Ian Clarke, CFO of Maple Leaf Sports and Entertainment, on building the foundation for winning teams
Frank & Oak wins Innovator of the Year at the PwC Vision to Reality Awards

Frank & Oak is a leading online menswear brand and retailer that designs, manufactures and sells a monthly collection of premium clothing and accessories. Since its launch in February 2012, Frank & Oak has seen explosive year-over-year growth. The Montreal-based startup has attracted more than one million members, quickly becoming one of North America’s fastest-growing retail brands.

Each year, the PwC Vision to Reality Awards celebrate the outstanding achievements of Canada’s most successful and fastest growing technology companies. For more visit: www.pwc.com/ca/v2r

There’s a great anecdote about Bill Clinton’s advice to Barack Obama when the latter took office as President in 2008. He said: “The daily pressures on your time will seem insurmountable. The most important thing you need to do is to have big chunks of time during the day when all you’re doing is thinking about the future.”

Organizations have three- and five-year visions and strategic plans. That’s a given. But what Clinton was really talking about is carving out the time to think about the fundamental changes that are taking place; the changes that will shape your industry, the marketplace and the players in it over the next 20 years.

Not too long ago, it was fashionable for CEOs to say “change is constant” when asked about the business climate they operated in. Today, it’s just a given, but the pace of change has accelerated rapidly in the last few years.

This edition of Upfront showcases examples of how some Canadian CEOs are adapting to the pace of change, and committing to align and develop their people to prepare for those challenges.

CEOs like Maple Leaf Sports and Entertainment’s Ian Clarke and British Columbia Lottery Corporation’s Jervis Rodrigues champion the use of technology to help transform their organizations. Other executives like Edward Kennedy, CEO of The North West Company, and Brian Conlin, Global President and CEO of engineering company Golder Associates, are creating opportunities for Canadian companies outside this country. The same objective drives Rajesh Sharma, Senior Vice-President of Business Development at EDC.

I hope you find these conversations interesting and informative. I also wish each of you a happy new year and all the best for 2014.

Please visit us online at upfront.pwc.com to receive ongoing insights from Canadian business leaders.

Bill McFarland
CEO and Senior Partner, PwC Canada
Changing markets: opportunities for Canadian companies at home and abroad

Gino Scapillati
Vice Chair, PwC Canada

Low interest rates, sluggish and uncertain economic conditions, fluctuating commodity prices, racing technological innovation and increased global competition have reshaped the business landscape. The executives we talked to for this issue of Up front are tackling these market challenges head on, finding innovative ways to reach customers here in Canada and around the world. A common thread that runs through these pages is the indispensable importance of an inclusive culture that empowers talented people. We couldn’t agree more.

Up front Winter 2014

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The leaders

Canadian executives talk about the changes and challenges in their own industries and markets, the opportunities they see and the priorities they’ve set.

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Senior Vice-President of Business Development, Export Development Canada

Brian Conlin
Global President and CEO, Golder Associates

Edward Kennedy
CEO, The North West Company

Marc Parent
President and CEO, CAE

Ian Clarke
CFO, Maple Leaf Sports and Entertainment

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Up front

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But now, the growth lever that has greatest business would have been talking about China. “Five years ago, globalization would have been cent have their eyes on the global prize. 23 per cent looking to the U.S. – and a mere 9 per 68 per cent of Canadian tech startup CEOs still focus Many Canadian tech startups are starting to see their Up front 68% Winter 2014 Winter 2014 U.S. 9% 2. Regionalize: There are three phases to opening up a new market: 1. Export: Selling your usual product to similar customers, only in a new market. 2. Regionalize: Adapting your products to the local needs of your new market. 3. Originate: Now you’re fully global. Growth in new markets: it’s all about how (PwC, 2013) - Evolution is a process of constant branching and expansion.” Stephen Jay Gould, Biologist To succeed, jump as quickly at opportunities as you do at conclusions.” Benjamin Franklin

Maple leaf myopia

Many Canadian tech startups are starting to see their home turf as a good test market, not an endgame. Yet 68 per cent of Canadian tech startup CEOs still focus their sales efforts on the domestic market, with only 23 per cent looking to the U.S. – and a mere 9 per cent have their eyes on the global prize.

Report on emerging Canadian technology companies (PwC, 2013)

68% Canada 23% U.S. 9% Global

Retail wars continue

According to Capitam Markets Flash: Canadian Mkt Cloud Quarterly, Q3 2013, massive deals in Canada’s retail and consumer sector illustrate three trends that have defined 2013: 1. The return of confidence in U.S. consumer spending. 2. The global appetite of Canadian pension funds. 3. The impact of U.S. retailers’ strategies on their Canadian counterparts.

Download the full report | www.pwc.com/ca/ideas

Entertainment industry: Growth and disruption

Eighty-eight per cent of CEOs in the global entertainment and media industry are changing their customer growth, retention and loyalty strategies in response to shifting consumer spending and behaviour. The Canadian entertainment and media sector is projected to achieve a 5 per cent compound annual growth rate between 2013 and 2014. While existing business models will continue to dominate for the foreseeable future, rapidly changing technology will lead to innovative ways of linking customers and content.

The globalization maturity model

There are three phases to opening up a new market: 1. Export: Selling your usual product to similar customers, only in a new market. 2. Regionalize: Adapting your products to the local needs of your new market. 3. Originate: Now you’re fully global. Growth in new markets: it’s all about how (PwC, 2013)

Cinderella countries

We asked 478 business leaders to pick the one Asia Pacific economy that might hold the biggest surprises in the next three to five years. Here’s who they’re watching:

19% INDONESIA 11% MYANMAR 8% CHINA 7% VIETNAM 7% THE PHILIPPINES 5% INDIA 3% MALAYSIA, JAPAN, RUSSIA Towards resilience and growth: Asia Pacific business in transition (PwC, 2013)

Insights from a business school

There’s an intriguing class of emerging markets for which firms based in Canada have a competitive advantage: countries with high population immigration flows into Canada. That population flow creates business opportunities and relational opportunities that have a strong Canadian component.

According to the most recent Canadian immigration data, from 2011, the number one country is the Philippines. It’s comparable to India and China in terms of the five basic changes that emerging market infrastructures need in order to produce business activity, and economic and social wealth: availability of capital, availability of high-quality labour (with some flexibility as to how it’s used), reasonably transparent rules and legal environment and reasonably strong infrastructure. That creates a lot of areas of opportunity for Canadian firms: building infrastructure, increased retail, education, healthcare, financial services. Some of these are specific to the country, like infrastructure, and some are cross-border; there’s a huge business opportunity, for example, for providing financial services to recent immigrants or to people considering immigration while they’re still in the Philippines.

After the Philippines, the countries with the next-highest immigration to Canada are China, India, the U.S. and Iran. Iran is potentially interesting: it’s very sophisticated with a strong technology base, and if the very nascent signs of opening up continue to play out, there will be some huge business opportunities there.

Will Mitchell, Anthony S. Fell Chair in New Technologies and Commercialization, and Visiting Professor of Strategic Management, Rotman School of Management, University of Toronto
Globalization, disruptive technology, economic upheaval, financing gaps, investment risk – where some Canadian business people see challenges internationally, Export Development Canada’s Rajesh Sharma sees vast international opportunity

Export Development Canada (EDC) is a financially self-sustaining Crown corporation based in Ottawa, with roughly 1,200 employees in 33 offices and 12 countries worldwide. What EDC does best is help Canadian companies to compete and grow in more than 200 markets worldwide each year, all while providing innovative ways to mitigate the kind of risk – everything from corruption and corporate social responsibility challenges, to the threat of local political unrest in some markets – that so often stifles their ability to seek out new offshore opportunities.

The Senior Vice-President of Business Development with EDC, Rajesh Sharma, says: “Our model is about partnership and mobilizing capital to get deals done for Canadian companies. We tap into financial institutions at home and abroad to provide the financial capacity for companies to do what they need to do.” Sharma adds that collaborating with public-sector partners, like Foreign Affairs, Trade and Development Canada and, in the small and medium-sized enterprise (SME) market, Business Development Bank of Canada, is key to EDC’s success.

With a mandate to help Canadian exporters and investors going international with everything from risk- and supply-chain management to providing financing, credit insurance and working capital, EDC has a key role to play in a Canadian company’s development internationally and a corresponding impact on our economy.

Consider the months following the financial crash of 2008, when banks were retrenching and credit began drying up worldwide. “We stepped up and were able to use our lending capacity for the benefit of Canadian companies to help them get into more supply chains,” Sharma recalls, adding that EDC worked hard to leverage its partnerships with financial and other key institutions to help local companies seize the many global opportunities that emerged during that period. Many international banks began to vacate their traditional finance businesses, resulting in a shortfall in capital to fund new projects. In stepped EDC. “We were always in that space, but we took on a greater role,” recalls Sharma. “It required us to put more capital in, but … we deploy capital to create opportunities. That strategy has been good for Canadian companies and for Canada.”

So, too, is one of EDC’s other main activities: promoting Canadian businesses abroad and bringing opportunities to the attention of the country’s leading business owners and executives. “In addition to being a financial services provider, we’re the face of Canada in the international finance market: sometimes we’re following our companies, other times we try to lead them to where we think the business is going to be,” he notes.

While other countries such as Germany and the U.S. have the advantage of being able to position their large multinationals as an anchor in new markets, thus creating vast opportunities for smaller firms to follow in their wake, Canada’s market is far more SME-driven and lacks much of the multinational...
The leaders

Up front

Canada’s Governmental Export Development:

To support Canadian companies in the competitive global marketplace, the Government of Canada provides Export Development Canada (EDC), a crown corporation, with funds to offer a full range of services to Canadian companies. This includes advice on market assessment, access to credit and financing, and matched support for small and medium-sized enterprises. EDC also supports Canadian companies setting up operations in emerging markets: a capital infusion, an upfront cost to support Canadian companies operating in emerging markets. EDC’s mission is to help Canadian companies enter international markets through financial and business support.

The rise of emerging markets:

Emerging markets are experiencing rapid growth and development, and Canadian companies can benefit from this growth. For example, China has seen a 9% increase in its GDP, India has experienced a 6.3% increase, and Brazil has a 6% increase. These emerging markets offer significant opportunities for Canadian companies to expand their reach and increase their profits.

Canadian companies need to be aware of the growing importance of emerging markets, and they should look for opportunities to enter these markets. EDC can help Canadian companies by providing market intelligence, financing, and other support to help them enter these markets.

