PIVOT

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+

WES HALL'S CRUSADE TO CHANGE CANADA'S C-SUITE

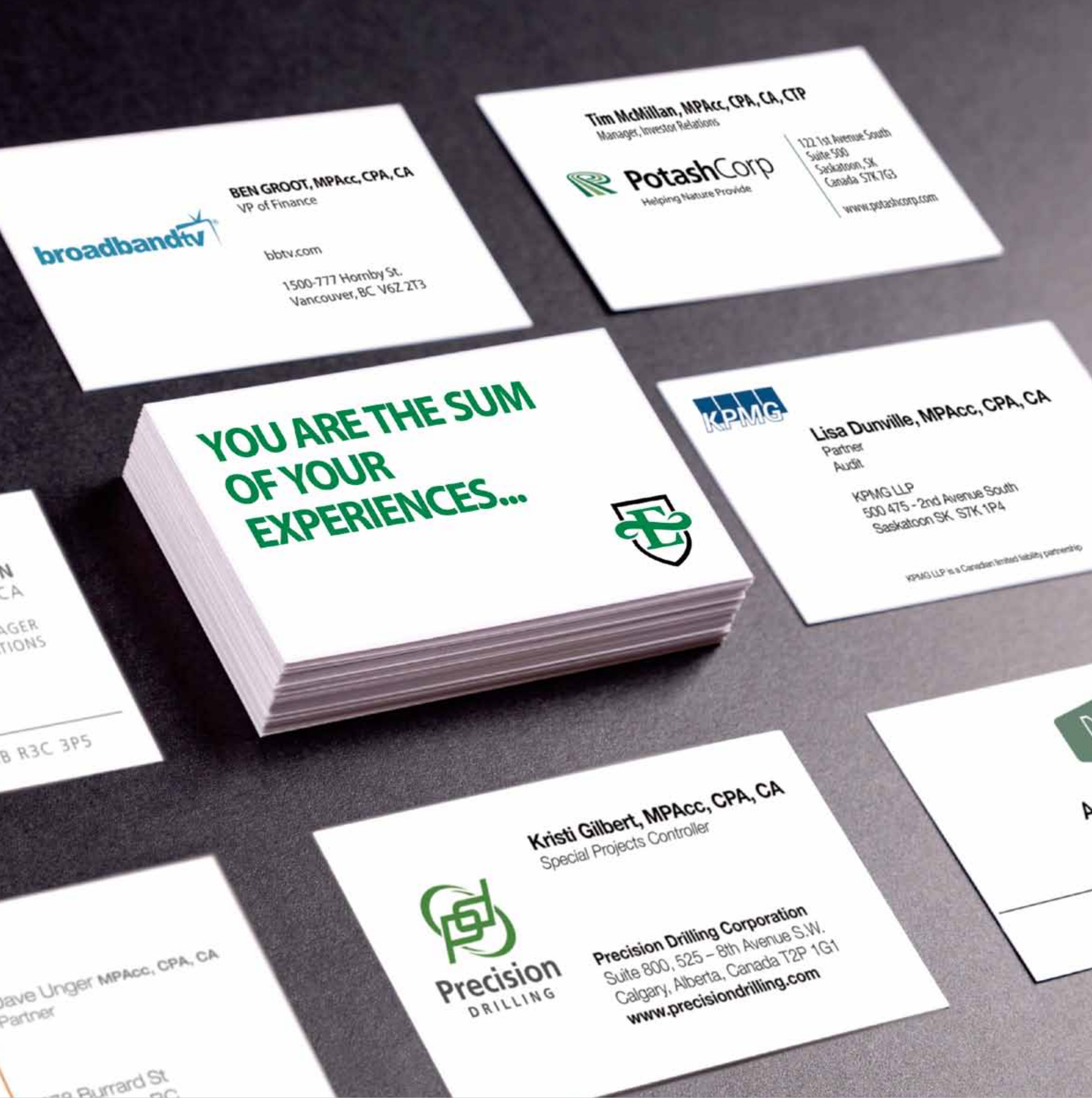
WORKING (OUT) FROM HOME

HOW TO FREE THE ECONOMY FROM THE PANDEMIC'S GRIP

STEADY AS SHE GOES

Karen Hogan is the auditor general Canada needs right now

NOVEMBER/DECEMBER 2020



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FIRST IN

LAST OUT

BUILDING BACK BETTER

As CPAs, we have a substantial role in helping Canada rebuild our economy to be as resilient and stable as ever

BY CHARLES-ANTOINE ST-JEAN

PHOTOGRAPH BY LINDSEY GIBEAU, WESTBORO STUDIO

Earlier this fall, thousands of aspiring young accountants from coast to coast to coast wrote their common final examinations (CFEs) and they did so under some very unusual conditions. Not only did these individuals have to prepare amid health and economic concerns related to COVID-19, they had to write a challenging exam under those same conditions and in a non-traditional setting.

The Canadian CPA profession was eager to identify and execute a plan that would allow a September 2020 exam sitting given the May writing was cancelled due to the pandemic.

To allow these inspired candidates to take their exams in person and respect public heath requirements regarding social distancing, the CPA profession rented thousands of hotel rooms instead of using traditional writing centres.

The candidates were each assigned a single room, personal protective equipment and a profession-supplied laptop.

The exam-writing process, I'm pleased to report, worked well. The profession's resilience in finding solutions in a COVID-19 environment serves as a reminder that CPAs can and will play a vital role in rebuilding the Canadian economy. This process will require patience, problem-solving and strategic vision—all skills that are inculcated in CPAs as they complete their certification requirements and eventually transition into leadership and advisory roles in every sector of the economy.

We need to rebuild and retool the economy so it can produce the jobs, innovations and wealth Canada needs in order to ride out not just the pressures of this moment but the challenging recovery ahead. We must not lose sight that wealth creation allows us to look after our elders and prepare society for coming generations.

We've heard a lot about "building back better" in recent months. It's important to reflect on how Canada's CPAs will enable businesses to make this journey successfully.

While many sectors were hard hit by the pandemic, others have thrived in an economy that is undergoing a massive shift to digitization. We are seeing the emergence of innovative platforms and fresh ideas about connecting with customers, clients, students and even patients.

Early in the pandemic, CPAs advised clients and organizations on the importance of shifting to cloud-based enterprise systems that enable collaboration without in-person meetings and site visits. For some firms, those internal transitions have prompted owners and managers to think about how to operate digitally, not just for the duration, but also as a baseline way of doing business.

Looking ahead, I think about one of the core conclusions of "The Way Forward," which grew out of CPA Canada's Foresight scenario-planning consultation—that the profession can provide crucial advice and assurance to organizations on harnessing the power of large tranches of operational data as a means of supporting decision-making and forward planning. The rapid pandemic-fuelled expansion of the digital economy only underscores the importance of that strategic role for CPAs.

It's also important to recognize why this moment is so pivotal for young people. They have grown up with the Internet and ubiquitous wireless communications and have always felt comfortable in a digital world. As we transition into the new post-pandemic online economy, the next generation will drive digital innovation and entrepreneurial activity.

That is why the Canadian CPA profession is taking action to ensure our members are prepared to support the needs of business in a rapidly evolving, data-driven marketplace.

For these reasons, CPA Canada has called on the federal government to align its budget and plans with the needs of an economy that requires so much rebuilding.

The recession and the related job losses demand investment in training, skills and labour market development. We need to modernize tax policies as a means of boosting productivity, innovation and investment. We need to build trust in the digital economy and ensure sound data governance that both protects Canadians and drives economic growth. And while emergency stimulus spending has been necessary to prevent the economy from seizing up, policy-makers must be looking ahead to the medium-term by adopting fiscal anchor policies that will limit debt-financing and instill business confidence.

As Canada rebuilds and faces down a myriad of threats, whether they be pandemic-related or other issues such as climate change, CPAs will be there to assist and to ensure that attention is paid to the challenges faced by key sectors and regions in our country. ◆

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DOUBLE VISION

How CESO's Wendy Harris takes her charity's two top priorities and steers them toward one singular goal **BY ADRIENNE TANNER**

As a CPA, Wendy Harris's varied career has included stints in the public sector as a securities regulator, and in the private sector as CFO for a yoga centre and operations manager for a major Toronto recruitment firm. In 2009, she found her calling in a third sector when she joined the Canadian Executive Service Organization (CESO) as CFO. Founded in 1967, CESO is a charity that matches executive volunteer advisers with public and private sector organizations, institutions and individual entrepreneurs seeking economic development guidance. Harris was promoted to president and CEO in 2011. "I'm always challenged, always interested, and I've met some of the most extraordinary people, including my roster of volunteer advisers," she says. CESO has two arms—one providing economic development services for Canadian Indigenous communities, the other offering business, financial and organizational advice to a wide range of international institutions and entrepreneurs. And while the COVID-19 pandemic forced all advisers and staff home, CESO still has employees in 20 countries. Harris recently added her name to a letter signed by 150 Canadian charities asking the federal government to create a $10-billion stabilization fund to support charitable programs hard hit by the pandemic. "CESO signed the letter in solidarity with the charitable sector to ensure collectively our work in alleviating poverty in Canada and around the world can continue," Harris says. "Our ability to continue to support our local partners when so many are vulnerable reinforces that we are a reliable country. If there is one thing the pandemic has highlighted, it's our shared humanity."

CESO's vision statement is "Stronger economies for better lives." Explain what that means.
It embodies our belief that if you have strong economic infrastructure, you can drive sustainable economic and social change. It's all about building the local capacity of our partners and clients so they develop strong entrepreneurial, business management and governance skills. We focus on finance, microfinance, tourism and hospitality, agribusiness—partly because those are our clients' high-growth sectors.

How does this benefit Canada and the world?
Aiding the economic prosperity of others opens a path for two-way business opportunities and trade. On a broader scale, however, when developing nations and communities thrive, it helps to alleviate poverty and foster world peace and security.

It's easy to see a role for CPAs in all this. What percentage of your volunteer advisers come from that world and what strengths do they bring?
About 20 per cent of our advisers are CPAs. Accountants bring such breadth and depth of value to the table; everything from business, strategic and operational planning, to finance and accounting systems and value for money audits. CPA experience teaches you to be flexible and understand different businesses, and it's important that our advisers, regardless of their backgrounds, listen to clients and take a flexible approach.

PHOTOGRAPH BY LUIS MORA

Wendy Harris brings private and public sector experience to her role at CESO

What part does economic development play in Canada's reconciliation efforts with Indigenous people?
Our advisers offer skills and experience to help Indigenous partners participate effectively with the broader Canadian economy so they can chart their own path to prosperity. CESO advisers have worked with many Indigenous leaders, including Shawn Atleo, former national chief of the Assembly of First Nations. He was a budding young entrepreneur who asked CESO for help with a human resources company, which is still running.

Has the increased awareness of reconciliation changed CESO's work?
From its inception, CESO had a mandate to serve Indigenous communities. So, our level of commitment hasn't changed. With greater awareness among the general Canadian public, communities are starting to get more recognition and support. We hope reconciliation awareness inspires people to invest in Indigenous economic capacity.

Give us an example of the kind of work CESO has done in partnership with Indigenous communities.
Starting in 2008, we ran a national financial literacy program for Indigenous families. It was funded by Indian Residential Schools Resolution Canada, a government department formed to address issues around the legacy of residential schools. We ran comprehensive workshops across the country for residential school survivors to manage and protect the compensation that was received at a time when financial settlements were going out to survivors.

What drew you to CESO?
I always loved working with high-growth businesses. The CEO at the time knew CESO needed a refresh. The world of international development had changed. There was pressure to demonstrate results and value and become more disciplined and accountable. Until that point, we had relied more heavily on the Canadian government for funding. A big challenge of my job was to figure out how to market ourselves to international, corporate and individual donors.

CESO's value statement starts off with respect for diversity. The recent Black Lives Matter protests have shown a lot of institutions get this wrong. Why do you feel those words are important?
It's an acknowledgement that everything we do is in partnership with our clients. We are there as mentors to help clients figure out a problem, plan or reach a goal. The statement is about respect and starting with the understanding that our clients have the greatest knowledge about their own business and political climate.

How do you vet volunteer advisers?
Firstly, you don't join CESO's roster. You apply. We do interviews, reference and criminal record checks and hold many conversations to assess an applicant's flexibility. Volunteers write expressions of interest and compete for assignments. Evaluations are done at the end of the assignment to measure performance and ensure the adviser was a good fit. Those who fall short are not chosen again.

Which people are most likely to succeed?
The advisers who are humble, who question their own experience and abilities, tend to perform the best. ◆

STICKY SITUATION

2019 was maple syrup's sweetest year ever. Canadian producers—91 per cent of whom are in Quebec—pumped out 49 million litres of syrup, up from 11 million in 1989, thanks in large part to improvements in technology. But the industry now faces disruption from climate change, which is poised to slowly push syrup production further north. Here, a look at how rising temperatures will be both a boon and a bother for maple makers. *—Steve Brearton*

46%

Share of North American maple syrup producers who believe climate change will have negative impacts on maple syrup yield in the next 30 years.

-36%

Expected decrease in syrup's sugar concentration by year 2100. When wood temperatures exceed 7° C, no sugar is produced.

March 18

Expected midpoint of tapping season in northern Quebec by year 2100, by which time warmer temperatures will have moved the date up by nearly a full month.

100%

Expected increase in sap collection in northern Quebec by year 2100. Sap collection in New Hampshire and Massachusetts, meanwhile, is projected to decrease slightly.

