

Find a winning
career coach 37

The dilemma of
disclosure overload 40

Canada ill prepared
for cyber war 48

CA

magazine

www.camagazine.com

August 2013

**MR. SNAFU'S
TV reality check**

**How to train
with no pain**

+

FARE VALUE

**What do PIZZA HUT, STARBUCKS and P.F. CHANG'S
have in common? One very successful man**

**Michael Aronovici, president and owner,
Interaction Restaurants Group Inc.**

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.
For reprints please contact the Publisher.

GE**OP**OLITICAL TURBULENCE

POLICY HEADWINDS

INVESTOR IN**E**RZIA

ECONOMIC **U**NCERTAINTY

MARKET VOLATIL**I**TY

Opportunity — and true potential — isn't always obvious, especially in today's challenging investment climate. BNY Mellon Wealth Management's Advisory Services group has the expertise and resources to navigate today's risks and capitalize on investment opportunities worldwide. So you can move your portfolio forward and achieve your goals — whatever the market environment.

We've helped many of Canada's wealthiest families and most prestigious foundations and endowments position their portfolios for future opportunities. Contact us to learn how we can do the same for you.

Anthony J. Messina

President

(416) 840-8007

anthony.messina@bnymellon.com

bnymellonwealthadvisory.ca



BNY MELLON
WEALTH MANAGEMENT

BNY Mellon Wealth Management's Advisory Services, formerly I3 Advisors, Inc., is a registered business name of BNY Mellon Wealth Management, Advisory Services, Inc. ©2013 The Bank of New York Mellon Corporation.

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

August 2013 Volume 146, No. 6

Editor Okey Chigbo
Art director Bernadette Gillen
Associate art director Kevin Pudsey
Senior editors Bernadette Kuncevicus
 Tamar Satov
 Yvette Trancoso
Associate editor Marie-Josée Boucher
Assistant French editor Margaret Craig-Bourdin
Editor, Web edition Alan Vintar
Magazine Web producer Harriet Bruser
Editorial assistant Suzanne Mondoux
Director of translation Steve Brearton
Contributors Michael Burns, MBA, CA
 John Tabone, MBA
Technical editors and advisers:
Assurance Yves Nadeau, CA
Business valuation Stephen Cole, CBV, FCA
Education Karim Jamal, PhD, FCA
Fraud David Malamed, CA-IFA,
 CPA, CFF, CFE, CFI
Insolvency Peter Farkas, CBV, CIP, FCA
Legal issues Jo-Anne Demers, BA, LLB
People management Sandra Oliver, MIR, MBA
Personal financial planning Garnet Anderson, CFA, CA
Practice management Stephen Rosenhek, MBA, CA, CIRP
Studies & standards Ron Salole, vice-president, Standards
Taxation Jay Hutchison, CA
Technology Yves Godbout, CA-IT, CA-CISA
Publisher Cairine M. Wilson, MBA
Sales and marketing manager Brain Loney (416) 204-3235
 bloney@cpacanada.ca
Advertising sales manager Bruce Feaver (416) 204-3254
 bfeaver@cpacanada.ca
Quebec advertising representative Serge Gamache (450) 651-4257
 sergegamache@videotron.ca
Advertising representative Darcey Romeo (416) 204-3257
 dromeo@cpacanada.ca
Advertising coordinator Michael Marks (416) 204-3255
Circulation manager Annette DaRocha (416) 204-3367
CAmagazine Editorial Advisory Board
 Nancy Cheng, FCA, Chair Phillip Gounce, CA
 Margaret Albanese, CA Michel Magnan, FCA
 Blair Davidson, FCA Doug McPhie, FCA

CAmagazine is published 10 times a year (with combined issues in January/February and June/July) by the Chartered Professional Accountants of Canada. Opinions expressed are not necessarily endorsed by the CPA. Copyright 2013.

Toronto: 277 Wellington St. West, Ontario M5V 3H2
 Tel. (416) 977-3222, TDX 103, Fax (416) 204-3409.
 Montreal: 680 Sherbrooke St. West, 17th floor, Quebec
 H3A 2S3. Tel. (514) 285-5002, Fax (514) 285-5695.

Subscription inquiries: Tel. (416) 977-0748 or 1-800-268-3793
 Fax (416) 204-3416

On the Internet: <http://www.camagazine.com>

Email: camagazine@cpacanada.ca

letters.editor@cpacanada.ca

advertising.camagazine@cpacanada.ca

Annual subscription rates: \$28 for members; \$25 for CA students; \$47 for non-members. Single copy, \$4.75. Outside Canada: \$72 for a one-year subscription; \$6.50 for a single copy. GST of 5% applies to all domestic subscriptions. For subscription inquiries, call (416) 977-0748 or 1-800-268-3793 from 9 a.m. to 5 p.m., Monday through Friday; fax: (416) 204-3416. GST registration number R106861578. Publications Mail Agreement No. 40062437. PRINTED IN CANADA: Return undeliverable Canadian addresses to: CAmagazine, Chartered Professional Accountants of Canada, 277 Wellington Street West, Toronto, Ontario, M5V 3H2. CAmagazine is a member of the Canadian Business Press and Magazines Canada. Submissions: CAmagazine receives from time to time unsolicited manuscripts, including letters to the Editor. All manuscripts, material and other submissions to CAmagazine become the property of CAmagazine and the Chartered Professional Accountants of Canada, the publisher. In making submissions, contributors agree to grant and assign to the publisher all copyrights, including, but not limited to, reprints and electronic rights, and all of the contributor's rights, title and interest in and to the work. The publisher reserves the right to utilize the work or portions thereof in connection with the magazine and/or in any other manner it deems appropriate. No part of this publication can be reproduced, stored in retrieval systems or transmitted, in any form or by any means, without the prior written consent of CAmagazine.



Food, fun, games and Snafu

Restos are a tough master, but one Montreal accountant has managed a few US chains to roaring success

The restaurant business is one of the most difficult to set up and run, and it has been described by people who have been involved in it at every scale as “physically and mentally exhausting.” In an article in *The New York Times* Small Business page, ex-independent restaurant chain owner Barbara Taylor laments that “restaurants require an enormous amount of focus and the ability to coordinate a seemingly infinite number of details, many of which must be expressed as ratios and monitored constantly in order to run a successful establishment.” Well, it sounds like a job for Super CPA, CA.

If Michael Aronovici is not Super CPA, CA, he does a pretty darn good imitation. He has made restaurant franchises such as Pizza Hut and Starbucks incredibly successful in the province of Quebec, where many US franchises have been called but few have been chosen by consumers. Our lead feature this month is about his efforts to turn another US restaurant chain, P.F. Chang’s China Bistro, into a roaring success in Canada. In “Hottest meal ticket in town” (p. 20), writer Paul Brent tells us that Aronovici has all “the requisite traits by the plateful” to do it again. “The stakes are high,” writes Brent. “P.F. Chang’s boasts the second-highest sales per square foot among the top 100 restaurant chains in the US.” Find out what Aronovici plans to do with the chain in Canada.

What does corporate training look like in this age of video games and online interactivity? How about training with video games such as Samurai Sushi where you slice sushi on the screen and answer questions? The use of video games and other online tools to make training more interesting to a new generation of employees is called “gamification,” and it is the subject of our second feature, “Train with no pain” (p. 26), by Rosalind Stefanac.

“Gone are the days when video games were the domain of reclusive teenagers frittering away the hours in their parents’ basements,” Stefanac writes. With these new methods of training, corporations are “discovering a workforce that is much more motivated to keep on learning.” Find out how corporations are using the Internet to make learning more fun.

What’s old, crabby and unwilling to write for CAmagazine on a regular basis? Mr. Snafu of course, but he has grudgingly made a return to these pages to reply to letters from people who wish to get into the business-themed reality television biz. Our curmudgeon tries really hard to suffer fools gladly, and happily for us readers, fails woefully. If you like humour that bites such people in the behind, Mr. Snafu’s your man (p. 30).



PAUL ORENSTEIN

Okey Chigbo, Editor

Contents

upfront

7 MAILBOX

8 PEOPLE Beer and baseball: Mark Murphy married his two great passions when he started a craft beer business in Toronto

9 NUMBERS GAME Office space
WORKING FILE The vacationer who dumps work on you

10 BITS & BITES Public vs. private
• Ode to my hubs, the accountant
• Believ it or not • Movie makeover
• Battle of the banks

11 PERSONAL ACCOUNTS Volunteer Angus Shuttleworth on making a difference and helping others through his organization

QUOTABLE Corruption Inc.
20 YEARS AGO THIS MONTH

12 MUST HAVES Lytro camera
GOING CONCERN Greg Wight, president and CEO of Algoma Central

columns

1 FROM THE EDITOR
Food, fun, games and Snafu

48 OUTLOOK Fighting the last war



features

20 Hottest meal ticket in town

Michael Aronovici is not a household name in the Canadian business world but he sure is in the clubby food industry

BY PAUL BRENT

26 Train with no pain

Who says video games are for idle teens? Corporations have caught on to the power of games in training BY ROSALIND STEFANAC

30 Mr. Snafu gets real

Now that Mr. Snafu is out of retirement, he is keen to venture into reality TV. There's only one snag: the ideas he is pitched are unreal

Breaking news, tax updates, job postings, archives, more articles: you'll find them all at www.CAmagazine.com

*“We need an accountant
that knows the industry as well as we do.”*

People who know, know BDOSM.



BDO provides assurance, tax, financial advisory, and consulting services to growing businesses across the country.

Assurance | Accounting | Tax | Advisory
www.bdo.ca

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Content is copyright protected and provided for personal use only - not for reproduction or retransmission.
For reprints please contact the Publisher.

regulars

34 Assurance

Factoring in success: structured risk management is critical for successful outcomes to IT innovation projects

By Paul Brousseau + Diane Héroux

37 People management

Seeking a coach: when you're not sure how to proceed, here's how to find a coach to steer you in the right direction

By Sandra Oliver

40 Standards

What's to be done? Grumbings about disclosure overload are old. But what to do about immaterial information?

By Peter Martin

news

14 NEWS FROM THE PROFESSION

Enrollment begins for two key CPA education programs

18 STANDARDS DIGEST

and finally...

42 HOW THEY DO IT IN GERMANY

42 WHERE ARE THEY NOW? Charles-Antoine St-Jean, former comptroller general of Canada

43 IN MY PURSE Desjardins Group CEO Monique Leroux

professional directory

44 PROFESSIONAL DIRECTORY

46 CAREER OPPORTUNITIES

47 CLASSIFIED



ONLINE

Train with no pain: for more information on innovative methods of training, go to camagazine.com/training2013

ERP customer survey: what do you really think of your system? Tell us at camagazine.com/ERPcustomer13

COMING IN SEPTEMBER

Our annual **ERP vendor survey**, including: a pdf of the survey results; an expanded article; an interactive chart that lets you compare systems; and a chance to pick the top 10 systems for your requirements

Work hard. Earn more.

You've worked hard to become an accountant.
Now you can take time out to reward yourself with this
exclusive offer from CPA Canada and American Express.

- **Earn 25,000** Welcome Bonus points when you charge \$500 in purchases to your Card in your first 3 months of Cardmembership. That's enough for a round-trip flight almost anywhere in North America!¹
- **Pay no annual fee** for the first year. Plus, pay a lower annual fee of \$99* thereafter when compared to the current annual fee of \$150 after the first year for the Gold Rewards Card.**
- **Earn 3 points** for every \$1 in Card purchases at CPA Canada.²
- **Earn 2 points** for every \$1 in Card purchases at eligible gas stations, grocery stores and drugstores in Canada.²
- **Earn 2 points** for every \$1 in Card purchases for eligible travel purchases, including flights, hotels, car rentals, cruises, and more.²
- **Earn one point** for every \$1 in Card purchases everywhere else.²
- **Transfer your points** to frequent flyer and hotel rewards programs,³ and **one-to-one to Aeroplan**^{®@*4} and Avios.⁵



Gold
Rewards
Card

Realize the potential™

Apply now for the
American Express®
Gold Rewards Card.
www.cica.ca/Amex

*As a Charge Card, the balance must always be paid in full each month. 30% annual interest rate applies to balances not paid in full. Payments must be received and processed by the date of the next monthly statement to avoid interest charges. **This comparison is accurate as of date of publication. Subject to change without notice. 1. To qualify for the Welcome Bonus for American Express Gold Rewards Card you must have at least \$500 in net purchases posted to your account in your first 3 months of Card Membership. Account must be in good standing. Offer not available to existing American Express Gold Rewards Cardmembers. 25,000 Membership Rewards points = 25,000 Aeroplan® Miles. As per Aeroplan's current reward chart, 25,000 Aeroplan Miles are currently enough for a round-trip long-haul flight reward in economy class within Canada or to the Continental U.S. with Aeroplan ClassicFlight® Rewards (applicable fees and taxes are additional). Reward seat availability is capacity controlled and is subject to seasonality of demand. Please visit aeroplan.com for details. 2. You can earn 2 Membership Rewards points for every \$1 in eligible consumer purchases at American Express retail merchants as follows: (i) at stand-alone automobile gasoline stations in Canada, (ii) at stand-alone drugstores in Canada, (iii) at stand-alone grocery stores in Canada, and (iv) for travel services or travel bookings including air, water, rail and road transport, lodging and tour operator sales but not including local and commuter transportation. Purchases at merchants where gas, grocery, pharmacy and travel sales are not their primary business (including superstores, wholesale clubs, alcohol retailers and general merchandise retailers) do not qualify for the earn rate in this category. You can earn 3 Membership Rewards points for every \$1 in purchases at the Chartered Professional Accountants of Canada (CPA Canada). You acknowledge that the arrangement we have with CPA Canada (or any successor association or permitted assignee) may be changed or terminated at any time. Merchants are typically assigned codes and categorized based on what they sell. Earn rate of 1 point for every \$1 applies if the merchant code is not in an eligible category, the purchase is made using an electronic wallet or is not made directly from the provider of the good or service, e.g. through a third party or by using a mobile device (e.g. smart phone) with an attached card reader. Provided your account is in good standing, reward miles can be earned on eligible purchases less returns and other credits. Interest, fees, and charges for travellers cheques and foreign currencies are not purchases and do not earn reward miles. 3. Points transfer ratios vary by participant and transfers can take up to 5 days. Other terms apply. Visit membershiptrewards.ca for details. 4. Membership Rewards point transfers must be made in increments of 100 points, with a minimum redemption requirement of 1,000 points for each transfer. 1,000 Membership Rewards points = 1,000 Aeroplan Miles. Other terms, conditions, and restrictions apply. Visit membershiptrewards.ca for full Membership Rewards Terms and Conditions. 5. Membership Rewards point transfers must be made in increments of 100 points with a minimum transfer requirement of 1,000 points for each transfer. 1,000 Membership Rewards points = 1,000 Avios. Avios are subject to British Airways Executive Club terms and conditions. For more information, please visit ba.com.

@: Used by Amex Bank of Canada under license from American Express.

@*: Aeroplan and ClassicFlight are registered trademarks of Aimia Canada Inc.