Export development activities:

EDC provides various forms of support to Canadian companies, including:

1. Market intelligence and analysis
2. Financing, including loans and insurance
3. Business development support, including trade missions, business matchmaking, and training
4. Specialized services, such as green technology, healthcare, and oceans-monitoring technology

EDC’s mission is to help Canadian companies enter international markets through financial and business support.

In conversation with Rajesh Sharma:

Lori Watson is a partner in the Ottawa office of PwC and the leader of the Federal Finance Effectiveness and Enterprise Performance Management practices. Lori leads large and complex multidisciplinary projects that require collaboration across geographies and lines of business.

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“...we’re involved with anything to do with international trade activity where Canadian companies are trying to manage risk, break into global supply chains or do business with big multinationals around the world.”

Decoupling from export-led growth in Asia Pacific:

Changes in exports as a percentage of GDP from 2008 to 2012 in selected Asia Pacific economies, and 2012 growth in private consumption (the volume of goods and services consumed by households), in local currency.

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<thead>
<tr>
<th>Country</th>
<th>% change exports as percentage of GDP</th>
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<tr>
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<td>The Philippines</td>
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<td>China</td>
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<td>Malaysia</td>
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INSIGHTS ONLINE:

Asia Pacific business in transition

While expanding manufacturing capacity remains important for businesses operating in the Asia Pacific region, it’s not the investment driver it once was.

Now, with the rise of middle-income consumers, businesses are actively investing for a future of consumption-driven growth. Thus, product development, services and distribution capabilities and talent development are expected to capture over half of all increases in investment over the next year. As shown below, five selected Asia Pacific Economic Cooperation (APEC) economies that grew more than 5 per cent in 2012 have experienced steep declines in exports relative to GDP since the financial crisis.

One view of the data over one year does not make a trend, but for a region whose dynamism has been largely defined by its exports, it’s a startling shift.
The challenge
A chemical engineer by training, John Lefas spent about six years working in Imperial Oil Limited’s plastic division before he decided to follow his own entrepreneurial goals. In 1986, Lefas entered into a 50/50 joint venture with a New Jersey-based supplier and established WedTech Inc. with a plant in Brantford, Ont., producing powders for the rotational moulding industry. It was a small company that quickly grew. In fact, by 1990 WedTech had opened a second plant in Calgary. In short order, it built plants in Dewey, Okla., and Houston, followed by a sales office in Mexico. By 1998, Lefas bought out his partner, and the wholly owned business was renamed Ingenia Polymers Corp.

In many ways, the decision to grow outside Canada was made out of necessity. Ingenia had already achieved very high penetration rates in Canada. “We knew if we limited ourselves to Canada we would be restricting our opportunity to grow. It was a case of ambition, plus need. If you don’t grow, you stagnate,” says Lefas. At the same time, NAFTA had effectively turned North America into one economic area. “Our customers started making North American purchasing decisions and that meant we had to satisfy their needs in a much broader way. We could not afford to appear to be a strictly Canadian company.”

Ingenia found itself in another grow or stagnate situation seven years ago. In North America the industry was starved for the supply of a key raw material: gas. “No one was investing in new petrochemical plants to build capacity here because of the lack of resources,” says Lefas. “We started looking around for the next logical place to grow.”

The strategy
Several of Ingenia’s customers were investing heavily in the Middle East and encouraged Lefas to follow. Saudi Arabia ticked the right boxes. It has a plentiful supply of hydrocarbons. It is a high-growth area. And it is a ready market for Ingenia. Lefas and his team spent two to three years walking the land, talking to local governments, bankers, embassies, clients and suppliers, and learning about the culture and how business is conducted in order to assimilate. “Wherever we go as a mid-size company, we have to integrate with the local community. A large multinational can create its own ecosystem. A company our size has to put in the effort to assimilate.”

It also put the effort into understanding the market, trends and building robust multiyear strategic growth plans based on its knowledge of what existing and potential customers were buying, their growth prospects and demographics.

The results
Today, Ingenia Polymers is a respected global supplier of chemical and plastic raw materials and specialized products for multinational petrochemical manufacturers. It also manufactures its own brand of materials for downstream converters, companies that make flexible packaging films, greenhouse gas bags and packaging for convenience foods, for example. It has operations in Canada, the U.S., Mexico, India, Saudi Arabia, Dubai and Luxembourg.

More than 80 per cent of Ingenia’s revenues come from its foreign operations. And the company is in growth mode. “If you are only in one place it’s like building a stool with one leg. Expanding globally helps you mitigate risk and grow,” says Lefas. Another benefit of its global growth strategy: employee engagement. “People want to be part of a company that is growing and creating opportunities for them to grow professionally.”

The future
Ingenia is scouting new opportunities in Latin America, Mexico, Southeast Asia and Europe. “We have an established model of how to assess a new market, and we have a global reputation,” says Lefas. “People know and trust us.”

A large multinational can create its own ecosystem.
A company our size has to put in an effort to assimilate.

John Lefas
Founder, Ingenia Polymers

Growing global
A Canadian chemical supplier establishes itself as a global force in order to mitigate risk and grow

By Mary Teresa Bitti
Poised for takeoff?

The conditions that are necessary for the recovery to (finally) get here

By David Detomasi

September 2013 marked the fifth anniversary of the onset of the global financial crises, and the outlook for the global economy looks anything but clear. The U.S. seems perpetually poised for a full-fledged recovery that has yet to fully take off. Europe remains cautiously optimistic that the worst of its banking woes are over, but the investing world remains unconvinced. The Brazil, Russia, India and China (BRIC) emerging markets, typically thought to be the rising bright spots that could fuel global growth, are suffering from capital outflow and stock market malaise. Even the Canadian economy, a relative economic success story over the past five years, has yet to fully regain its pre-crisis self.

The travails of the global economy look different, depending on where you sit. In Canada, what economic growth that has occurred over the past several years has depended heavily on consumer spending. Consumers, taking advantage of continuing record-low interest rates, seem to be regaining their pre-crisis bounce. Business, however, legs behind, as exporters remain unsure of the continuing demand for the things they make. They remain worried about overcommitting to an economic recovery that remains weak and that is still dependent upon the pull of the massive U.S. market.

Five years later

In the U.S., the sizable of financial market recovery has not been matched by the real economy stake. Financial markets continue to post record gains, but employment and output levels remain well below what might be expected of the U.S. economy firing on all cylinders. Europe faces its own set of challenges. Its banking sector remains a subject of suspicion: unlike the U.S. banks, which appear to be in sound condition after five years of repair work, European institutions have lingering fears of overexposure to sovereign debt, clouding the picture from Greece to Germany. Moreover, the massive accumulated debt levels of these regions continue to mire political systems in endless and fruitless debates about how best to pay them.

If a single theme could be said to unite these lists of challenges, it would be uncertainty and caution. Business leaders can be forgiven for showing plenty of that, having managed through the crises, they are careful about expanding too rapidly. Indeed, much of the effort by central bankers and finance ministers to jump-start their economies has been focused on re-instilling confidence. And they continue: interest rates remain at an all-time low, and the U.S. Federal Reserve continues its bond-buying efforts to increase liquidity. Yet these efforts only seem to keep things as they are.

The economic response

In response, central bankers have proposed fiscal stimulus to increase confidence. Former Bank of Canada Governor Mark Carney’s proposals on “forward guidance” are predicated on giving a longer-term horizon for central banks on what they are likely to do. Rather than viewing an interest rate announcement as a moment-in-time snapshot of the economy’s health, the likely course of monetary policy is projected well into the future. In doing this, central bankers are trading monetary policy flexibility for an upturn in long-term confidence that real recovery requires. This is a bargain many seem willing to make.

For the near future, count on continuing stimulus by the U.S. Federal Reserve to maintain the ever-building U.S. momentum, and count on central banks in Europe to experience gains at innovative ways to extend their insurance in the future. As long as inflation remains low and output gaps subdued, there will be little incentive to either raise interest rates or severely taper the Federal Reserve’s bond-buying efforts.

But these have not, until now, been enough. The dominant fear of rising inflation – a strong indicator of an overheated economy requiring a tighter monetary policy – seems in today’s environment to be a remote concern.

The coming year

To begin, a clear indicator of a full-blown, sustainable recovery will be increased investment in production capacity. This would mean that businesses are confident that they can sell what they make. A second sure sign that recovery is taking hold is the growth of new businesses. The Bank of Canada monitors this closely, so pay attention to what it says.

To prepare for recovery, think carefully about what that recovery would mean for you. When it comes, it will come quickly, and there will be little time to plan once it’s fully underway. Into what geographic markets would you want to expand that you currently avoid? What new product ideas do you have on the shelf you’ve forgotten, but will come quickly, and there will be little time to plan once it’s fully underway. Into what geographic markets would you want to expand that you currently avoid? What new product ideas do you have on the shelf you’ve forgotten, but that will drive a full economic recovery and will pursue innovative ways of doing so.

To prepare for recovery, think carefully about what that recovery would mean for you. When it comes, it will come quickly. “

Insights | Growth

Expert opinion

David Detomasi is Assistant Professor of International Business at Queen’s University School of Business in Kingston, Ont.

Visions of America/Stone/Getty Images
Canadian-based retailer The North West Company uses ingenuity in supply-chain logistics and market localization to thrive in far-flung communities, says CEO Edward Kennedy

By Karen Burshtein

When you’re serving customers in extreme climates that are far away from head office, you necessarily have to deal with unique challenges. You might say the unexpected is the norm. Making your stores feel a genuine part of small, isolated communities is a consideration. So are recruiting and retaining staff. These are some of the matters that have preoccupied Edward Kennedy, CEO of Winnipeg-based The North West Company (NWC).

Founded as a fur-trade enterprise more than 300 years ago, today the company operates 226 stores in Canada, Alaska, the South Pacific and the Caribbean under the Northern, NorthMart, Giant Tiger, AC Value Center and Cost-U-Less banners.

For those challenges and others, Kennedy has found original solutions – solutions that have helped put his company on a multiyear, double-digit growth spurt. Kennedy says that the trials of serving remote, lightly populated communities almost guarantee a creative, problem-solving portfolio. “As you get into these remote settings and the infrastructure becomes second-world in nature: community and political issues, lack of infrastructure, weather … everything compounds itself to become incredibly complex.”

Adaptability and staffing flexibility, he says, are key. “Cross-training is incredibly important. Everybody can back up at least two others. A lot of ingenuity comes into play. That’s the skill set we try to refine over the years,” Kennedy says.

Other chains might not find small communities worth their while, but North West has used its history in the North to hone a unique set of logistics skills. Systems and redundancies are built into the company’s supply-chain management. In a market where it can cost six, seven or eight dollars in freight shipping to bring in a carton of milk, “our freight spend is bigger and the unpredictability is higher,” says Kennedy. “We learned that hundreds of thousands of dollars in spoiled milk is something to cry over.”

