

You have to like working with people and you have to know people. It's not what you know, it's whom you know—and that is really true. Today, if I phoned up a dozen people I know, they would give me whatever information I want. You have to know people.

Learn from your mistakes and move on. When I make a mistake, I recognize it and then I go on. I live for today and tomorrow. In business, you cannot live for yesterday. You must learn from yesterday. The only time you make the same mistake two or three times, is when you are really stupid. I do not consider myself stupid.

FAITH AND THE MARKETPLACE

21. *Do you feel that you were “called” to entrepreneurship? If so, what does that mean to you?*

I don't think I was called to entrepreneurship. It was my choice; I always wanted to be my own boss. But I felt that I could serve the Lord in what I was doing. The Lord maybe did call me, but I never really looked at it that way.

22. *Who, if anyone, affirmed that calling?*

N/A

23. *What do you believe your gifts are as an entrepreneur?*

I have a knack of seeing the big picture very quickly and I can organize people.

24. *How did you integrate your business expertise with your Christian?*

Of course I integrate my business with my Christian calling. We helped build churches. Recently, we helped build a seminary and a preaching lab.

25. *How have you been involved in your church?*

We had \$800,000 of debt in our church. So I organized a committee to pay off the debt in five years. I used my business experience to organize and devise a plan. We got everybody involved. As it turned out, in three years we had all the debt paid.

26. *Have you been involved in your denomination and how?*

I have assisted the Mennonite Conference of B.C. with a church planting strategy. I proposed to our conference that I would underwrite \$150,000 a year if the conference would throw in \$100,000. We did that up until a couple of years ago.

27. *Have you been involved in para-church organizations and how?*

I was part of the Finance Committee at the Peace Mennonite Church, Richmond, for many years. I was also Chairman of the Finance Conference for the Mennonite Conference of B.C.

28. *What are some examples of how you have integrated Biblical principles into your business practices and thus acted differently than a non-Christian due to your Christian faith?*

I try and do what I tell other people to do. As I mentioned before, honesty is also important. Don't tell someone you are going to do something and not do it, and don't tell them you can do it when you know you can't do it. Just say no. If you tell them you are going to do something, you have to go and do it.

Another example involves cases when I'm around a job site, and people push me, and I stay composed and I don't swear back. Then they realize I'm different.

29. *What are the lessons you have learned that you believe are important for Christians pursuing entrepreneurship?*

I think you have to use straightforward honesty and give people value for their product. Also, don't misuse your authority.

30. *How could the church in a general sense support you as an entrepreneur in pursuing your calling in business?*

This has been a problem in my Mennonite denomination. Our Mennonite conference in B.C. goes back several generations and it includes many members with a farming background. The stereotype of a successful businessman is that he cheats to make money. Entrepreneurs are not understood. Some people feel that we don't make money in an honest way. This is not true. If you do things properly, such as deliver a good product and you market, there is a margin. This has been difficult for many in our Mennonite community to understand.

31. What have been the biggest challenges for you as a Christian in business?

The biggest challenge is to be fair to people. That's always a challenge. Give people value for their product and be reasonable.

32. Who was most helpful in addressing these challenges?

My Dad. He was a deeply devout and honest Christian. Whether he knew it or not, he was my role model. I always tested him. He was a very fair man.

33. Have you done business with other people in your church and how?

Sure, I've done that. For example, a good friend of mine started up entrepreneurial classes. They have two classes a week. They have a dozen classes and then graduate them. They teach people how to run a business. They needed help in financing this entrepreneurial business. So I helped them by lending \$50,000 to get them started. I also gave advice about the construction business.

34. Has your relationship with those people you have done business with in your church been positively or negatively affected—from a business and spiritual standpoint—by doing business together and how?

From a spiritual standpoint, I don't know, but you build friendships with people who have the same beliefs. In the 1980s there were some people that were 'drowning' in financial despair. They didn't know where to go and how to solve their financial problems. For example, the bank was going to foreclose on one person's house. As a businessperson, this is very humiliating. Some of these people I knew, some I did not. One of them was my friend. So we sat down with him, and devised a plan where we could help with the financial debt. Some we helped financially, and others needed advice. We helped them by refinancing their houses, etc. I helped them, because I knew how to do it. So we solved their problems and got their spirits up.