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

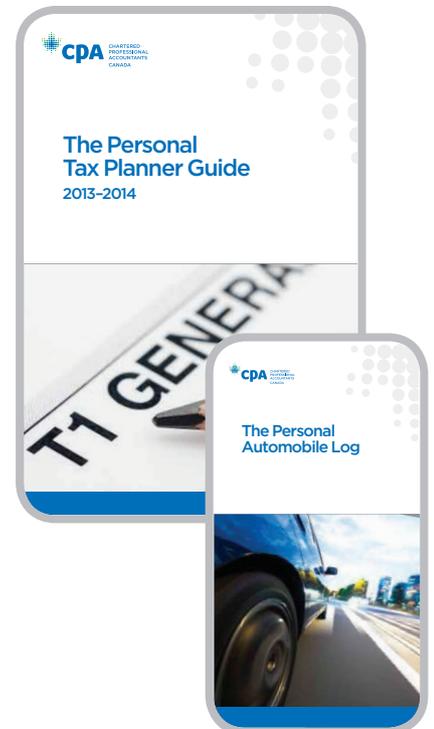


Build your firm's brand

CPA Canada's Client Development Resources

Standing out from the crowd can be a real challenge in today's competitive marketplace. Trust CPA Canada's Client Development Resources to help you cut through the clutter and build an effective brand for your firm. Until September 27, 2013, personalize the covers of *The Personal Tax Planner Guide* or *The Personal Automobile Log* with your firm's contact information—and make clients take notice of the services you provide as a financial advisor.

SOLD IN COST-EFFECTIVE BUNDLES FOR DISTRIBUTION TO CLIENTS!



Call: 1-855-769-0905

Visit: CAstore.ca/clientdevelopment

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.



Mailbox

WHAT YEAR ARE WE IN?

I read with interest the two letters from women in the CA workplace ("Balancing act," Mailbox, March). However, I was disappointed to see that the writers' names were withheld. It is a sad state of affairs that in 2013 women still fear expressing their views, apparently due to the potential impact on them in the workplace.

Are we still in the '50s?

Don Dougherty

Halifax

BULLY FOR YOU!

I can relate to "What to do if your boss is a bully" (Working file, April) quite well, having had a similar experience in an international accounting firm. My boss was

managing partner and went on tirades often for no particular reason, except to establish that he was "the boss." One Sunday morning he called and demanded that I be in the office within 20 minutes. I told him I was sorry but I was on the way to church with my family and would see him on Monday. He was not pleased. Although I was leading training sessions and consistently had one of the best utilization rates for managers in the region, I could do nothing right in his eyes.

One of his demands was that I accompany him and his lackey to the regular Thursday-night bar hopping/promoting business outings. I refused and did not endanger myself to him.

The situation culminated in his calling

me to the office to inform me that I was fired. I was informed that I was a square peg in a round hole and would amount to nothing.

It was a relief. I started a successful CA practice with the year-long settlement that the firm paid me and with the many clients that followed me. During that time I was elected to the provincial council (now called board) and went on to serve as president. After 23 years as a successful sole practitioner I acquired a very successful software development company.

In hindsight, maybe it wasn't such a bad experience.

Name withheld

CA magazine welcomes letters

to the Editor. Please write to us at

277 Wellington Street West,

Toronto, Ontario M5V 3H2

Email address: letters.editor@cica.ca

Letters may be edited for space and clarity

To attract the financial talent you want, get the salary data you need.



Download your 2013 Salary Guide today at RobertHalf.ca/SalaryCentre or call 1.800.803.8367.



Robert Half

Professional Staffing Specialists

© 2012 Robert Half. 0912-9012

UP FRONT

News, people, briefs, trends + tips

Home-run brew

Mark Murphy insists his decision to start a craft beer business, Left Field Brewery, in April didn't come totally out of left field. The idea had been brewing for a few years, even before he attended Niagara College's inaugural brewmaster program in 2010. "I knew I'd be frustrated working all day behind a desk," says the soft-spoken 31-year-old CA, while quaffing a Left Field beer in a west-end Toronto pub. "I always knew I wanted to have my own business and to do something where I worked with my hands."

Left Field marries Murphy's two passions: baseball and beer. The names of the brewery's beverages all come from the sport — Eephus, for example, refers to a low-speed junk pitch and Maris is named after former season home-run record holder Roger Maris. Murphy also provides bars with Left Field tap handles that look like mini baseball bats and meets with bar reps kitted out in a cap and shirt with the company's logo — all intended to give the brand a unique image for bar managers and customers to remember.

Despite its recent launch, the brewery is faring beyond Murphy's expectations. Left Field is on tap in about 25 bars in the Toronto area and the product is getting positive buzz on local beer blogs. Murphy's wife, Mandie, who has a background in beverage marketing, helps out with promotion, but otherwise he performs nearly every function himself, from concocting beer recipes to delivering the barrels. The only thing he doesn't yet do is the actual brewing. It's contracted out to Grand River Brewing in Cambridge, Ont., which takes Murphy's recipes and brews them in batches of 20 barrels every two weeks.

Résumé

- 2007** obtains CA designation (Ont.)
- 2010** enrolls in Niagara College's brewmaster program
- 2012** joins Molson Coors as brewing supervisor
- 2013** founds Left Field Brewery



Make it a pitcher: Toronto's Mark Murphy launched his Left Field Brewery earlier this year, and the baseball-themed beverages are already scoring points with bar managers and beer connoisseurs

Murphy's accounting background has helped him with forecasting, but he admits bringing concrete projections to outside investors is difficult. The long-term business goals, once the brand is better established, are to set up a brewing operation closer to home and to sell the beer in cans through Ontario's liquor stores. His personal goal, however, is akin to a player standing alone in left field. "Ideally I'd love to spend my days in a brewery, experimenting with and making beers," he says.

John Shoemith

RUTH KAPLAN

#NUMBERS Game

3 Stories through which the indoor slide at Corus Entertainment's Toronto office extends. Opened in 2010, it lets workers travel from the third-floor lounge to ground-floor reception.

7 Percent improvement in workplace efficiency due to the introduction of office ergonomics, as estimated in a 1987 survey. Having chairs at an appropriate height and "fixing the glare on the computer screen" are recommended.

20 Maximum minutes that staff at an Ontario chemicals plant can use the company's alertness recovery room in 1999. Two-thirds of workers in a US survey said lack of sleep impeded their work.

50 Seats in the movie theatre at ExtendMedia's Toronto office. Renovated in 2000, the production company offers em-

Office space When Google opened its Toronto digs in 2012, the design included a mini golf course, music room and Pac-Man — all to attract and retain staff. Forty years of workplace design



ployees a leisure area including couches, beer on tap, a pool table and video games.

525 Employees participating in programs at BC Telephone Co. Ltd.'s fitness centre in Burnaby in 1979. Studies at the time indicate the premature death of a senior employee can cost a company \$600,000.

600 Square footage of some executive offices in the extravagant 1980s. The economic downturn of the early '90s means private kitchens, fitness centres and large offices are gone.

1973 Year that design consultants recommend "colour psychology" to improve office harmony. If management attitude is "best expressed in red [energetic and erratic], then perhaps the tempering effect of blue [cool and tranquil]" is best for staff.
Steve Brearton



Working File: THE VACATIONER WHO DUMPS WORK ON YOU

THE SCENARIO

For most of us, it's common sense and courtesy to dot as many i's and cross as many t's as possible before packing up and hitting the road for summer vacation. While Holly Miller* looks forward to her time off during the year, she dreads the last week of July when her officemate Katie takes off for three weeks and inevitably leaves a mess for Miller to deal with. "She lists me as the client contact on her out-of-office emails, she forwards her phone calls to me, and never finishes what's on her plate before taking off," says Miller.

HOW IT PLAYED OUT

Last summer, Miller spent so much of her time dealing with Katie's clients and unfinished projects that she ended up putting in extra hours to complete her own work. Miller kept mum about the situation upon Katie's return.

THE EXPERT WEIGHS IN

Planning ahead is one of the biggest safeguards against potential problems when coworkers go on vacation, says Carey McBeth, a business etiquette expert in Vancouver. "If you know that a coworker is leaving on vacation and she usually dumps her work on you, set up a meeting to discuss the projects she's working on, the status of each project, who will be taking care of her work while she's away, and what will be completed prior to her leaving."

In Miller's case, McBeth says a private conversation with Katie is long overdue. "Let your colleague know that your work has suffered as a direct result of her leaving you with her unfinished projects. Discuss a plan for the next time she goes on vacation so that it doesn't happen again."

Lisa van de Geyn



Have you faced a tricky work situation? Tell us about it at: tsatov@cpacanada.ca Names can be changed for anonymity

*Name has been changed

SETH

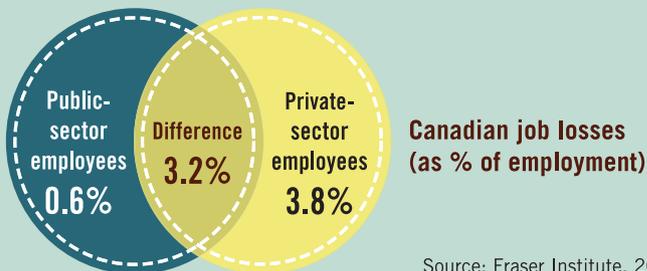
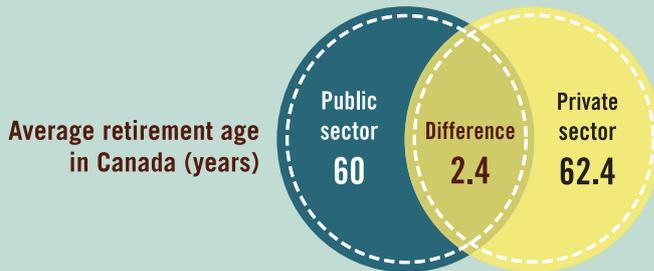
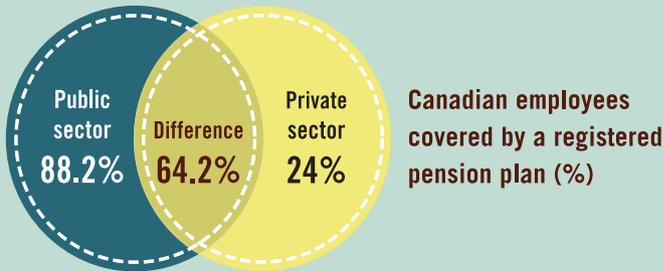
By Tamar Satov



PUBLIC VS. PRIVATE

In an April report, Vancouver's Fraser Institute examined 2011 wage and nonwage benefits for government employees and private-sector workers across the country. Note the comparison — and the gap — in some key areas:

by Steve Brearton



Source: Fraser Institute, 2013

Ode to my hubs, the accountant

When St. Paul, Minnesota's *Pioneer Press* launched its sexy accountant contest earlier this year, readers responded with photos and essays.

But Brittany Metzsig of Roseville took it to the next level, nominating her 34-year-old husband, Charlie, with a poem that read, in part, as follows:

*"All the girls may ooh and ahh
When he talks about GAAP and EBITDA,
But I'm the one he chose for LIFO
Who needs average cost or FIFO?
He shouldn't doubt he always has me
He meets MY standards, and the FASB's.
I do find him especially foxy
When he gets going on Sarbanes-Oxley.
Want to have some real flirtation?
Ask him about accelerated depreciation!
You think a lawyer has seduction?
But can he get me an itemized deduction?"*

We think the rhymes are rather inspired. *Pioneer Press* must have thought so, too — it named Charlie its male winner.

BELIEB IT OR NOT

Apparently, Canadian teen idol Justin Bieber has a little-known fan base among tax accountants. Shannon Mer, a 32-year-old South African CA with a master's degree in tax, says he has an "obsession" with the Biebs — he's seen him in concert 10 times and even took a week off work in March to follow the musician on tour in London, England.

MOVIE MAKEOVER

Your profession may soon take on a dangerous new cachet. A film script for *The Accountant* is making the rounds in Hollywood; it follows a government accountant who doubles as an assassin. Actor Will Smith is considering the lead role for the project, which had been optioned by Warner Bros. and is now with Sony.

BATTLE OF THE BANKS

Credit unions continue to outperform banks when it comes to serving the financial needs of small and medium-sized enterprises, according to a report by the Canadian Federation of Independent Business. Among the big five banks, the Bank of Montreal and Scotiabank were tied with the highest overall scores; CIBC ranked lowest.

BAIBA BLACK



PERSONAL ACCOUNTS

Why I volunteer

Angus Shuttleworth, CA, **cofounder and treasurer, Solidarity in Action**

The idea for Solidarity in Action, which I cofounded with my brother Larry and several others, started when I was travelling in Peru in 2005 and saw people living in homes a step up from cardboard shacks. Our work generally focuses on construction — we just finished a four-classroom daycare centre. Volunteers also teach kids English and work with the medical field to promote health and hygiene.

We're born into privilege, concerned about what size big-screen TV to buy — it's trivial. The people of Peru put things in perspective, and it's good to know that I'm making a difference. I take care of all the financial aspects of the organization; my brother is the worker bee. It's a family affair — my wife came to Peru last year to help. When my one-year-old son gets bigger and has a stronger immune system, we'll bring him with us. There are a lot of valuable lessons in volunteering for kids and adults alike.

As told to Lisa van de Geyn

QUOTABLE

Corruption Inc.

“Criminal entrepreneurs have hijacked the ... advances of globalization for illicit gains [and] become the new CEOs and venture capitalists. Dirty money ... weakens the integrity of markets and gives false hope to vulnerable communities that illicit enterprise can replace fair and transparent markets”

World Economic Forum blog post by David M. Luna, chair of the OECD task force on charting illicit trade

20 YEARS AGO THIS MONTH

Compiled by Steve Brearton

From the August 1993 edition of *CAmagazine*

GST is no tragedy

“In calling the GST an ‘Economic tragedy,’ Adolph Cetinski has let his opinions run ahead of the facts. Compared to other sales tax systems, the GST has many advantages for consumers. Its broad base means the tax is applied uniformly to different goods and services; it makes a lower rate possible. Over time, sales tax [reform] will raise Canada’s potential economic growth.”

Letter to the editor by Don Mazankowski, then minister of finance, Ottawa

A First Nations first

“Friday, December 13, 1985 was anything *but* an unlucky day for Charlene Taylor, because that was when she found out she had passed the UFE. And, as far as she has been able to de-



termine, she is still the *only* female native in Canada to have qualified as a CA. [Editor’s note: We have also tried — and failed — to find another female native CA.] ‘I was never treated differently by my coworkers because I am a native; I always felt the firms saw me as an asset rather than a liability.’”

From People profile “A blending of two cultures,” by Melinda Montgomery



Must Haves

by Alan Vintar

Lytro camera

The Lytro light field camera is a ground-breaking innovation that breaks the bonds of flat, two-dimensional photography. Making use of a light field engine and sensors, the f/2 lens with 8x optical zoom absorbs all the available light rays in a scene and captures three-dimensional images to internal flash memory. This makes it possible, for the first time in history, for pictures to be focused, refocused and saved after being taken.

Price:

8GB — \$399.99

16GB — \$499.99

www.lytro.com



Going Concern



**GREG WIGHT, FCA
PRESIDENT & CEO
ALGOMA CENTRAL CORP.**

COMPANY PROFILE: Based in St. Catharines, Ont., Algoma Central Corp. is the largest owner of Canadian-flag

vessels in the country, with a fleet of 32 ships operating on the Great Lakes St. Lawrence Waterway and interests in six ocean-going dry-bulk vessels and one petroleum-product tanker. Founded in 1899 as a railway company, Algoma now has 2,000 employees worldwide with annual revenue of \$560 million in 2012.