Information bandwidth has helped curtail waste, Kennedy says. “Our store remoteness risk is mitigated with communications. You can get instant information that leads us back to root causes. If we have an inventory-planning situation where the manager or the algorithm they’re using aren’t synched up with the sales, we go back and address that on a real-time basis. Whether we change the way we order merchandise, load our planes or get bigger planes, for example, we’re able to better manage inventory.” Kennedy says efficiencies are systematically passed on to the customer as cost savings.

“We’ve invested a lot in logistics management and track-and-trace capability that is unique in northern Canada. We think that capability can be bundled with our freight buying power to provide more services to the customer.”

Edward Kennedy
CEO, The North West Company
The leaders | Trust

E-commerce development might suggest that online shopping will take a big bite of North West’s local retail presence, but the company has come to understand that, in communities it serves, the role of the store goes beyond everyday products and services like groceries. “A social purpose is served in a small town with a tactile shopping experience.” For instance, small-town shoppers might not want express lines, like urban shoppers. “They don’t necessarily want a short line, because it’s a chance to talk and spend time with their neighbors. With other retailers, productivity is measured by how many items you scan per minute. If you go too hard on that, you’ll go up-side-down on the rhythm that’s called northern time, or island time in the south.”

North West is committed to food education in its locations, which include some of Canada’s highest incidences of obesity and related diseases. Kennedy champions federal government programs like Nutrition North Canada that have helped bring down the traditionally high price of nutritious foods in those parts. North West also develops healthy cost-saving recipes for its customers.

North West’s foray into foreign markets like Alaska, Guam and the Caribbean might sound surprising, considering its northern history. But foreign interests account for 40 per cent of North West’s business and are driving the company’s growth. Was it simply as easy as applying northern success to southern outposts, what Kennedy jokingly called switching “blizzards for typhoons”? While he saw some business synergies, Kennedy says, “You build on what you’ve learned.” This means a market strategy that is localized and “very granular.” For example, the company uses a decentralized approach in buying. “We do superimpose products from the U.S. onto, say, Fiji. There’s a mix.” Store and regional managers source local items. “Their ideas for sourcing, combined with the buying power of our international buying office in Seattle, bring the best of all worlds.”

The company builds an authentic presence in its communities, including through philanthropy, outlet-localizing large chains. For example, Kennedy contrasts his Cost-U-Less warehouse stores with a foreign-owned counterpart on the islands they serve. “They haven’t shown the inclination for doing what we do in community relations. They actually scratch their head and wonder why we spend so much time. But it’s just part of our makeup. I can’t tell you that it always translates into X number of shoppers coming through, but it connects us with customers who want to be listened to.” It also resonates with staff, he adds.

North West is focused on sales momentum, growing substantially by driving the shopping basket and honing its “store in store” strategy, which involves tailoring specific services to the needs of the community. “What seems to be under-served today that you could add to your mix and product or services over time?” Kennedy asks of local properties, considering everything from pharmacy to financial services, a coffee shop or a post office. “We’ve invested a lot in logistics management and track-and-trace capability that is unique in northern Canada. We think that capability can be harnessed with our freight buying power to provide more services to the customer,” Kennedy says.

Kennedy looks at remote healthcare as one potential area for growth. “Health needs to be para-professionalized more. It gets bureaucratized in a hurry.” And this creates inefficiencies, he believes. “We need nurses, more technicians who can take blood samples and then get into more remote medicine delivery, so doctors don’t spend time flying. They can do video diagnosis.” It’s that thinking the company uses in its own stores and is trying to adapt to new service areas.

“If we can keep getting it right, this is where we have a lot to offer,” Kennedy believes. “Everyone struggles with these issues; others throw up their hands because it’s an adjunct to what they do. It’s the core part of what we are.”
Stocking the retirement pool

A company turns its aging-workforce quandary into an asset with a talent bank of potential part-time and temporary workers

By Chuck Green

The challenge

About 50 per cent of the workforce at AltaGas Ltd. consists of employees over the age of 50—meaning retirement isn’t so far down the road for a hefty number of those whose talents the company values highly. The impending loss of that rich reservoir seemingly had the potential to pose a major quandary for the organization. However, perhaps not surprisingly, instead of accepting that inevitability, AltaGas sought a way to pose a major quandary for the organization. However, perhaps not surprisingly, instead of accepting that inevitability, AltaGas sought a way 

The strategy

Facing the risk of losing these employees’ wealth of knowledge and abilities, in 2011, AltaGas introduced the Retiree Resource Pool, which provides the opportunity for retirees to continue to make meaningful contributions to the company in the years following retirement by acting as temporary relief or project-based resources on an as-needed basis. The program is designed to provide temporary assistance to ease the workload pressures while offering viable options for retirees “to balance the enjoyment of retirement with opportunities to stay connected and to remain a contributing member of the AltaGas team,” says Michelle Dulmadge, Manager, Talent Development and Employee Relations.

The pool offers workplace balance and some work flexibility for retirees, and it can augment their retirement income and balance it around the activities they want to pursue in retirement, she says. Furthermore, it’s a chance for them to stay connected and use their knowledge of the organization to provide meaningful contributions and stay in touch, and mentor and train other employees. "It’s a win-win for everyone," says Dulmadge.

For instance, AltaGas resolved the matter by developing what it calls a skills checklist. The checklist enables retirees interested in temporary ad hoc work with the company to describe their experience and skills without filling out an application or additional paperwork. "If we’re looking to bring in a temporary contractor, we can identify someone from the retiree pool instead of, for instance, bringing in someone from an outside agency," says Dulmadge.

The results

While the company has not experienced a significant number of retirements since the program was introduced, perhaps 50 per cent of retirees have expressed interest in the pool, with the others interested in the full practice of retirement, says Dulmadge. "We’re starting to see a trend of people who are looking for greater work/life balance and work-hour flexibility as they ease into retirement, or those who are choosing to postpone retirement past age 65," she says.

The future

Dulmadge says AltaGas is in the process of establishing the pool among a number of its subsidiaries. “I think we’re going to have to be more nimble in terms of meeting the needs of an aging workforce,” she adds. "We’ll welcome back even those who retired predating the pool and who might reach out to us."
Millennials are from Mars, boomers struggling to hire and retain millennial talent? running out.

To recruit the largest generational cohort up an overwhelming 40 per cent of the workforce, millennials are expected to make up an overwhelming 40 per cent of the workforce. Over the last few years, the media has been flooded with articles about Generation Y in the workplace. Thoughtful pieces about hiring and retaining tomorrow’s leaders have jogged for attention against emotional work which argues that Gen Y will either ruin or reinvent the workplace. Take your pick; there are many examples of each. Driving all of this attention is a big change that’s coming and coming fast. As baby boomers retire and millennials enter the workforce in ever-increasing numbers, employers are scrambling to figure out the latest generation and its hiring needs. According to a labour force survey conducted in 2010 by Statistics Canada, by 2020, millennials are expected to make up 61 per cent of the total Canadian undergraduate population. It’s no wonder some employers are struggling to find top millennial talent – they’re overlooking a whopping 73 per cent of potential candidates. Furthermore, many recruitment programs only target specific schools, another tactic that further reduces the talent pool.

Campus-specific strategies may have made sense when the cost of travel and other barriers made remote recruitment costly, but this challenge no longer applies in the age of the Internet. Employers can now share their recruitment message quickly and efficiently using online media, corporate websites, email marketing and more. Simply put, digital media eliminates the need to only hire from a select few schools. And employers who target specific schools because they think it’s the only way to hire the best students are wrong.

Millennials are from Mars, boomers are from Venus

The first step in successfully hiring and managing millennials is understanding them. Millennials, also known as Gen Y, grow up in a then-unique environment – one that included unlimited access to information and constant feedback from parents, coaches and teachers. They also grew up being told “to do what you love” by well-meaning parents who wanted their children to pursue careers that led to more than just steady paycheques.

Why employers struggle to find top millennial talent

Faced with the unique cohort that is Gen Y’s employers are striving to find and recruit top millennial talent. Traditional strategies which have worked for previous generations don’t address Gen Y’s specific characteristics. For example, the majority of recruitment programs target specific university or college degrees, such as business or engineering – degrees that the majority of millennials are not pursuing. Thanks to the “do what you love” parental advice, and the dying but not-dead-yet misconception that any university degree will land them a job, millennials are pursuing traditional university degrees, such as history, English or philosophy.

Meanwhile, employers are overwhelmingly hiring from non-traditional or vocational degrees. A 2011 study by the National Association of Colleges and Employers (NACE) found that 61 per cent of employers planned to hire business graduates and 63 per cent planned to hire engineering graduates. This may seem logical for employers, who are looking for degree titles that match job titles, but it’s not a problem-free approach.

By following this degree-specific hiring plan, employers are limiting themselves to just 27 per cent of the total Canadian undergraduate population. It’s no wonder some employers are struggling to find top millennial talent – they’re overlooking a whopping 73 per cent of potential candidates. Furthermore, many recruitment programs only target specific schools, another tactic that further reduces the talent pool.

Furthermore, millennials have been exposed to an overwhelming amount of media and, as a result, tend to tune out and even distrust advertising. These unique characteristics result in a generation that values specific things in employees, namely authenticity, transparency and meaningful work.

By 2020, millennials are expected to make up an overwhelming 40 per cent of the workforce. Ultimately, employers need to commit to recruiting outside the lines and adjusting strategies to reflect Gen Y’s unique characteristics.

How to make the most of your new hires

Once you’ve hired top millennial talent, you’ll have to similarly adjust your employment practices to keep them. According to the National Association of Colleges and Employers, students are less loyal to their organizations than previous generations. Some students think it’s the only way to hire the best students are wrong.

With the right employment practices, employers can keep new hires and turn them into long-term, happy, successful employees. Here are three things you can do now to maximize your millennial talent.

First, provide regular, real-time feedback. The University of North Carolina study found that 60 per cent of millennials value on-the-spot feedback compared to traditional performance reviews.

Second, one of the most engaging ways to retain top millennial talent is to provide them with opportunities for career growth and advancement. Millennials plan to “change jobs once the economy improves.” It’s no wonder millennials have a reputation for being disloyal employees. If that reputation fair?

Finally, millennials are team-oriented and want to work for organizations that promote collaboration. Address this by creating cross-functional teams across departments, pairing millennials with mentors and encouraging employees to work collaboratively to solve problems.