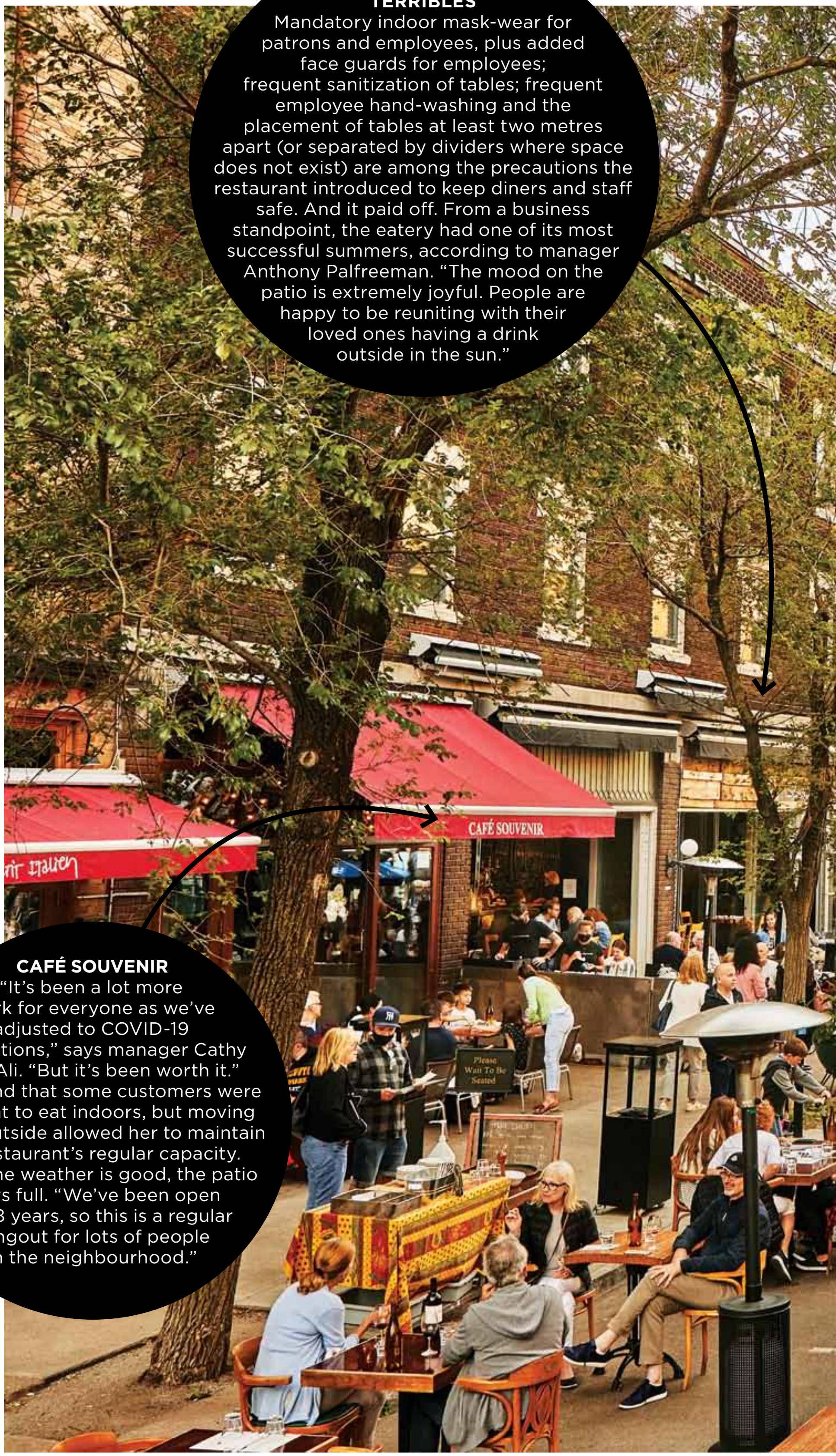
SOURCES: CORNELL UNIVERSITY, FOREST ECOLOGY AND MANAGEMENT, USDA FOREST SERVICE

PICTURE THIS

SUMMER IN THE CITY

Before the second wave of the pandemic hit in October, Montreal's eateries headed outdoors to stay safe—and in business. **BY ZIYA JONES**

Despite the pandemic, Bernard Avenue, a chic, leafy thoroughfare in Montreal's Outremont neighbourhood, bustled with pedestrians, shoppers and diners from June until the fall. As Quebec entered Stage 3 of its initial COVID-19 reopening strategy, the city temporarily transformed the artery into a pedestrian zone, allowing local restaurants and cafés to expand their *terrasses* into the street to better accommodate social distancing requirements. The city also helped ease operating costs. Normally, patio licences are a costly expense for restaurants and bars—as high as $85,000—but this year the fee was lowered to $50 city-wide. For restaurants that closed during the spring lockdown, these moves kept businesses afloat, local owners say. When social distancing rules forced establishments to lower their indoor capacity, outdoor space helped to make up some of the difference. And after months spent cooking at home, customers in Montreal flocked back to their favourite restaurants' patios. Here's how Bernard Ave. eateries coped with COVID-19—and kept their staff and patrons safe— before the second wave brought more shutdown initiatives in the fall. ◆



LES ENFANTS TERRIBLES
Mandatory indoor mask-wear for patrons and employees, plus added face guards for employees; frequent sanitization of tables; frequent employee hand-washing and the placement of tables at least two metres apart (or separated by dividers where space does not exist) are among the precautions the restaurant introduced to keep diners and staff safe. And it paid off. From a business standpoint, the eatery had one of its most successful summers, according to manager Anthony Palfreeman. "The mood on the patio is extremely joyful. People are happy to be reuniting with their loved ones having a drink outside in the sun."

CAFÉ SOUVENIR
"It's been a lot more work for everyone as we've adjusted to COVID-19 precautions," says manager Cathy Hadj-Ali. "But it's been worth it." She found that some customers were reluctant to eat indoors, but moving tables outside allowed her to maintain the restaurant's regular capacity. When the weather is good, the patio stays full. "We've been open for 28 years, so this is a regular hangout for lots of people in the neighbourhood."

NO. 900

The pizzeria had 15 tables out front of the historic Outremont Theatre. All seating was arranged at least two metres apart, and all shared surfaces and objects were sanitized between customers. Palm plants and wicker chairs added a lush, nostalgic vibe to the dining experience.

LA BRASSERIE BERNARD

"The patios woke up the entire neighbourhood," says maître d' Adrian Piché. At La Brasserie Bernard, staff were given disposable masks and protective glasses, and had access to five different sanitation stations. The restaurant also began supplying customers with disposable food menus, and their reusable wine menus were sanitized after each use, along with their merchant payment machines. Piché says he received positive feedback from patrons. "They're happy to see us again, and pleased to know we're taking steps to keep them safe."

BURNING ISSUE

DOLLARS AND CLICKS

The thorny issue of a digital services tax may have to play second fiddle to the pandemic, but that doesn't mean it should be ignored **BY MATTHEW HALLIDAY**

How quickly things change.

As recently as January, the transatlantic sparring over new taxes on U.S.-based tech giants was shaping up to be one of the major fiscal dramas of 2020. (Or, as the *New York Times* called it, "the world's hottest economic debate.")

Last summer, the conversation was kicked into high gear when France—weary of waiting for an EU-wide consensus—approved its own unilateral digital services tax (DST), to be levied on big tech companies' French revenues.

The U.S., perceiving an attack on American companies, immediately began talking up a trade war targeting US$2.4 billion worth of French goods, from wine to handbags. The World Economic Forum, held in January in Davos, Switzerland, looked to be the scene of a final showdown. At the last moment, however, U.S. President Donald Trump and French President Emmanuel Macron agreed to a temporary truce. France would hold off on collecting its tax until 2021, enough time for negotiations that were under way at the Organisation for Economic Co-operation and Development (OECD) to achieve a more globally unified approach.

At issue is how the large digital companies are often not subject to corporate income taxes in countries where they operate. Traditionally, multinational taxation is related to a company's physical presence in a country. As digitalization increases, the need to be physically present in a foreign country decreases, and may result in a corporation not being subject to corporate income tax in a particular country even though it generates substantial revenue in that country. As an alternative, countries like France focused on charging a tax on this revenue.

Also at issue is the way companies generate huge advertising revenues thanks to "network effects"—the critical mass of consumer attention their platforms provide for advertisers. "Everyone joins, and this becomes the main place where advertisers advertise," says Wei Cui, a professor and tax law specialist at the University of British Columbia's Peter A. Allard School of Law. "Then France or the U.K. or any other country says, 'You're utilizing a resource here, which is our people, and you're monetizing it.' "

Cui likens this to a resource royalty. "But instead of being levied on coal or oil and gas," he says, "it's on consumer eyeballs."

That's led to a push for a major global rewrite of tax laws, which would partly reallocate profits to jurisdictions where consumers are located and generating value, not just where companies maintain brick-and-mortar offices and operations.

To address this, in 2018 the European Commission (the EU's executive branch) proposed a three per cent DST on taxable revenues derived from advertising and user activity. This was not a final solution, but an interim measure, in advance of a "digital permanent establishment" that would thoroughly revise corporate taxation across the common market.

But by last March, EU member states had failed to reach a consensus on the particulars of the DST, and the overall discussion was stalling out. The EU deferred discussion while the OECD sought a more global consensus as part of a further-reaching discussion on reworking the global tax framework.

In the meantime, more and more countries have begun taking actions into their own hands. Several countries, led by France, have either proposed or begun implementing unilateral DSTs. The U.K. implemented a DST on April 1 of this year. In a summary of public consultations in 2018, the country's treasury department stated that the DST

ILLUSTRATION BY DAN PARSONS

"is designed to ensure digital businesses pay tax reflecting the value they derive from the participation of U.K. users . . . It responds to the international tax framework's failure to recognize this important source of value creation in how the profits of a multinational group are allocated between countries for tax purposes."

As of this July, 22 countries—including Italy, Indonesia, Austria, India and Turkey—have done so, and more have them on the drawing board.

A DST proposed by Canada's own Liberal party during 2019's federal election campaign was similar to the EU proposal. Also to be levied at three per cent, the Parliamentary Budget Office estimated it would raise about $540 million, and every major federal party has come forward with similar versions of such a tax. (The DST is not to be confused with the distinct issue of the "Netflix tax" debate, which is related to GST on foreign digital services. Foreign vendors—digital or otherwise—aren't required to register to collect the GST. Technically, Canadians are supposed to self-assess what they spend on such services, and then remit the appropriate tax to CRA. In practice, of course, few Canadians are so diligent.)

A proposed digital services tax in Canada could raise
$540
million, the Parliamentary Budget Offices estimates

Late last year, however, the federal government backed down from a proposed April 1, 2020 implementation date for its DST, suggesting it would instead wait for the OECD's international consensus. Prime Minister Justin Trudeau told Radio-Canada in December 2019 that France had moved "too far, too quickly."

Others contend that without those first movers, however, the international discussion wouldn't be where it is.

"I really don't think that there would be these serious discussions at the OECD if some countries hadn't brought in their own DSTs," says Toby Sanger, director of Canadians for Tax Fairness, an Ottawa-based non-profit. "When countries say, 'We're going to wait and see about the OECD process,' that process wouldn't be anywhere if someone hadn't acted. So that was frustrating to watch."

Which brings us back to last January. Shortly after Trump and Macron declared a temporary truce, the OECD committed to delivering a framework by the end of 2020. Finding a global solution is very important to ensure negative consequences such as double taxation do not arise. The current international tax treaty framework has mechanisms to reduce double taxation, but this system does not apply to taxes levied on revenue such as a DST.

That process, however, began to unravel over the summer. In June, U.S. officials blocked a digital tax proposal that arose from the OECD. U.S. trade representative Robert Lighthizer declared that the OECD countries "all came together and agreed that they'd screw America."

The move dashed hopes of a speedy resolution, and Trump again began escalating trade war rhetoric.

France has now recommitted to levying its tax by year's end, and the next hope for a consensus solution will come at meetings that were to be held in October, when the OECD hopes to have members agree on key policy features of a new tax framework. As for the U.S., the results of its November presidential election could yet again flip the switch on a years-in-the-making debate.

Here in Canada, the government made mention of digital issues in its September throne speech and acknowledged it as an important issue, but described it as something that would be dealt with over the longer term.

Either way, only time will tell. ◆

Matthew Halliday is a Halifax-based freelance journalist whose work appears in the Walrus, Chatelaine, *and the* Globe and Mail, *among others. He is also the co-founder of the* Deep *magazine.*

THE ECONOMIST

URBAN RENEWAL

The pandemic has upended how we work. Now it's about to fundamentally shift how, and where, we live

FRANCIS FONG

We are watching the world change in real time as businesses shift toward remote work. According to a Statistics Canada report, within 10 days of the WHO declaring a global pandemic on March 11, 4.7 million Canadians had made the shift to working from home. It brought the total number of Canadians working remotely to 6.8 million, accounting for nearly 40 per cent of the workforce. That number has dipped each month since May, yet by August nearly two million Canadian workers still hadn't returned to the office. Our personal experiences might centre on setting up a home office or joking about showing up to Zoom meetings in a suit jacket and sweatpants, but we are sleeping on how fundamental a change this is. If you take a step back, what the success of remote work has actually done is break the link between work and workplace. If many jobs can be done from anywhere, then an individual's choice of where to live is no longer defined by where they work. Up until now, that choice led many of us to an urban centre somewhere because that tends to be where our job prospects are highest. And we have watched our cities grow and grow, taking for granted that ever-increasing urbanization was simply a given of modern society. In fact, today, half of Canadians live in just seven cities, according to Statistics Canada.

THERE COULD BE A REVERSAL OF THE URBANIZATION TREND BACK TOWARD SMALL CITIES, TOWNS AND RURAL AREAS

Yet with remote work, urbanization is a given no longer. Will Canadians still flock to urban centres like they have?

We're about to find out.

No doubt many will still choose to, simply for the lifestyle that cities offer, like a higher density of amenities, cultural diversity, a bigger foodie scene. Similarly, there will no doubt be those who may choose a smaller city or town that offers more space and a lower cost of living. Regardless of where that balance ends up though, there will almost certainly be some reversal of the urbanization trend back toward the smaller municipalities and rural areas that fell out of favour over the last few decades.

And the potential for de-urbanization to upend how we even think about our cities is massive.

Consider one of our consistently favourite economic topics: the housing market. Every Canadian has, at one point or another, wondered what it will take for the market to correct in our biggest, most overvalued cities like Vancouver and Toronto. The biggest financial crisis of our lifetimes didn't do it. A pandemic-related economic shutdown that put a record three million people out of work didn't do it. That single-family detached home you've been eyeing seems almost impervious to economic phenomena, doesn't it?

The reality is that, regardless of economic fluctuations, that house's value has always been

ILLUSTRATION BY KAGAN McLEOD

backstopped by consistent growth in demand. Take Toronto, for example. Between the 2006 and 2016 censuses, the city saw average growth in new households of 33,500 every year. Each of those new households needs a home and construction can barely keep up. Despite neighbourhoods being torn down and rebuilt and cranes obscuring the city skyline, Toronto completed just 33,600 units per year during that time frame. That's barely enough to keep up with demand. And that construction was probably not in the most desirable areas of the city, and it probably wasn't the type of housing buyers wanted. And, over that time, home prices doubled.

But if people start leaving Toronto for other places in the province or elsewhere in Canada and that foundation is lost, then the story gets flipped—shameless housing pun intended.

Conversely, consider our national conversation about infrastructure needs. That discussion invariably focused on the need to expand public transit networks in major urban centres—and for good reason. More extensive public transit networks were meant to lure commuters out of their cars and support our transition to a low carbon economy, improve housing affordability by connecting more communities to city centres, and change the face of urban neighbourhoods by supporting more density and increasing walkability.

But the outlook for transit ridership is bleak. In April, at the peak of the shutdown, TransLink ridership in Vancouver was down between 80 and 95 per cent across its system. Toronto's TTC and GO ridership in southern Ontario was down by a similar margin. Even as phased reopenings occur across the country, expectations for ridership to return are modest, with TransLink projecting that ridership this fall will be between 50 to 60 per cent of what it was pre-COVID.

So what urgency is there to invest in transit now? What does our infrastructure conversation look like? More broadly, what does a transition to a low carbon economy look like if we have a more dispersed population?

All of that is upended.

This is why remote work is a game-changer. Governments at all levels, policymakers, businesses, individuals—we're all navigating this pandemic, trying to find a way back to what used to be. But there are many things that COVID has fundamentally changed: urbanization, and everything that hangs on that, is one of them. ◆

Francis Fong is chief economist at CPA Canada.

ILLUSTRATION BY LEEANDRA CIANCI

THE RISE OF MUTUAL AID

Why the once-anarchist practice of giving a helping hand—and taking one, too—is gaining traction around the world **BY ALI AMAD**

When the World Health Organization declared the COVID-19 outbreak a pandemic on March 11, Canadians concerned for those most vulnerable in their communities decided to take action.

Within 72 hours, at least 35 "caremongering" Facebook groups had sprouted to deliver groceries and other essentials to grateful seniors and at-risk families. More than 30,000 Canadians have since joined and contributed. Inspired by their success, copycat groups popped up in countries like South Africa, India and Switzerland. Across the world, university students, social workers, librarians, activists and many more have created similar ad hoc groups to help people most threatened by COVID-19, as well as the millions who lost their jobs because of the lockdowns imposed to slow the spread of the virus.