HOT FACTOR: In 2011, the company expanded its fleet and ultimate foothold in the domestic dry-bulk transportation sector by acquiring the partnership interest of Upper Lakes Group Inc. in Seaway Marine Transport Inc. based in St. Catharines. A successful restructuring of business units under one management team garnered Algoma a spot on Deloitte's list of the best-managed

companies in Canada last year. The organization also ranked No. 5 for stellar financial performance in *Marine Money* magazine's 2011 list of 84 global publicly traded shipping companies

COOL PROJECTS: Algoma is undergoing a major initiative to renew its fleet with next-generation Equinox Class vessels expected to provide a 45% reduction in air emissions. These will also be the first ships operating on the Great Lakes with exhaust gas scrubbers capable of removing 97% of sulphur oxide emissions generated by engines. So far the company has invested \$300 million for the construction of six ships, the first of which will be in service this summer.

IN HIS OWN WORDS: "We wanted to develop a vessel of the future that was more efficient from an operational standpoint, but also from an environmental one, and we've clearly achieved that. We have a committed group, from our board of directors and management team to our employees, and everyone is rowing in the same direction to make us a strong company."

Rosalind Stefanac



Take advantage of these offers and more



Special offer including 25,000 Welcome Bonus points, and no annual fee for the first year.



Exclusive pricing on Hyundai Sonata Hybrid, Sonata 2.0T, Genesis Sedan, Equus and Santa Fe XL. Up to \$5000 in price reductions on top of our great retail incentive offers.



Save 10% on ProFile T2 software and save an EXTRA \$25 on QuickBooks Accountant Edition.



Save up to 35% off your FedEx Express® shipments.



Save 5-15% on daily, weekly and monthly rates.



Take your technology and applications to the cloud. Virtualizing your IT can save you up to 50%.



Save up to 20% off the web price on a variety of top products such as ThinkPad and IdeaPad laptops, and IdeaCentre desktops.



Save over 60% from catalogue pricing on all office products (excluding NET price items) and save 20% on all furniture items.



Preferred pricing on high-quality custom frames for members.

Go to cpamembersavings.ca

The Member Savings Program is now available to all CPAs, CAs, CMAs, and will soon be available to CGAs participating in unification.



Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

Enrollment begins for two key CPA education programs

Two critical components of the new CPA certification program are now set to launch. This summer, the CPA Prerequisite Education Program (CPA PREP) will be offered across Canada, except in Quebec. The CPA Professional Education Program (CPA PEP) will also roll out in Western Canada in September, ahead of the program's launch in the rest of Canada planned for 2014.

CPA Prerequisite Education Program

CPA PREP is a fast-paced, part-time bridging program offering a blend of online, self-study and classroom learning. It is designed for those with an undergraduate degree in a discipline other than accounting, but who lack some or all of the prerequisite courses required for admission to CPA PEP.

"We intentionally made CPA PREP a modular program so candidates need only complete those modules they require," says Tashia Batstone, MBA, CPA, FCA, vice-president, education, CPA Canada and co-chair of the CPA Certification Steering Committee (CSC). "The introduction of CPA PREP ensures that all business and nonbusiness students who aspire to become professional accountants are given that opportunity."

CPA Professional Education Program

More than 700 candidates in Western Canada have registered for CPA PEP. CPA Canada developed CPA PEP for regional delivery as a two-year part-time program that candidates can take while they gain practical experience by working in relevant, progressive positions.

"The new CPA PEP will provide a solid education for candidates aspiring to be a professional accountant in Canada," says Sheila Elworthy, vice-president, CA School of Business (CASB), which is offering CPA PEP on behalf of the profession in Western Canada. "The program incorporates the best resources from each of the legacy bodies' existing programs and improves on them." CASB's education staff has spent the summer training CAs, CMAs and CGAs from Regina, Winnipeg, Calgary, Edmonton and Vancouver to be facilitators and session leaders in preparation for the launch of the program in September.

CPA PEP comprises six modules, all designed to enhance candidates' ability to apply professional knowledge, values,

ethics and other enabling skills in a professional context. Candidates will take:

- two common core modules aimed at developing competencies in management and financial accounting, in addition to integrating six core technical competency areas;
- two elective modules that will allow them to develop deeper skills in their areas of career interest. Four electives will be offered — assurance, performance management, tax and finance — of which candidates choose two. Those pursuing careers in public accounting must take assurance and tax;
- a capstone integrative module, in which candidates work in teams to develop enabling competencies such as leadership and professional skills and integrating the core competencies;
- a capstone evaluation preparation module to prepare CPA candidates for the Common Final Evaluation.

Candidates must complete CPA PEP, pass a comprehensive, multiday Common Final Evaluation and complete a period of qualifying practical experience to be certified as a CPA.

Shaping the CPA qualification process

The CPA education process has been in development for more than two years under the direction of the CSC. This team of education leaders from CA, CMA and CGA bodies, supported by academic advisers, has been committed from the beginning to shaping a qualification process that will position the CPA designation as a respected business and accounting credential valued at home and globally for its financial expertise, strategic thinking, business insight, management skills and leadership.

The goal of the CSC was to develop a CPA certification program that would maintain the rigour of the legacy designations, ensure that new CPAs would possess the competencies necessary to meet the needs of business, industry and government and support those transitioning from legacy designations. Moreover, it was to be a program that would open the profession's doors to a diverse field of prospective candidates.

Twelve working groups, made up of more than 150 experts in accounting education, public accounting, the public sector and industry, were tasked with identifying the best components of the current programs and incorporating them in a new qualification process under the national CPA banner. "They became involved in designing and fine-tuning every aspect of CPA qualification, from academic prerequisites to a graduate-

level PEP; from practical experience requirements to examination frameworks; and from specific requirements for public accounting to transitional bridging programs,” explains Batstone.

The creation of The CPA Competency Map, the first critical step, involved about 40 CA, CMA and CGA staff and accounting academics. Together they laid the foundations for the graduate-level CPA PEP and identified common competencies across the three designations with a view to encouraging cross-competency integration. In addition to determining what new competencies needed to be added to the curriculum, they prioritized and reshaped existing core competencies to best meet current and future needs.

In the new program, candidates would be allowed to choose two electives to explore in greater depth, in addition to developing the enabling skills required of every CPA.

The CPA Competency Map sets out the qualifying competencies, professional education requirements and learning outcomes necessary for both CPA PREP and CPA PEP.

The focus of the CSC is now on providing transitional bridging courses to those currently enrolled in legacy programs. There are differences between the CPA program’s prerequisite education

requirements and those of the legacy programs. Several bridging modules are being developed to address these differences and to make the transition seamless.

Also under development is a separate midtier credential program for those aspiring to a career in accounting but not as a qualified CPA. This program will have entrance, education and assessment requirements, and for those who later decide to advance to the CPA PEP program, a bridging program will be available.

The CSC and other education leaders consulted widely with key stakeholders in Canada and internationally about the design and makeup of the CPA designation’s certification program. The feedback they received indicates the CPA education program meets or exceeds all standards set by the leading global bodies, including the International Federation of Accountants.

With the launch of CPA PREP and CPA PEP, the CPA certification program is well underway and CPA Canada takes another important step toward creating the pre-eminent, internationally recognized Canadian accounting designation and business credential that best protects and serves the public interest.

To learn more about the CPA certification program, please visit www.CPAone.ca and www.cpaCanada.ca.

New IFRS resources for extractive industries

JUNIORS IN THE OIL AND GAS and mining industries can find new IFRS application resources on the Chartered Professional Accountants of Canada (CPA Canada) website. A broad range of issues of particular interest to CFOs, controllers and auditors of junior companies in these sectors is discussed in the Viewpoints series. Recent additions include:

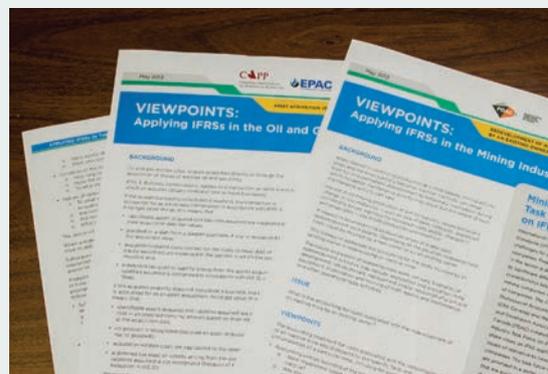
Viewpoints: Applying IFRSs in the Mining Industry

- **Impairment of Exploration and Evaluation Assets** discusses how modifications in IFRS 6 affect the assessment of E&E assets for impairment. Updated this spring, the document includes a discussion of market capitalization in the context of impairment testing.
- **Redevelopment of an Inactive Mine by an Existing Owner** discusses the accounting for costs in this circumstance.

Viewpoints: Applying IFRSs in the Oil and Gas Industry

- **Asset Acquisition versus Business Combination** discusses how an acquirer of an oil and gas property determines whether it meets the definition of a business under IFRS 3 and associated accounting implications.

“In many ways, financial reporting in the extractive industries is atypical,” says Alex Fisher, IFRS principal, CPA Canada. “The CPA profession is pleased to collaborate with industry on the Viewpoints series to provide insight into IFRS application issues.”



The papers included in the Viewpoints series reflect the views of the Oil and Gas Task Force on IFRSs created by the Canadian Association of Petroleum Producers, the Explorers and Producers Association of Canada and CPA Canada; and the Mining Industry Task Force on IFRSs created by the Prospectors and Developers Association of Canada and CPA Canada.

To submit an issue for consideration by either task force please email afisher@cpacanada.ca.

Viewpoints papers are available for free download. Visit the CPA Canada (www.cpacanada.ca) website and click on the Applying the Standards tab to find the Viewpoint series and other IFRS application resources. You will also find resources to assist in the implementation of other accounting and assurance standards.

Call for nominations — CPA Canada's Award for Excellence in Income Tax

DO YOU KNOW AN EXCEPTIONAL INCOME TAX specialist who consistently serves the profession through the dissemination of tax knowledge or his or her positive impact on tax policy or administration? If so, we want to hear from you.

CPA Canada is sending out this call for nominations for our 12th annual Award for Excellence in Income Tax to help us gather a list of individuals who best exemplify the highest qualities of an income tax specialist in Canada.

Nominations will be accepted electronically throughout the summer and the winner will be announced in Toronto at CPA Canada's National Conference on Income Taxes for SMPs on October 16 and 17, 2013.

To learn more about the Award for Excellence in Income Tax, our National Conference on Income Taxes for SMPs or to nominate an individual, please visit: www.castore.ca/ncit.

Ad campaign set to launch

THE CPA PROFESSION will launch a CPA brand campaign in September 2013. The campaign is intended to raise awareness of the emerging profession and new designation and convey the professionalism and expertise of the CPA and its members. New CPA brand advertising will include television, print, online, as well as billboard and transit ads. Look for more details in the September edition of *CAmagazine*.

THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS

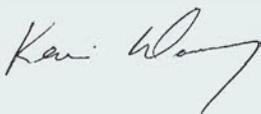
NOTICE OF ANNUAL MEETING

Bermuda, September 25, 2013

THE ONE HUNDRED AND ELEVENTH ANNUAL MEETING of the members of The Canadian Institute of Chartered Accountants will be held in the Fairmont Southampton Hotel, 101 South Shore Road, SN02, Bermuda, on Wednesday, September 25, 2013, at 09:00 hours (local time) for the reception of the reports of the Chair and the Board of Directors; the reception of the financial statements of the Institute for the fiscal year ended March 31, 2013, together with the auditor's report thereon and for the transaction of such other business as may properly come before the meeting.

Sub-section 20(3) of the by-laws permits members to be represented by proxy at any annual or special meeting of members of the Institute and provides that no proxy shall be exercised by a person who is not a member of the Institute. If any member wishes to be represented by proxy, any proper form may be used. As a convenience to members, however, a form of proxy has been posted on CICA's website. Proxies for use at the meeting should be returned promptly to the attention of Mr. Walter Palmer, Fasken Martineau LLP, 333 Bay Street, Suite 2400, Bay Adelaide Centre, Box 20, Toronto, ON M5H 2T6.

Dated this 1st day of August 2013



Kevin J. Dancey, FCPA, FCA
President & CEO



Shelley Brown, CPA, FCA
Chair of the Board of Directors

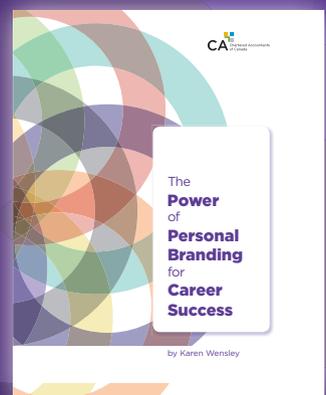
What's your competitive edge? **Know Your Personal Brand.**



The Power of Personal Branding for Career Success

Whether you're embarking on a new career, hitting your stride in your current role, or planning your next move, *The Power of Personal Branding for Career Success* will help you focus your strengths and develop a clear career path.

The straightforward 8-step process, real-world examples and supporting worksheets are designed to help you manage your brand and increase your visibility.



For more information or to order, visit:
CAstore.ca/personalbranding



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

Standards digest Want to be kept informed? Log on to www.frascanada.ca/subscribe

RECENTLY ISSUED PRONOUNCEMENTS

CICA Handbook – Accounting	Date issued†
Part I	
Amendments Regarding Incorporating IFRSs into Canadian GAAP	July 2013
CICA Public Sector Accounting Handbook	
Amendments to Sections PS 2601 and PS 3450 Regarding Transitional Provisions	August 2013

RECENTLY ISSUED DOCUMENTS FOR COMMENT (to July 31, 2013)

Accounting	Comment deadline
EDI Agriculture: Bearer Plants	September 27, 2013
ED Consolidations	November 18, 2013
SOP Improvements to Not-for-Profit Standards	December 15, 2013
ED Joint Arrangements	November 18, 2013
EDI Regulatory Deferral Accounts	September 4, 2013
ED Reporting Employee Future Benefits by Not-for-Profit Organizations	August 27, 2013
Auditing and Assurance	
ED Standards for Review Engagements	October 11, 2013
Public Sector	
SOP Improvements to Not-for-Profit Standards	December 15, 2013
rED Related Party Transactions	September 4, 2013

WATCH FOR

New or amended standards

Amendments to IFRS 9 Regarding Hedge Accounting
Amendments to IAS 39 and IFRS 9 Regarding Novation of Derivatives and Continuation of Hedge Accounting
Revenue from Contracts with Customers (new IFRS)

Documents for comment

Fair Value Measurement: Unit of Account (AcSB EDI)
Insurance Contracts (AcSB EDI)
Leases (AcSB EDI)
Auditor Reporting (AASB EDI)
Auditor Review of Interim Financial Statements (AASB ED)
Reports on Supplementary Matters (AASB ED)
Assets, Contingent Assets and Contractual Rights (PSAB SOP)
Revenue (PSAB SOP)

Legend

ED – Exposure Draft

EDI – ED based on IFRS/ISA

rED – Re-exposure Draft

SOP – Statement of Principles

† Refer to each Handbook pronouncement for the effective date and transitional provisions.
The information published above reflects best estimates at press time. Please visit our website for the most recent information.

Only \$9.99!
SPECIAL BULK PRICING
AVAILABLE FOR MEMBERS



Help your
clients get
financially fit.

A Canadian's Guide To Money-Smart Living

Simple everyday solutions are available. They start with learning the basics, being comfortable with the topic of money in the household and finally, asking you, the financial expert, the right questions.

A Canadian's Guide to Money-Smart Living will help with understanding how to live money-smart and provides step-by-step instructions on how to become financially free.

Helps ordinary people solve ordinary financial problems.

Start down the path to money-smart living!