The last 10 years have changed the face of the workplace. Whether it’s through technological innovation, increased interconnectivity or the rise of social media, no industry is unchanged. Meeting this unique challenge and ongoing change will demand the equally unique skills and adaptability that Gen Y has to offer – but you’ll have to get them to stick around. The organizations that look to the future today will have the most to show for it tomorrow.

By Lauren Friese

In addition to being a contributing writer for TalentEgg.ca, Lauren Friese is the founder of TalentEgg.ca, Canada’s leading online career resource for students and recent graduates. She attended Queen’s University in Kingston, Ont., holds a master’s degree from The London School of Economics and Political Science and has worked in consulting and financial services in the U.K. TalentEgg was awarded Best Business in the 2012 Canadian Youth Business Foundation Chemerin’s Awards.

Expert opinion

By Lauren Friese
My job is really to help us run the business efficiently, so we can have the resources to support our teams. We try to take away the excuses and barriers that hold our teams back from winning.

Ian Clarke
CFO, Maple Leaf Sports and Entertainment

Long-time fans of the Toronto Maple Leafs might remember the experience of attending a game at the old Maple Leaf Gardens. It was simple: fans paid for tickets, sat in their seats, bought hot dogs and beer from concessions in jam-packed concourses and were focused on the game, and the game only. Once it was over, they headed for the exits.

That all changed in the late 1990s and early 2000s when a new trend, driven by the NBA and the NFL, saw live sporting events shift into entertainment experiences. Fans wanted more than hat tricks and slam dunks; they wanted to be wowed. Maple Leaf Sports and Entertainment Ltd. (MLSE) – the parent company of the Toronto Maple Leafs, the Toronto Raptors, the Major League Soccer franchise Toronto FC and the American Hockey League’s Toronto Marlies – responded to that shift with multisensory experiences, including video, light shows and live dancers.

As MLSE CFO Ian Clarke notes, it’s all part of the increasing sophistication that’s driving the business of sport in North America. “Because of the risk-reward nature of the business in terms of the cost base – the investments that owners have to put into their facilities and what they have to pay players – if you don’t operate properly, you could lose a lot of money,” he explains. With few exceptions across the continent, the days when an owner could run a sporting empire, while micromanaging everything from concession sales to player contract negotiations, are gone.

Nowadays those empires are highly diversified corporate machines, and executives such as Clarke are charged with ensuring their bottom-line performance. “My job is really to help us run the business efficiently, so we can have the resources to support our teams,” says Clarke. “There are no discussions where requests from [team] GMs are turned down. We try to take away the excuses and barriers that hold our teams back from winning.”

When veteran sports executive Tim Leiweke took the MLSE helm as President and CEO early last year, his message was clear: success for Toronto’s sports teams will be measured in championships. MLSE may be highly profitable and regularly sell out its Leafs and Raptors games, but championship seasons have been non-existent for nearly half a century. That, Clarke concedes, is bad for business. “We have loyal fans for all three sports, but we haven’t given them the teams they deserve. When we do, the city’s going to go crazy. When you win, the hot dogs taste better, the beer is colder … everything is better.”
The leaders
The leaders

Talent
Talent

All about Maple Leaf Sports and Entertainment

Originally founded as Maple Leaf Gardens Ltd. in 1931, Maple Leaf Sports and Entertainment (MLSE) has evolved into one of the most formidable sports empires in North America with a current market valuation of more than $2.2 billion. That empire includes four teams – the Toronto Maple Leafs, the Toronto Raptors, the Toronto Blue Jays, and the Toronto FC – five sporting venues, including the Air Canada Centre, Ricoh Coliseum and BMO Field, as well as six restaurants, three television networks, retail stores and training facilities, and food and beverage solutions.

Beyond the organization’s impressive operational diversity and strong bottom-line performance, what’s especially unique about MLSE is its ownership structure. MLSE is co-owned by construction magnate Larry Tanenbaum, BCE and Rogers Communications – the latter two being black telecommunication industry giants. But an MLSE CFO Ian Clarke points out, in the boardroom the competitors pull their differences aside and focus on one common business and sports goal: winning. “When we win, there’s more visibility,” Clarke explains. “When we win, more people read and talk about us. That’s the business now,” Clarke explains. “It’s about understanding more specialized service, that’s the sophistication of our operations.”

While the CFO can’t control the number of game-winning goals scored by Leafs sniper Phil Kessel or predict the number of field goals fliers shooting guard DeMar DeRozan might make on a given night, he can help improve the experience for fans and drive stronger return on investment for sponsors and partners. But revenues achieved by the teams help improve the game, by giving them fat budgets to sign elite players, for example. MLSE owns the four sports teams, the Air Canada Centre (ACC), Ricoh Coliseum and BMO Field and their respective practice facilities, six restaurants, three television stations and several merchandise stores, not to mention event, and food and beverage divisions. These diverse business lines have driven the organization’s market valuation to more than $2.2 billion, according to recent reports.

Clarke’s winning strategy is to constantly share ideas on best practices with his MLSE peers and implement new ones, while staying ahead of the latest and greatest technology to guarantee that fans’ experiences will be unforgettable. That starts with making constant improvements to the organization’s facilities.

MLSE is currently in the midst of a $15 million upgrade project with San Jose, Calif.-based network equipment maker Cisco Systems Inc. (and aided by new ownership partners, tech giants Rogers Communications Inc. and BCE Inc.) to retrofit the ACC with Wi-Fi technology, allowing up to 10,000 fans at a time to live-stream, participate in contests, watch replays or order food or beverages from their mobile phones. Wi-Fi will not only boost fan engagement, but also the long-term plan is to capture user data the organization can use to improve services and enrich advertiser and sponsor returns.

Clarke points out, simply buying risk boards or stadium advertising is no longer enough. MLSE’s clients want direct access to consumers, particularly MLSE’s many highly sought-after corporate customers.

Facility improvements don’t end with technology. Across town, MLSE is examining options to add more seating and possibly a roof to BMO Field. “We had 16 of 19 [Toronto FC] home games this year that had inclement weather,” Clarke points out. “That’s not the ultimate fan experience.”

Neither is having a core group of fans (namely families) shut out of a Leafs or Raptors experience due to the increasing cost of tickets. MLSE is currently exploring ways to auction cheaper seats to families and ensure that subsequent generations of Toronto fans remain passionate about their hometown teams.

Clarke is interested in using technology to make fans part of the team and deepen their ties to MLSE’s franchises. “It’s about the stratification of [customer] affinity,” according to the CFO. That means using data gleaned from surveys or point-of-sale transactions to develop direct understanding and communication with customers. That could involve using data to find specific content to hard-core fans or providing other loyal customers with discounts on merchandise through loyalty reward programs.

While the specific fan-interaction strategies still need to be defined, what’s clear is that today’s MLSE has evolved light years beyond the days when ticket and beer sales were the primary drivers of revenue.

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“The experience of premium seating, extra service and more specialized service, that’s the sophistication of our business now,” Clarke explains. “It’s about understanding what we’re doing now, and how we can do it better.”

In conversation with Ian Clarke

John Simcoe is an audit partner in the Technology, Communications, Retail and Consumer practice in the Toronto office of PwC. John advises both privately held and publicly listed clients. He has significant experience conducting audits and reviews of financial statements and due diligence investigations for purchase, sale or other financing transactions.

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Aayaz Pira is a Director in PwC’s Customer Impact Consulting practice. Aayaz and his team help leading Canadian brands develop world-class customer and digital strategies and create personalized, distinctive and engaging customer experiences.

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Measuring innovation success

To innovate at a higher level, savvy companies realize they need to buckle down with formal, open and discipline-driven innovation processes. Top performers also realize that the true measure of innovation success extends beyond traditional return on investment. As such, they’re likely to use a range of measurement criteria to analyze their innovation efforts.

How is innovation success measured in your company?

By explicit business value added 47%
By implicit business value added 40%
Number of ideas brought to life 33%
Number of ideas generated 33%
Number of patents filed 18%

Download the full report | www.pwc.com/ca/digitaleye

47%
40%
33%
18%
If Europe is any indication, digital games could eventually account for as much as 25 per cent of BCLC’s total business.

Jervis Rodrigues  
CFO and Vice-President, Finance and Corporate Services, British Columbia Lottery Corporation

A winning hand

British Columbia Lottery Corporation Chief Financial Officer and Vice-President Jervis Rodrigues takes the Crown corporation into the digital age with a dynamic online and mobile strategy and a partnership-based approach

By Nick Rockel

When Jervis Rodrigues joined the British Columbia Lottery Corporation (BCLC) as Chief Financial Officer and Vice-President, Finance and Corporate Services, last February, he was no stranger to the public agency. In his previous role as a partner at a major accounting firm, he did extensive work for BCLC, which runs casino, lottery and online gaming on behalf of the B.C. government.

Rodrigues has been both an accountant and a turnaround and restructuring consultant, a combination that meshes well with the changes underway at BCLC. “The whole BCLC organization is going through a transformation,” he says. “It’s an exciting opportunity for me to be involved on the inside with the transformation process.”

As part of that process, Rodrigues is helping drive BCLC’s push into digital gaming. The corporation was an early Canadian adopter of e-gaming, an ever-evolving market that offers high growth potential through national and even international partnerships. As BCLC bets on those opportunities, it must compete with private players and manage the regulatory, security and other risks of a digital platform.

BCLC generates roughly $1.2-billion a year in net income, the most of any B.C. Crown corporation. The bulk of that money goes to the government, which allocates it to general operating costs, healthcare and charitable purposes. “It’s going to very, very good causes, going back into the community and also helping to defray costs to the province and to every taxpayer in the province of B.C.,” says Rodrigues.

BCLC first ventured into e-gaming in 2004. As Rodrigues points out, it was the first provincial lottery corporation to offer a full-suite of digital games. On BCLC’s PlayNow.com website, which has some 190,000 registered users throughout the province, visitors can choose from more than 100 games, including bingo, blackjack and sports betting.

E-gaming accounted for $77-million or 7.2 per cent of total B.C. gaming revenue in the latest fiscal year, versus 2.9 per cent in Alberta and 0.4 per cent in Quebec. But several European countries are well ahead of B.C. In Finland, which has offered digital gaming for 16 years, the segment makes up almost 33 per cent of total revenue. After 15 years in the business, Austria derives 39 per cent of its gaming sales from online sources.

“In Canada, we’re still in our infancy. You have B.C. right at the forefront, you’ve got Loto-Québec in some e-gaming areas and you’ve got this big void,” says Rodrigues, a director of the Toronto-based Interprovincial Lottery Corporation, which manages Lotto 6/49 and other national games. Catching up to Europe will require all of the provinces to embrace digital gaming, he notes. “And if we get the U.S. [on board], which is now thinking about getting into the Internet gaming business, I think in a few years you’ll start to see significant growth in this area.”