These volunteer-run support systems practise and preach the straightforward ethos of mutual aid: Those who can provide help care for those in need. As overstretched governments struggle to cover all the needs of their disadvantaged and unemployed citizens, mutual aid groups can help by sourcing and providing essentials like food, clothing and medicine. Other groups raise relief funds or even organize Skype chats with lonely people self-isolating in their homes. The groups vary in size from neighbourhood "pods" with a handful of members each, to networks with tens of thousands of participants spanning a city or region. They also typically coordinate and advertise their aid distribution through social media, with Facebook, WhatsApp, Instagram and tools like Slack and Google Docs proving popular.

Helping out neighbours during a crisis has always happened, but the contemporary vision of mutual aid has its origins in an influential 1902 essay written by Russian philosopher and anarchist Peter Kropotkin, who called for "mutual support, not mutual struggle."

Mutual aid's anarchist background underscores what makes it different from charities and other forms of institutional aid: Mutual aid groups have historically been decentralized and non-hierarchical, with services shaped by aid recipients rather than donors. In this era of widening income disparity, many groups who self-identify as mutual aid organizations also view structural inequities as the root causes behind why countless vulnerable people are dependent on their support.

That's why several mutual aid groups are now evolving into non-profits. These groups, like the "Banker Ladies" of Toronto—African-Canadian women who create community-driven financial cooperatives—aim to emulate the success of established self-organized lending circles that support the disadvantaged. By advocating for social and economic reforms that support the marginalized and vulnerable, mutual aid organizers hope that when the next pandemic strikes, their help won't be as desperately needed by so many.

MANAGEMENT TRENDS

SELF OWN

Why the traditional, top-down management structure might be an endangered species

ROB CSERNYIK

It's no secret that millennial workers are more likely to change jobs than their older peers. After a 2016 Gallup poll found only three in 10 millennials reported being engaged at work, the company branded this cohort "the job-hopping generation." A 2019 survey of more than 1,000 millennial managers found that 75 per cent of respondents believe frequently changing jobs will advance their careers. Workers today expect more than just a good salary: They want opportunities for autonomy, flexibility and personal growth. Shifting ideologies that existed pre-COVID have only accelerated amid the pandemic, and this is reshaping the way we choose careers.

According to a 2019 survey **75%** of millennial managers think job-hopping will advance their careers

Some companies are refashioning the traditional organizational hierarchy in favour of self-management, putting more independent decision making in the hands of employees. Perhaps the most well-known version is Holacracy, a management style designed to create order without bosses. Holacracy's founder, Brian Robertson, likens it to "nature's way of organizing complexity"—the way the cells that make up our body take on roles, working independently to keep the body functioning, with no managers in sight.

Founded in 2007, Holacracy garnered buzz after e-commerce giant Zappos officially adopted it in January 2014. But it remains less understood and reported on than other management theories. According to holacracy.org, more than 1,000 companies worldwide have adopted it. Robertson says Canada is "relatively new" to the philosophy, but now that there are some solid examples of Canadian firms using it, he expects to see growth. I reached out to a few Canadian companies who have taken the plunge to see what the future of work might look like in practice.

Toronto travel company G Adventures has received wide media coverage—and several awards—for its alternative organization style. "We aren't beholden to any form of hierarchy and we collaborate directly with a range of people within the organization, regardless of their title," says Gurmehar Randhawa, a CPA and the company's global finance director. There's no official name for the structure practised at G Adventures, he says, but employees take on more independent decision making. Instead of adopting an instructional or oversight role, managers are more like coaches or mentors.

Randhawa says this structure allows workers across departments to connect more. This brings his finance division closer to other functional areas than it would be otherwise. He's even seen an improvement in his forecasting, because he is able to use more specific data- and market-driven information instead of basing it on trends.

After one of their founders moved overseas, Vancouver engineering consultancy MistyWest reorganized its company's leadership structure using Holacracy. Principal engineer Taylor Cooper says employees still work typical nine-to-five days, but things look a bit different since they made the switch in early 2019.

There are fewer meetings, for one. Cooper also notes that workers may be asked to refer to Glass Frog—Holacracy's proprietary project-management software—before reaching out to their colleagues. Less time is spent building consensus and stepping on each other's toes, and those "closest to the problem and best informed" are now making decisions.

Cooper says adopting Holacracy allows MistyWest a competitive advantage—the company benefits from making small improvements, when they might otherwise get lost in organizational bureaucracy.

Toronto-based IT solutions firm Arctiq started using Holacracy in November 2018. After the company had scaled up to about 12 employees (they now have 26), executives felt the need to either add more management or try a different operational structure. Arctiq partner Tim Fairweather says he was convinced to shake things up after researching other companies that had successfully implemented an alternative structure. "There's nothing really limiting a team member from helping make the company they work with kind of their own," he says.

HOLACRACY IS A MANAGEMENT STYLE DESIGNED TO CREATE ORDER WITHOUT BOSSES

But Fairweather notes that the freedom and flexibility Holacracy encourages is a double-edged sword. They require everyone to buy into the system or else time and resources are wasted. This challenge is most acute for larger firms; in 2015, a

ILLUSTRATION BY KAGAN McLEOD

year after switching to Holacracy, Zappos announced a buyout to employees not fully willing to commit to the system. Over the next 10 months, 18 per cent of their staff chose to take buyouts, with six per cent citing Holacracy as the reason.

A chief criticism of self-managed firms is that with management absent, direction and accountability follows suit. Who steps in when there's discord or miscommunication? MistyWest's Cooper admits the arrangement comes with challenges. "Sometimes this leads to things getting dropped because it's not clearly anyone's accountability," he says.

But in the right setting, this shouldn't be a problem. By design, Holacracy requires people to step into roles and volunteer, rather than waiting for an assignment. A firm with employees ready to take on this level of leadership is one ready to deal with accountability concerns. Self-management also provides an opportunity for companies to differentiate themselves to candidates, attracting and retaining those who share its values.

Of course, this shift won't be universal. Many individuals want, and thrive in, traditional workplace settings. And researchers say the concept is better suited to organizations and fields that benefit from agility, like software engineering. Still, Fairweather says Holacracy wasn't a big leap for Arctiq. "It felt more like we were putting an official structure around something we were already doing." Though these shifts are still on the fringes of management theory, they might be closer to your company's culture than you realize. ◆

Rob Csernyik is a freelance writer based in Saint John, N.B. His work has appeared in the Globe and Mail, *the* New Republic, *and* Maclean's.

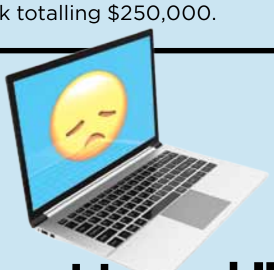
SHAM, WOW

A catalogue of recent cons

BY LARA ZARUM

$1.6 million

Amount that Edmonton's auditor alleges two city employees stole between 2015 and 2019. One employee contracted a sign company owned by a relative for some neighbourhood renewal projects; the other approved $1.9 million worth of invoices, but the auditor's office could only find evidence of work totalling $250,000.



"I want to work"

The reason a 54-year-old Toronto man who was temporarily laid off after COVID-19 hit accepted a job offer via a LinkedIn posting from someone claiming to be an HR manager at a large grocer. The man was then asked to e-transfer nearly $4,000 to another company to pay for home-office equipment—and complied, since he had been given a counterfeit cheque with the company's logo on it to cover the expense.

COMPUTER BY ISTOCK

"I was afraid of getting deported"

Why a 22-year-old Brazilian international student in Calgary forked over $3,500—all her savings—to a caller claiming to represent a government agency. The swindler claimed the woman's SIN had been compromised and she needed to send money to prove she wasn't responsible for the suspicious activity.

$29,300

Amount that a Peterborough, Ont., man lost to scammers who claimed to represent the CRA and the local police. They told him that his SIN was used to open up 25 bank accounts in his name, that his SIN had now been compromised and he was facing several drug-related allegations. Telling him to follow their instructions to make things right, the scammers directed the 36-year-old to repeatedly withdraw money from his bank, convert it into Bitcoin and provide it to them.

10

Number of complaints the Canadian Anti-Fraud Centre (CAFC) received between March and July about a company targeting online job seekers. Complainants across the country applied for jobs online and were told they'd be working from home; they'd receive fraudulent cheques and be instructed to cash them and return the funds to the sender. By the end of May, the CAFC had received more reports about job scams than in all of 2019.

FRAUD FIGHTERS

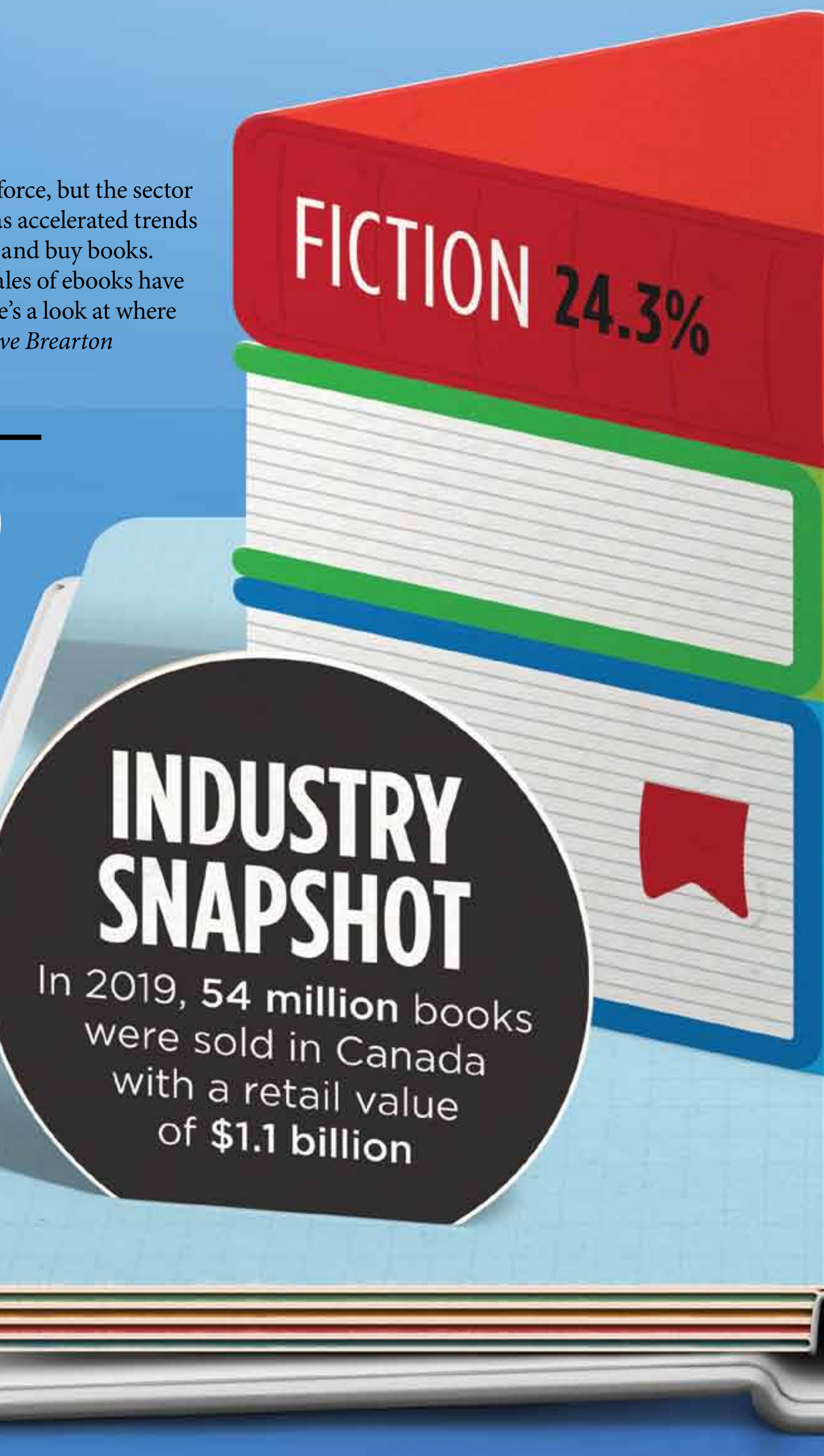
"Government agencies… DO NOT accept Bitcoin"

Warning sign posted by the RCMP on a Red Deer, Alta., Bitcoin ATM. The sign—along with a helpful employee—convinced a man not to withdraw his life savings of $90,000 at the behest of a CRA scammer.

BY THE NUMBERS

BY THE BOOK

The Canadian book industry is a billion-dollar cultural force, but the sector has long been under stress. The COVID-19 pandemic has accelerated trends that were already transforming the way Canadians read and buy books. A major shift to online purchases and an uptick in the sales of ebooks have forced bricks-and-mortar retailers into crisis mode. Here's a look at where the industry was headed and where it's going now. —*Steve Brearton*



INDUSTRY SNAPSHOT

In 2019, **54 million** books were sold in Canada with a retail value of **$1.1 billion**

CANADIANS AND CANADIAN BOOKS

The top 5 best-selling Canadian novels in 2019

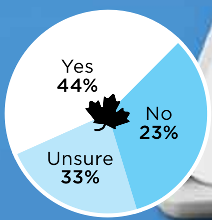
1. *The Testaments* by Margaret Atwood
2. *The Handmaid's Tale* by Margaret Atwood
3. *A Better Man* by Louise Penny
4. *Someone We Know* by Shari Lapena
5. *The Marrow Thieves* by Cherie Dimaline

+1.4% The increase in audiobook sales in Canada from 2018-2019, compared to the 25% YoY bump in the U.S.

Percentage of Canadian-authored books sold in 2019

Independent bookstores	All book retailers	Public libraries
19%	11%	7%

Percentage of Canadian readers who read a Canadian author in the past year



BOOK SMART

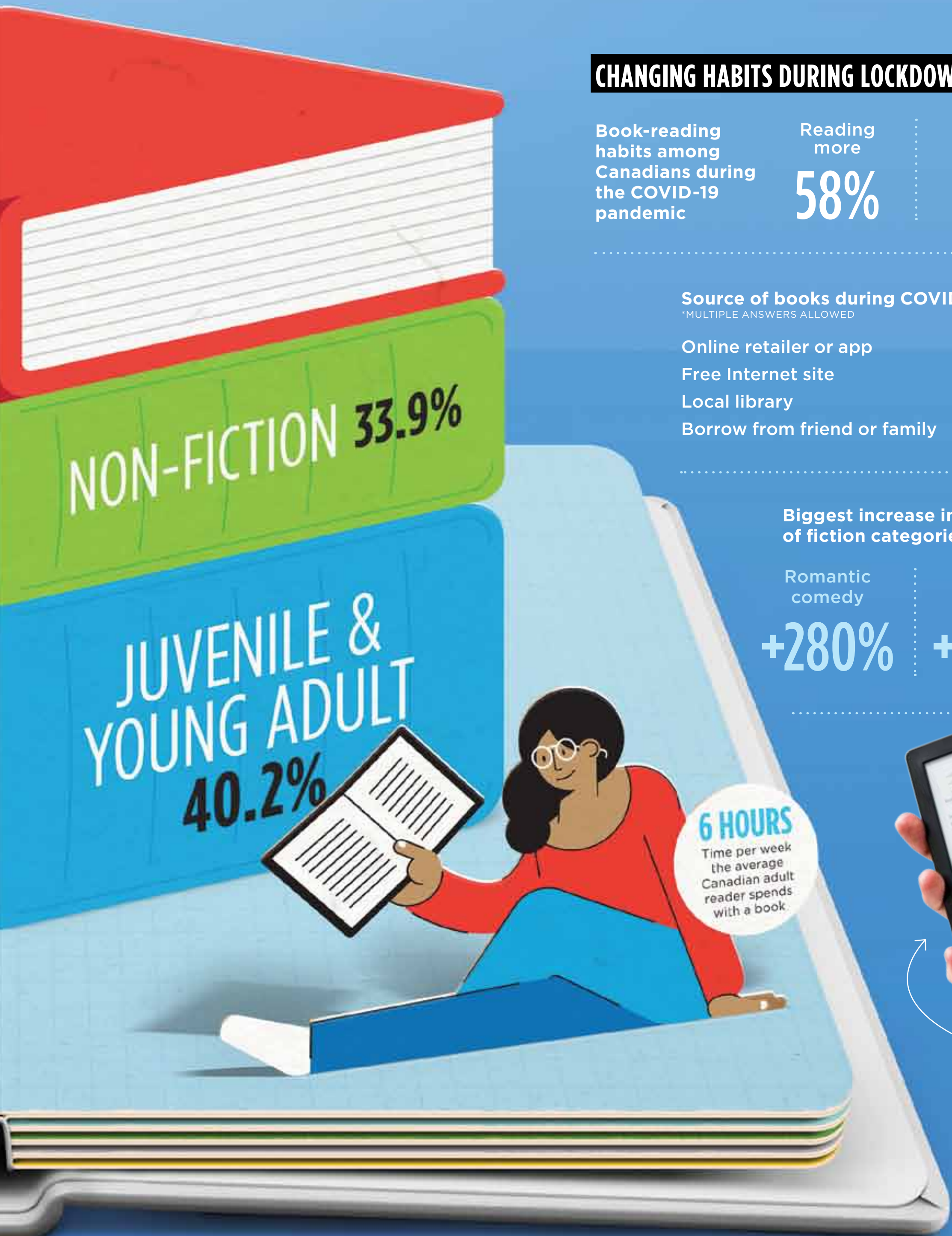
In order to reach readers, the industry was forced to get creative

77 events offered from May through July by HarperPresents... From Home, a new platform created during the pandemic using live conversations with authors, webinars and more to promote the Canadian publisher's books.

