



**CUTTING EDGE**  
At last, an eco-friendly mower  
**PAGE B4**

**CLASSIFIEDS**  
Buy, sell and help wanted  
**PAGES B6-B10**

**ADDING CURRENCY**  
Dubya's ill-fated policies did wonders for the euro.  
**PAGE B3**



# Traders holding their breath after rout

Worst week in years saw stock markets around the world shed some \$2 trillion in value in days

Nervous traders return to the pits this morning hoping the worst is over after last week's \$2 trillion global stock market rout.

North American markets had their worst week in almost five years, with the Toronto Stock Exchange losing 834 points, or 5.72 per cent, and the Dow Jones industrials losing 985.53 points or 4.2 per cent for the week.

The slide started right after both markets hit a record high July 19 that had taken them up about 13 per cent since the start of the year.

A big reason for the surge had been a wave of corporate acquisitions, financed in large part by cheap money. But last week, this wave was waning.

"What we're seeing is the global re-rating of risk," said John Johnston, chief strategist for the Harbour Group at RBC Dominion Securities.

The group of banks raising funds for the private-equity purchase of automaker Chrysler postponed a \$12-billion (US) debt offer after investors balked at its terms. The

banks were forced to assume the risk themselves after failing to unload the debt on to outsiders.

Underwriters were also reported to have put off a sale of \$3.1 billion in notes to fund the leveraged buyout of General Motor Corp.'s Allison Transmission unit. And Cadbury Schweppes PLC extended the timetable for bids on its U.S. beverage unit because of "extreme volatility" on debt markets.

All this came amid mounting concern that sluggish U.S. home sales and continued defaults in subprime loans would spur wider debt defaults.

Johnston said the sudden risk aversion has much to do with a

jump in bond yields in recent weeks that saw the benchmark U.S. Treasury run up to just over 5.3 per cent.

He also pointed out that rising bond yields make stocks less attractive because "you can park your money and get 5 per cent without any risk in the U.S., 4 per cent without any risk in the euro zone and 4.5 per cent in Canada."

Investors, of course, wonder how long the market's losses will go on and the answer is: it could be a while.

"The key signal has always been when the Fed cuts rates — that's the moment the downdraft in equities is over because we don't know if it's a bear market yet," said Johnston.

But so far the U.S. Federal Reserve has indicated it will ease the cost of money only if it becomes a major risk to the U.S. economy or the financial system, he said — "and the blood will be dry then."

Before that, markets will be testing technical support levels before people feel confident enough to engage in serious bargain hunting.

"The next hurdle where you start thinking about it is the 200-day moving average, 13,200 give or take a little," said Johnston, who noted that the TSX suffered a 13 per cent slide last summer before breaking through to another year of strong

MARKETS continued on B2

## Putting 'bling' into buildings

With \$10 million in sales, Toronto's Soheil Mosun is ready to take the next step

**TONY VAN ALPHEN**  
BUSINESS REPORTER

Craftsman and entrepreneur Soheil Mosun is fond of saying that you can't soar like an eagle if you flock with turkeys.

Mosun and his two sons, Darius and Cyrus, want their unique business of making unique high-end building fixtures take off into something much bigger.

Toronto-based Soheil Mosun Ltd. has produced everything from elevator interiors and fences to staircases, signs, sculptures and even major trophies during the last 35 years. In essence, the firm makes jewellery for high-end developments. It's the "bling" in buildings.

But the family company, which generates annual sales of more than \$10 million, has matured to the point where the owners are looking at capitalizing on their expertise so the firm can co-ordinate entire projects — from the concept and architectural phase to designing, building and manufacturing.

"What we need to do now is make the big jump," says Darius Mosun, the firm's chief executive officer. "Our company is at a fork in the road. We want to really be a developer. We've evolved to the point where we can take a concept and really build the structure in its entirety."

Mosun, his brother and father believe they have the talent to bring architects, designers,

engineers, manufacturers and builders together to realize unique, challenging high-end projects on budget.

In the end, everyone makes a reasonable profit and there aren't construction problems, legal disputes and cost overruns that plague many developments, Mosun said.

"There are few firms like this in the world," he said. "We have the experience and the 'out of the box' thinking to do these projects. We've proven it."

The firm, whose work graces famous landmarks around the world including cathedrals, universities, hotels and corporate headquarters, is searching for financing and the right partner — one who shares the same values and work ethic.

The Soheil trio has resisted an initial public offering that would tie it down to regulatory red-tape and the whims of impatient shareholders eyeing the next quarterly earnings report.