Why was B.C. relatively early to the e-gaming table? The BCLC executive team has long regarded its operations as more of an entertainment business than a gaming enterprise, Rodrigues explains. “BCLC benchmarked itself against some of the European countries many, many years ago and decided that this was an opportunity it needed to
explore, and BCLC needed to be front and center of the gate to develop its e-gaming site."

But for a government agency, running what is effectively a technology business has its challenges. For starters, there’s the cost. BCLC spent between $50-million and $60-million to develop PlayNow.com, Rodrigues estimates.

Internet gaming is also highly competitive. Although the provinces have a monopoly over casinos and major lottery games, the online space includes dominant brands like Bodog and PokerStars. "The pace of change is very significant," Rodrigues admits. "Players get tired of certain games and tired of the same group of people they’re playing with, so they want to continuously have new products and services."

BCLC’s solution: where it used to create most games in-house, over the past year it has accelerated the shift toward a hybrid model, through partnerships with developers such as the Las Vegas-based International Game Technology (IGT) and the London-based OpenBet Technologies Ltd. "We can get new games on PlayNow.com much more frequently," Rodrigues says.

Another challenge is reaching the 20- to 35-year-old demographic, the age group most likely to gamble online. Besides using Twitter, BCLC is talking to Facebook about launching its lottery products on the popular social network. The corporation is also making PlayNow.com more easily accessible via mobile devices like smartphones and tablets.

"There are the risks of digital gaming, which include cyber attacks and privacy concerns, given that BCLC handles credit card numbers and other personal information from PlayNow.com users. In addition to a corporate security department, the organization has a risk unit that sits under the CEO’s office. ’Every business group is integrated, with the finance group leading the charge on risk overall,’ Rodrigues says.

BCLC has big plans for e-gaming. It’s cautiously optimistic about hitting $100-million in annual revenue within one or two years, Rodrigues says. And if Europe is any indication, digital games could eventually account for as much as 25 per cent of its total business, he estimates.

The B.C. version of PlayNow.com is off limits to anyone who doesn’t reside in the province of 4.6 million people, so interprovincial partnerships are a key element of the growth strategy. BCLC already hosts Manitoba on PlayNow.com, and Rodrigues says it’s in discussions with other jurisdictions about similar business partnerships. Meanwhile, the agency is seeking regulatory approval for Canadians visiting B.C. to use the provincial site.

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The pace and scale of the migration to online spending is much more difficult to call, given the fragmented regulatory landscape for online gaming, the varying speeds at which regulation is changing in different jurisdictions and the current uncertainty in many countries over the boundaries between legal and illegal services. Experience to date suggests that online gaming will be mainly complementary to bricks-and-mortar revenues. There will be no more than enough room in the market for both, provided they each offer a compelling experience in their own way.

Global gaming outlook:
The casino and online gaming outlook to 2015 (PWC, 2013)
Download the full report | www.pwc.com/odn

Projected global gaming market revenue share 2015

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Up front

By Stephen C. Peacher

Why factors like longevity of workers and volatile markets present challenges for pension plans

The pension legacy challenge

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The pension legacy challenge

Why factors like longevity of workers and volatile markets present challenges for Canadian pension funds

By Stephen C. Peacher

It was a decade of innovation: the 1950s offered up an array of new products such as colour television, microwaves and the Ford Edsel. Some were successful; others became marketing case studies with titles like, “The wrong car at the right time.” We can add the design of enhanced corporate defined benefit (DB) pension plans to that list. With the benefit of hindsight, we now understand the flaws inherent in both the Edsel and the actuarial assumptions that supported DB plans.

Just as marketers learned from the Edsel case, institutional investors have developed enhanced strategies to address the risk-return parameters for DB pension plan management. Today, executive teams are designing and implementing solutions to legacy DB pension plan issues. Meanwhile, increased accounting disclosure from International Accounting Standard 19 has raised the profile for reporting. Shareholders are focused on risk mitigation solutions as rating agencies have published extensive guidance on pension deficits and their rating impacts. These factors have led teams to assess strategies that mitigate the volatility of plan costs and stabilize asset/liability positions.

A number of factors can be assessed in a review of DB pension plan volatility. Plan design is an important area to revisit. But aside from closing or freezing plan benefits, this review option mainly stems the tide of future exposure. A methodology to address plan volatility takes into account the solvency funding position and realigns the asset portfolio to specified liability characteristics.

Low interest rates

In today’s low interest rate environment, solvency funding positions are predominantly in deficit territory. Corporations understand the impacts of this rate level too well. A growing practice in the pension sector is to set up investment policies with two distinct categories: a return-seeking portion and a liability-hedging portfolio.

The return-seeking element (specifically, equity investments) grows with an improving economic environment. As those investments rise in value, equity can be sold and the proceeds invested in fixed income. As a result, the liability hedge portfolio rises because of this transfer of funds. This rise in the liability hedge portfolio over time mitigates interest rate risk. The liability hedge component can be aligned to a solvency, accounting or going-concern liability. Another benefit of this dynamic progression toward an increased hedging position is a low volatile asset mix from the resulting lower equity position. This dynamic hedge (also referred to as a glide path) is an important consideration for pension plan sponsors to review.

With the anticipated future growth of the liability hedge portfolio, there is a continuing search for higher yield strategies. Proprietary asset classes such as investment-grade private fixed income and high-quality commercial mortgages add income to the portfolio as a result of the liquidity premium and credit-risk mitigation. Of this risk is typically managed through appropriate diversification and by partnering with experienced asset managers. When assessing the mix of return-seeking assets and a liability hedge portfolio, it is important to anticipate the impact of longevity risk. The historic trend has been that people continue to live longer, and this can be an unexpected expense in the longer term. Plans can address this longevity risk through risk-transfer solutions for the retirement cohort of the plan. Risk-transfer solutions exist in the form of longevity insurance or buy-in or buy-out annuities driven by client-specific preferences. The liability hedge portfolio can be constructed to support a risk-transfer solution.

Solutions to these pension plan challenges are coming from a sector that has historically managed its own balance-sheet exposures. Specifically, insurance companies are becoming actively engaged with DB pension plans as they have deep experience managing assets in concert with the characteristics of liabilities. Leading insurance firms have additional advantages. Their strength in derivatives management adds value. They also have advanced systems infrastructure for liability asset metrics and experience in the development of customized portfolios.

Advances in risk management

On a final note, advances in the enterprise-wide risk management field are adding rigor to pension risk mitigation strategies. Because of its combination of accounting, investment analyst and rating agency focus, the corporate pension payout stream is viewed as having debt-like characteristics.

The debt focus applied to pension liabilities is changing views on how a risk budget should be allocated. Having the risk budget include the pension fund, where the upside surplus is not shared, triggers a rethink in corporate finance. This progressive alignment of corporate finance with pension investment management is contributing to the growth in de-risking strategies globally.

“The times they are a-changin’,” as Bob Dylan sang. With respect to the legacy challenge of DB pension plans, there are solutions available to plan sponsors that can provide a progressive and innovative answer to their pension challenges. Coming full circle, practitioners now have a greater awareness of specific design impacts from the decisions made in the 1950s.

A growing practice in the pension sector is to set up investment policies with two distinct categories: a return-seeking portion and a liability-hedging portfolio.

Expert opinion

Stephen C. Peacher is the Executive Vice-President and Chief Investment Officer of Sun Life Financial. He spoke on this topic at The International Economic Forum of the Americas in Toronto in October 2013 (forum-americas.org).
What sort of an impact are we having globally – and is anybody paying attention? Canada’s place in the world has long been the stuff of existential debate. Our seventh prime minister, Wilfrid Laurier, famously promised in 1904 that while the 19th century was the century of the United States, Canada would “fill the 20th century.”

Most would argue that we didn’t really hit our stride as an economic and social power until late into the 20th century. In two areas in particular, our wealth and expertise in natural resources and in the livability of our communities, Canada has become world-renowned, with Toronto the undeniable centre of financing for the mining sector and Vancouver regularly atop lists of the world’s most livable cities. Our expertise in developing both is something that’s finally put Canada on the map.

Brian Conlin doesn’t think this is an accident. The company he helms, Golder Associates, has 8,800 employees in 37 countries speaking 18 languages. What started off as a small partnership based in Toronto is now a truly global business, offering expertise in consulting, design and construction for ground engineering and environmental solutions to mining, oil and gas, urban development and infrastructure, manufacturing and power industry clients on six continents. It is, as the company puts it, “engineering earth’s development while preserving earth’s integrity.” Fully 58 per cent of Golder’s business now comes from outside of Canada.

Conlin, who grew up working on farms in Metcalfe, Ont., just outside Ottawa, feels that being Canadian – specifically, the Canadian tendency to try to find common ground in business dealings – has been key to Golder’s global growth. “The Canadian way of getting things done – working with governments, industry and the public – is a real advantage,” explains Conlin, a 36-year Golder veteran, from his Burnaby, B.C., office. “You contrast that to somewhere like the U.S., which is highly regulatory and legally driven. U.S. clients get very nervous when we talk to the regulators. In Canada, we do that all the time. If we’re trying to get an environmental assessment for an oil sands project, we’re right in there from Day One. We’re all on the same team.”

In a unique employee-owned management structure, Golder Associates Global President and CEO Brian Conlin puts the needs of clients, staff and the communities they serve first.

By Matthew O’Grady
Another way in which Golder has brought a typically Canadian sensibility to its increasingly global operation is trusting and empowering local talent, rather than sending people from elsewhere to “show them how to do it.” “When we go to new places to set up business, we would only go there if we had local people we trust in our fields to run it,” explains Conlin. “We have 325 people in our office in Santiago. When you go into that office, it’s indistinguishable from this office: they do the same things as us, except they mostly do it in Spanish. There are maybe three or four expats, and they’re there just to help out. But the operation is led by and driven by Chileans.”

Golder’s long-held culture of trusting local talent and embracing their priorities aligns nicely with Conlin’s preferred leadership style, what he calls “servant leadership,” putting the needs of employees, clients and communities first. When Golder helps its clients with their resource developments now, they have to identify what the beneficial use of the site will be in the long term, because the majority of these developments tend to be a fairly short-term, says Conlin: 10 or 20 years and they’re gone. Typically there’s enduring infrastructure (roads that were built, an airstrip) but increasingly that’s not enough.