25,300 views of live roundtable discussions, readings, children's events and conversations with writers at Moncton, N.B.'s Frye Festival in April. Online attendance exceeded the festival's typical in-person numbers.

Nearly 500 joined the Toronto Public Library's livestream conversation in May with *The Eccentric Life and Mysterious Genius of Edward Gorey* author Mark Dery.

SOURCES: BOOKNET CANADA, IPSOS, MORE CANADA, ANGUS REID INSTITUTE, PENGUIN RANDOM HOUSE CANADA, HARPERCOLLINS CANADA, DEPARTMENT OF CANADIAN HERITAGE



CHANGING HABITS DURING LOCKDOWN

Book-reading habits among Canadians during the COVID-19 pandemic

Reading more	Reading the same	Reading less
58%	39%	4%

Source of books during COVID-19 pandemic
*MULTIPLE ANSWERS ALLOWED

Online retailer or app	62%
Free Internet site	34%
Local library	28%
Borrow from friend or family	28%

Biggest increase in reading of fiction categories during COVID-19

Romantic comedy	Urban fantasy	Crime thrillers
+280%	+153%	+34%

DIGITAL BOOKS ON THE RISE

"All ebook retailers are up by an average of **25%**, and libraries are up by over **130%**"

Kevin Tumlinson, director of marketing and PR at Draft2Digital

HOLIDAYS ON THE HORIZON

Canada's largest book retailer, Indigo Books & Music Inc., had already reported losses in 2019, but the situation worsened when COVID-19 shut their doors for parts of 2020. With the holidays approaching, the retailer is preparing for an extended shopping season—already selling advent calendars and cards—to spread out the rush and keep customers safe. The holiday season accounts for a third of their annual sales, CEO Heather Reisman told The Canadian Press. "Our goal is to get as close to last year's sales as possible, recognizing that it will depend on customers spreading out their time."

MARGARET ATWOOD BY **GETTY**; EBOOK BY **PERFECTO CAPUCINE**; BOOKS BY **ISTOCK**

I started my career in the mailroom on Bay Street and worked my way up to the executive level. I was always the only Black person in the room—and now it's my mission to change that culture from the inside

Find out how you can be a better ally in the workplace at **cpacanada.ca/allyship**

Wes Hall, executive chairman and founder of Kingsdale Advisors, is on a mission to get more Black executives in Canadian boardrooms

VIEW FROM THE TOP

BY WES HALL
AS TOLD TO PACINTHE MATTAR

PHOTOGRAPHS BY
WADE HUDSON

Over the past 30 years on Bay Street, I've always been the only Black person in the room. I saw my status as something special, like going somewhere where everybody's wearing white and you're the only person in scarlet. Where everybody's looking at me and wondering, *What's his deal? How'd he get into this room?* In the meantime, I never stayed in the corner. I always worked that room, and by the time I was finished, everybody was convinced that I belonged there.

I worked my way up from the mailroom on Bay Street, and I've run my own corporate consultancy, Kingsdale Advisors, since 2003. I've received great support and mentorship over the years, but my journey hasn't always been easy. There were insensitive comments, microaggressions and racist jokes along the way. And then there were the times people told me what they thought of me without saying a word. I remember one day I was driving down Bay Street in my Ferrari. The top was down, Jay-Z was blasting and I was wearing my suit. And this man stopped me, handed me a card and said to call him if I ever needed a lawyer. When I flipped the card around, I saw that he was a criminal lawyer. He must have assumed I was a rapper or a drug dealer—certainly not a Bay Street executive.

I never expected my life to turn out this way. I spent much of my childhood in Golden Grove, Jamaica, in the parish of St. Thomas. It's the most beautiful part of the country: green and lush, set against the backdrop of the ocean, totally unspoiled

Hall with his grandmother, Julia Vassel, who raised him in St. Thomas, Jamaica (top); Hall with his sons—Brentyn, Darian and Broghan—in the aftermath of George Floyd's death (bottom)

by pollution, industry and tourism. Nobody had television. When it was dark, we went to bed. It was like a place out of another time, another world. St. Thomas is the most impoverished part of the island, but it's also a kind, tight-knit community. Whenever I go down there to visit, they make a point of hosting a dinner for my family and me—usually goat. Even though they could sell that goat and feed themselves for a month, they choose instead to be hospitable and generous.

My grandmother, Julia Vassel, raised me alongside a handful of siblings and cousins in a two-room shack; my mother lived in the city, and my father left Jamaica for Canada when I was a year old. I remember my grandmother as a giant. We called her Mama until the day she died: She was the only mother I knew. She always juggled several jobs at a time. One involved packaging coconuts and bananas for export. When you cut bananas off a tree, they release a sticky sap, and it would get all over her clothes. Even though we were young, she'd take a whole bunch of us to work with her and we'd help however we could, assembling the boxes they used to export the fruit or picking coconuts and piling them into the passing tractors. She took us with her everywhere.

Mama planted her own fruits and vegetables—yams, bananas, potatoes, callaloo—so that she'd have something to trade and sell to buy meat. She also baked puddings and sold them in the

TOP LEFT COURTESY OF **WES HALL**; BOTTOM LEFT BY **STEVE RUSSELL/TORONTO/GETTY**; RIGHT BY **WADE HUDSON** neighbourhood so she could buy the things she didn't have. I have this image of her coming down the street, balancing a bunch of bananas on her head. In all the years I spent with this hard-working woman, I never saw her in a dress. Just boots and pants. She taught me about hard work and not making excuses. She never asked for anything from anyone. In 2000, at age 97, she died in poverty. Her loss was devastating for me because she never had an opportunity to see what I became.

I thought I was going to live in Jamaica my whole life and hustle as a street vendor. But when I was 16, my dad sent for me to come live with him in Canada. He had moved there when he was 25 years old, leaving behind his career as a professional cricketer and a solid job at the Goodyear factory. But he always wanted to go abroad, and he gave up his whole life in Jamaica to make that happen. His girlfriend joined him; they got married and had five kids. When he sent for me to join him, I didn't believe it was happening until I actually got off the plane in Toronto.

I arrived on a Friday in 1985 and started school the following Monday. English is my first language, but because of my thick Jamaican accent, they put me in the ESL program at school. At first, the white kids would laugh at me when I gave an answer in class. When that happened, I would ramp up my accent even more. The Black kids thought it was cool—many of them had parents from Jamaica, and they wanted to emulate me.

'People have assumed that I'm a rapper or a drug dealer—certainly not a Bay Street executive'

I figured I was going to come to Canada, get a factory job, get a mortgage for a decent house, get married, have kids and support my family in Jamaica. After high school I applied to university, but got declined funding. I moved out of my father's house when I turned 18 and worked odd jobs that I found in the newspaper. You name it, I did it: dishwasher, office cleaner, catching chickens at Maple Leaf Farms. I worked at a restaurant in Scarborough, Ont., cleaning and washing dishes. It was the worst job ever, and I was the worst dishwasher ever. I wore boots up to my knees because the dishwater was everywhere. My dad had always told me that I had to work. And I did almost every job out there.

When I was 19, working as a security guard, a friend of mine applied for a mailroom job with a law firm. He ended up taking another job, so when the firm called him, he gave them my number. The HR manager called me, and before she was finished explaining the job, I was saying yes. She hired me over the phone.

That day, I went to a Goodwill and bought myself a suit and a tie. I wore them every day, even though my job was in the mailroom. The other guys all laughed at me: They were in jeans and T-shirts. Eventually I got promoted to a file room clerk in the lawyers' offices, cataloguing the closing books for legal transactions. I was always impressed by the lawyers, on their big conference calls with their feet on the desk. I wanted to be one of them.

The firm paid for employees to take courses, so I signed up for accounting and finance at Centennial College, and a law clerkship course at George Brown in the evenings. Everyone in the department knew I was ambitious and bright. I used to go up to the law clerks and ask them to give me stuff to do, but they wouldn't give me the bigger, more sensitive tasks. One day, my manager told me I would never get promoted any further within the company. I never questioned why. But it was the best piece of advice I ever got. If she hadn't told me that, I would have stuck around for years spinning my wheels, hoping for a chance to work on legal files.

And so I started to apply everywhere, sending out resumés to every single law firm. I eventually got a call from the HR manager at Cassels, Brock and Blackwell. They told me one of their clients, Global Television, was looking for an assistant corporate secretary: The role involved planning meetings, taking minutes and being in the boardroom with the lawyers. I'd be ensuring filings were in order, that they'd been reviewed for accuracy, that any deficiencies were fixed. I'd attend closings and review material that was going to air, making sure it wasn't defamatory. At the end of the call, they asked if I thought I could handle all this work. I said I could learn. I never thought I'd hear from them again.

Soon after, I got a call from the office of Glenn O'Farrell, then vice-president of legal and regulatory affairs at CanWest Global, inviting me out for a drink. We met up, but not once did he ask me about my qualifications. Instead, he talked to me about my life, my ambitions, my interests. By the end of our conversation, he had offered me the job. He gave me a shot.

That's how I made my way. I figured things out. I spent four years at CanWest Global before moving on to CIBC Mellon in 1998 as a relationship manager. I was overseeing 11 people, all of whom had been there longer than me. I was in my 20s, and my oldest direct report was in his 50s. He was my biggest challenge: He knew his work inside out, yet there he was, reporting to a guy 30 years his junior. We used to get into debates and fights. I realized I needed him as an ally, not a rival. So at client meetings, I'd let him speak up. If I got a question, I'd ask, "What do you think?" He started to feel good. Soon he started telling me I was too smart for that place. Working with him taught me how to deal with people and not let ego get in the way. I could've easily told him, "I'm your boss." But I knew that I could learn from him.

My next move was toward shareholder communications at the consulting firm Georgeson Canada, where I was hired as VP of business development in 2001. In that role, I figured out that there was a huge potential in advising on proxy battles and shareholder votes. I'd go into meetings with the CEO and listen to presentations, watching how these executives dealt with shareholders. And I remember thinking, *We can do so much better.* At the time, we didn't have activist investors. At Georgeson, we were hiring people to call shareholders to get their votes. I thought, *What if shareholders hired me to do the opposite—to get rid of management?* I saw an opportunity to make that kind of shareholder activism more professional. I suggested we transform our business. Georgeson didn't go for it.

And so in 2003, I left Georgeson to start my own firm, Kingsdale Advisors, which specializes in strategic shareholder communications. We currently employ 55 people in Toronto. Our first major deal came in 2004 and 2005 with Goldcorp in Toronto and Glamis Gold in Nevada. Goldcorp was about to close a takeover deal for the Vancouver-based Wheaton River Minerals when Glamis began a hostile bid to take over Goldcorp. Goldcorp asked Kingsdale to defend them, and we successfully got shareholders to agree to the Wheaton deal. That merger put Kingsdale on the map.

Taking Initiative

More than 350 companies have signed on to Hall's BlackNorth Initiative. Here are some of the things they're promising:

1

The signing companies have vowed to increase efforts to create safe spaces where employees can feel free to have difficult and uncomfortable conversations about anti-Black racism.

2

They've committed to offering education that addresses unconscious bias and anti-Black systemic racism, and create non-proprietary education modules available to others for free.

3

As companies develop new strategies for inclusivity, they'll also share their best—and worst—practices to help other organizations grow and improve their policies.

4

To ensure accountability, companies will create a diversity leadership council—including Black leaders—to work with CEOs and boards and foster a network of senior executives committed to advancing Black talent.

5

Companies will recruit and promote Black talent, with the goal of creating a pipeline of employees who will eventually find their place on boards and in C-suite positions. The Initiative aims for a minimum of 3.5 per cent Black representation on Canadian boards by 2025.

I've experienced my share of racism over the years: glances that spoke volumes, insidious microaggressions, undermining and antagonization. I've been on files where people would do something to rile me up, trying to goad me into acting "Black." They wanted to get a rise out of me. And I've always kept my cool. I've proven them wrong by excelling beyond their wildest dreams. Once, I was involved in a big file, a major merger and acquisition deal. There were about 15 people on the phone—clients, lawyers, bankers, board members. I gave my advice on how to handle the deal, and one advisor said, right in front of everybody, "This is the dumbest advice that I've heard somebody give a client in 20 years of doing this work." I knew, deep down, that he felt comfortable saying that to me because I'm Black. And if I challenged him, people could easily say, "Wes, come on, how do you know that? Maybe your advice just wasn't any good." In the end, the advice I'd given was bang-on. That advisor sent an email to everyone after the deal was over, apologizing to me and inviting me to lunch to make amends. That's how I've won people over throughout the years—by proving myself and doing the work.

When George Floyd was killed in May, something changed for me. I realized I couldn't stay silent about racism. It became clearer than ever that it's open season for anyone Black, no matter how much we've achieved. I live in a fancy house in Rosedale, one of the wealthiest neighbourhoods in Toronto, and yet every day I'm reminded of my Blackness. If I'm driving somewhere, my wife, Christine, will always ask if I have my ID on me. If I don't, we turn around to get it. I've been pulled over more than a few times. It's blatantly obvious why. One of my sons was pulled over three times in one summer. Each time he's asked, "How can you afford this car? Whose is this?" When I've travelled to the U.S., I'm afraid of getting killed at one of those traffic stops. At least in Canada I know what the protocol is, and that if I don't follow it I could end up on the concrete. When officers are walking toward my car, I make sure to have my licence and registration ready. I know the questions are coming. Many times, I've thought about how easily George Floyd could have been me. After he died, I knew I couldn't go back to my swanky office and pretend that life is great for all of us.

The work I do has earned me a lot of favours among influential people in this country. And this summer, I realized that if I didn't use those connections to make some meaningful change, it would never happen—not many Black people in this country are able to do what I'm doing today. And that's a sad reality. There should be a hundred Wes Halls.