It's a situation that many family firms face when they consider breaking out into something much bigger, according to Brian Silverman, professor of strategic management at the Rotman School of Management at the University of Toronto.

Silverman said major growth requires an infusion of new capital and that means investors will have their own ideas on how to operate the firm.

A firm may reject equity capital and the accompanying divergent opinions, he added, and turn to some form of financing or debt that could drive the business into bankruptcy

MO SUN continued on B4



STEVE RUSSELL/TORONTO STAR

Soheil Mosun, front, with sons Cyrus and Darius, right, in lobby of company's Toronto office.

# Catching the wave

Canada has a glorious opportunity to take lead in harnessing the ocean's immense fury

TYLER HAMILTON  
CLEAN BREAK

Some are bobbers, others are turbines, and there are even models that move around like snakes.

They're all capable of harnessing electricity from the movement of our oceans, whether it's waves moving objects up and down or powerful tides that routinely push and pull.

Wave or tidal power doesn't get

much attention in Canada, but technologies for extracting energy from ocean motion could end up following the same growth curves we have seen for wind and, more recently, solar power.

Canada's two coasts and Nunavut have the potential to generate more than 150 terawatt-hours of clean electricity a year using ocean or tidal power systems. This represents about a quarter of the country's annual electricity consumption, and the power would be predictable and constant — unlike wind and solar.

"Canada has the opportunity to be a leader in the long run on harnessing this vast renewable resource in a cost-effective, reliable way," ac-

ording to Gouri Bhuyan, director of civil infrastructure and alternative energy technologies at Surrey, B.C.-based Powertech Labs Inc.

The question is whether we are taking advantage of this opportunity. On the surface it appears we're not, but behind the scenes there is activity going on. It may be a surprise to learn that Canada is the world's third-most active developer of ocean-energy technologies, behind only the United States and the United Kingdom.

We joined the International Energy Agency's "Implementing Agreement" on ocean energy systems

CLEAN continued on B4



AP PHOTO

Canada's coasts and Nunavut have the potential to satisfy about a quarter of our annual electricity needs using ocean or tidal power systems.

## Fixtures firm at a crossroads

MOSUN from B1

because of onerous interest payments.

Silverman said a family firm may also require professional managers if it embarks on expansion to control costs until profits appear.

The managers may have their own vision, which can lead to bitter disputes about the "old way of doing things," he said.

Silverman also said there is risk with expansion because it means new products, geographic areas and relationships.

"Often the competitive advantage of a firm in its initial business will not 'travel well' to the new business," he said.

Furthermore, Silverman said other firms that offer the same product or services will likely fight back. A rival might be extremely aggressive, if it feels the new competitor is vulnerable because of debt constraints.

"If a firm's expansion into new markets leads it to, say, compete with its existing customers, then these customers are likely to respond by cutting off purchases, which can severely wound the firm," he noted.

**We're like bloodhounds. We can smell problems a mile away and know how to avoid them**

CYRUS MOSUN, OF SOHEIL MOSUN LTD.

Silverman said all of these challenges are exacerbated in a family-owned business where creativity is important.

The Mosuns are well aware of some of those pitfalls. They hired professional managers several years ago to handle daily operations. It allows the trio to focus on servicing customers and dealing with new projects.

A couple of parties have talked to the Mosuns about buying the company. But after the bean counters swooped in, the Mosuns rejected the idea because they felt it would stifle innovation and kill the com-

pany's corporate culture.

"It felt like some people telling Michelangelo to use less paint," said Darius Mosun.

Their business is tricky to manage because it's not like an assembly line where work tasks can be measured in seconds and products must have the same exacting specifications and quality. It's hard to pin down economies of scale.

At Soheil Mosun Ltd., almost every order is different, with its own set of requirements, challenges and cost issues.

On a tour of the company's bustling 40,000-square-foot plant in suburban Etobicoke, Mosun shows off some of the artifacts at work.

Among the drill presses, water jet cutters and welding machines, a group of them are working on a spectacular dome of nine translucent alabaster and cast-glass sails for the Baha'i temple in Santiago, Chile.

Another tradesperson is working on a special display booth for a Harry Rosen clothing store that will soon sit outside First Canadian Place. Other workers are putting the finishing touches on outside signage for several companies, including a Royal LePage real estate office.

Darius Soheil, the family promoter, is overseeing construction of the Jewish War Veterans Memorial in suburban North York while his brother Cyrus, the patient pragmatist, is managing the temple project in Chile.