For more information or to order, visit:
CAstore.ca/moneysmartliving



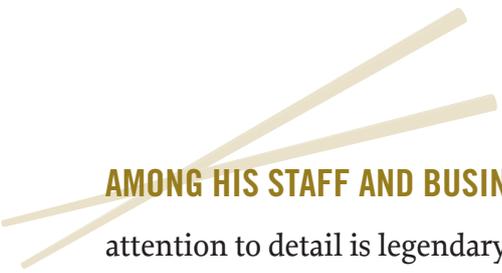
2013 EIFLE
Award Winner



Hottest meal ticket in TOWN

Restaurant impresario Michael Aronovici made US brands Pizza Hut and Starbucks smash hits in Quebec. Now he's staging his most ambitious production yet: bringing the lucrative P.F. Chang's China Bistro to Canada

By Paul Brent



AMONG HIS STAFF AND BUSINESS PARTNERS, Michael Aronovici's attention to detail is legendary. As the president and owner of Interaction Restaurants Group Inc., he hand selected 56 vintages for the bulging wine list at the first location of his latest restaurant venture — P.F. Chang's China Bistro, a US-based chain he holds the rights to operate on this side of the border. The process took weeks as he paired wines with Chinese dishes — no simple task in itself — and bottles were added or subtracted as last-minute supply concerns cropped up prior to the Toronto launch last summer. For the open-

Photography by PAUL ORENSTEIN





“The restaurant business is like managing a Broadway show every night. You need to be incredibly detail-oriented, have tremendous social skills and tremendous financial acumen.”
By all accounts, Aronovici has these traits by the plateful

ing of the restaurant’s second location in Montreal earlier this year, he created an entirely different wine menu, customized to local tastes and provincial availability of supply and again had to make last-minute revisions.

“It was touch and go,” says Cary Mausner, director of operations at P.F. Chang’s Canada and Aronovici’s right-hand man, who marvels at his boss’s exacting standards. “I had to reprint the [wine] menu probably three days before we opened in Montreal.”

In a business comprised of a million little details, making sure everything is just right before the doors open on a new restaurant is not merely the indulgence of a micro-manager. Aronovici must replicate as faithfully as possible the taste, touch and ambience P.F. Chang’s is known for, including the 10-foot horses that guard the entrances, the terra-cotta warrior statues inside the restaurants, the training of staff and the dozens of signature dishes, which are famously challenging to prepare. Aronovici describes it as Chinese-inspired Asian fusion that characterizes the unique upbringing of the chain’s cofounder, Philip Chiang, who was born in Shanghai and raised in Japan before moving to California as a student. The restaurant has no direct competitors mainly because it is too difficult to imitate, says Aronovici.

The stakes are high. P.F. Chang’s boasts the second-highest sales per square foot among the top 100 restaurant chains in the US and each location is a business in its own right. The beautifully appointed, 8,000-sq.-ft. stores cost approximately US\$4 million to build, employ 175 people and churn out about US\$5 million in annual sales. The margin for error is also less in Canada than in the US, with our higher food costs, wages, benefits and taxes. Not to mention Canadians eat out less.

“The restaurant business is like managing a Broadway show every night,” says Gideon Pollack, vice-president of business development at Claridge Inc., the Bronfman family’s investment company and Aronovici’s main minority investor with a 30% stake in P.F. Chang’s Canada. “You need to be incredibly detail-oriented, you need to have tremendous social skills and tremendous financial acumen.”

By all accounts, Aronovici has the requisite traits by the plateful. He’s meticulous, as well as a strategic big-picture thinker with a knack for selecting the best possible store locations, says Pollack. “He is strong on so many levels that the more you see it, the more you want to stay away from any restaurant deal without a partner like that.”

The proof, as they say, is in the pudding. Before Aronovici’s involvement with P.F. Chang’s, Interaction purchased or built and then sold four very different restaurant and food service operations, including Pizza Hut and Starbucks — brands that he single-handedly turned into household names in Quebec. And

although he is not a household name in the Canadian business world, he is one in the clubby food industry; he’s been a long-serving director of the Canadian Restaurant and Foodservices Association and was chairman of the board in 2008-2009.

After leaving with a “bunch of cash” from the sale of his Starbucks operation in 2008, Aronovici soon went looking for an opportunity and found it in P.F. Chang’s. The chain was eyeing the Canadian market, having successfully expanded to countries as diverse as Mexico and Dubai, and was looking for a partner. Aronovici presented his business case to P.F. Chang’s management team at a convention in Las Vegas in the spring of 2009, with no employees or infrastructure, just a record of steady success.

“What attracted us to Michael was his Starbucks background,” says Mike Welborn, president of Global Brand Development at P.F. Chang’s. “We have had very good success with Starbucks partners in other parts of the world. They seem to get what our brand is about, they get a lot of the process that we have put in place, they work pretty well with us.”

As it turned out, P.F. Chang’s new Canadian licensee had one more advantage over the many suitors lined up at the Arizona-based chain’s door. After winning the rights to the restaurant chain, Aronovici got the financial backing of one of Canada’s richest families. “[In Montreal] nothing is more blue chip, no one speaks of integrity better than the Bronfman family,” he says.

With well-established relationships through the city’s business and Jewish communities, Aronovici approached Pollack at Claridge, whom he knew well. Getting in Claridge’s front door was easy, but getting the Bronfmans’ backing was no cakewalk. “Before anyone cuts you a cheque for several million dollars, there is going to be due diligence, there is going to be discussion, there is going to be negotiation,” says Aronovici. “Nothing is easy, nothing just kind of falls in your lap.” He eventually won Pollack’s approval and that of the firm’s chairman, Stephen Bronfman.

While it’s still early days, the brass at P.F. Chang’s have also shown confidence in their man in Canada, and are now in the process of granting him the exclusive licensee rights to the western provinces. Aronovici is proud of the fact that he is the only individual who has the rights for the US company around the world. Everywhere else it has expanded, those rights are held by corporations. “So they took a risk with me, I think a well-calculated one,” he says. “I think they won’t be disappointed.”

An entrepreneur from the start

An accidental restaurateur, Aronovici practically stumbled into the business after earning a bachelor of commerce degree (great distinction) from McGill University in 1984 and obtaining his

CA designation with Richter & Partners Inc. in Montreal in 1987. He soon realized he wasn't interested in the traditional audit function and instead wanted to pursue corporate finance. Rather than send him out the door, Richter encouraged him to establish a finance practice within the firm. One of his early clients was Interaction Restaurants Group (then Interaction Finance), which lured him away from Richter in 1990 to become its vice-president of investment and development and an equity partner.

Aronovici quickly became a rising star in the restaurant industry for his work on the Cultures and Salisbury House restaurant groups in the early 1990s. But it was his success with Pizza Hut that established him as the operator of choice for US chains looking to win in North America's most foreign of markets, Quebec. He built and ran a string of 38 Pizza Hut outlets in the greater Montreal area, adapting and integrating them into the provincial fabric.

A "Montreal boy," his knowledge of the tastes and preferences allowed him to avoid the stumbles that many outsiders made in Quebec. Pizza Hut tried and mostly failed to run its own corporate stores in the province, getting enough little things wrong — such as not putting the cheese on top of the other pizza ingredients as Quebecers prefer, or using cooked pepperoni — to tip the balance before handing over responsibility for the region to Aronovici.

"Mike has sort of evolved into a career of being very good at running these branded-type operations," says Robb Chase, a former Pizza Hut executive who worked closely with Aronovici. The six-foot-three-inch restaurateur, whose slender build shows

that his passion for staying fit outpaces his passion for food and wine, sweats both the big and the small stuff. "He has great vision and is a great strategic thinker, but he's also very good at getting down to a level of detail, and understanding the economics of what makes a single unit profitable and cash-generating. He is one of the best guys I have ever seen at being able to do both ends of the spectrum."

It was that Pizza Hut track record that attracted US coffee icon Starbucks Corp. Through the go-go '90s, Starbucks was on its run to become the world's largest coffee chain, its distinctive green logos popping up seemingly everywhere at once. But even the mighty Seattle chain hesitated when it came to entering Quebec. After some study, it decided it needed a local partner.

Even with its immense size at the time — it had more than 3,000 stores — Starbucks was wary of misstepping in *la belle province*. Quebec's language laws and more European coffee culture were hurdles; coming in and taking on established locals such as Van Houtte Inc. added to the concerns. It was all underlined in the fall of 2000 when three Second Cup Ltd. outlets were bombed by anti-English group Brigade d'Autodéfense du Français, protesting a decision to allow that chain to keep its English name in Quebec. In the province, store signage identified outlets as Cafe Starbucks Coffee, the only place the chain allowed for a name change as a nod to local wishes.

Handing over control, even for a market as different as Quebec, was not a decision that the coffee giant took lightly. Protective of



190 Reasons

Membership with the Canadian Payroll Association is essential as payroll is responsible for understanding and complying with the 190 regulatory requirements related to the \$830 billion in wages and benefits, \$260 billion in statutory remittances to the federal and provincial governments, and \$90 billion in health and retirement benefits that Canada's 1.5 million employers annually pay.

The Canadian Payroll Association is committed to providing accounting professionals and their organizations with the payroll-related services required to keep compliant and knowledgeable!

Member Benefits Include:

- ✓ **Unlimited Access to CPA's #1 Service, Payroll InfoLine** – This telephone and email 'hotline' answers over 32,000 inquires each year.
- ✓ **Member Pricing for Professional Development Seminars on 20+ topics and monthly web seminars**
- ✓ **Payroll Resources at www.payroll.ca and other publications**
- ✓ **Enhance your payroll knowledge** through the only payroll certifications in Canada:
 - **Payroll Compliance Practitioner (PCP)**
 - **Certified Payroll Manager (CPM)**

THE CANADIAN
PAYROLL
ASSOCIATION

CPA

L'ASSOCIATION
CANADIENNE
DE LA PAIE

ACP

DE LA PAIE

CONTACT US:
1-800-387-4693 or
416-487-3380

Professional Development
Seminars & Web Seminars
ext. 118 • register@payroll.ca

Membership
ext. 118 • membership@payroll.ca

www.payroll.ca

90 of Canada's top 100 companies count on the CPA for their payroll education and knowledge

Starbucks CEO Howard Schultz said, “I’m giving you my baby,” Aronovici recalls. “He said if I effed up, he would — and I’ll just paraphrase — do physical harm to me.” But he never “effed up” and in 2008 Starbucks made him an offer he couldn’t refuse

its brand image, Starbucks grew more slowly than it could have by choosing to own its store base, rather than franchise them out — the faster, preferred method in the coffee game. It did make licensing deals in unconventional places such as bookstores and airports, but preferred to go it alone. Even for a US\$2.7-billion operation at the time, handing over Quebec to some fellow in Montreal, even if he did know his stuff, was a gamble.

Aronovici found out just how high the stakes were when he went to Seattle as a 38-year-old to sign the deal. Starbucks’ larger-than-life CEO Howard Schultz told him “I’m giving you my baby. I’ve never done this before,” the Montrealer told *Canadian Business* in a 2001 interview. “He said if I effed up, he would — and I’ll just paraphrase what he said — do physical harm to me.”

Ultimately, he never “effed up” and in 2008 Starbucks, thirsty for growth, made an offer for Aronovici’s Coffee Vision Inc. operation that he couldn’t refuse. Starbucks wanted to grow Eastern Canada operations, consisting at the time of 40 licensed locations in Quebec and Atlantic Canada and 740 employees, far faster than its licensee ever could. And it was prepared to pay handsomely to get its rights back. “They approached us, they had no rights to buy, and we negotiated a transaction,” explains Aronovici. “Suffice it to say that in such a situation it was a fairly attractive transaction for us.”

Aronovici used the money from the Starbucks deal to buy out his foreign partners in the original Interaction Restaurants Group Inc. “As we did every transaction, I never really pulled any money out of Interaction,” he says. “My partners were now in their 70s and decided to stay overseas. We basically parted ways in an extremely amicable way, in fact I still speak to these people regularly, they are like my family.”

As for Aronovici’s real family, the 51-year-old divorcé has three children aged 13, 15 and 17, with whom he spends most of his downtime. “I’m involved in their lives, see them regularly and they are the most important things in my life,” he says. But he doesn’t expect them to follow in his footsteps. “I talk about my business with them and I try to instill in my kids an interest in business matters. I try not to steer them other than in saying that I want them to follow their interests. I don’t see this as something I pass on from generation to generation.”

If his children aren’t drawn to the restaurant business, perhaps they’ll pursue accounting — after all, it’s now more than two decades since Aronovici left Richter and he still maintains his CA designation. “There is no question that the technical training is useful, especially in analyzing business results as well as potential acquisitions or divestitures,” he says. But don’t look for the CA on his business cards. “I value the designation, I have continued to keep it up, but I don’t widely advertise it,” he

explains. “Because in this industry, if you do that, you sometimes get pigeonholed, people regard you in a different manner.”

P.F. Chang’s Welborn, for example, had no idea of Aronovici’s accounting background, but wasn’t surprised. “His attention to detail is unparalleled,” he says, adding that he understands his Canadian partner’s reticence. “I guess CA comes with all sorts of personality stereotypes and foodie is not one of them.”

Neither is wine aficionado — but Aronovici is both. Jeff Berkowitz, head of Montreal-based Aurora Realty Consultants, who helped Aronovici secure more than 50 real estate locations for his various businesses over the years, loves going out with his foodie friend. “Whenever he asks, ‘Where do you want to go and what do you want to drink?’ I let him choose,” he says. Mausner recalls dining at a Toronto restaurant with Aronovici and five other colleagues when the boss brought along six bottles of wine from his private collection. “They were all pretty amazing and it was quite an ordeal even deciding in what order we should drink them,” he says. “His eyes light up and he gets very excited describing how he found this wine, why he loves it, what he feels it goes with.”

Fortunately for Aronovici, P.F. Chang’s third location — which opened in June — is in Montreal so he didn’t need to create another customized wine list. He will, however, be called upon to hand select the wines for his fourth location in St. John’s, Nfld., which is set to open next spring and comes with a “magnificent location right on the ocean.”

In all, Aronovici intends to open 20 to 25 locations across Canada over the next decade. If all goes according to plan, the expansion could be complete by his 60th birthday. “That wouldn’t be a bad present,” he says.

Just don’t expect him to shut it down when P.F. Chang’s reaches maturity. Aronovici continually hungers for the opportunity to create, cultivate and run the businesses that he has developed. “I love to work,” he says. “I don’t plan to sell my businesses. I build and I operate them as if I am going to operate them for infinity. But if you make the correct business decisions, people are interested in buying what you have built.”

Chances are good that P.F. Chang’s will not be Aronovici’s final production. “I can do more than one thing at a time,” he says, noting that The Cheesecake Factory restaurant operation — the only US chain boasting higher sales per square foot than P.F. Chang’s, according to Aronovici — is considering an expansion into Canada. “I do speak to people all the time and yes, American brands do contact me. The next one I won’t have to start from a standing start.”

Paul Brent is a freelance writer based in Toronto

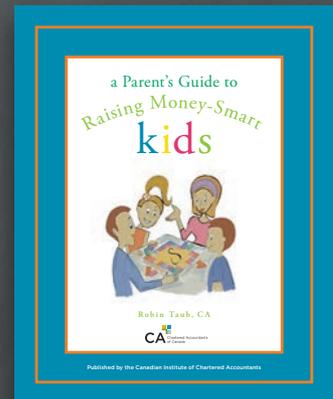
**SPECIAL BULK PRICING
AVAILABLE FOR MEMBERS**

 **National
Best seller!**

ARE YOUR KIDS MONEY- SMART?