This past summer, I wrote an op-ed about systemic racism, and soon, I was getting calls from my neighbours and business associates asking how they could help. That's when I came up with the idea of starting the Canadian Council of Business Leaders Against Anti-Black Systemic Racism, so we could look at the barriers Black people face in Canada.

The first thing we did is start an initiative called BlackNorth. Through this campaign, we're trying to tell companies that if there are no Black people at the top of their organizations, they should investigate whether there's a systemic barrier behind that. Maybe they only recruit from certain business schools and Ivy League universities where there are fewer Black people. That's a systemic barrier. Maybe they sit on a board and only recruit former board members or former CEOs. That's a systemic barrier. If we remove those barriers, we're going to create opportunities for more people. I'm trying to address these gaps from the top, to get executives to recognize there's a problem, and to commit to solutions by putting it in writing. It's not earth-shattering stuff—all we need to do is think consciously about it.

In July, we invited CEOs to sign a pledge with specific actions and targets designed to end anti-Black systemic racism, not just at the boardroom and C-suite level, but in the student population. We're putting targets of having a five per cent Black representation in student populations in these organizations. We held the first BlackNorth Summit virtually, and 3,000 people attended. So far, more than 350 organizations have since signed the pledge: That's more than 30 per cent of the companies on the TSX 60, including most of the big banks.

'When George Floyd died, I knew I couldn't go back to my swanky office and pretend life is great for all of us'

Signing that pledge—or not signing it—sends a message. If a CEO doesn't sign the pledge, he or she is clearly telling their Black employees that they don't have a future in leadership there.

It's easy for me to sit here and say anti-Black racism didn't affect me. But I'm one of just a few Black Canadians at this level, and that's a problem. And getting Black people in leadership is just the first step. The first Black people who enter the boardrooms and C-suites will experience a lot of pressure, and CEOs have to create mentorship and sponsorship opportunities so they can succeed. Equity is still at least a generation away: We only got our civil rights in the '60s, and we're still fighting for it today. It would be nice to point to a major player who hires Black people at the executive level and say, "Look at that one." Because then other companies will follow suit.

I have five children ranging from ages 10 to 25, and I tell them they can't take anything for granted just because their father is successful and they live in a nice neighbourhood. My daughter is in a private school, and whenever she fools around I say, "You know what? Those other kids can and will get away with it. But you can't." When my sons were young, they were playing basketball in the park and a neighbour called the police on them, accusing them of messing up the park and playing loud music. The police showed up, made them clean up the park and asked them to leave. Meanwhile, my daughter has been called the N-word at school, and one of my sons has come home and said, "I don't want to be Black anymore" because somebody called him the N-word. And this is in Toronto.

The success of the BlackNorth initiative starts with acknowledging that we have a problem. The premiers of Canada had a meeting in June where they could not agree that we have systemic racism in the country. You can't address a problem if you can't name it and acknowledge it. Look at COVID-19: We couldn't physically see the disease going around and infecting people, but we saw the effect it was having on people, and as a result, everyone committed to doing their part. Like the coronavirus, you can't see anti-Black racism. But we know it's there because Black people don't exist in our top positions. Because Black people aren't getting access to proper health care. Because Black people aren't getting access to proper education. Because Black people's businesses aren't getting funded by institutions. This is our pandemic. So let's acknowledge it, name it and solve it. This movement is going to happen over time. People have to see that it's the right thing for them to do. And once they see it, they'll do it voluntarily because it makes the right sense socially and for their business. ◆

A Bankable Pledge

Diversity and inclusion land at the top of the ledger at Canadian financial firms

As the Black Lives Matter movement gains steam, the Big Five banks are among those taking action to address the representation of Black and Indigenous Canadians, as well as other people of colour, in the financial sector, particularly at the leadership level.

Wes Hall's BlackNorth Initiative pledge sought commitments from Canada's leading financial institutions that at least 3.5 per cent of executive roles in Canada are held by Black employees by 2025, along with ensuring that a minimum of five per cent of the student workforce hails from the Black community. BMO was one of the Big Five to sign the pledge, and two others are involved at the leadership level: CIBC CEO Victor Dodig co-chairs the BlackNorth Initiative board, and Scotiabank CEO Brian Porter serves as a director.

For its part, BMO has said that 40 per cent of student opportunities will go to BIPOC candidates, while RBC plans to do the same beginning in 2021. TD announced it would double its number of Black executives by 2022, and by 2025 will increase minority representation by 50 per cent among its Canadian workforce—especially Black and Indigenous employees, who will make up at least 25 per cent of its leadership team. The Big Five financial institutions combined to donate $7.7 million to charities supporting Black communities in Canada in July, and RBC pledged to lend an additional $100 million over the next five years to Black entrepreneurs.

At the big four consulting firms, the Black Lives Matter movement has led to a thorough review of practices from Diversity & Inclusion departments. "We've found that there's work to do when we talk about being inclusive," says EY Diversity & Inclusion Leader Muriam De Angelis, CPA.

The company underwent an in-depth internal review—once an annual exercise that will now now take place on a more regular basis—that included an analysis of its D&I practices at the executive level. The results have been shared with clients and vendors, and EY is working with community organizations to further push for change. "A huge part of our strategy is using our brand and voice to help drive policy change that addresses these systemic changes that need to happen."

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COVID-19 shattered our economy. We asked Canada's top financial thinkers about how we're going to bring it back

SLUMP

INTERVIEWS BY ALI AMAD

Everything was going so well. Until March, the Canadian economy seemed stable and secure. Even amid global trade wars and international chaos, we were a safe haven of reliable growth, steady interest rates, strong employment and booming cities. Then the pandemic hit, and the world shut down. Suddenly, as the government shelled out massive wage and unemployment subsidies, our deficit ballooned larger than the economy itself. One million jobs were lost, leading to 13.7 per cent unemployment—the highest since the Great Depression. COVID exposed the fault lines in our society that we'd been papering over: massive inequality, gaps in social assistance and vulnerable supply chains. The big question is: What does our economy look like once the pandemic dust settles? We asked six of Canada's top money-minded thinkers to gaze into their COVID crystal balls and predict what the future holds. →

‘Wage subsidies will help save retail businesses’

Pedro Antunes, chief economist, The Conference Board of Canada

Last spring’s epic lockdown was a wise decision to help keep people safe and flatten the curve, but it had huge ramifications on the economy. Canadian retailers experienced a record-breaking 26 per cent plunge in sales during quarantine, and some 40 per cent of retailers were forced to close their doors in March. Numbers of closed retailers were still hovering around 20 per cent going into the summer.

Bricks-and-mortar establishments offering non-essential products and services—clothing stores, gas stations—were the hardest hit. And yet quite a few industries managed to thrive, with surging sales in grocery, home renovation and even alcohol and cannabis. The pandemic also precipitated a shift to online: Canadian retailers had been slow to transition to online sales, but they’ve been forced to innovate and adopt e-commerce technologies, and e-commerce sales have more than doubled year-over-year. This exposes them to competition from retailers worldwide, but also gives them a chance to seize the market share for themselves.

So what will 2021 look like for retailers? Well, we should expect a bumpy ride. Until a vaccine is widely distributed, there will likely be sporadic localized shutdowns due to minor outbreaks, during which time retailers will be limited to reduced capacity and sales will plummet. Stores will also have to deal with high labour costs as they comply with health regulations, and, in this state of flux, customers’ confidence in their job security and ability to buy goods will remain low.

In this climate of low profitability and diminished capacity, it’s important that the federal government has continued to support businesses by extending the Canada Emergency Wage Subsidy program into 2021. The CEWS, which covers 75 per cent of employee salaries for eligible businesses, helps retailers avoid bankruptcy and hire back employees, which has the added benefit of boosting those employees’ disposable incomes to spend either online or in physical stores. The CEWS program has already been able to support nearly three million workers at risk of layoff. European countries such as the Netherlands have also deployed wage subsidies in this manner and have had lower job losses as a result.

Either way, the retail sector is too fragile to afford another major lockdown, even in the event of a second wave. In a second major lockdown scenario, governments won’t be able to extend support measures as broadly as they did in the spring, customer spending will disappear, and bond and equity markets will likely panic. Localized shutdowns, however, will allow the majority of retailers to safely stay open, and e-commerce solutions will provide a stopgap solution to keep revenue rolling in until a vaccine arrives.

PHOTOGRAPHS BY **GETTY**

'Small businesses need more than government loans'

Werner Antweiler,
associate professor,
Sauder School of Business

In the past, financial crises have shattered demand for goods and services, affecting businesses' ability to generate revenue. But this particular pandemic has damaged both demand *and* supply: Many businesses have been forced to shut down or operate at a reduced capacity over the past eight months. Back in 2008, during the Great Recession, the economic slowdown hit the manufacturing sector hard. Now it's affecting the services sector. Canada's GDP shrunk by nearly 39 per cent in the second quarter of 2020, largely owing to low consumer spending.

Governments have scrambled to implement policies and relief programs to save the hundreds of thousands of companies at risk of bankruptcy and the millions of people who have lost their jobs as a result. And while many Canadian households have relied on the Canada Emergency Response Benefit, relief for businesses has come primarily in the form of loans. For example, the $55-billion Canada Emergency Business Account provides interest-free loans of up to $40,000 to small businesses—$10,000 of which will be forgiven if the balance of the loan is repaid by the end of 2022.

The main problem with providing loans to businesses is that the concept relies on the idea that pent-up demand during lockdown will return to replace all the revenue those businesses lost in the past several months. But that's wildly unrealistic. A vacation not taken this year, for example, will not lead to two vacations next year. Much of that lost demand has simply vanished, and it won't magically return. Many small businesses are also operating at a reduced capacity that severely limits their ability to cover their fixed costs, and so, in practice, all we're doing is adding more debt to businesses already struggling to stay afloat. And these are debts that many could end up being unable to repay. This is especially true for customer-facing businesses like hotels, restaurants and event venues, all of whom will be forced to continue operating below capacity well into 2021.

Instead of providing the short-term loan fix, our government should pivot its focus to supporting workers through approaches that have proven to be successful overseas. Take Germany's short-time working allowance system, for example: During economic downturns, this program keeps workers employed at reduced hours, with the government covering part of the scaled-back salary costs. Canada has a similar federal program called Work-Sharing, but it's nowhere near as far-reaching as Germany's. Worse still, it's barely used, partly because so few businesses know about it and even fewer understand its benefits.

No matter what we do to help businesses, we need to reassure consumers that it's safe to spend—if people are nervous about their incomes, that uncertainty will reverberate through the economy. Along with wage subsidies, the government should subsidize businesses' investments into safety protocols and protective equipment. We also need to be ruthless when considering which businesses we support and which ones we allow to fail. The main criterion for government bailouts is whether a business provides critical infrastructure. Public transit companies, for example, cannot be allowed to fail.

The unfortunate reality is that some businesses will have to go bankrupt so the economy as a whole won't suffer. It's a cost we'll have to pay to reopen our economy in a responsible and sustained way.

‘Businesses need better access to rent relief’

Laura Jones, executive vice-president and chief strategic officer, Canadian Federation of Independent Business

When the pandemic forced tens of thousands of small businesses to abruptly shut down, it immediately affected their ability to pay rent. Best practices suggest a three-month rainy day fund, but of course, that’s a luxury most businesses didn’t have before this crisis, let alone in this extended period of lost revenue and reduced operating hours.

Initially, many of us were hoping the lockdown would be a two-week blip, but eight months in, even the most established businesses have drained their rainy day funds. A Canadian Federation of Independent Business (CFIB) survey this spring revealed that half of business owners couldn’t make their June rent without government help, and 22 per cent feared eviction.

I don’t foresee their situation improving as we enter 2021, especially as we face a second wave. It’s hard to overstate how important government relief programs will be to support small businesses in 2021. Canada has done a decent job with its emergency wage subsidies, but the main rent relief support for small businesses, the Canada Emergency Commercial Rent Assistance (CECRA) program, has been an abject failure. On paper, it sounds like a good idea: Tenants get a 75 per cent break on their rent, with provincial and federal governments kicking in 50 per cent that’s paid to the landlord, and the landlord agreeing to a 25 per cent reduction in the total rent. That way, the burden is shared, and landlords and businesses get income and rent relief respectively.

But in practice, this program has two major problems. First of all, the landlord has to agree to participate, and many landlords still want to receive full rent from their tenants and have not signed up. The other obstacle is that only businesses that have experienced 70 per cent monthly revenue losses are eligible to participate. This is a high bar that rules out thousands of businesses desperately attempting to survive.

Unsurprisingly, the finance department’s recent fiscal snapshot this summer told us that CECRA had spent less than 10 per cent of its committed funding. While it’s helped more than 106,000 small businesses, that’s nowhere near enough. According to a recent CFIB survey conducted, only one in five small businesses say they can continue to operate without rent relief.

Now that CECRA has ended, we need a new commercial rent relief program that allows tenants to directly access the 50 per cent of government-provided rent relief, with or without their landlord’s participation; and by lowering the bar of eligibility from 70 per cent monthly revenue loss to something less extreme. These changes are long overdue, and we’ll need them in the months ahead.

PHOTOGRAPHS BY GETTY

‘Flexibility at work is leading to better productivity and morale’

Jean McClellan, national consulting people and organization leader, PwC Canada

Major shifts toward a more flexible work culture were underway long before the pandemic. At PwC, we’d already committed $150 million to upskill our 8,000 employees to be future-ready and use their knowledge to support clients and communities. We’d evolved from spreadsheets to workflows, from slide decks to live visualization of data. We’d automated large volumes of repetitive work using bots. We got a head start, and now COVID-19 has exponentially accelerated this process for us and virtually every other business worldwide.

When employees started working from home en masse, companies implemented new practices to ease the transition. Management gravitated toward a trust-based model that provided clear expectations to enable employees, rather than police them from a distance. Employees improved their digital skills and learned to collaborate with virtual tools. And companies enhanced and expedited decision-making processes to boost agility. At PwC, productivity has increased due to less travel time, and internal surveys have indicated that our coaching system and wellness programming are keeping morale high. An analysis by PwC Luxembourg on the return on investment from upskilling showed a yield of at least US$2 in revenue or savings for each dollar invested.

Now, with businesses outside of COVID hot spots planning to return to offices on a full, partial or rotating basis by the end of 2020, organizations are asking themselves what the world of work looks like in the future: What does it mean to go to work? And what is the value of an office?

I believe the pandemic has sparked much-needed conversations. Organizations have identified the need for more structured health and safety practices that clarify employers’ obligations and expectations toward maintaining a safe work environment. For example, in some businesses, employees must complete a daily health attestation that confirms they are not experiencing COVID-19 symptoms before entering the office each day.

We’ve also witnessed first-hand the value of flexibility in how work is structured. Businesses are reconfiguring office spaces in preparation for COVID-19 outbreaks or other future crises. They’re investing in new ventilation, installing cubicles and limiting crowding in shared areas. If a location experiences a positive case, office layouts can be altered to isolate a contaminated section.

Most importantly, we’ve realized the structure of work should be focused on enabling employees and encouraging outcomes that help them grow. Tangible benefits might include reduced costs, while an intangible benefit might be a culture that connects employees’ work to their values and those of the organization.

This approach also means designing a work environment that accommodates different personalities. For example, some companies are already experimenting with teams that alternate between working virtually one day and working in an office the following day. This kind of hybrid solution offers flexibility to employees, but also maintains the valuable social interactions of an office. At the end of the day, most employees want the flexibility to choose between their homes and the office as needed.