“It’s very clear that in most places where there is a non-corrupt regime, just paying money isn’t the solution,” says Conlin. “The reality today in communities want more: they want long-term royalties, they want a seat at the table, they want to be a partner.”

That sort of collaboration in sustainable development is very much a part of Golder’s DNA. Started in 1960 with three founding partners, the firm has maintained a unique employee ownership structure for over 50 years, despite its tremendous growth. In the early days, the firm specialized in soil mechanics and social assessment, environmental services. This dedication to purpose and commitment – but we are squeezed for profitability.”

Innovation surge sparks oil sands opportunities

“Canada is emerging as a world leader in environmental mitigation technologies for unconventional resource extraction practices. The pursuit of better environmental outcomes is a push and pull: a push from within the industry and a pull from regulatory institutions. Environmental performance capabilities keep improving while regulatory standards keep getting stricter. But it’s not always clear which is leading and which is following. “If we’re going to take on a new service, we’re not going to take it on a part-time, toe-in-the-water way.”

In conversation with Brian Conlin

Salvatore (Sal) Bianco is a partner in the Assurance practice of PwC’s Toronto Metro North office. Sal specializes in the consumer and industrial products and services industry, with a focus on public companies, Securities Exchange Commission registrants and large private companies.

Innovation improves environmental performance

Insights online

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Operating ethically in one of the most challenging countries in the world

Canadian mining company First Quantum Minerals overcomes significant risks in the Congo

By Douglas Mason

The challenge

In 2010, Canadian mining company First Quantum Minerals Ltd. had its three mines in the Democratic Republic of the Congo expropriated without compensation and transferred to other businesses under irregular conditions. The company was faced with the loss of assets valued at $2.5-billion (U.S.) after years of work developing greenfield mining projects in one of the riskiest countries in the world.

First Quantum Minerals had been a model corporate citizen in the Congo—its mines were the country’s largest taxpayers and it followed corporate social responsibility guidelines and international good practices, co-operating with efforts to promote good governance and transparency.

Even these actions, based on complying with international norms, proved insufficient to protect its assets in a challenging jurisdiction.

When the Congolese government announced a contract review for mining companies in 2007, First Quantum Minerals felt it was on strong legal grounds to defend tax and contract terms. Offers to settle the issue by irregular means were refused. First Quantum Minerals’ General Counsel, Christopher Lemon, states that, “The company’s policy is that it will not enter into unethical practices.”

What followed were a series of rapid decisions described by First Quantum Minerals as “an orchestrated attack.” Its mines were expropriated and transferred to state companies before being sold, at a fraction of the value, to a foreign businessman with close ties to the country’s president.

The results

With the value of its former Congo assets written down to zero, and legal avenues in the Congo exhausted—it was also levied a $12-billion (U.S.) fine by a local court—First Quantum Minerals fought back based on international recourse.

The company opened arbitration under the International Chamber of Commerce International Court of Arbitration in Paris, disputing the grounds for seizure and lack of compensation. It also launched legal action against the Congolese government at the International Centre for Settlement of Investment Disputes in Washington, D.C. “The company always knew that it would win arbitration; although, recovering a judgment from a sovereign government would be more difficult,” says Lemon. “We followed recourse even when it looked like we would not get anything out of it.”

Five years later, First Quantum Minerals is a larger and more successful company, operating more mines in more countries. It has moved on from the Congo situation, something that might have once sunk the company. The mines there accounted for one quarter of its production at the time of the seizure and would have accounted for half had they eventually reached full output. “The real tragedy is for the Congo. Kolwezi, the largest mine taken from First Quantum Minerals, is still not operating five years later,” says Lemon. “We do not counsel unprincipled things; it is a downward spiral.”

The future

Valuable lessons were learned from the Congo misadventure about operating in jurisdictions with weak commitment to the rule of law and the success of a mitigation strategy that conformed to good practice. “We are proud of how the company conducted itself in a challenging situation and stuck to a defendable strategy,” says Lemon. “We followed recourse even when it looked like we would not get anything out of it.”

The company always knew that it would win arbitration; although, recovering a judgment from a sovereign government would be more difficult.

Christopher Lemon,
General Counsel, First Quantum Minerals
Marc Parent, President and CEO, CAE

Canada is the fifth-largest aerospace country in the world, and that’s completely disproportionate to our population. I think aerospace should be seen as an example that Canada can succeed on the world stage.

Success beyond simulation

As a provider of training solutions and simulation technology to civil and military aviation customers, Quebec-based CAE has become a leading force in the high-tech world of simulation. But as President and CEO Marc Parent explains, the company’s global growth is based entirely on real-world strategies.

By Christopher Korchin

“I always say, ‘Listen to your customers; deliver on-time, quality products. This way they have no excuse to go somewhere else.’” Marc Parent is talking about building and maintaining client relationships – a traditional notion, to be sure, but one that has acquired new importance in today’s shifting markets. As the leader of a publicly traded, multinational corporation with more than 8,000 employees, he’s keenly aware of the importance of stable, long-term business partnerships. And working in the high-tech world of aerospace, which is as vulnerable to the vagaries of international economics and politics as almost any sector you can name, he’s also aware of the value of traditional business philosophies. He’s fond of words like “trust” and “full service” – touchstones in an ever-changing environment.

Luckily, CAE Inc. has never lacked customers. The company was born in Montreal on St. Patrick’s Day in 1947 as Canadian Aviation Electronics Ltd. Within a week, founder Ken Patrick, a former Royal Canadian Air Force (RCAF) officer, had secured his first contract, building and installing radar detection systems above the Arctic Circle, for the RCAF. With the Cold War looming, the government was worried about Russian bombers. It was the first sign that CAE’s very existence would be linked to global matters.

Today, CAE focuses primarily on designing and building flight simulators at its plant near Montreal Pierre Elliott Trudeau International Airport, supporting its products worldwide and providing flight training for both civil and defence clients. It has customers in some 190 countries. Parent, who joined CAE in 2005 and became President and CEO in 2009 (after previously working for Canadair Ltd. and Bombardier Aerospace), says that in the current climate, where companies seek a global presence in the face of declining opportunities at home, “We are somewhat fortunate because we are already there.”

In terms of defence contracts alone, CAE was destined to become a global company. “In Canada we’ve never had a very large home market for military-related hardware. So, we’ve had, by necessity, to go international. What that means is that CAE already has partnerships in the military, with personnel on the ground and a history of doing business around the world in 50 separate countries where we have defence customers,” says Parent.

Combining its defence revenues with robust results from its civil aviation activities and new endeavours in simulation services for the mining and healthcare sectors, CAE reported gross revenue in fiscal 2013 of more than $2.1 billion. Still, with defence budgets being slashed globally and, crucially,
Canada. I think that’s something we’ve maintained the vision of its founder, Parent attributes the boom to a growing industry and creating high-fidelity training and clinical simulation tools for the healthcare sector, where training is costly and errors can be catastrophic. The same is true in the health and mining sectors, where training is equally critical.

‘That trend mirrors the rush toward simulation in the 1970s, when high fuel costs forced the civil and military aerospace industries to seek alternatives to “live” training—the same phenomenon, in fact, that led CAE to specialize in simulation in the first place. The same is true in the health and mining sectors, where training is costly and errors can be catastrophic. CAE has pursued its success in aviation simulation to creating surgical, patient, ultrasound and clinical simulation tools for the healthcare industry and creating high-fidelity training environments for mining-industry clients.

Meanwhile, the civil aviation market is flourishing, with emerging markets leading the way. Parent attributes the boom to a growing middle class and the rise of low-cost carriers in the United States now kicking in, the question of whether or not Canada is fated to be a resource-based economy, unable to compete in the world stage. “Aerospace in Canada has been proving that wrong for a long time,” he says. “The fact of the matter is, we punch way above our weight. We’re the fifth-largest aerospace country in the world, and that’s completely disproportionate to our population. I think aerospace should be seen as an example that Canada can succeed on the world stage.”

Regardless of the details, suppliers will play an important role in developing advanced technology for these new aircraft. While the aerospace industry has already made progress in terms of co-innovating, the bump in the development of the Airbus A380 and the Boeing 787 Dreamliner suggest there’s still room for improvement. Looking to other industries—notably automotive and IT—and drawing on their successful strategies should help.

We have 1,600 engineers here, which is the largest concentration of engineers and technical staff under one roof in Canada.”
Bringing down the cost of being green

A Toronto architect finds success with sustainable housing, for the energy conscious and for those most in need of affordable roofs over their heads

By Mark Hacking

The challenge

The idea of launching a business as the worst economic downturn in history is playing out is either inspired … or insane. Choosing to start said business with just one client – particularly when that sole client becomes one of the partners in the new venture – adds another layer of challenge. To top it all off, when your core purpose is to provide cutting-edge environmental solutions of an architectural kind, there’s a fair amount of misinformation and some resistance to cut through. Yet, since 2009, the most innovative and respected architectural firms in the country.

The strategy

Principal architect Paul Dowsett has forged a reputation for listening to his clients. While this seems obvious, an established architect often possesses a healthy ego and strong convictions. A bemused Dowsett begins many stories with, “This client called because his architect wasn’t giving him what he wanted.” When looking for an architect to renovate his 1935 art deco home and to make it more eco-friendly, David Daniels found Dowsett, who was with another firm at the time. Near the end of the project, Dowsett decided that it was time to strike out on his own and, pleased with their working success together, Daniels suggested they become business partners. The result is Sustainable.TO.

Although a cornerstone of the business is environmental sustainability, even here the firm’s approach differs, by leading with simpler solutions drawn from nature before involving more expensive, more technology-intensive systems. The firm takes a three-step approach with each new project: reduce the energy demand of the building, rely on passive sources of energy and then incorporate active technologies to provide any renewable energy that may be required. “The perception is that sustainability is expensive,” Dowsett explains. “But to be effective, sustainability has to come from the ground up: that means it has to be affordable for the average homeowner.”

A new home build in Willowdale, Ont., completed in 2012, provides the evidence. Named the “Willowdale Passive Solar House,” this project features solar panels to provide electricity, along with geothermal heating and cooling. But it also incorporates an airtight envelope, a self-venting and highly reflective metal roof, sun shading, rainwater collection and grey water reuse. This list of innovations may sound wildly expensive, but the costs came in at just $165 per square foot – less than the average new home build. The clients, a couple of actuaries, were very pleased with the outcome, particularly as their monthly energy bills are $0.