A Parent's Guide to Raising Money-Smart Kids explains **WHY** it's important to help children become financially literate and describes **HOW** to do it.

The easy-to-read book addresses children at different stages on five key aspects of money management — **EARN, SAVE, SPEND, SHARE** and **INVEST**.



Be sure to keep a copy on your desk to spark discussions with your clients — or provide them with their own copy as a value-added bonus to your services!

Order today at castore.ca/moneysmartkids
or kobobooks.com

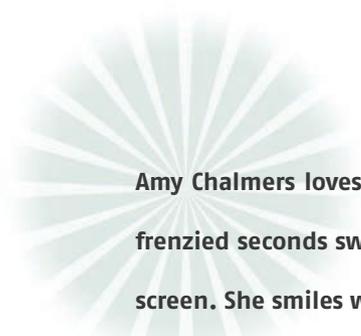


Corporations are using the power of video games and other online tools to inject a big dose of fun – and lots of interactivity – into their teaching methods

Train with

By Rosalind Stefanac

NO PAIN



Amy Chalmers loves slicing sushi – the virtual kind, at least. Every workday, she spends about 90 frenzied seconds swiping through the nigiri pieces and California rolls floating across her computer screen. She smiles when she makes a clean pass across the middle of a roll and the pieces fall away.

Chalmers is playing Samurai Sushi — a computer game with a twist. Every so often, the screen will freeze and a question about personal tax will pop up. “I have to answer it before I get back to play,” she says. The game gives her a point if her answer is correct, but it also shows an explanation of the question at hand. “Eventually I start knowing more and more,” she says. (This particular day, the theme is RRSP tax credits.)

Samurai Sushi is one of three or four games that Chalmers and other student accountants preparing tax files at Vancouver-based accounting firm MacKay LLP

have integrated into their routines. “It’s a little fun thing we’re allowed to do and I know it’s going to be short and benefit me,” she says. Every game is interrupted by five or six varying questions — multiple choice, match the components or fill in the blanks — developed by trainers at the firm and based on a variety of tax rules. The more answers employees get right, the more points they accumulate to bid on auction prizes, ranging from coffee cards to iPads or even vacation time.

Gone are the days when video games were the domain of reclusive teenagers frittering away the hours

illustration by **JOHNNY UELAND**



in their parents' basements. Now corporations are leveraging the power of gamification, as it's dubbed in the training industry, to make training fun. Many are also forgoing PowerPoint-plagued classroom lectures and costly conferences for interactive online learning options that make learning accessible on practically any electronic device. Or they're combining a little old with the new. In so doing, they're discovering a workforce that is much more motivated to keep on learning.

The gaming platform used at MacKay is the brainchild of Waterloo, Ont.-based Axonify, which boasts customers in retail and manufacturing, among others. CEO Carol Leaman, an accountant herself, says extensive research shows that bite-sized, targeted learning is much more effective than traditional methods. "We're not suited to sitting and listening to long, comprehensive bodies of content, especially if there is no reinforcement," she says. "And with this system, we might start on the

same questions on day one, but if I get them right and you get them wrong, the platform intelligently knows you're going to need more repetition." Leaman says the statistics show that gaming and rewards drive participation and result in a better-trained and motivated workforce.

So far that's proving true at MacKay, where tracking reports show 100% of employees enrolled in the program are using it regularly. "I have my eye on that vacation day so I'm trying to rack up my points," says Chalmers. "There's also some friendly competition because we get to see who has the most points at the end of the week."

At Capital BlueCross in Pennsylvania, where the gaming system was first piloted in the accounts administration area, a key benefit was helping employees reinforce their knowledge without pulling them off their jobs and disrupting workflow. "In any environment where you have to keep abreast of policies and

In North America alone, approximately US\$133 billion was spent on training in 2012 — up 5% from the previous year

procedures, this is a good application,” says Scott Walter, director, operations process improvement and business intelligence. “Our vice-president was adamant about it showing a positive impact on our bottom line and we were able to prove that.”

Doug Harward, CEO and founder of Training Industry Inc., a US-based consulting company that tracks the global training market, says virtually all businesses spend significant time and money (up to 2% of their operating expenses) on training at some point and want to get the best bang for their bucks. In North America alone, approximately US\$133 billion was spent on training in 2012, which is up 5% from the previous year and doesn't include what employees personally spend on education. “Everything around learning these days is about getting access to the right information relevant to my needs and getting it quickly so I can go back to my business,” he says.

This ready access to information has proved a godsend in the accounting profession, where ongoing changes in rules and regulations need to be communicated quickly. “All our people are busy, so finding time for scheduled learning can be challenging,” says Ryan Wildman, a senior manager at Grant Thornton in Toronto who develops and coordinates assurance training. That could be why the proportion of elearning courses at the firm rose to 61% in 2012 from 33% in 2011, based on the need to communicate industry changes and employee demand.

WORK IMITATES LIFE

What's the best way to prepare employees for the real world? Make the training session as real as possible.

First-year employees at Deloitte, armed with their laptops and proprietary audit documentation software, go through a five-day audit simulation together in the classroom, complete with email interruptions from mock clients sending additional information to simulate an actual audit experience. When details are missing, they're prompted to set up meetings with clients, played by managers in their practices.

At Ernst & Young, the simulations extend after hours. The firm recently tried a pilot program where tables and chairs were removed from a training room to mimic a cocktail environment. “Some of the simulation addressed simple things like how to hold a glass and plate when introducing yourself,” says Diana Brouwer, Canadian learning leader. “People loved it and felt better equipped to be in that kind of client environment outside the office.”

For more information on new methods of training, go to camagazine.com/training2013.

Wildman says many staff members prefer elearning to live sessions because of the convenience. They also like being able to replay information if needed. “Otherwise, if a person misses a key detail in a live event, that learning opportunity is lost,” he says. There's no ducking out of mandatory sessions either. Employees' elearning records are monitored to ensure they're completing courses in a timely fashion.

It's no surprise that more and more companies are making use of the Internet's limitless capacity and creating learning portals where employees can access a whole bounty of continuing education sessions, videos, reports, presentations, virtual conferences and other learning modules on demand.

Some are even taking it a step further by developing online learning platforms that train employees in a systematic way throughout their time at an organization. Four years ago, for example, KPMG started its “business school,” composed of live and elearning elements geared to developing business and leadership skills. Individuals fill out an assessment based on their practice level and are linked to resources and/or courses that can help them develop their core competencies. There are hundreds of offerings, both mandatory and optional. Cam French, a senior tax specialist in his third year at KPMG in Edmonton, says he takes up to 15 optional courses annually depending on his client base and the issues coming up. “When I was in audit I had a lot of customers in the construction business so I took things like how to account for construction revenue,” he says. “The system tracks every course I've taken and I can always go back to review materials months or even years afterward, which is great.”

Desire2Learn, a Kitchener, Ont.-based training software developer, provides a learning environment that can even be used to groom future leaders. A manager who sees leadership potential in a junior auditor, for example, could plot requirements essential for a front-runner in the organization, then match courses for the employee to take over the years. “It allows you to mentor them and systematically develop them by providing courses that match their competencies,” says Jeff McDowell, vice-president of marketing and business development. “Corporations used to look at learning as a one-off but now it's really about learning over time and adapting the learning environment to individual needs.”

At CPA Canada, Desire2Learn's system is helping facilitate a comprehensive tax training program that was rolled out for some 550 accountants across the country last fall. (Since it's a three-year program, more than 1,500 accountants will eventually be enrolled.) The program uses elearning, social media and live sessions to teach tax concepts and assess employees throughout. Organizations sponsoring staff through the program get reports on how their crews are faring along the way.

Frank Colantonio, CPA's director of continuing education, says the mix of elearning, live sessions and online forums — where

trainees can post questions and have discussions with others in the program — has been a hit. Going forward, part of the tax cohort will participate in a pilot program where they will be given tablets to test how the program works on mobile applications. “With all our education, we’re looking at technology to create more value in the time spent face to face,” he says. “Let’s see what we can pull out of that [live] session and deliver differently as an elearning module or video ahead of time.”

Janani Balendran, a senior tax analyst at Deloitte in her first year of the program, says the online pre-work and discussion forum really enhance the live sessions. If she were to sit in a lecture, she might be tired and not absorb everything. “[The new method] forces you to be on top of your game. You have to come prepared to answer questions and share what you’ve learned.”

This blended approach to learning, in which technology is used to enhance traditional methods, is being adopted across organizations with substantial success. At Deloitte, all face-to-face classroom sessions start with required online reading and analysis so attendees are ready to talk about complex scenarios when they meet. “We have turned people away at the door if they haven’t completed the work — even if they are at the senior level,” says Andrea Humber, a partner at Deloitte who is responsible for assurance and advisory learning in Canada.

Even the live sessions use very few PowerPoint slides; instead, employees are encouraged to share their perspectives under the guidance of a facilitator. “We don’t have classroom lectures

anymore because we find a coaching style of learning far more effective,” says Humber. “It’s a completely different approach.”

Reinforcing that learning day to day is another key objective for many organizations. At KPMG, all training is based on the premise that 70% of learning takes place on the job. “We realize if we want to develop our people to their full potential, it’s not going to happen sitting in a classroom,” says Kristy Carscallen, partner and chief human resources officer. “Once employees get their initial training, it’s all about giving them the right opportunities to put that learning into practice, be that with a new client project or a secondment in a particular industry.”

Social media is also helping employees stay connected before and after the formal learning is over. At PwC, new hires, new managers and other staff can start talking virtually before they even meet, via a global networking platform called Spark. “They play ‘get to know you’ games online and get status updates on the course details,” says Sandra Medeiros, the firm’s director of learning and development for audit and assurance practice. “After they meet in person for the three- or four-day course, they go back to their offices all over the country and can still keep in touch.” Medeiros says they will sometimes post pictures taken during the course or check in with peers and instructors with ongoing questions and comments online. “Think of it like Facebook for the workplace,” she says.

Rosalind Stefanac is a freelance writer in Toronto

You’re on vacation. Your job search isn’t.

Our team at ZSA Accounting is constantly looking for great opportunities for our candidates. So while you are on summer vacation, sipping mojitos, let us take care of your career.

Have a seat, trust ZSA Accounting.

Paul Landry CA, MBA
plandry@zsa.ca
1-855-906-0878 ext. 322

Chris Badali CA, MMPA
cbadali@zsa.ca
416-642-9431 ext. 260

Rivkah Hoffman
rhoffman@zsa.ca
1-800-401-9773 ext. 293

MONTREAL · TORONTO · CALGARY

zsa.ca
Follow @zsa_accounting on Twitter



Mr. Snafu



~ gets real ~

Mr. Snafu makes a foray into reality TV, but the ideas he receives are unreal

Mr. Snafu's frequent truancy from these pages has more often than not been a consequence of his intermittent sojourns at some of Canada's finest sanatoriums. Unfortunately, the stresses of being a sought-after expert are overwhelming and inevitably require yet more periods of rest and rejuvenation.

Shortly after the latest such period, a friend presented Mr. Snafu with the opportunity of producing a business-themed reality television program.

Why Mr. Snafu, you ask? It may interest you to know, dear reader, that Mr. Snafu had at one time eschewed his dream of being a tortured, Hemingwayesque novelist in favour of a more realistic vocation: being a famous Hollywood screenwriter. Alas, Mr.

Snafu soon learned that success in Tinseltown is as elusive as a Beverly Hills lady of the evening who gives discounts. He decided then to turn his attention to the more worthy pursuit of accounting.

Not wanting to tax (no pun intended) his somewhat jangled nerves and figuring this was his chance to help Western society elevate the dismal state of television programming, Mr. Snafu accepted the job with great enthusiasm. That is, until he saw some of the ideas that came in. As it is summer and many are inclined to light reading, Mr. Snafu thought there is no lighter reading than some of the dim-witted pitches he received, and in the interest of entertainment, decided to share a couple of them with you, his loyal readers.

illustration by Seth

“People like The Donald and Lehman impresario Dick Fuld will surely offer some perspective on the real meaning of trust”



Dear Snafu baby,

A few of the lads here at SNG Javalin think we've spit-balled a real winner. We're calling it *Canada's Next Top CEO*. It's a reality TV series about CEOs, but with a twist. Check this out. How's about we get together a cast of larcenous ex-CEOs in a competition that tests the limits of their sketchy codes of ethical conduct? As I see it, we plunge these guys into an *Amazing Race* kind of scenario, where they move, challenge by challenge, across the finagling world of global business wheeler-dealing. Like, they would make a deal to change Hooters in Miami into really swanky restaurants that serve things like sushi and antipasta. Nothing says class like antipasta, right? The word literally means "against pasta." And they could change the name to Swanky Hooters. That should bring in the fat wallets.

In Hong Kong, our contestants face the ethical dilemma of whether or not to accept an iffy offer to broker a deal between cutthroat real estate developers. We ensure one of the developers plays to our bad-boy CEOs' natural impulses to do wrong and then see who bites. Then it's off to London, where contestants get a chance to oversee the recovery of billions from those infamous scallywags at BCCI (better known as the Bank of Crooks and Criminals). Looking for the largest possible payout as the liquidating bank's new CEO, we hold our breath as they balance Too Big To Fail worst practices and the threat of being hurled off of Canary Wharf by enraged account holders.

For each episode, we bring in guest heavyweights to counsel and guide our CEOs, people like The Donald, Lehman impresario Dick Fuld, and that J.C. Penney guy, Ron Johnson. These guys will surely offer some perspective on the real meaning of trust, integrity and good business decision skills. Sorry, decision-maker skills. They do good business decisions. Hey, I'm not a writer, but you know what I mean.

And to top it off, for the last act of each episode, the castoffs go through an obstacle course like in *Wipeout*, where the CEOs balance on a boardroom table that bounces up and down while being socked repeatedly in the gut by these really big G8 activists who are actually former WWE wrestlers. Those who fall off before the timer goes (and who have less bruises than the winner) are given atomic wedgies and are forced to wear a wig made in the style of The Donald's hair for good measure.

Treachery, greed, deceit ... a tug at the heartstrings for all ages and surely a series worthy of primetime. We really think this baby's gonna fly, Mr. Snafu. Let's do lunch real soon.

My dearest moguls-to-be,

Perhaps the first person to be hurled off Canary Wharf should be you, for suggesting such a cringeworthy idea. While Mr. Snafu agrees with your characterization of the appeal of such sins to the reality TV-viewing audience, he hardly thinks that even the lowest knuckle-dragging troglodyte will find your financial bloodsport entertaining. Watching the former keepers of investor confidence being bashed in the stomach and having their shorts pulled up to the ceiling while still wearing them is not Mr. Snafu's idea of riveting viewing, and he sincerely hopes it is not anyone else's idea, either.

Mr. Snafu would cheerfully give you all his hard-won earnings and payoffs from the ponies if you could find anyone foolish enough to appear in such detritus. The only thing more demeaning than participating in this tartered-up *Fight Club* would be to produce it. At the risk of sacrificing the Emmy for Best New Reality Show, Mr. Snafu will pass.

Dear Mr. Snafu, my good sir,

My name is Emmanuel Duncan Ott (E.D. for short), PhD-Scientology and graduate of Horace's School of Design and Massage Therapy. I have recently produced the pilot episode of a program that I'm sure will become the talk of every viewing household in the country. *Pimp My Office* is an extreme office makeover series wherein our design team secretly gains entry to accountants' offices and performs a complete transformation to their workspaces.