The majority of the workforce is still surviving, rather than thriving. Experts estimate we’ll remain in this pandemic scenario for 12 to 18 more months, and so we have to get used to the fact that we’re in a new landscape and take advantage of the opportunities it presents. Instead of returning to the old status quo, we must think strategically. It may be unsustainable for some organizations to maintain offices that are only half-occupied, for example, which is why they’re exploring options like shrinking their footprint, moving to lower-cost areas and reconfiguring their existing spaces. We have the opportunity to follow wherever these changes lead us—and that’s exciting.

‘Automation will replace millions of jobs—and that’s not necessarily a bad thing’

Linda Nazareth, senior fellow for economics and population change, the Macdonald-Laurier Institute

We’re in the middle of a new industrial revolution—a technology-driven structural change to how we operate everything. Robots are replacing factory production-line workers, banking apps are eliminating the need for tellers, grocery stores are phasing out cashiers with self-order kiosks. Companies are adopting automation and AI on a massive scale.

The ongoing economic crisis has only sped up this transition. We’re increasingly seeing front-line jobs, particularly ones that involve exposure to COVID-19, reimagined through technological means. In the U.S., grocery stores are now using Tally, a shelf-auditing robot that alerts employees when stocks are running low, while Walmart has deployed Alphabot, an automated system that selects and packs items for online grocery orders. Recessions and increased technology have historically gone hand in hand. Companies crippled by plummeting revenues are desperate for ways to reduce costs and improve efficiency. And that often means replacing lower-skill jobs with tech.

We need to look beyond the short-term spike in hiring we’ve seen from companies like Amazon and Walmart; this labour won’t survive in the long term. All the pandemic has done is quicken the inevitable layoffs of low-skill labour, as well as the demise of customer service–focused businesses that were already facing problems. Legislation that attempts to protect those jobs and businesses won’t hold up when it stands in the way of such a broad sea change.

And yet automation and artificial intelligence are not a threat. Technology has always worked to our advantage: It helps drive down the prices of goods and services and allows workers to transition to more rewarding labour. Technology also drives growth: In 2018, the World Economic Forum estimated that automation and AI would create 58 million net new jobs by 2022.

The adjustment period, however, may be long and painful for the workers who end up on the wrong side of the transition—that same WEF report anticipated 75 million jobs being displaced by those technologies. Job losses aside, we might see contract work replacing full-time positions and real wages being pushed down in ways that will widen the divide between the haves and have-nots.

As we come out of the pandemic, we’ll need to figure out how to make this transition without exacerbating long-term structural unemployment and inequality. Basic income is one possible solution, but it’s expensive, and it concedes that our economy can’t provide income for everyone. Instead, we should be retraining people whose jobs have been made obsolete. By investing in upskilling existing workforces, businesses can sustain their employees’ livelihoods without major disruption.

Companies are already undertaking mass efforts to retrain their workers: In 2018, AT&T announced a US$1-billion program to upskill almost half of its 250,000 employees. Amazon made a similar commitment the following year. And the skills required in this new landscape won’t just be technical ones. Industries will also need skills like empathy, creativity and critical thinking. These changes are already underway. How drastic and widespread they’ll be will depend on when a vaccine arrives to bring us back to a semblance of normalcy.

‘Business travel will come back safer’

Nancy Tudorache, regional vice-president, Canada, at the Global Business Travel Association

PHOTOGRAPHS BY GETTY

Business travel is essential to the health of any economy. By directly connecting companies with customers and partners worldwide, travel creates jobs and drives growth in ways that remote communication simply cannot. According to the *Harvard Business Review*, in-person meetings are 34 times more likely to create positive responses than non-face-to-face meetings. In Canada, business travel contributes $40.1 billion toward our national GDP, and south of the border, the U.S. economy gains or loses US$5.5 billion in GDP and 74,000 jobs for every one per cent change in business travel spending.

Of course, almost all discretionary travel ground to a halt last spring when global lockdowns came into effect. Not only has this hindered companies' ability to conduct business, it's also done inconceivable damage to the supply chain that supports business travel. In the first four months of the pandemic, major airports across Canada averaged a 96 per cent decrease in passenger traffic, and more than half of Canadian hotels closed their doors at some point. Car rental companies and other ancillary services in the business travel supply chain haven't fared much better: A recent Global Business Travel Association (GBTA) survey estimated US$108.5 billion in lost monthly global revenue across the sector.

Business travel has to return: It is an essential driver in a healthy and growing economy. As we enter 2021, there's a growing appetite to travel again: 78 per cent of business travellers in GBTA's global survey don't believe technology on its own can replace face-to-face interactions in either winning or retaining business.

The general consensus is that it will take three years or so to return to normal levels of business travel. Much like how the 9/11 tragedy exposed the need for more travel security, I see this current crisis as an opportunity to pause and re-evaluate business travel practices. Companies are revisiting their entire chain of preferred suppliers, from airlines to hotels, to ensure they are implementing proper health and safety protocols that address the risks of COVID-19. Providers who have consistent and well-communicated protocols will be better positioned to recover quickly.

Companies are also looking to educate their employees on safe and responsible travel practices, as well as equipping them with PPE travel kits that include masks and hand sanitizers. The industry is discussing other areas to improve safety in the long term, such as enhanced cleaning protocols and health passports to identify individuals' medical histories. Technology will play a major role as part of the airport check-in process through the integration of advanced biometrics to gauge health patterns and detect illnesses in travellers. Contactless transactions will also become the new norm.

Implementing the above steps will be key to restoring confidence in the overall travel ecosystem, whether or not a vaccine arrives in 2021. Travel might not look exactly the same in this new landscape, but it will return in a much safer way should another health crisis occur in the future. ◆

Inspector-in-chief

As Canada's newly anointed auditor general, Karen Hogan's first job is to scrutinize an $82-billion pandemic support plan. It's her dream gig—and it comes at the hardest possible time

BY VANMALA SUBRAMANIAM
PHOTOGRAPHS BY GUILLAUME SIMONEAU

Being the country's financial conscience takes a certain fortitude. The job of auditor general—held by only 16 people since Confederation—means living up to the ideal of auditing itself. It means being a steel trap of dependability, restraint, impartiality. It means assuming a job that's larger than life, even when you're not. The power to call bluff on government operations demands an even keel, an unimpeachable record and an innate fearlessness. And it's lonely up there. When Sheila Fraser revealed the details of the sponsorship scandal in 2002—calling out the government for breaking "just about every rule in the book" by awarding $1.6 million in contracts to an ad firm—it was her face in front of the cameras. It was her name on the report. It was a defining moment.

This is serious work for a resilient person.

Karen Hogan is that person.

She is now the second woman to ever hold the position, a Montreal native, a mother of two teenagers, a person who prefers the work over any spotlight. Before her appointment in June, she was virtually un-Googleable.

Hogan comes up from the inside. For almost 15 years, she served under both Fraser and the late auditor general Michael Ferguson, both of whom she considers mentors. In early 2019, Ottawa was

reeling from the shock of Ferguson's sudden death from cancer. That's when several senior staffers encouraged Hogan to put her hat in the ring for the job. She had big shoes to fill: He was known to be humble, contemplative and compassionate.

Hogan's colleagues felt she had the temperament, smarts and long-term vision to elevate the office's role in public accountability. She saw beyond the prestige. The office is a vital organ of democracy, and for Hogan, leading it was the greatest form of public service—an opportunity to live up to, and extend the legacy of, her predecessors. "I saw the job as a way to give back to Canadians," she says.

The nomination and interview process was intense. Finally, during the first weeks of the pandemic, the phone rang at her home in Orléans, a suburb of Ottawa.

"We suspected she might be getting a call, but it kept getting delayed," says her husband, Steve Broad. "Then when it finally came, her cell reception was so weak that the call dropped." Hours later, the same day, the lines connected. It was Bill Morneau officially offering Hogan the job. "She came out of the room with a big smile. She was extremely happy."

On June 8, when the world was still in the middle of lockdown, Karen Hogan was officially appointed Canada's auditor-in-chief. During the first months of her job, she had to work from home and connect with her 600-odd staffers over video conferencing—quite the challenge in an organization where technology, according to Hogan, "has some modernizing to do."

You might say she hit a career home run just when a thunderstorm had broken out over the stadium. Weeks earlier, a pandemic had enveloped the world, unleashing havoc, anxiety and the greatest economic recession in recent history. In May, the same month Hogan was nominated, the country's unemployment rate peaked at 13.7 per cent. The government had rolled out income support plan, initially estimated at $82 billion, to help workers and businesses across the country, and that number kept growing as the pandemic dragged on. As a result, by July the Liberals had projected an annual deficit of at least $343 billion, and a debt of over $1.2 trillion.

'The job might seem overwhelming, but I'm going to carve it into small, manageable pieces,' she says

In the midst of all this, the auditor general's workload has transformed from business as usual to something enormous and unprecedented. Suddenly, Hogan's office was tasked with a crucial role: to audit every single dollar spent by the federal government on COVID-19 support, and to do so as quickly as possible. Beyond the money, the auditor general's office also had to assess how prepared Canada had been for a pandemic of this magnitude.

Months in, Hogan is unfazed at the Herculean nature of the task. The office has embarked on large-scale projects before, she says, such as auditing the $40-billion 2009-2010 Economic Action Plan following the 2008 financial crisis. "If you sit back and look at this, it might seem overwhelming. I'm going to carve it into small, manageable pieces," she says, calmly, confidently. She's got this.

That quiet reserve has always been Hogan's trademark. Born in Montreal's Saint-Laurent neighbourhood in 1971, Hogan did not leave the city until she was 26. Her early schooling was all in French—an asset for her future in public service—but it wasn't until high school that she discovered her aptitude for math. Even then, she never associated math with accounting. "It would probably be impossible to find a high school kid who aspires to be an accountant because they don't know what accounting means at such a young age," she says. She certainly didn't, despite the fact that accounting was in her blood—her father, Wayne, owned a large insurance business and did all the books himself.

After high school, she attended Vanier College, where she was first introduced to accounting. A teacher noticed she had a knack for it and encouraged her to pursue a business degree. Hogan enjoyed the analytical aspect of the subject, how it kept her on her toes. It required a strict attention to detail, which she found exciting rather than gruelling, like many of her classmates. At 18, she began a stint at Concordia University in commerce and accounting.

Then life happened. She met her husband, Steve, during undergrad. It was the early 1990s, and they had ended up at a mutual friend's high school graduation party. "I saw that big smile and I thought, *Wow, all right.* That was our first introduction," he says. They married in 1998. (Steve is now a partner in a medical company that sells orthopedics and sports medicine products.)

After graduating from Concordia, Hogan worked in the private sector, starting out at the accounting firm Schlesinger Newman Goldman in Montreal,

before moving on to become a manager at Ernst & Young in their office in Thunder Bay, Ont. She simultaneously pursued her accounting designation, pulling long hours while working and studying and trying to nurture her young marriage.

Rob Mozzon, an FCPA and former colleague who worked with Hogan during her three-year stint in Thunder Bay, remembers multiple times when Hogan would travel back and forth between Thunder Bay and Montreal over the course of a weekend, never putting down her work during her commute. "Karen's the hardest worker I have ever known," he says. "She came to Thunder Bay at a time when the local KPMG office merged with our Ernst & Young office under the EY banner, and she was great at bringing two competing offices together to work collaboratively."

Auditing was Hogan's window into corporate success. "You learn so much about how different companies run their business strategies," she says.

She spent the next few years rising in her field. She was promoted to Ernst & Young's Ottawa office in 2000, then joined Canada Post in 2003 as senior manager in their corporate accounting department. Finally, she was named corporate controller at the World Heart Corporation.

In the midst of all that, Hogan had her first child, and her job's constant travel requirements began to wear on her. (Her kids, Ryan and Kaitlyn, are now 18 and 15.) "I was searching for a little more balance between my professional life and my family life. Not flexibility—that I had—but balance," Hogan says. That's when she started looking to the public sector. She'd already rooted her family in the capital, and the Office of the Auditor General was a major employer of accountants and auditors in the city. Private sector work had its appeal, she says, but it didn't compare to the auditor general's work, which keeps economies healthy, democracies strong and government accountable. She was in.

Anyone who holds a senior position in government has to deal with the assumptions that come with it. Sheila Fraser became a household name after publishing a series of reports on the government's shortcomings in matters of money and national security. A Vancouver journalist dubbed her "the Mick Jagger of the accounting profession."

But she firmly dispelled that rock star image. "I'm Sheila Fraser, average Canadian," she said in an interview at the time. "I actually live a very quiet, dull life outside of work."

Karen Hogan is about as normal a Canadian as one can get, a fact that appeals to her colleagues. "She goes a long way to create a fun, engaging culture in our office," says her long-time colleague and assistant auditor general Renée Pichard. For example, last October, when Hogan was still assistant AG, the office did a video shoot to promote a leadership development program. Hogan put on a red tennis bandana and did yoga poses while talking to a colleague about leadership.

However, Hogan's no-nonsense fortitude comes out when she talks about the dire need for additional funding to the office, especially considering the gargantuan scope of the current project. Last year, interim auditor general Sylvain Ricard requested millions of dollars in funding from the government; when Parliament instructed the office to embark upon the pandemic audit, he asked for it a second time. And in July, Hogan asked for it again. She says the cost associated with auditing COVID-19 programs is "astronomical." On top of that, the office is severely understaffed and needs to modernize its IT infrastructure to increase the pace of audits. At press time, the funding hasn't come through.

Hogan's staff are currently working feverishly to assess the government's financial and operational response to the pandemic. It's a standard auditing process—understanding the various programs and their scope, designing the best way to go about assessing those programs, and weighing factors like risk and impact—at an unprecedented scale. For example, the Canada Emergency Response Benefit program was initially praised for its quick rollout, but soon came under scrutiny for how easy it was to qualify for cheques.

According to Hogan, the cost associated with auditing COVID-19 programs is 'astronomical'

"You hear about fraud, but I think we need to remember and recognize that when the government tried to manage something in an emergency situation, there's a trade off between the speed at which Canadians get support, and the need to walk through all the checks and balances before you can offer that support…and I can recognize that was the context that the government was in," she says.

The biggest challenge the office faces is time. Parliament is requesting a final report on all aspects of the government's pandemic preparedness and income support program by spring at the latest, which means other non-COVID programs that are in line to be audited will go on the back burner. They've had to delay performance audit work for 100 federal agencies and departments, though the office is still working on delivering annual financial audits for 40 Crown corporations. Adding to her staff's daily burden is the fact that the various departments administering those programs are busy carrying out their jobs given the ongoing nature of the pandemic, which ultimately slows down communication.

Her experience working in the same office for 15 years has given her a rich institutional knowledge of its inner workings, and she knows that she needs to be loud and insistent about what her team needs. Several years ago, Hogan says, the AG's office voluntarily participated in cost-cutting measures but never had their funding restored—despite the government creating Crown corporations that expanded the office's jurisdiction. As a result, the office was forced to cut back on more efficient auditing software and other more advanced communication tools, a decision that Hogan says has created a perfect storm in pandemic times.

Hogan wants to make modernizing the office a priority during her 10-year term. From an auditing standpoint, for example, Hogan says it could benefit from better data analytic software. Access to technology is important to her—the office is in charge of auditing the Territories, and connectivity issues often crop up. "Some days the connection up there is not great, so we need more time to audit. These are the kinds of things we need to get better at."

"I want us to explore different ways we can communicate and reach more Canadians," she says. She takes issue with the fact that her office's audit reports are often overly technical, which make them inaccessible to the public, and she'd also like to use social media better to attract a broader talent pool to the office. She's already on her way: The Office of the Auditor General recently launched an Instagram account.