The results

The company has experienced impressive year-over-year growth right from the start (the partners estimate 50 per cent a year since 2009) and has expanded from being a two-man operation to a firm that employs 10 people. Furthermore, the firm has received significant recognition in its brief history. Last year, Dowsett became the first architect to receive Canada Mortgage and Housing Corporation’s (CMHC) Healthy Housing Recognition for a lifetime commitment to healthy housing practices. In 2011, the firm won a prestigious international competition for designing a passive house for New Orleans, a response to the devastation from Hurricane Katrina, in a very challenging building climate.

The future

The message of “affordable sustainability” is gaining traction, particularly in areas where recovery is a key consideration. Building on its successes with the New Orleans project and others, Sustainable.TO is embarking on what could well be its most promising venture yet: affordable, healthy, sustainable housing for Canada’s native communities. Dowsett and Daniels are in the process of bringing together all the key stakeholders to work on a solution to this complex, politically charged situation.

“To be effective, sustainability has to come from the ground up: that means it has to be affordable for the average homeowner.”

Paul Dowsett
Principal architect, Sustainable.TO
Finding patterns in spatial data

Geographic profiling, in criminal investigations and in business, involves data analysis to make smart decisions in uncertain conditions

By Dr. Kim Rossmo

Connecting geospatial analyses of criminal investigations to data analytics in business is not the stretch it may first appear to be. Both police and corporate officials must make decisions under conditions of uncertainty. Data can reduce uncertainty, but first it must be analyzed and developed into information and knowledge.

Once you look behind the Hollywood image, a criminal investigation simply consists of turning data into knowledge. A police detective collects and analyzes evidence in order to determine what happened and who was responsible. An investigation has two basic functions: find the offender; and prove his or her guilt. In some cases, the first stage may generate thousands of potential suspects. Detectives, therefore, need a reliable system for prioritizing searches under conditions of information overload.

Crime sites are carefully examined for DNA, fingerprints, tire marks and other physical evidence. However, the fact that the crime site’s location is also a clue is sometimes forgotten. Moreover, in a serial murder, sexual assault or arson case, there are multiple sites that, when considered together, produce a larger geometric pattern. The examination of this pattern is called geographic profiling – the analysis of a series of crime sites to determine the most likely area of the offender’s residence.

Geographic profiling was originally developed from my PhD research at Simon Fraser University’s School of Criminology in British Columbia. I was a member of the Vancouver Police Department at the time, so I tried to combine criminological theory with my background in mathematics and police experience. Understanding the operational requirements of detectives (users) and the nature and type of information available in a criminal investigation (task) was central to this effort. To help meet the need of police agencies for a suspect prioritization tool, Environmental Criminology Research Inc. (ECRI) was formed to develop an operational geographic profiling software system. In 1997, ECRI released the first version of Rigel, named after the star in the constellation Orion the hunter. The RCMP was the first customer.

The integration of the software with the analytic methodology of geographic profiling was important to the development of Rigel. We tried to accomplish this through the adoption of a few key design principles.

Using a common foundation of readily available data

• Input is limited to data typically available in a police investigation.
• A scientific method for crime linkage was developed to better identify a crime series.
• A robust methodology is used to minimize sensitivity to missing and erroneous information.

Following an analytic process

• The division of analytic labour recognizes that some tasks are best done by computers and others by humans.
• The process is theory-based and, therefore, adaptable to new circumstances; assumptions are clearly articulated to prevent misapplication.
• A high-quality training program helps users maximize the system’s potential.

Focusing resources and getting results

• Databases frequently contain address information; geography is, therefore, a more useful prioritization metric than other offender traits.
• The capability of the model to be applied in a wide variety of situations is just as important as its precision.
• The ability to visualize and manipulate the geoprofile helps users understand the results.

It turns out that several disciplines have a need to find lost or yet undiscovered things. Over recent years, this has led to a number of innovative applications of geographic profiling. Zoologists and biologists have used the technique to study great white shark foraging off the coast of South Africa, bat-hunting patterns in Scotland, bumblebee search patterns and the spread of invasive algae in the Mediterranean. The military is interested in applications for counterterrorism, and the intelligence community for counterterrorism. Epidemiological researchers have used the model to locate mosquitoicidal water sources from malaria cases in Cairo and contaminated water pumps from cholera deaths in 19th-century London. Currently, we are exploring its use for hunting cyber-attackers and maritime piracy bases. Other suggested but still untested uses include archaeological excavations, mineral exploration and business marketing.

Data turned into information and knowledge can be very powerful, although this process must be followed by logical and unbiased thinking. Developing methods of finding the best paths through data jungles and cognitive mazes are important and necessary undertakings. Identifying patterns that others have missed in a mass of data provides a key advantage both in public safety and in business.
As one of the few female business owners in the largely male-dominated North American logistics industry, it would have been easy for Kelli Saunders to consider herself at a disadvantage when she founded Mississauga, Ont.-based Morai Logistics Inc. in 2010. Indeed, Saunders surprised more than a few of her prospective clients—nearly all of whom were used to being pitched by men—when she stepped into meetings in those early days. But they quickly realized that the long-time logistics industry veteran was at the top of her game and ready to shake up the traditional logistics experience as her team helped them co-ordinate the shipment of goods, ranging from small packaged items to hazardous materials, by rail or truck across North America. Her insistence on nurturing an entrepreneurial culture focused on service innovation, then delivering on her every promise, quickly won clients’ attention and respect. So, too, did her ability to overcome ominous challenges.

“This business was very competitive because some of our suppliers can also be competitors,” Saunders explains. “You dance on both sides of that line and, strategically, it can be a challenge. It also seems weekly there’s another third-party logistics provider that pops up, so there’s a lot of change.” That’s not to mention a steadily shifting regulatory landscape—particularly in the wake of disasters such as last year’s train derailment in Lac-Mégantic, Que.—as well as a growing demand for environmentally friendly transportation solutions, all of which can put downward pressure on profit margins.

As her firm’s bottom-line performance demonstrates, Saunders seems largely unmoved by these obstacles to her success. Morai has experienced impressive annual growth in both revenue and margin gains. Perhaps just as impressive is Morai’s cross-border reach: roughly 70 per cent of the company’s business is done in the United States and Mexico.

So how has Saunders taken her firm successfully into an aggressive and competitive marketplace? It started by tapping cutting-edge technology. Morai licenses TRITAN, a third-party logistics management software through their Mode Transportation agency agreement that allows her staff to track and manage shipments, ensuring on-time delivery. With so many shoppers purchasing goods online, Saunders has herself begun to apply more fervently of late. Her business is done in the United States and Mexico. Her customer service department, or as Saunders prefers, the “client success” department. “A client is somebody you want to help make strategic business decisions; whereas, a customer is someone who is simply buying something,” she says. “We’ve worked so hard to get here, so it’s not just about making money; it’s about really understanding what our clients need in order to be successful.”

To do this, Saunders has developed a strategic partnership with a highly regarded logistics provider in Mexico. “When we talk to clients, we don’t just sell them anything, just go and listen.”

“My business increased 30 per cent this year by talking to clients. You don’t have to sell them anything, just go and listen.”

Kelli Saunders
President, Morai Logistics

All about Morai Logistics
Founded in 2010, Morai Logistics was built on a simple premise: putting end-to-end logistics chains in place to help clients move products (ranging from small-packaged goods to hazardous materials) across North America as efficiently as possible. The firm’s specialties include full truckload, less-than-truckload, small package and intermodal transportation, while Morai has also begun branching into areas such as e-commerce and logistics management consulting.

As Morai Logistics President Kelli Saunders explores the ever more complex landscape of the highly competitive North American logistics market means focusing less on rivals’ strategic moves and more closely on delivering the best client experience possible. “We have a philosophy that competition is good, but we don’t get too concerned about what competitors are doing,” says Saunders. “We worry about what we’re doing. The competition is always going to be around us, but by focusing on them we can have perspective on our own performance.”

In conversation with Kelli Saunders
Betty Ann Jarrett is a Tax Services partner in the Oakville, Ont. office of PwC. She advocates Canadian and foreign-based multinational corporations on cross-border transactions, mergers and acquisitions, tax planning and compliance, and assistance with tax authority audits. betty.ann.jarrett@ca.pwc.com

Women of the world
Sandeep Tatla, Director of PwC’s Office of Inclusion, talked to Kelli Saunders about the role that female networking organizations have played in her success.

ST: You’re an active member of several organizations dedicated to helping female entrepreneurs succeed. How do networking groups such as Women Presidents’ Organization help propel your career?
KS: I truly think PwC has changed my life. I got really emotional about it. It’s given me the opportunity to have access to people and opportunities I never would have had before. That’s important to women because we’re female shouldn’t be the reason we’re getting business. We should be getting business because we run a good organization and provide a unique product or service and we follow through with what we’re delivering.

ST: Do women-run organizations encourage work-life balance more than those managed by men, or is that a myth?
KS: I think it’s more a myth. I’ve seen both. I know female business owners who are more nurturing, and I’ve also seen female CEOs who run very traditional organizations. I think it’s important to have work-life balance. My environment is very nurturing because my employees are happy with their home life, they’re going to be happy at work. If they’re stressed at home, they’re stressed at work.

PwC is a Global sponsor of the Women Presidents’ Organization (WPO), a non-profit membership organization for female presidents and CEOs of multi-million-dollar companies. The members of the WPO take part in professionally facilitated, peer advisory groups in order to bring the “genius out of the group” and accelerate the growth of their businesses.
Up front

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If the ability to turn adversity into advantage is the mark of entrepreneurial mettle, Joyce Usher-Mesiano may be one of the most savvy, resilient business owners in Canada.

From the moment in 1998 when she founded National Brokers Insurance Services Inc. (a leading Canadian and international broker of property and casualty insurance products and services), its President and her partners faced an uphill climb.

"Forty per cent, thanks to the recent hire of a new vice-president of business development. The firm also recently acquired a competitor, Grant Jones & Stuart Insurance Brokers Inc., in a move to bring new talent into the organization to brace for expansion.

In one case, it was the byproduct of a family crisis. When Usher-Mesiano’s sister Siobhan (one of her three business partners) was diagnosed with terminal cancer while pregnant with twins in December 2008, doctors in Toronto had difficulty developing a treatment plan. When a cancer drug failed to chase the disease into remission, the family sought a second opinion from leading medical centres in the United States. Several top American doctors pointed out that hospitals in Canada hadn’t yet recognized the rare cancerous mutation ravaging her sister’s body. After extensive lobbying by the Usher family and U.S. doctors, a previously unavailable experimental drug was brought into Canada. With access to that cutting-edge medication, Siobhan’s cancer soon slid into remission.