You may be interested to know that we have celebrity cachet: our on-camera host is none other than famed game show frontman Igor Ustimerov from the pilot episode of the classic Canadian game show *Definition*. Yes, *the* Igor Ustimerov.

Picture the surprise and sheer delight of our CFO, John Smith, as he slogs his way into focus, expecting to see his tired old office. Igor pops out from behind a potted palm to surprise John (after meeting with John's lawyers, we've decided to edit out the little embarrassing incident that John experienced as a result of being startled) and announce that while he was out of town on business, his office has been updated, in a style I like to describe as wild and spaced out. Stunned, the executive is taken in hand by Igor and shown his reimagined workspace.

John gasps as he takes in the walls. Gone are the old wall-to-wall cabinets — all his hard copy files are now on a single thumb drive — making way for an unobstructed view of the

walls, which are covered in luxurious faux zebra-skinned wallpaper that adds brightness and texture. We get a close-up on John's expression as he sees the fierce stuffed Bengal tiger head mounted on the wall, which not only provides much-needed drama but is also functional: inside the tiger's mouth is a voice-command console that controls the entire office. At the mere whisper of John's voice, the lights turn off, the office's glass wall turns opaque and on goes a rotating lamp that beams stars of the night sky onto the ceiling, while the soothing music of Enya plays in the background. What busy executive wouldn't want such relaxing ambience?

The reveal comes to an emotional high point as John notices that his passé 17th-century Brazilian mahogany desk has been replaced by a hip new silver, ultra-modern pressed-fibre work surface that is all the rage in retro-space-age chic.

At this point you may ask, "Where's the personality?" Not to worry. We've placed an LA Dodgers baseball cap, John's favourite team, squarely on the tiger's head to add just the right touch of uniqueness and which proclaims, "This is me, John Smith. Love me."

As you might imagine, the contrast of before and after is awe-inspiring to executives and viewers alike. We've done several

viewer focus groups and the response has been nothing short of spectacular. A single reaction is expressed time and again: speechlessness. (John's reaction was even better than we'd expected: I actually saw a tear roll down his face.) I look forward to your call and expected participation in this exciting new venture.

Dear E.D. Ott,
Brilliant.

This is the funniest piece of writing Mr. Snafu has read in a long time, including during his early days as a writer for *The Tonight Show*. Thank you for making Mr. Snafu's day. That someone would actually take precious minutes out of his or her life to watch such a show, instead of playing with his or her children, seeing the latest updated offering of Gilbert and Sullivan or even cleaning out the gutters is so ludicrous that Mr. Snafu has had to take a few puffs from his inhaler after his boisterous laughter descended into uncontrollable wheezing.

Wait one moment. My assistant says you weren't joking. She spoke with you on the phone when you called to confirm that I had received your email. In that case, Mr. Snafu has one word for you, too: speechless.

'Nuff said.



CPA Canada legacy publications winners at KRW Awards



The Kenneth R. Wilson Awards recognize excellence in business-to-business magazine publishing. In total, *CAMagazine* and *CMA magazine* collected five awards.

"This is a great accomplishment for both publications," said Kevin Dancey, FCPA, FCA, president and CEO, CPA Canada. "Big congratulations are in order as the awards are a testament to the commitment and innovation each magazine provides to members of the accounting profession and the business community."

It was a particularly special honour for *CMA magazine*, a legacy publication of The Society of Management Accountants of Canada. The magazine received its first-ever nominations this year and captured the Silver award for Best Feature Article — Professional (by Naheed Mustafa).

CAMagazine, a legacy publication of the Canadian Institute of Chartered Accountants, led all publications with 17 nominations. It took home four awards (three Golds and one Silver).

"We are proud to have the two publications recognized in this significant way," said Joy Thomas, FCMA, executive vice-president, CPA Canada. "The awards showcase not only the immense talent involved with the magazines but also the dedication of the editors, writers, illustrators and photographers."

From nearly 600 individual entries nationwide, the judges nominated 165 submissions from 63 Canadian publications. The awards were presented in Toronto on June 4, 2013.

Reach your audience with an advertisement in *CAMagazine*

For more information contact:

Darcey Romeo at 416.204.3257 | email: dromeo@cpacanada.ca



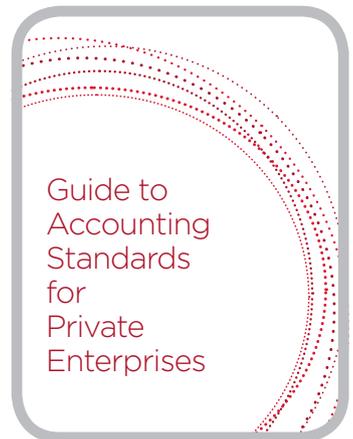
A closer look at ASPE

Guide to Accounting Standards for Private Enterprises

A comprehensive guide to the application of the new accounting standards that were developed specifically for private Canadian enterprises, the *Guide to Accounting Standards for Private Enterprises* will help to improve your knowledge and understanding of the requirements in Part II of the *CICA Handbook - Accounting*. Using illustrative examples, charts and diagrams, the Guide will provide you with a solid platform to exercise sound judgment when applying the standards to financial reporting problems that arise in the application of ASPE.

INTERNET • DVD • DOWNLOAD

ORDER TODAY!



Visit: CAstore.ca/GTASPE-cpa

Call: 1-855-769-0905

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

Factoring in success

Structured risk management is a critical factor for successful outcomes to IT innovation projects

Information technology (IT) is a main lever for enhancing the quality of services that businesses provide and for improving their performance and competitiveness. Any business looking to increase its market share and cut operating costs must innovate through IT projects.

While IT projects are meant to benefit businesses, risk is inevitable. The success of IT innovation projects depends largely on the ability of businesses to identify and effectively manage the related risks.

However, it is important to choose the right IT innovation projects. Predicting whether a project will adequately meet the needs of the business and its clientele is difficult.

Developers of IT solutions, internal or external, often paint a rosy picture of significant gains rather than explain how complex and difficult achieving the intended goals could be.

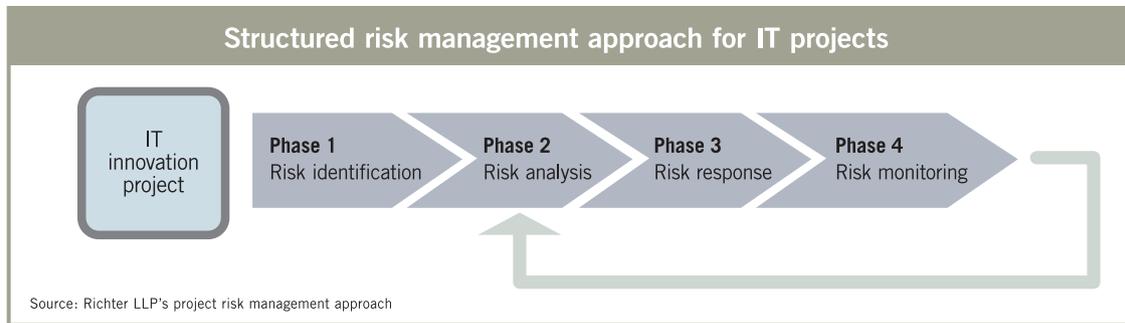
Project management provides a framework for the planning, design, delivery and deployment of IT innovation projects based on methodologies that are increasingly better structured, documented and disseminated by project managers. Unfortunately, these methodologies fail to emphasize the need for rigorous risk management.

By definition, IT innovation projects enhance an enterprise's value delivery. They are classified as follows:

- development project — involves the design, development and implementation of application solutions generally developed in-house by the enterprise's IT department;

Risks related to IT innovation projects			
Risks	Development project	Integration project	Combined project
Human resources risks			
Project managers lack experience and/or qualifications	✓	✓	✓
Insufficient resources (IT and/or other areas of the business)	✓	✓	✓
Key IT resources lack experience	✓		✓
Lack of autonomy in relation to consultants and external providers		✓	✓
Project participants are not sufficiently qualified	✓		✓
Governance and management risks			
Insufficient support from management	✓	✓	✓
Project is not aligned with the strategic directions	✓	✓	✓
Conflicts with the enterprise's other projects in terms of resource availability	✓		✓
Inadequate description of technical and functional specifications	✓		✓
Overly ambitious schedule	✓	✓	✓
Inadequate control and accountability mechanisms (costs, timeline and scope)	✓	✓	✓
Inadequate quality assurance (codes, tests, deliverables)	✓		✓
Inadequate or no change management plan	✓	✓	✓
Inadequate documentation of each stage of the development cycle	✓		✓
Technology risks			
Incompatibility between the solution and the existing technology architecture		✓	✓
The solution and equipment are not sufficiently robust and available	✓		✓
Solution cannot easily be adapted to the enterprise's current and future needs		✓	✓
Business and legal risks			
Lack of autonomy in relation to supplier(s)		✓	✓
Transfer of knowledge to competitors		✓	✓
Pressure to become the first to market the solution	✓		✓
Noncompliance with laws and regulations applicable to the enterprise	✓	✓	✓
Poor understanding of clauses in contracts with the supplier(s)		✓	✓

Legend: ✓ indicates that the risk is higher for this type of project



- integration project — involves adapting an IT solution already available from an application service provider (software as a service);
- combined project — combines the components of a development project and those of an integration project.

Risk management in IT projects means considering the type of project so a register of potential risks can be established. These risks can relate to human resources, the legal and financial aspects of the project, as well as management of the project itself. (See table on page 34 for a description of risks by project category and type.)

A recent component of IT project management, risk management is still underestimated by project managers. As a result, their approach can be unstructured. Project managers generally consider risks during the project startup phase, fail to monitor and report on how risks are evolving and manage them intuitively. While risk management is increasingly integrated in IT project management methodologies, often this process is limited to adding a provision for unforeseen events in the budget, often based on a weak analysis. In practice, the main focus is on offsetting project scheduling delays.

To ensure sound risk management, it is important to adequately identify the risks; assess, and periodically reassess, them; prioritize them; mitigate them with adequate offsetting measures; systematically monitor them; and periodically report on them to all stakeholders.

A flexible, yet structured approach will make it easier to implement risk management. (The table above presents a four-phase approach.)

Phase 1: must cover each step, i.e., design, delivery and deployment of the IT innovation project. In particular, risks are identified when:

- identifying needs and developing the business case;
- determining the objectives and scope of the project;
- establishing the required functionalities, technical specifications and equipment;
- designing, programming and testing; and
- deploying and transitioning.

Since all the project components (resources, needs, technologies, etc.) are constantly changing, the risk register will also

have to evolve. Some risks could be changed, removed or added along the way. Key players in the various business areas must be involved in identifying the risks, which extend far beyond the technological and technical aspects.

Meetings, one-on-one interviews, reviews of similar projects (even if each project has its own characteristics), questionnaires or a combination of these activities are used to identify risks and gather information.

Phase 2: once risks have been identified, two elements need to be assessed: the likelihood of the risk occurring and its impact.

For a value-added risk analysis, a meeting of the department heads and decision-making managers must first be held so that they can assign key players to the risk-identification phase.

A recent component of IT project management, risk management is still underestimated by project managers. As a result, their approach can be unstructured

Assessing the likelihood of the risks occurring and their potential impact on the project may seem strange. However, experienced staff competent in its field will produce valuable information once it's consolidated. The risk analysis will have to include an assessment of project risks and control measures in order to determine the extent of the residual risks.

Phase 3: once the risks have been identified and analyzed, the managers and project team must take steps to respond to risks they consider too high in order to maximize the chances of a successful project. Here are some possible solutions:

- avoidance: avoidance measures consist of reviewing the business case to remove objectives or needs that pose an unacceptable level of risk, extending the timeline, scaling down the project, increasing human and financial resources, or designating a project manager specialized in the project's business area and in the technologies that will be deployed.
- acceptance: this means staying the course, knowing that the costs of the potential response will be higher than the anticipated losses. A provision is budgeted to manage the overall residual risk associated with the project.
- mitigation: risk mitigation aims at reducing the likelihood and/

or impact of an unfavourable event. Mitigation strategies may include adopting less complex business processes, increasing the efforts of the quality assurance team, closer monitoring by the project manager, strengthening project governance (more oversight committee meetings, more frequent accountability reports, setting up scorecards, etc.), or increasing the resources and efforts expended on the various testing stages (unit, functional, integrated, acceptance and technical tests).

- transfer: transferring risks consists of entrusting the delivery and management of certain activities to a third party willing to take responsibility for the related risks.

Phase 4: the implementation of risk-monitoring mechanisms is the final phase of the risk-management cycle. It involves maintaining the risk register to ensure proper accountability of the changes in risks. The register includes a detailed description of the risk, an action plan to mitigate the risk, the name of the person responsible for the action plan, and the outcomes achieved.

Applying a structured risk-management approach to projects has the following advantages:

- improved capacity to assess and understand the risks at all stages of the project and the ability to adequately respond to them should they materialize;
- valuable support for staff, giving staff the opportunity to closely

monitor risks and respond proactively rather than reactively;

- improved accountability process;
- better understanding of the project itself by identifying the risks, their potential impact and the underlying causes; and
- development of a common understanding of the risks among all stakeholders (IT and other departments).

While a growing number of project managers apply risk management in IT innovation projects, the approaches are not structured, resulting in serious deficiencies at the documentation and accountability levels.

IT innovation projects are complex. They require the participation of a number of the enterprise's departments, the setting up of "bridges" with other large systems in place and sometimes lead to business process reengineering, which can make management difficult and perilous. Structured risk management offers a means to evaluate and reduce this complexity, thus making it a critical success factor for IT innovation projects.

Paul Brousseau, MBA, I.S.P., CGEIT, CISM, CRISC, is a manager at Richter LLP in Montreal. Diane Héroux is manager of the savings and investment solutions department at Desjardins Group

Technical editor: Yves Nadeau, partner, assurance and risk management group, Richter in Montreal



Supporting Our Members Who Specialize In Tax

The Chartered Professional Accountants of Canada's goal is to keep you informed on key developments in tax.

Subscribe to:

- The *Conversations about Tax* blog is an exchange of knowledge, experiences, insights and opinions on Canadian tax issues.

Online you'll find information on CPA Canada's:

- Tax Committees
- Tax Tools and Resources
- Tax Policy and Administration
- Lifelong Learning in Tax
- Thought Leadership Round-up
- Virtual Tax Group
- Essential Links for Tax People

- *Talking Tax* is a quarterly e-newsletter designed to spark dialogue on Canadian tax policy, practice and learning.

For more information visit:
www.cica.ca/taxation

Seeking a coach

When you're not sure how to proceed, a coach can help steer you in the right direction. Here's how to find one

Joanne, a controller in a large retail business, recently had her annual performance review during which her boss expressed concern about Joanne's leadership — she said her teammates were looking for more leadership and direction. After the meeting, Joanne felt frustrated and defeated and thought, "I do give lots of direction. What more can I do?"

She sought advice from her friend Lisa, who had begun to work with a coach to help her with multitasking at work. She found the exercise valuable and recommended that Joanne look into doing the same. Lisa assured her a good executive coach could help her figure out the specific changes she needed to make in order to address her issues and excel at leadership. Joanne liked the idea.

Lisa referred Joanne to a coaching organization as a starting point. When the coach met with Joanne, she could tell Joanne was extremely frustrated. Joanne was

a diligent worker who felt like her boss's feedback came out of the blue. During the meeting, Joanne mentioned that she was a talented hockey player, having played for an Ivy League school. So to help her understand the concept of coaching, the coach suggested Joanne think of coaching in athletic terms — in this case, hockey. Joanne was able to frame her situation this way: the general manager (GM) of the Toronto Blades is looking to hire a coach for its inaugural season. It was crucial that he find someone with experience, with good leadership skills who could lead the team to a championship that season.