This is Hogan: She wants transparency, openness, modernization. And to get there, she'll happily fade into the background, roll up her sleeves and do the work. ◆

COVID-19 and the Millennial Entrepreneur

By Bill Kimball

Over the last few months, I've had the opportunity to hear from small business owners across Canada navigating the uncertainties of COVID-19. I've been struck not only by their resilience, but by their willingness to rely on peers, online communities, and the advice of trusted advisors such as accountants and bookkeepers as they seek to maintain business operations and remain profitable.

Accounting professionals provide value to small businesses every day, and seeking accounting advice is something that millennial business owners may contemplate more seriously now. Research commissioned by Xero pre-pandemic and presented in the **Young Entrepreneurs Report**[1] found that millennials currently own and operate 21% of all small businesses across the country and have started two in five new small businesses in Canada over the last two years. Yet, many of these millennial business owners have never been through a serious financial crisis or experienced a challenge as sudden and devastating as the one brought on by COVID-19. Since we conducted our survey of millennial business owners pre-pandemic, it's interesting to see their perspectives on the value of an advisor.

The research indicates that millennials are very interested in working with an advisor. In fact, 40% of millennial business owners would pay an advisor to offload record keeping. 37% are already paying an advisor. The research also found that millennials were optimistic and invested in their businesses. Only 2% of millennials anticipate selling or closing their businesses.

An interesting conclusion from the small businesses we surveyed was that millennial business owners are ambitious and have an appetite for growth. This is especially true in areas such as increasing sales and number of customers, keeping up with competitors and hiring employees and retaining staff. The research showed us that millennial business owners are extremely passionate about their businesses, but they tend to struggle with accounting skills, such as managing cash flow, tracking costs, calculating sales numbers and business planning for the short and long-term.

We also found that younger business owners tend to be more critical of their existing accountants and bookkeepers. In fact, our pre-pandemic research found that half were likely or very likely to look at replacing their existing accountant or bookkeeper. Absent a major crisis, the day-to-day value that accountants provide was being taken for granted.

In this sense, COVID-19 may provide accounting professionals with an opportunity to prove their worth to millennial business owners. Advisors have been key in helping young entrepreneurs increase cash flow, maintain staff, navigate government assistance programs and secure business loans. During a time when business owners need to focus on the day-to-day, accountants have been integral in helping small businesses get back on track.

Meanwhile, the pandemic has also exposed accountants who are falling short. Those who are excelling have learned to master new skills and advise clients in new ways. They may have also invested in strong digital capabilities, are cloud-savvy, and highly flexible.

The picture of the modern small business is quickly changing in Canada, and millennial business owners could present a growth opportunity for accounting professionals. COVID-19 could very well be a turning point that changes the millennial relationship with accountants, especially for those advisors who can help businesses transform from just getting by to thriving. For entrepreneurs, COVID-19 is an opportunity to examine how they are integrating advisors into their overall team and determining whether they are providing the right skills and capabilities to support them through this crisis and beyond.

Bill Kimball brings his love for the small business economy to Xero and has worked with some of Canada's early adopter cloud accounting firms. As Head of Sales in Canada, he oversees the company's growth in the country.

[1] **Source:** The research was conducted by Opinion Matters on behalf of Xero, with a sample of between 1000 and 1500 small businesses surveyed in each of Australia and the US in November 2018, and New Zealand, Canada and the UK in 2019. The relevant subsets of that sample were used for the young business owner reports. An online quantitative survey was used for data collection. Opinion Matters abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

EXTRAORDINARY ITEM

SOLE PROPRIETORS

A newcomer to the crowded sneaker category is driving growth by refusing to splurge where the major players do **BY MATTHEW HAGUE**

Over the past decade, Vancouver serial entrepreneurs Mikaella Go and Tony Yu have launched no fewer than 10 startups, including Nanotips, a dab-on liquid solution that makes gloved fingers readable by touchscreen, and Arkadia Supply Co., lightweight, easy-to-pack camping gear. Their latest venture, developed with their friend Andy Wang, is their most audacious for being the most ubiquitous: a new sneaker brand, Vessi. Canadians are among the world's biggest per-capita footwear consumers, spending roughly $8 billion, or more than $620 per family a year, on new treads. Those sales, however, are dominated by just four brands—Nike, Adidas, Skechers and New Balance—whose combined global marketing budgets are more than $10 billion.

Vessi's founders have taken a philosophical approach as Davids among Goliaths. "Being small also allows us to be agile and act quick," says Go. To Glynis Tao, a Vancouver-based consultant who helps apparel startups develop business plans, there are limits to following in the path of masters. "I tell new brand owners they are not making a product, they are solving a problem the existing, dominant players aren't," she says. "You have to be different."

And this is where Vessi's strategy becomes clearer. Their sneakers are made from an ultra-lightweight waterproof mesh knit from a vegan, no-leather polyurethane called Dyma-tex that was developed in-house. This move makes the shoes well-suited to the growing number of people buying into cruelty-free living; a study by retail research firm WGSN INstock shows the number of animal-free leather items on the market has close to doubled between mid-2018 and the same period last year. The business itself was launched lean, with little overhead and an Instagram-heavy marketing blitz—micro-influencer endorsements cost a lot less than Michael Jordan or Serena Williams. And it helped that Wang's family already owns a textile business that developed the waterproof knit.

Before their 2018 launch, Vessi put out a rendering on Kickstarter in 2017 and raised more than $1.25 million. Within the next year, the company expects to sell its millionth pair of sneakers. ◆

PHOTOGRAPH BY **DAVID WILE**

COVID: TECH

DEFENCE MECHANISMS

While Big Pharma scrambles to launch a vaccine, tech firms have moved fast getting anti-COVID solutions to market **BY WING SZE TANG**

1. THE RISE OF 'COBOTS'

The pandemic has forced every industry to reinvent business as usual, and that's especially true of manufacturers, whose employees can't exactly work from home. For companies vulnerable to outbreaks, this is a pivotal moment for exploring automation, a recent report from PwC noted.

According to the International Federation of Robotics, demand for industrial robots has risen considerably since 2010, with global installations going up by 19 per cent on average per year from 2013 to 2018. While Canada's "robot density" isn't as high as that of Asia's early adopters, like South Korea, we rank 13th in the world, with 145 industrial robots per 10,000 humans in the manufacturing sector.

So long as it remains imperative for people to stay two metres apart to control contagion, there are compelling reasons for manufacturers to staff up with robots placed between manual stations, potentially ushering in the rise of machines we've long expected. That could mean an even greater role for specialized collaborative robots ("cobots") that are meant to work alongside humans and feature components such as finger-like grippers.

We don't know how much of a catalyst the pandemic will be for a widespread robot revolution in North America "because so many people are still just trying to extinguish fires," says Samuel Bouchard, co-founder and CEO of Robotiq, the Lévis, Que.-based company that specializes in cobots. "But it will be a turning point for some factories."

In late March, Robotiq introduced a pandemic initiative called Cobots vs. COVID. The program aims to help manufacturers of essential goods such as medical equipment rapidly increase capacity by deploying cobot cells in two weeks or less—an endeavour that would usually take three to six months.

During this pandemic, demand for robots has actually dropped since demand for goods is down, but Bouchard believes awareness of automation's advantages is up. Manufacturers now keenly feel the risks of concentrating supply chains in one area; many are struggling because all their parts come from hard-hit countries. In the wake of the pandemic, Bouchard says, "we believe people will want to bring back some manufacturing or diversify it, but it won't happen at all costs." To keep costs competitive, he sees automation as the key.

2. THE VIRUS DETECTOR

In the 21st century, epidemics are happening more often and spreading faster and farther than ever, according to the WHO in its dread-inducing 2018 handbook *Managing Epidemics*. When the next scourge comes, the agency predicts that there will be a delay in recognizing it for what it is. Sound familiar?

What could change the game, however, is AI-powered analytics software of the sort made by BlueDot, the Toronto-based Big Data startup that made headlines when it became the first to break news of the coronavirus outbreak to its customers—which include governments, hospitals and businesses—on New Year's Eve.

The private company, founded by infectious disease physician Dr. Kamran Khan in 2013, takes a novel approach to data-analytics pandemic detection. While traditional disease surveillance systems rely on cases gleaned from health agencies—sometimes hampered by lags in reporting—BlueDot's platform plugs into multiple data sets. That trove of information includes 100,000 news articles in 65 languages, population-density data, details on insect vectors and animal disease reservoirs, and global airline ticket sales, invaluable for forecasting the spread of illness.

For some BlueDot clients, being among the first to know about a disease outbreak can make the difference between sourcing enough PPE and scrambling for scant supplies. "Although we got a very early warning, it was not possible at that time to recognize that the local Wuhan outbreak was going to be a big deal," says Dr. Michael Gardam, chief of staff at Toronto's Humber River Hospital, who received BlueDot's Dec. 31 alert. Within a few weeks, Gardam began to suspect this would likely be a pandemic virus. "We started to change our behaviour—look for PPE, pull out pandemic plans—in mid-January."

Since then, BlueDot, which has raised more than $9.4 million in venture capital funding, has expanded its client roster to include the state of California and the City of Chicago. In late March, Health Canada also announced it would use BlueDot software for COVID-19 tracking and modelling, with the goal of slowing the spread as the country braces for the next waves.

3. A COVID-KILLING MASK

Face masks are a critical tool in controlling how far respiratory droplets spray. But the wide array, from the medical-use N95 to sewn-at-home cotton coverings, differs greatly in effectiveness. The masks being made by the Mirabel, Que.-based company I3 Biomedical, however, make a claim none of the others can. The single-use TrioMed Active mask has a self-cleaning antimicrobial coating, which recent University of Toronto testing confirmed could deactivate 99 per cent of the novel coronavirus within minutes.

The COVID killer is a tri-iodide solution, which is not toxic to humans, I3 Biomedical's CEO, Pierre Jean Messier, explains. The patented tech solves a common problem: the tendency of people to

PHOTOGRAPHS BY ISTOCK

keep touching—and accidentally contaminating—their face masks or their hands. This makes TrioMed's version particularly helpful for health care professionals, who must wear PPE for long stretches of time.

"Because demand has increased a lot, we're basically producing non-stop," says Messier. He wouldn't disclose concrete numbers. Still, he believes the sales spike is temporary, forecasting that consumer demand will dry up post-COVID-19 since mask-wearing isn't as culturally entrenched here as it is in Asia. There may not be an end to the pandemic in sight, but so long as it remains a reality, manufacturers are working to ensure Canadians are covered. ◆

COVID: HEALTH

SWEAT EQUITY

While big gyms go belly up, the fitness businesses in the best shape right now are the ones building community from a distance **BY MATTHEW HAGUE**

CPA Carey Dillen is used to success. For five years, she was the vice-president of finance for the Vancouver Olympics, overseeing a $10-billion budget, ushering in a rare Games that was not only debt-free but profitable for the host city. Since 2015, as the president of YYOGA, she has helped grow the Vancouver-based fitness startup to 170 employees, with 12 yoga studios in British Columbia and Ontario.

"COVID put a damper on that," admits Dillen, explaining that when the lockdown started in March, she had to shutter all the studios and offer refunds to YYOGA members. Revenues dropped to nearly zero. "I had never had to lay off staff before," she says. "It was incredibly difficult."

Dillen's experience mirrors the precarious position of many fitness companies these days, companies that find themselves in a sudden decline after years of significant expansion. Prior to the COVID-19 lockdowns, the North American fitness industry was worth more than US$30 billion per year, ticking up between three to four per cent annually. Now, many big U.S. chains have gone bankrupt, including Gold's Gym and 24 Hour Fitness. The Fitness Industry Council of Canada has predicted there will be "massive closures" north of the border due to catastrophic, coronavirus-related revenue loss.

One reason gyms and yoga studios are failing is their growth has largely been driven by in-person experiences. Even in the age of Amazon and Bumble, meeting with a trainer or doing a Zumba class with friends was still considered preferable to, say, watching a how-to video on YouTube. According to a study from the International Health, Racquet & Sportsclub Association, in 2019, one in five North Americans had a membership to a health club, gym or studio. At-home exercise apps and equipment, meanwhile, were most often a seasonal plan B, research from LatentView Analytics showed. The biggest success factor of any fitness business, it reported, is a sense of community.

And while COVID-19 hasn't exactly quashed the possibility of having shared fitness experiences, it's certainly changed what that looks like. And businesses that facilitate—or even simulate—togetherness seem poised to dominate the market.

Take startups such as Peloton and Mirror, which stream cycling classes. Peloton's classes are delivered through built-in flat screens on their own line of high-end stationary bikes. Mirror's air on wall-mounted screens that look like mirrors when turned off. Both are coming out ahead on the community-building front.

"Peloton's features allow members to stay connected with others, as well as

Lunging forward with home workout apps

PHOTOGRAPH COURTESY OF **MIRROR**

Peloton instructors across the globe, an offer that is especially appreciated during these physically distant times," says Jamie Herbert, general manager at Peloton Canada. Chief among them, he says, is "the 'leaderboard,' which displays a scrolling list of members taking the same class with their real-time metrics [heart race, cadence]. With the ability to set fitness goals and work out with others in both live and on-demand classes, members form a sense of camaraderie with one another and even develop connections outside the Peloton platform," he explains. Cyber-cyclists can meet post workout by joining a Peloton Facebook group for their city, where they plan both digital and in-person rides.

PELOTON'S STOCK PRICES SOARED AFTER YEARS OF STRUGGLING

Mirror allows friends to take virtual classes together, lists the name of everyone taking the same class to foster camaraderie—or at least familiarity—and has share features that allow users to upload their workout results (calories burned, heart rate achieved) to Facebook—a show of self-congratulations, perhaps, but also allegiance.

After years of struggling, Peloton's stock prices this year have jumped 10 per cent and between February and March, downloads of its app quintupled. Mirror was recently bought by Vancouver-based athleisure giant Lululemon for US$500 million—a considerable figure for a two-year-old startup, even one that counts Gwyneth Paltrow and Kate Hudson among its users.

One barrier to entry, however, is that both Peloton and Mirror require expensive hardware. A Peloton bike costs more than US$2,600, a Mirror upwards of US$1,500—leaving room for other businesses to entice users with more modest budgets. New York-based NEOU was specifically launched in 2019 by founder Nate Forster because his sister, a single mother of three, couldn't afford a Peloton. As an alternative, he designed an app that links her, as well as users from around the world, to 3,000 pre-taped or live classes of various kinds from popular gyms such as SoulCycle and Barry's Bootcamp. While some classes are meant for people with bikes and weights, others require no equipment at all. The up-close camera angles and loud music are meant to simulate the feeling of being in an energetic studio; and like Peloton cyclists, NEOU users can see which of their friends are taking the same class.

So far, NEOU doesn't appear to be a seasonal fad. Among the subscribers amassed in the first year of operations—who currently number 50,000 and pay about US$12 a month—there's a 90 per cent retention rate month-to-month. That repeat business has helped the company raise more than US$30 million in venture financing, and an early valuation of $40 million. Forster's goal is to be "the Netflix of fitness," says Jaime Kinsley, NEOU's head of communication.

NEOU, like Peloton and Mirror, is a digital native—a company started specifically to offer consumers at-home, computer-connected fitness. But pivots from bricks and mortar are also proving possible in the current market. ClassPass, for example, started in 2013 to offer subscribers access to a network of 30,000 workout studios. Why join one gym, when you can join them all?