After that initial recovery, acquistions began asking the sisters for help in obtaining medical second opinions for their own loved ones. The serial entrepreneurs saw opportunity and formed Monarch Intermediaries Inc., which offers a unique service benefit that allows individual patients or employees, members or customers of participating businesses who have serious illnesses to access second opinions from a network of top academic hospital specialists around the world in as little as five days.

The product proved to be a resounding success with a range of clients, including major multinationals, which offer it as a standardized benefit to their employees or members worldwide. Although Siobhan Usher lost her battle with cancer, her legacy lives on: a U.S. report has indicated that 85 per cent of physicians have changed 15 per cent of diagnoses and have recommended revisions to 70 per cent of treatment plans among patients who access the service, according to Usher-Mesiano. And Monarch’s global reach is spreading. The firm now maintains a network of sales representatives in markets as diverse as the United States, the United Kingdom and South Africa, to name a few.

While managing through gut-wrenching personal adversity is challenging enough, handling the rapid growth of multiple companies posed its own set of obstacles for Usher-Mesiano. One of which was ensuring her companies maintained a proactive high-touch approach to customer service, she concedes that protecting that key aspect of her culture will become more difficult over time. Given her impressive track record staring down even the most formidable managerial threats, there’s little doubt Usher-Mesiano will be able to manage the task – and probably send bottom-line growth soaring in the process. “As you grow, you tend to lose that close connection with clients, but I want to make sure we never do because then we’re no different than a call centre,” she stresses.

“We get recommendations and referrals from clients all the time, and if that ever stops, we’ll have a problem.”

Knowledge is power to our clients, and if we can help them understand why we’re doing something for them and understand what they need, it works out for everyone.

By Chris Atchison

The leaders | Risk

All about National Brokers Insurance Services

National Brokers Insurance Services is a full-service insurance brokerage offering coverage on both the commercial and personal front, as well as group life and disability benefits.

Based in Vaughan, Ont., the firm was founded with a simple goal: to provide proactive insurance solutions to customers ranging from individuals to major multinational corporations.

As President and a 27-year industry veteran Joyce Usher-Mesiano explains, a company’s success is determined largely from the founders’ ability to spot and address a lucrative market opportunity. “We started in 1998 and fell into a niche at the time when the market was starting to recognize that large corporations could get discounts for home and auto insurance for their employees. That gave us our start because we had National Brokers Insurance writing group plans for Fortune 500 companies and other major organizations. Then we were approached by a Canadian union that wanted us to do the same thing for corporations.

In response, Usher-Mesiano and her partners founded National Union Insurance Group to handle union-specific accounts. They later asked Monarch Intermediaries to the company portfolio and also acquired a key competitor, Great Jones & Stuart Insurance Brokers Inc., while rolling the two firms into the organization as the firm prepares for greater growth in the years ahead.

In conversation with Joyce Usher-Mesiano

Terri McKinnon is an Assurance practice partner in the North York, Ont., office of PwC. Terri provides her private company clients with a wide range of audit and business advisory services, including succession planning, lease securitization, acquisitions, divestitures, financing and accounting.

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Photo by Tim Fraser

Picture by Tim Fraser

In tandem with a growing clientele and expanding public profile, the firm prepares for greater growth in the years ahead.

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All about National Brokers Insurance Services

National Brokers Insurance Services is a full-service insurance brokerage offering coverage on both the commercial and personal front, as well as group life and disability benefits.

Based in Vaughan, Ont., the firm was founded with a simple goal: to provide proactive insurance solutions to customers ranging from individuals to major multinational corporations.

As President and a 27-year industry veteran Joyce Usher-Mesiano explains, a company’s success is determined largely from the founders’ ability to spot and address a lucrative market opportunity. “We started in 1998 and fell into a niche at the time when the market was starting to recognize that large corporations could get discounts for home and auto insurance for their employees. That gave us our start because we had National Brokers Insurance writing group plans for Fortune 500 companies and other major organizations. Then we were approached by a Canadian union that wanted us to do the same thing for corporations.

In response, Usher-Mesiano and her partners founded National Union Insurance Group to handle union-specific accounts. They later asked Monarch Intermediaries to the company portfolio and also acquired a key competitor, Great Jones & Stuart Insurance Brokers Inc., while rolling the two firms into the organization as the firm prepares for greater growth in the years ahead.

In conversation with Joyce Usher-Mesiano

Terri McKinnon is an Assurance practice partner in the North York, Ont., office of PwC. Terri provides her private company clients with a wide range of audit and business advisory services, including succession planning, lease securitization, acquisitions, divestitures, financing and accounting.

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Photo by Tim Fraser
The challenge

After a 2010 visit to craft-distilling-entre Portland, Ore., product development consultant Charles Tremewan and his wife, Rita, became convinced that his hometown of Vancouver needed its own urban distillery. The problem was that such a business hadn’t existed in the city for more than 40 years, and finding a location in pricey Vancouver and then getting permission to install a still was going to be tricky in the bureaucracy-heavy jurisdiction.

The difficulty with being the trailblazer was that few people at the three levels of government he had to deal with had much experience in what he was proposing. Key throughout was building a level of trust between Tremewan and the governing bodies that are designed to protect citizens from the potential evils of liquor consumption.

The strategy

The Tremewens had patience, patience and then more patience. When they started Long Table Distillery, they assumed the entire procedure would take 18 months. It took three years. Perhaps the easiest to deal with was the federal government, which simply wanted to inspect and bond the pricey German-made still to ensure that appropriate tax was collected. The city was concerned that any working still had the unlikely but theoretical potential to go boom, so Tremewan was confronted with a difficult zoning designation that required rezoning applications, public consultations, seismic upgrades and a litany of development permits.

But it was the province of British Columbia that held the key to the operation: not only does it regulate liquor production, but it also controls liquor distribution — the former key to getting the distillery up and running, and the latter key to being able to make it profitable. The production aspect was straightforward: show them you’re trustworthy by passing a background check, and prove that you’re in compliance with the relevant municipal regulations. But the distribution was trickier.

Key to the Tremewens’ business plan was to have a modern tasting room in the distillery, located streetside. Patrons, Charles imagined, would belly up to a huge slab of redwood (the Long Table, which gives the company its name) to sample the liquid wares before buying a bottle or two. But under B.C.’s then-laws, the Tremewens would have had to distill and bottle the spirit and send it to the provincial warehouse, then buy it back and return it to the distillery, to sample and vend it 15 feet from where its journey started. Thankfully, the laws were changed before Long Table opened its doors.

Another key strategy was getting the final product into provincial liquor stores, where competition is fierce for shelf space. In their meeting with the buyer, the Tremewens focused on the importance of locally produced spirits being available in B.C., emphasized the unique attributes of their product and assured that they could produce the spirits in an adequate quantity to satisfy store requirements. They left with the only answer their business plan allowed: a yes.

The results

In February 2013, Long Table Distillery opened at the foot of Vancouver’s Hornby Street, with a view of False Creek and Granville Island. Its first summer saw a lot of excitement and foot traffic and a solid book of reservations for custom tastings. The company’s first two offerings, London Dry Gin and Texada Vodka strained though lemonade brought over from Texada Island, part of the Northern Gulf Islands, have taken their places beside major brands at provincial liquor stores and are selling well.

The future

More products will be offered, including some cask-aged spirits and some interesting seasonal offerings like limoncello liquor. And despite the new challenges (including a number of other small distilleries soon to open in the city), the Tremewens are confident that the continued evolution of the province’s liquor regulations will enable them to increase profitability. “When it comes down to it, we’re just a small business like any other,” says Charles. With a product that goes better with olives.
Jennifer Botterill was on the Canadian women’s hockey team that beat the United States 2-0 to win the gold medal at the 2010 Olympics in Vancouver. The Harvard-educated, Winnipeg-based Olympian has since pursued a career as a public speaker and broadcaster, and will be part of CBC’s broadcast team at the upcoming Olympic Winter Games in Sochi, Russia.

Botterill says she was raised believing that goals are attainable if you set your mind to them and work hard. “It’s a formula that has helped her achieve a winning edge. Here are more of her secrets to success.

How do you handle competition?

Competition is a natural part of athletic careers, but the element of the joy of sport and the positive rivalry are what allow elite athletes to find a new level of performance. Having recently watched the U.S. Open Championships, the finals in both the men’s and the women’s tennis, in terms of their great rallies, I noticed how the best of them cheered with their racquets when their opponents made a great shot. It was a reminder that perhaps we need to start celebrating the small successes along the way, even in our opponents. It is how we can gain a competitive edge in everything we do. Of course, striving to make an Olympic team and winning a gold medal included throwing myself into some pretty competitive environments. But it was how I chose to look at those situations which helped me get what I could out of them.

Do you ever feel like stretching out and relaxing, letting someone else shoot the puck, so to speak?

Life isn’t always about grinding it out, about reaching your top of the corporate ladder or whatever that high standard might be in your world. It is about allowing yourself to feel happiness in the pursuit. The journey can be a sense of inspiration in itself. It sounds like a cliché, but it is true. When you celebrate your achievements, you can create some potent, positive momentum to drive you and your goals forward. It is important to focus on the journey, not the outcome.

Which is better: An individual leadership approach or a team effort?

On our 21-member Olympic hockey team, we told ourselves that we weren’t necessarily going to be best friends. But we all realized that each of us brought unique talents and strengths to the group. Within that perspective lay power. As a national-level athlete, I embraced that approach. It literally helped me achieve gold.

What gives you your winning edge?

Instead of being jealous of the success of others, celebrate yourself and who you are. Ask yourself: How do you choose to feel about yourself? How do you choose to see strong performances and driven people? If you can see an opportunity in whatever is facing you, you have a chance to raise your level of performance. If you can see an opportunity in whatever is facing you, you have a chance to raise your level of performance.

Do you ever feel too much?...?

Gratitude is a powerful emotion. During a demanding schedule at Harvard University, every day I would try to take what I called “a moment of appreciation” as I walked from classes across the bridge to the athletic venues. Training for the national team, the Harvard hockey team, travelling for competitions, writing essays, exams and attending classes added up to a demanding schedule. But when I took time reflect, even for a moment, I felt thankful, and that helped keep me focused.

She shoots, she scores

Three-time Olympic gold medalist Jennifer Botterill says a positive attitude toward her competitors has been a key factor in her own success.

By Deirdre Kelly

Jennifer Botterill was on the Canadian women’s hockey team that beat the United States 2-0 to win the gold medal at the 2010 Olympics in Vancouver. The Harvard-educated, Winnipeg-based Olympian has since pursued a career as a public speaker and broadcaster, and will be part of CBC’s broadcast team at the upcoming Olympic Winter Games in Sochi, Russia.

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