Look for someone with related experience: when looking for a new coach, the GM would not hire the first person he meets who has experience with any sport and who will simply tell the players to skate faster and shoot harder. He is looking for someone with vast experience in the sport of hockey and who has expertise in things such as defensive zone coverage, stick handling and power plays.



In Joanne's case, she should look for someone with expertise in the field of leadership who has experience working with accounting departments. A coach with subject matter expertise would be able to challenge Joanne. She or he would have the ability to ask tougher questions and provide suggested solutions based on experience.

Do your research; ask for referrals: once you recognize exactly what you need help with, begin your research. The GM of the Blades would set criteria for his candidates. For example, any candidate should have proven success and a thorough knowledge of competitive hockey and must have his or her level two coaching certification. From there, the GM will use referrals from his network and Internet-based tools and websites to pinpoint certain candidates.

In Joanne's case, she did the right thing in using her network (Lisa) to contact a coach. The coach did not pressure her to sign on immediately but suggested that before Joanne contacted any other potential coaches, she develop her criteria for selecting a coach (success with leadership, excellent communication skills, experience in her industry or field, coaching accreditations, etc.).

Referrals are, hands down, the most successful means of finding a coach. If someone you know has had a great coaching experience, start with his or her coach. A second source can be your human resources department. It often has a list of approved service providers for you to choose from, most of which will have the benefit of already being familiar with and approved by the organization. In addition, HR may have a standardized rate structure already in place, saving you the need to negotiate rates. Always keep in mind that there are many coaches out there and you want to ensure you start with those who have a proven record of success.

Prepare for your interviews: once you have narrowed your search and chosen a few potential candidates, have a conversation with them. Just like an interview, you should prepare questions to determine if they fit your criteria. In addition, remain transparent during these meetings. Let each candidate know you are speaking to other coaches.

When the GM of the Blades meets with his candidates, he would ask questions pertaining to the candidate's success over the years and why he or she was so successful. He would also evaluate the candidate's communication skills, decisiveness, positive attitude, organization skills and attention to detail.

In Joanne's case, she will be looking for things such as a proven track record in the relevant subject/industry, personality, presence, a focus on achieving results, etc. The coach suggested she ask some of the following:

- What is your success rate?
- Describe one of your successful coaching engagements.
- Who are some of your clients?
- Describe your coaching process.
- How long have you been a coach?

- What is your educational and professional background?
- How do you measure the success of a client? What are some of your key performance indicators?
- How do you deal with tough coaching engagements?
- Describe a failed coaching engagement.
- What is your policy on confidentiality?

The coach also provided Joanne with a list of characteristics in a good coach, which include:

- experience in the specified field/industry that you want help in;
- has advanced degrees in the topic you are interested in and in-depth knowledge on leadership, communications and business; and brings more to the table than the colleague you go to lunch with;
- follows a standardized coaching process, including coaching objectives and assessment tools (interviews and personality tests) and structures meetings to help you achieve your objectives;
- follows up with notes or gives you homework after each meeting to ensure that you are actively working on your objectives and making tangible changes;
- listens to and recognizes what matters most to the client;
- is curious, asks questions and is driven to learn more about

Referrals are hands down the most successful means of finding a coach. If someone you know has had a great coaching experience, start with his or her coach

you and your business;

- is optimistic, helps you feel positive and boosts your confidence so you can learn new skills;
- has courage — coaches are paid to ask tough questions and challenge you;
- is discreet and will not discuss your issues with other clients or colleagues unless specified by you; and
- has a wide range of tools and techniques. All coaches have a particular model they follow, but watch out for those who lack the flexibility to adapt to different situations.

While all these characteristics are extremely important, what matters most is that you and your coach fit. In the hockey example, if the GM and the candidate are not on the same page and do not have the same end goal for the team, there is a potential for conflict.

The coach told Joanne that the right coach for her will give her confidence that she can achieve her goals. Joanne would likely be able to tell in the first meeting whether the fit was right.

Joanne thanked Lisa's coach for her time and went off to do her research. In the end, she returned to Lisa's coach, having felt most confident with her. They worked together, and the following year, Joanne had a much more positive performance review.

Sandra Oliver is a business coach and owner of Impact, a global business coaching firm. She is also *CAMagazine's* technical editor for people management (sandra@impact-coaches.com)



**one vision
one direction
one goal
one national organization**

CPA CANADA

www.cpacanada.ca

What's to be done?

Grumblings about disclosure overload are generations old. But what to do about redundant, outdated and immaterial pieces of information?

We complain about it. We agree there are issues. We don't yet agree on answers. When it comes to disclosure overload in the financial statements of businesses, no one has yet found a workable and generally accepted solution. And a major obstacle to moving forward is agreeing on the issues.

Full, true and plain disclosure is a cornerstone of our capital markets and is intended to provide investors and creditors with the information they need to make informed economic decisions. It bridges the information gap between the insiders of a business and various marketplace participants, putting everyone on a more even footing.

What's been done

Several generations of accountants have complained about the ever-increasing amount of financial disclosure they are providing.

The grumbling began in Britain back in the 1840s with complaints about having to provide any financial statements to shareholders at all, and then about having to provide an income statement in addition to a balance sheet. The complaints were initially directed at governments and the courts that established laws on disclosure requirements.

More recently, the focus shifted to standard-setters who have taken over the role of determining financial statement disclosure requirements. Some believe the nub of the problem is excessive disclosure requirements in standards.

The easy solution is to review existing requirements and cut out the unnecessary items — which has been tried, and failed.

The US Financial Accounting Standards Board undertook efforts in this direction in the 1980s and 1990s, but could not find a solution.

In 2011, a joint oversight group of the Institute of Chartered Accountants of Scotland and the New Zealand Institute of Chartered Accountants was asked by the International Accounting Standards Board (IASB) to investigate disclosure overload concerns. The group pub-

lished a report, "Losing the excess baggage — reducing disclosures in financial statements to what's important," which proposed deleting a number of specific disclosure requirements from international financial reporting standards.

The IASB had previously taken some steps to try to address disclosure concerns. It instituted a practice of articulating a general disclosure requirement in each standard, supplemented by indicators of what the minimum items of information for compliance would be and suggestions of other items that might be necessary in some circumstances to satisfy the general principle. However, the list of minimum items to capture all the key points required can be quite long. In addition, the lists of things that might be necessary are sometimes construed as always being necessary.

In 2011, KPMG (US) issued a report for the Financial Executives Research Foundation called "Disclosure overload and complexity: hidden in plain sight." While a substantial amount of information about the problem was gathered, there was not much in the way of suggestions for standard-setters. Instead, the report offered recommendations targeted primarily at the US Securities and Exchange Commission's disclosure requirements.

The complexity issue

The title of the KPMG report introduces the word "complexity" in common with other reports and articles on disclosure.

Some people equate "overload" of information or of individual disclosure requirements with "complexity." However, sometimes this means complexity of the information disclosed and sometimes it means difficulty in understanding the requirements.

Complexity of information is difficult to overcome when it relates to inherently complex business transactions and arrangements.

There is danger in over-simplifying these matters and a limit to how much business education a company can introduce into its public reporting.

When complexity means difficulty in understanding requirements, the author needs to make a better effort to state the requirement clearly.

Is there a problem?

Some dispute whether information overload exists at all, in both a broad sense or specifically in financial statements. Complaints from financial statement users are relatively uncommon. They tend to come from individual retail investors who may lack the ability or the time to use the available information.

Such users often want relatively few pieces of key information highlighted for them and presented in a usable form. Professional financial analysts have an insatiable thirst for information, although some would also like the mass of information provided to be better organized. Their concern is the phenomenon of “hidden in plain sight,” which is more about the organization and presentation of information than about overload.

The CFA Institute has consistently advocated for better information that can be used more efficiently, but not for less information. Chartered financial analysts want more useful information than they are currently receiving. They have pointed out that some current disclosures provided in practice are redundant, unnecessary or overly condensed and therefore not useful. At the same time, they have pointed to significant information gaps.

Misapplication of standards

Problems may exist in practice, but perhaps the disclosure requirements in the accounting standards are not at the heart of the problem. Could the problem lie with the way the standards are applied — or rather, misapplied — in practice?

Financial statement preparers are often motivated by a desire to do the right thing in applying standards — while minimizing their workload and thinking in terms of cost/benefit trade-offs and unnecessary clutter in the reports they prepare.

They might also get relatively limited feedback from the people who read their reports, often through a request from an analyst for additional information they may decide to add in their next report. The effect of this process tends to be cumulative since there is no feedback from users on what could be eliminated.

Some preparers are motivated by concerns about what others will think of their work if they leave something out. Depending on how difficult it may be to add extra disclosure, the benefit of the doubt often falls in favour of adding more.

In fact, accountants who prepare financial statements for businesses have their work reviewed by corporate counsel and investor relations people who routinely want information added — usually to protect against any possible claim of deficient disclosure. External counsel is also often involved. Auditors will provide similar comments, sometimes out of concern about being second-guessed by others in their firm or an audit inspector. And everyone is concerned about being challenged by a regulator. Few of these people will suggest taking disclosures out, although some may propose better presentations.

It is also common for disclosures to be “rolled over” from one year to the next without much thought as to whether they are

still necessary. The effect of this tends to be cumulative over a number of years unless concerted efforts are made to root out unnecessary items.

What's next

A lot of disclosure overload discussion is framed in terms of the traditional annual report, printed and bound into a single document. These types of reports have grown annually over many decades, culminating in examples that are hundreds of pages long — even though the actual financial statements don't take up the majority of the pages.

However, information is increasingly disseminated in electronic form, as in the case of corporate website postings and XBRL financial reporting that is now mandated by some regulators. As a result, financial analysts have more sophisticated computer tools for searching, downloading and analyzing financial data. This means the constraints of paper documents and manually developed analyses are disappearing.

Electronic forms of financial statements and other information help reduce the challenge of “hidden in plain sight” when tireless intelligent systems can carry out the analysis. It does

Perhaps disclosure requirements in accounting standards are not at the heart of the problem. Could it be the way standards are applied — or misapplied — in practice?

not completely solve the problems of redundant, outdated and immaterial information.

In an effort to solve this ongoing issue, the IASB is taking on a project on disclosure. In April 2012, IASB chairman Hans Hoogervorst announced the project, acknowledging the difficulties that will come with such a multidimensional issue, noting, “One investor's disclosure clutter is another investor's golden nugget of information. Taking information away is never easy.”

Despite the difficulties that will have to be dealt with by the project, the reality is a problem exists and needs to be addressed. Hoogervorst also noted, “Not all disclosures provide useful information to investors. Standard boilerplate responses are more about ticking boxes than helping investors really understand what is going on. This is an issue that preparers, auditors, regulators and standard-setters will have to tackle together.”

The bottom line is that disclosure requirements need to be appropriate, said Hoogervorst. “Bottom up, each individual disclosure requirement may have made sense when the standard was first introduced. However, from a top-down perspective, do the disclosures in totality improve the clarity of financial reporting, or do they make it more difficult to really see what is going on?”

Peter Martin, CPA, CA, is a director, accounting standards, CPA Canada

Technical editor: Ron Salole, vice-president, standards, CICA

AND FINALLY...

HOW THEY DO IT IN...



GERMANY

Maybe you're an adventurer who longs for a change of scenery. Maybe your spouse or partner has been transferred by his or her company and you're relocating as well. Or maybe you want to open an office in a new location.

Whatever the reason, you may be looking to start a business in Germany. Or perhaps you're just curious. If so, you've come to the right place.

Ranked 20th out of 185 countries for ease of doing business by the World Bank, Germany is an attractive place to start a business. And with the government offering a helping hand to Germans and foreigners alike, Deutschland looks even better.

The government offers support programs that are mainly in the form of loans, which usually offer low interest rates, lengthy repayment periods and, in some cases, a grace period before being required to begin paying back the loan. Although the loans are man-

aged by a central bank, KfW Bankengruppe, aspiring business owners must apply for these loans through their personal banks. Depending on the type of loan (and business), up to 10 million euros (\$13.5 million) are available. Interestingly, one of the eligibility criteria for support is the ability to document adequate professional and accounting skills. (One less hurdle an accountant wanting to set up a business would have to jump over!)

Accountants may have it easier than others. Those looking to set up a professional-services business (e.g., tax adviser) need only apply for a tax number, issued by the tax office. Other business owners must register with a trade office in the municipality in which the company will be located.

There are different types of companies, but the most common is the limited liability company, or Gesellschaft mit beschränkter Haftung (GmbH). Such companies are incorporated, must have at least two partners and, if applicable, must have a minimum share capital of 25,000 euros.

In 2008, the Mini-GmbH was introduced especially for startups, with the minimum share capital being one euro. Both companies may be either publicly or privately held. Yvette Trancoso

Where are they now? CHARLES-ANTOINE ST-JEAN



A versatile accountant

When *CAMagazine* last met Charles-Antoine St-Jean in August 2005 ("Steward of spending"), he was comptroller general of Canada, a position he left in the fall of 2007 when Ernst & Young asked him to rejoin the firm.

"They asked me to return to the fold as partner, national leader public sector," explains St-Jean. "I spent the lion's share of my career with the firm. It's my second family."

Reforms led by this Granby, Que., native helped Canada weather the 2007 financial crisis without too much fallout. Auditor general Sheila Fraser praised these efforts in the last report she released before leaving her post in 2011.

"The government cannot transform itself without strong political will," says St-Jean. "I would not have been able to stay the course without the support of the two Treasury Board of Canada presidents for whom I worked."

St-Jean brings to his new position the ability to see complex files through to the end, a skill he acquired in the public sector. He recommends that all accountants acquire professional experience in the public, private and not-for-profit sectors. "It's the best remedy against misconceptions that persist on all sides," he says.

St-Jean leads by example, as he sits on the University of Ottawa's board of governors, as well as on its executive, governance and audit committees (the latter of which he chairs). "I believe we all need to give back to society. [The university is] my alma mater and that of my two daughters as well," says St-Jean, who also chairs the board of CCAF-FCVI Inc., an organization dedicated to the advancement of good governance in the public sector.

Although St-Jean occasionally works evenings, he is adamant about his weekends off. He and his wife enjoy their favourite pastimes: golf, skiing, travelling and reading. He is particularly fond of biographies. "They are a good way to learn about history and are often more exciting than novels," he says.

As for retirement, St-Jean isn't thinking about it. "Although I'm 59 years old, I have many more good years ahead of me," he says. A comforting statement for Canadian taxpayers. Yves Gingras



In my purse

by Marie-Josée Boucher



MONIQUE LEROUX

Chair of the board, president and CEO of Desjardins Group Monique Leroux has an impressive track record. A graduate of the Université du Québec à Chicoutimi, she obtained her accounting designation in 1980. Before joining Desjardins, she held key senior management positions at Ernst & Young and the Royal Bank of Canada. From 1993 to 1994, Leroux was also chair of the Ordre des comptables agréés du Québec, now the Ordre des CPA du Québec. A businesswoman who is very involved in her community, she is president of the Fondation Desjardins and of the 2013 Canada Summer Games, which will be held this month in Sherbrooke, Que. And to top it off, Leroux is also an accomplished pianist. Like all corporate executives, Leroux's day is hectic, but she took some time out to tell us what she carries in her purse.