That inducement faltered once COVID hit. The pandemic temporarily shuttered the physical locations of 95 per cent of ClassPass's global fitness partners. "So we added digital classes in March," says Mandy Menaker, the company's senior public relations manager, explaining that they worked with these partners to help them get online classes up and running. Demand, she says, grew "25 per cent week over week during the first few months of this offer." While Menaker recognizes that online classes can't replicate the specific experience of a group class, she believes that "energetic and encouraging instructors" help create "community feel."

Well ahead of the pandemic, in 2019, YYOGA started offering online classes through a proprietary app. However, at the time, "many of our members didn't even know it existed," says Dillen, because of the general preference for in-person yoga. That changed in March. Now, in addition to existing members in Ontario and B.C., many of whom enjoy seeing their favourite instructors leading classes from familiar studios (and sometimes from home), "we're also seeing people sign into our online classes from all over the world," Dillen adds.

The transition hasn't been seamless. YYOGA has had to close two of its physical locations permanently. Part of the challenge is that in-person members typically pay over $20 per class. Digital yogis pay about $8 per month, all classes included. "There are so many free classes on YouTube," says Dillen. "We're trying to add value with community fitness challenges, online social gatherings. But the app hasn't replaced in-person. At least not yet." ◆

COVID: DESIGN

THE MICROBIAL FRONTIER

Part of the war on COVID-19 is being waged on the microbial front, where developers are refining sprays, barriers and even fabrics designed to kill on contact

BY MATTHEW HAGUE

When swine flu broke out in Africa in 2009, a Canadian invention was deployed by farmers in the fight against it: washable, unbreakable stalls to house pigs, keeping them separated to prevent the spread of disease. Made by Trusscore, a material sciences company in Palmerston, Ont., formerly known as MSW Plastics, the PVC uber-pens had proven durable, standing up to a force beyond normal construction wear and tear: heavy, often slop-covered animals.

When COVID-19 hit, Trusscore CEO Dave Caputo realized the pigpens, called NorLock panels, held promise for separating people, too, and the firm quickly developed a new product called TempWall—this time coated in a Microban Aegis Microbe Shield that, during FDA testing, has been shown to kill 99.9 per cent of germs, including the novel coronavirus. “Our walls are already inherently inhospitable to bacteria because they have a non-porous, easy-to-clean, smooth surface,” says Caputo. “The addition of the antimicrobial surface treatment added another layer of protection.”

At a time when most economic data is bleak—the Canadian economy is expected to shrink by 8.2 per cent in 2020, according to the Conference Board of Canada, and 8.4 per cent according to the International Monetary Fund—antimicrobial surfaces could be a bright spot. Globally, demand for products that keep people safe from COVID-19, including germ-killing walls, door handles, hand rails and fabrics, is expected to increase by 8.2 per cent for each of the next five years.

That means for Trusscore the space is competitive. Edmonton-based inventor Doug Olson spent the early part of his career in meat processing. Intrigued by the way salt can cure cuts of beef and pork, preventing spoilage, he had some testing done at a private lab to look into the mineral’s broader applications. (Later, his company began an ongoing research partnership with the University of Alberta in 2010.) Through a 2017 study independently reviewed by the British *Journal of Hospital Infection*, the team discovered that salt can compress to astounding densities—replicating the hard, non-brittle surface of a ceramic tile—and that it can kill many deadly bacteria such as E. coli, salmonella and methicillin-resistant Staphylococcus aureus (MRSA), an antibiotic-resistant staph infection that can affect the heart and lungs.

The company that grew out of Olson’s work, called Outbreaker Solutions, is currently looking for partners interested in licensing the patented product. “It has a lot of potential commercial implications,” says Matt Hodgson, Outbreaker’s co-founder, along with Brayden Whitlock. “It can be used for anything you touch—doorknobs, light switches. We’re seeing a lot of interest from the hospitality industry.” That interest is likely to be buoyed now that Outbreaker has won a COVID innovations competition led by the pharmaceuticals giant Roche Canada. The prize was an unspecified R&D grant that Outbreaker is putting toward testing how quickly the coronavirus dies on contact.

If salt-based doorknobs or upgraded pig stalls for COVID protection seem avant-garde, there are also more conventional anti-microbial inventions to consider. Quebec-based A3 Surfaces is currently testing a process that anodizes and seals the pores in aluminum with a proprietary antimicrobial agent that can be applied to aluminum surfaces like the grab bars in all forms of public transit. The metal stays protected for at least a year and can be retreated; an early National Research Council Canada study found that it killed 99.9 per cent of bacteria. Health Canada is in the process of its own review.

Etobicoke, Ont.-based Myant, meanwhile, has developed fabrics knitted through with antimicrobial fibres, including copper threads. At least six U.S. studies have shown copper to be a natural disinfectant that kills COVID-19, among other things. Myant’s first application is face masks, which have already been released for sale through the company’s website. “Conceptually speaking, any textile surface that you come into contact with can be engineered with these properties,” says Hannah Fung, Myant’s director of marketing.

ILLUSTRATION BY MATTHEW BILLINGTON

“Think of the textile surfaces in public spaces like waiting rooms or on public transit. These are all high-touch surfaces that are constantly being interacted with by many individuals but don’t frequently get sanitized.”

That said, some sources question whether antimicrobial materials are worth the investment. America’s Centers for Disease Control points out that studies proving antimicrobial surfaces prevent the actual spread of illness are scant.

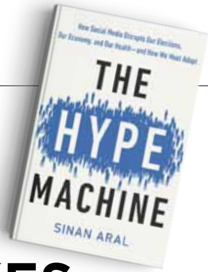
‘THINK OF HIGH-TOUCH SURFACES THAT ARE CONSTANTLY INTERACTED WITH BUT DON’T GET SANITIZED’

Consulting firm McKinsey has noted the economic danger of antimicrobial resistance—resistance that occurs when bugs become resilient to whatever virus—and bacteria-busting treatments we invent. And natural surfaces such as copper are not necessarily as enduring as man-made ones. One study, published in the journal *Genome Biology and Evolution*, has shown that, through history, increases in the use of copper have coincided with a harmful increase in antimicrobial resistance, including in E. coli. COVID-19 is already showing signs of mutating, so it’s hard to know if effective shields will continue to kill the virus as it adapts. A big part of winning the antimicrobial market will be proving the efficacy of the intervention over the long term.

On the microbial frontier, the risk of over-investing varies from business to business. Myant’s copper-threaded fabrics aren’t a huge pivot from its already-established business of producing sensor-enabled clothing that measures vital signs for the health industry. The firm chose masks for its first anti-COVID venture because there was a clear demand. “The government had made a public call to Canadian businesses to help with the PPE shortage situation,” says Fung. “Our leadership rapidly assessed our core competencies and figured out a way to realign our expertise. Our knitting machines, engineers—everyone—are all under one roof, allowing us to be extremely agile. We went from ideation to commercialization in a matter of weeks.” Companies such as A3 and Outbreaker face bigger risks: spending years developing technologies, waiting and hoping for Health Canada approvals—and that the market will still need their products once they become available.

The risks, however, can pay off. Trusscore’s TempWalls are already a success—they’re producing 400 of the panels a day for use in hospitals across North America. The test case took place at the emergency rooms at Grand River and St. Mary’s in Kitchener, Ont. (St. Mary’s head of emergency, Jay Green, helped develop the product). Other clients include the Wake Forest University Baptist Medical Center in North Carolina and temporary Ontario field hospitals in Hanover, Kincardine and London. The temporary barrier works in emergency rooms because it can be easily moved around between waiting areas, halls and all the other potentially cramped spaces where patients might otherwise find it hard to stay two metres apart.

Beyond its hospital use, the product is showing other signs of paying off. In May, TempWall helped the startup secure $5 million in seed financing—the largest investment in the company’s 13-year history. Fundraising started well before COVID, but Tempwall’s pandemic performance helped boost that figure. Trusscore’s next challenge will be to diversify and scale up—adapting the wall for use as cubicle barriers, for instance, to help Canadians get back to their offices. That’s something many home-bound employees might be willing to pay for themselves. ◆



BOOK VALUE

TRUTH AND LIKES

The latest read from fake news expert Sinan Aral decodes the ways social media shapes reality and proposes another way forward **BY BRIAN BETHUNE**

On social media, as Sinan Aral makes abundantly clear, fake news travels farther and faster than true stories, often by an order of magnitude. Powered by its emotionally arousing content and the “in the know” social status gained by those who pass it on, false stories have three times the effect on stock prices as real news and are strongly suspected of having moved critical voting blocs in elections around the world. There is “a reality-distortion machine in the pipes of social media platforms,” writes Aral in *The Hype Machine,* “through which falsehood travels like lightning, while the truth drips along like molasses.”

Aral, an MIT management professor and one of the world’s leading experts on fake news, is uniquely positioned to rip the covers off the inner workings of social media. In crisp prose that explores numerous scientific studies while drawing on decades of experience within the major tech firms, Aral sets out how social media’s “promise and peril” are tightly bound—the factors that allow it to provide vital health information during a pandemic are the same ones that allow it to spread potentially lethal pseudo cures. The results are rigorously analytical and well argued, but what really makes Aral’s case for him is the emotional punch packed by his bad news about the fake news.

That’s just as well, because society really needs to focus its attention on false information. In spite of the stock manipulations and Russian electoral interference, we ain’t seen nothing yet. The age of “deepfakes” is almost upon us. A form of machine learning called generative adversarial networks (GANs) is now being used to pit two networks against each other: a "generator," which creates synthetic media, and a "discriminator," which works at determining if the content is real or fake. The first learns from the second, and like social media in general, feeds on itself. Fake video is already astonishingly convincing. If seeing is believing—and studies show humans retain 10 per cent of what they read but 95 per cent of the "messages" they watch—fake news will soon be more alluring than ever.

If contemporary society wants to corral the peril of social media while retaining its promise, writes Aral, it needs to act quickly. There are four levers that stakeholders—companies, governments and users—can pull, separately or in combination: the *code* that governs social platforms; the *money* (meaning the financial incentives generated by their business models); the *norms* followed by the industry; and the *laws* that regulate it.

The social media feedback loop fosters polarization through our catalogued preferences and via friend recommendations. Tests that inject what one researcher called "an equal share of pro- and counter-attitudinal news" onto Facebook feeds found that political polarization shrank almost as much as it's grown over the past two decades. So consider, suggests Aral, having another look at the "like" button, and replacing it with a "truth" button (for content a user thinks is true) or a "reliability" button (when we respect the source). Perhaps a "veracity" score could be added to Twitter profiles, a grade based on fact-checkers' assessment of previous posts. If high truth scores turn out to attract followers on those two platforms, such code changes will nudge the hype machine toward positivity in its feedback loop, since—just as the rich get richer—on social media the popular get more popular. Industry norms are already moving, if slowly, in that direction, Aral writes, arguing that users have "largely accepted that on Twitter retweets do not necessarily mean endorsements."

If those developments sound too pie in the sky for pragmatic sorts, consider the tried and true: Follow the money. In the U.S., that leads immediately to antitrust considerations and the question of whether Facebook, in particular, should be broken up. Aral demurs. There are classic monopoly issues with Amazon, which sells its own products on its platform and can game the rules to promote them over competitors' wares. But Facebook doesn't use its monopoly power to exact more money from consumers—Facebook doesn't charge them anything. What makes it a monopoly, in the sense that startup competitors wouldn't have a chance against it, is its lack of "interoperability." Ask Facebook for your "social graph" (a database of contacts that can easily operate with another network) and you won't get anything "near as useful" for you, or as hazardous to Facebook's profitability.

That brings Aral to his fourth lever, the law: National governments will have to mandate "that technology platforms make their data, and specifically their social networks, portable," in the same way the American FCC mandated phone number portability in the telecom business in 1996. Social media badly needs competition, to force its thinking away from the value it "extracts" from consumers to what it "delivers." The best way to do that, Aral judges, is to enforce portability and enable the rise of platforms that just might brandish truth and reliability buttons. That, with a handful of other monetary tweaks—such as reducing the profitability of fake news (YouTube has already removed ads from anti-vaccination videos)—is all we can get from government and the platforms themselves without harming the promise and peril of social media.

For Aral, the rest is up to us, the third stakeholder. Once competition arrives, "consumers will need to define the values they want the platforms to deliver, and to enforce those values by doing business only with platforms that make good on them," he writes. It will be a slow, incremental process, he concludes, but it will be our essential tool in taming the hype machine. ◆

PIVOT RECOMMENDS

Off the clock

BY CHRIS POWELL

Read

The next decade will produce a series of massive societal changes, including a workforce in which robots outnumber humans and the rise of an Asian and sub-Saharan African middle class that will shift the power of the global economy away from Western consumers for the first time in modern history. At least, according to sociologist and political economist, Mauro F. Guillen, whose new book, ***2030: How Today's Biggest Trends Will Collide and Reshape the Future of Everything***, is both a guide and an exercise in using lateral thinking to navigate this new world.

PHOTOGRAPH COURTESY OF HBO

Watch

Nicole Kidman has reunited with *Big Little Lies* creator David E. Kelley for yet another prestige drama revolving around a murder mystery. The six-episode series ***The Undoing*** features Kidman as a successful therapist whose husband (Hugh Grant) might have been involved in a woman's violent death. All six episodes of the psychological thriller were directed by Susanne Bier, who also directed *The Night Manager* and the Netflix hit *Bird Box*. *The Undoing* premieres on HBO on Oct. 25.

Listen

Marshall McLuhan once said, "We shape our tools and thereafter our tools shape us." Look no further than the internet for proof. ***Rabbit Hole***, a new podcast from the *New York Times'* tech columnist Kevin Roose, explores how our digital environment allows for the massive spread of misinformation by groups like QAnon, while manufacturing stars like YouTube gamer PewDiePie.

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CURVES AHEAD

Regina native Aymie Rondeau, 39, may have cut her teeth as a CPA, but remaking Canada's plus-size fashion industry with the Curvy Shop is her true calling

BY KATIE UNDERWOOD

I didn't go into high school saying, "I'm going to be a CPA." I initially planned to do a double degree in law and business administration, but accounting classes came really naturally to me. I thought, "This is really where I want my career to go."

I started the Curvy Shop in 2018. At that time, I was doing a lot of personal exploration around body acceptance. I'd also loved the art of fashion since I was a little girl, but as I grew up, I lost that love. **I was just kind of forced to put on a sack and deal with it.** I realized plus-size fashion was a very under-served market—and a light bulb went off.

There's a social issue behind the Curvy Shop, in terms of acceptance and inclusion. It's also just good economics: **Plus-size fashion is a multi-billion-dollar industry** that companies are not even scraping the surface of. I'd also always wanted to be an entrepreneur, so I thought, "Yeah, this is it."

I've been told I'm like a utility knife. My friend said, "Someone throws you a problem and you fix it."

The Curvy Shop is a curated collection and online store. The customer selects the items they want to buy, and then is directed to the brand's website to complete their purchase. **I do the legwork of combing through the websites for things that are well-made and on-trend.**

Plus-size women feel like the fashion industry is not made for them—like they're specifically being excluded. To me, the Curvy Shop is not just about fashion; it's about encouraging people to accept their bodies. **Just because I'm fat doesn't mean I should be excluded from participating in trends.**

The next step for me, in terms of my long-term vision, is starting to design. **There's a big gap in the market in terms of sustainable, big Canadian plus-size brands**—the only one we really have left is Penningtons. So there's room to grow.

I tend to kind of move away from things that are fast fashion—items that won't last me a long time. **At the end of the day, I'm an accountant, and I want to save money, not turn my closet over every season because fabric is worn or I'm not trendy anymore.**

PHOTOGRAPH BY CHRIS BOLIN