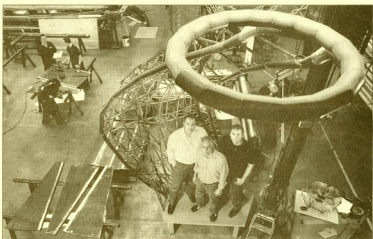
Meanwhile Mosun's father Soheil, the firm's founder and problem solver, is supervising the contract for interior fixtures at a new Tiffany & Co. jewelry store on Wall Street in Manhattan.

Soheil Mosun, an Iranian-born, German-trained tool-and-die maker, arrived in Toronto in 1966 with his suitcase and a few dollars. Mosun, who didn't speak English, started as a manual labourer but eventually found work as a maker of scaled models of city buildings.

He bought a table saw from Eaton's for a basement workshop which led to more intricate work on architectural models and the formation of the company with his wife.

The firm moved from the family basement to a downtown workshop where it made more models,

## SOHEIL MOSUN LTD.: A TIMELINE



STEVE RUSSELL/TORONTO STAR

Darius, left, Soheil and Cyrus Mosun with a 1:6 scale model of one of nine wings for a Baha'i temple in Chile.

A company's journey from a basement to the top of an elevator and beyond.

• **1966:** Iranian-born Soheil Mosun arrives in Toronto, Canada.

• **1970:** Buys table saw for workshop to expand business of scaled architectural models.

• **1973:** Incorporates company with wife, Brigitte. Expands into fabrication including prototypes of auto brush mufflers, computer housings and medical hardware.

• **1976:** First workshop opens on three floors of building on Dundas St.

• **1980:** Moves operations to new plant in Etobicoke.

• **1983:** Develops architectural acid etching facility that can put

any art work on to brass, stainless steel or aluminum.

• **1984:** Makes 6,000 pound brass clock for Oakville Place.

• **1985:** Wins contract for interiors for elevators at Scotia Plaza in Toronto.

• **1992:** Gains contract for fences and gates at mosque in Saudi Arabia. Problems with steel supplier almost ruin company.

• **1995:** Wins second fence contract at same mosque location.

• **1996:** Firm's sons take over overall management of company.

• **1998:** Wins major contract for fixtures at Renaissance Center in Detroit.

• **2000:** Company hires professional managers.

• **2001:** Firm appoints first non-family executive Jack King. Becomes private two years later.

• **2003:** Soheil Mosun semi-retires.

• **2004:** Company wins biggest project in its history as contractor to build Baha'i Temple in Santiago, Chile.

• **2005:** Wins contract to build doors, light fixtures, railings, staircases at Ave Maria University in Naples, Fla.

• **2006:** Wins design-build contract for the Jewish War Veterans International Memorial in Toronto.

• **2007:** Gets award to build interior fixtures at Tiffany & Co. store in New York.

trophies, custom furniture and other items ranging from thrush mufflers to a brass clock for Oakville Place.

Soheil Mosun then thought he could build a better elevator and made a successful cold call for such a project at Scotia Plaza in 1985. Through word-of-mouth, Mosun quickly became the country's top manufacturer of high-end elevator interiors.

His growing sons lived around the fledgling business and its ups and downs at the dinner table every day.

They watched the company suffer a major setback during the 1990s in a project to design and build about two kilometres of fences and gates for The Prophet's Mosque in Medina, Saudi Arabia. Shoddy work by a foundry trig-

gered millions of dollars in cost overruns that almost sank the company. It caused the family to mortgage their home and give up savings and investments to they could meet the contract commitment.

But by meeting its commitment, the company won business for a second phase of fencing at the Saudi mosque a few years later. The experience turned into the company's biggest failure — and success.

Over the years, such setbacks have taught the trio how to navigate through the rough and tumble world of lawsuits, performance bonds, liens and fine print in the development and construction industry.

"We can sense early whether a project can work," said Cyrus Mosun. "We're like bloodhounds. We

can smell problems a mile away and know how to avoid them."

The company generally works on 20 to 30 projects at one time. Top projects during the last decade include fixtures for the Renaissance Center in Detroit, windows for the Library of Parliament in Ottawa and ecclesiastical elements for the Ave Maria University church in Florida and the Baha'i temple in Chile.

Despite its success, Darius Mosun said the company remains somewhat restless.

"We are ready to seize the appropriate opportunity for expansion and we won't stop looking until we get there," he said. "The right deal hasn't come along yet. Eventually, we may even consider an IPO again."