TABLET COMPUTER: **WORK DOCUMENTS**

"I always have my iPad so I can access Desjardins' Elected Officer Portal and internal documents. I can also check email through a secure connection using the Good app."

FAMILY PHOTOS AND MUSIC

"I downloaded some photos and videos of my favourite family moments and of course music: jazz, including songs by Diana Krall; classical music by Bach, Ravel, Chopin and performances by pianist Martha Argerich; as well as world music, including songs by Senegalese singer-songwriter Youssou N'Dour."

SMARTPHONE

"I always have my BlackBerry with me. The texting function lets me keep in touch with my 17-year-old daughter, Anne-Sophie. I can also check my email and electronic organizer, which are installed on my BlackBerry and my iPad."

READING MATERIAL

"I always keep two short documents with me. The first is something I wrote entitled Alphonse Desjardins: A Vision for Today's World — Quotations on the Amazing Power of Cooperatives. It discusses the mission, vision and values of Desjardins and includes quotes by my predecessors. The second is the summary of Desjardins' strategic plan. In my free time, I like to read the classics. I have read the entire works of Leo Tolstoy, Victor Hugo and Émile Zola. I also like to read detective novels by Donna Leon and Henning



Mankell, and biographies, like the one I just finished on Jacques Necker, the director-general of finance for Louis XVI."

SMALL NOTEPAD AND BINDER

"I bring a small notepad with me wherever I go so I can jot down my thoughts. I also have a binder that I use during meetings. I take notes so I can review the topics discussed and my feelings about

them and summarize the main points of the meetings."

CARDS

"I carry a purse mostly for practical reasons. But I really love it when I don't need one on the weekends. When that happens, I usually just take my BlackBerry, which fits in a pouch, my business card, a debit card and that's it."

PAUL ORENSTEIN

AMBIT

ART + SCIENCE

Ambit is an executive search firm specializing in finance and accounting professionals. We have a proven track record of providing highly personalized service to Canada's leading companies.

At Ambit, we've perfected the subtle art and science of matching the right person with the right position.

Learn more about us
+ 416.703.5050

AMBIT SEARCH
401 Bay Street, Suite 1440, P.O. Box 40
Toronto, Ontario M5H 2Y4
www.ambitsearch.com



CATHY LOGUE, SHERIZA PERABTANI & JOANNE ELEK

Obtain Your US CPA



Comprehensive US CPA IQEX Preparation Program

Henry B. Zimmer
CPA (Illinois), FCA (AB)

Home Study or Live Courses in May & September 2013

760-851-8575
cpa-now@dc.rr.com

www.cpa-now.org

ADV ADVANTAGES

Online Solution for Employee Expenses

www.advataxes.ca

DNTW
Chartered Accountants, LLP

Member of **Kreston International**
A global network of independent accounting firms

US Tax Services

- US Citizens & Green Card Holders
- US Vacation & Commercial Property Investments
- Individual & Business Tax Returns
- Cross Border Tax Planning

Doug Robinson
MBA, MTax, CA, CFP, CPA (Illinois)
8953 Woodbine Ave.
Markham, ON L3R 0J9

Phone 905.474.2044
Toll Free 855.474.5593
Email doug.robison@dntw.com

IQEX U.S. CPA Prep Program

20th Year
93% Cumulative Pass Rate
Courses start at \$399 U.S.

Contact Aubrey Glazman at
404.869.0230
aubrey@uscpanow.com

U.S. CPA NOW
www.uscpanow.com

Thinking
of
advertising?

Contact:

Darcey Romeo at 416.204.3257
or: dromeo@cpacanada.ca

**1% TRAINING
OBLIGATION (QUEBEC)**

- Tired of paying all or part of the 1% ?
- Will your back-up survive an audit ?
- Prior years internal verifications
- Pay Equity Compliance



Tel: (514) 484-5160
Fax: (514) 484-5453
E-mail: info@liwconsultants.ca
www.liwconsultants.ca

**PAY EQUITY/L'ÉQUITÉ SALARIALE
AUDITS IN PROCESS**

The commission de l'équité salariale (CES) is now auditing Quebec enterprises to insure Pay Equity compliance. **Don't wait until you get a CES audit notice!**

LIW Consultants has assisted numerous Quebec corporations implement Pay Equity and our proven methodology has been validated by the CES.

Beginning 2011, all enterprises must file an annual government declaration.



Tel.: (514)484-5160 • Fax: (514)484-5453
E-mail: info@liwconsultants.ca
www.liwconsultants.ca



Visit our website [@](http://camagazine.com)
camagazine.com

WEB FEATURES News and **exclusive items**
of interest to all accountants

WEB EXTRA **Web-only** articles, also
summarized in the print edition

ARCHIVES **Hundreds of articles** published in
the magazine since 1994

The essential companion to
our print edition



CPA | SOURCE

**Looking for your
next challenge?**

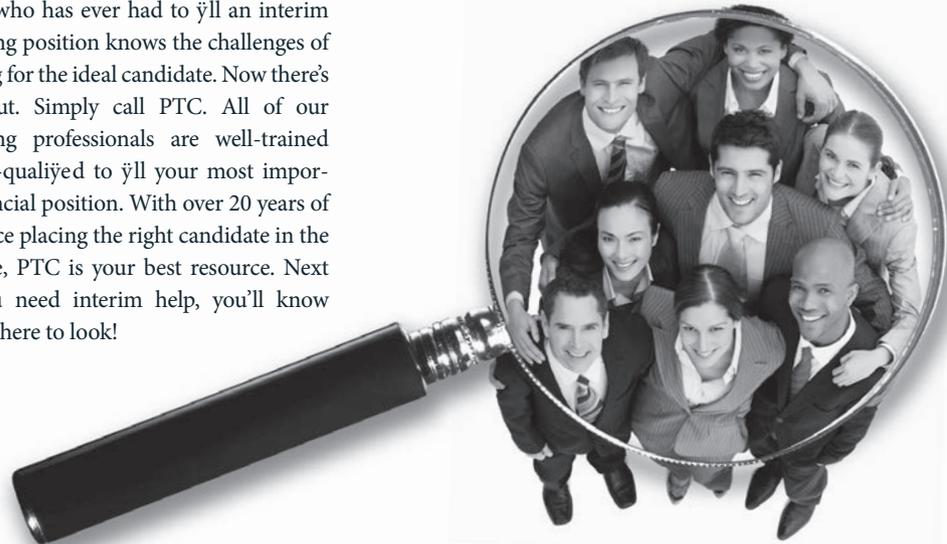
Search and apply for new career opportunities
Have postings sent directly to you via Job Alert emails
Create a searchable resume to have employers find you

Visit:
www.cpasource.com



Searching for the right person can be a daunting task. (We know a shortcut)

Anyone who has ever had to fill an interim accounting position knows the challenges of searching for the ideal candidate. Now there's a shortcut. Simply call PTC. All of our accounting professionals are well-trained and well-qualified to fill your most important financial position. With over 20 years of experience placing the right candidate in the right role, PTC is your best resource. Next time you need interim help, you'll know exactly where to look!



accounting
& finance inc.

Concord: 1600 Steeles Ave. W #300 Concord ON L4K 4M2 | Toronto: 401 Bay Street Suite 1440 Toronto, Ontario M5H 2Y4
TEL 905 660 9550 | FAX 905 660 1051 | TOLL FREE 1 877 303 9550 | ptcaccounting.com

ACCOUNTING SERVICES

External Monitoring and CA Advisory Specialists. We can: be your firm's external monitor; be your file quality reviewer; review financial statement presentation; assist with complex transactions and transition to new accounting standards. You can: make your life easier; reduce your risk; ensure adherence to professional standards. Visit www.jonesoconnell.ca or call 905-688-4842.

IFRS and Internal Audit Services - CA in the GTA with over 25 years of experience. Available for contract assignments including IFRS, internal audit and compliance. We address shortfalls in staff competencies or staff compliment. See www.glenidan.ca or call 416-262-6649.

A sole proprietor CA based in GTA with over 20 years' experience is looking for professional opportunities on per diem, short or medium term,

subcontract, contract basis. Please contact at taxgta2013@gmail.com

1985 CA - Worked as a Controller/CFO in both private and public companies. Highly experienced. Looking for contract assignments and able to travel. Currently reside in Toronto area. Due Diligence, Internal controls, Compilations, Cost control, IT are some of my specialties. Allan: (647) 929 4958 or allan@gaapman.com.

Offsite/Onsite bookkeeping and accounting by certified accountant within the GTA. Data entry, working papers, reports, statements, all assignments welcome. Non-compete clause. Efficient and reliable. Works with Sage, CaseWare, PCLaw, Quickbooks, Profile, etc. Email: info@tax-prudent.com

WEB DESIGN

Website Design - Do you need a website? Is your existing site in

need of an upgrade? Do you lack the time to develop and maintain your website? Do you want a professional site at an affordable price? Visit us at accountantswebdesign.ca

OFFICE SPACE

Bayview and Hwy 7 - Prestigious office space available in the Richmond Hill area alongside professional entrepreneurial firm. Ideal for sole practitioner, or retiring practitioner(s) seeking successful short, or long term transition. Executive and junior offices, as well as bullpen cubicles available immediately. Amenities include boardroom, kitchen, internet, photocopier/fax and underground parking. Please contact Sharon at 905-709-0054 ext. 0

Vaughan - An office is available in a CA firm of over 25 people that is paperless and fully equipped for Assurance engagements. The office is located at Hwy 400 and

Hwy 7, extremely close to the new subway stop being opened in 2015. A stand-alone office or an integrated solution is available. Please contact Joan Camilleri by email j.camilleri@fazzaripartners.com

Woodbine/Steeles - Space available in CA / CPA office for sole practitioner commencing Nov 1, 2013. Boardroom, kitchen and office equipment available. Easy access to 401, 404 and 407. Comfortable surroundings, free parking. Call 905-475-6795, ext. 223 or 225.

PROFESSIONAL OPPORTUNITIES

East GTA Buyer - Established CA firm very interested in purchasing an existing practice or block of accounts. We specialize in providing a high level of service to owner managed businesses and NPOs. Flexible succession arrangements available. Contact durhampractice@gmail.com.

Well established Niagara CA firm is looking for a CA to join our team of professionals. Preference will be given to CAs with a minimum of 5 years of experience in public accounting serving owner managed business. Completion of the CICA In-Depth Tax Course would be an asset. We are looking for an enthusiastic individual with a strong desire for partnership opportunity in the near future. Please forward resume and salary expectations to Box 722, CA magazine.

Buyer - Durham Region. A growing CA firm wishes to purchase a practice or block of accounts in the Durham area. We provide a full range of assurance, accounting, tax and business advisory services. Flexible succession terms available. Please reply in confidence to: durhamregion.CAfirm@gmail.com.

Established Toronto CA, sole practitioner, interested in association or merging with another small to mid-sized C.A. firm in the central Toronto/North York area. Experience with reviews, compilations and personal income tax returns. Reply to: cpapractice2013@gmail.com

Progressive CA Firm is interested in purchasing a practice or block of business located from Port Hope to Napanee regions. We are a well-established firm, providing services to owner managed businesses, professional and not-for-profit

organizations (audits, reviews, NTRs and tax advice) and also experienced in the acquisition of practices and the successful integration of their clients. Please reply in confidence to: easternont.CAfirm@gmail.com

Buying or selling an Accounting practice?

Our goals for every practice.....

- Maximize practice value
- Make the process as simple as possible
- Help the buyer succeed

To see our most up-to-date opportunities and learn more about our unique process- please visit [www. poegroupadvisors.com](http://www.poegroupadvisors.com). Follow us on Twitter @poegroupadvisor Available for purchase:

- Calgary, AB \$750,000
- S. of Lloydminster, AB \$525,000
- N.E. Of Edmonton, AB \$560,000
- W. of Edmonton, AB \$550,000
- Cariboo Region, BC \$228,000
- Greater Vancouver, BC \$475,000
- Port Hardy, BC \$260,000
- N. of Georgetown, ON \$199,000
- Recently sold - Edmonton, AB \$1,250,000; Calgary, AB \$900,000; Red Deer, AB \$190,000; Vancouver, BC \$203,000

Buyers-Never a fee to register at: www.poegroupadvisors.com **or email:** info@poegroupadvisors.com

Buyer - Calgary: A two Partner Accounting Firm with over 20 years of public practice experience is looking

to buy an accounting practice of any size. The firm provides audit, review, compilation, tax and other related services to various sizes of clients with a diverse industry base. All correspondence and discussions will be held in the strictest of confidence. Please contact purchasingapractice@gmail.com.

Okanagan Buyer - A well-established and progressive CA firm with offices in Vancouver, Surrey and Kelowna is looking to acquire a book of accounts in the Okanagan region with annual billings up to \$1m. If we can aid you in your transition plan, we'd like the opportunity to talk to you about our ideas. For more information please contact okanaganCA@gmail.com

Homemaker CA seeking part-time income preparing client personal retirement forecasts for a CA and financial planner in Toronto. Flexible hours. Work from home. Hourly rate. Interesting work. Easy. Need advanced knowledge of Excel and

good knowledge of income tax. Contact Kurt Rosentreter at Kurt.Rosentreter@manulifesecurities.ca www.kurtismyco.com.

POTENTIAL PARTNER- Growing mid-sized firm in Waterloo Region has a short term succession opportunity for a partner to join the practice. Ideal candidate is a CPA,CA, has over 8 years experience working with independent, entrepreneurial clients, works with integrity and shares a commitment to providing exceptional client service. Please reply to box 723 ,CAmagazine.

IT SUPPORT SERVICES

We provide reliable IT services to Accounting Firms & Professionals.

We offer managed proactive services for both cloud and onsite servers / workstations. Supporting local and remote locations across Canada from NOC in Metro Vancouver. Welcome Networks Inc. Contact Jag: 604-515-1700 <http://www.welcomenetworks.com>

BUYING, SELLING OR MERGING YOUR PRACTICE?

Practice Link is a new confidential service facilitating the acquisition, merging or selling of your practice. We help you position your firm for a successful transition.

Practice Link is managed personally by the CPA Canada Member Services Department.

To participate in Practice Link, visit www.capracticelink.com



CA Practice Link

Replying to a CA magazine Box Number?

Box #

277 Wellington Street W
Toronto ON M5V 3H2

Fax us at

416 204-3409

Send e-mail to

advertising.camagazine@cpacanada.ca

Please ensure that the

Box Number is clearly indicated on your envelope, fax or e-mail.



Fighting the last war

It is said that generals are always fighting the last war. The observation has recently come up often to condemn the direction of military spending and in particular to criticize the military's fascination with big "toys" such as high-tech aircraft carriers, submarines and fighter planes.

It surely can be applied to Canadian politics of the past five years, as the federal government has committed to replace the equipment of the Canadian Armed Forces. According to the Department of National Defence, the Forces plan to purchase 65 fighter planes, 17 airlifters, at least 10 search-and-rescue aircraft, 15 frigates and destroyers, helicopters, tanks, combat vehicles and much more. This equipment, which would come at a price of between \$50 billion and \$100 billion, should meet Canada's needs for the next 25 years, says the government.

When spread over 10 to 20 years, the cost is not really that steep. What's more, I am certain Ottawa will maximize the industrial benefits of these purchases. However, the choice of equipment leaves me wondering, for it seems better suited to the needs of past conflicts. Were our generals thinking about the wars of the future?

Our most recent involvement in a war was in Afghanistan. Our military has a high probability of taking part in similar conflicts in the next 25 years. As a member of an international coalition, Canada could be asked to "pacify" a region under siege by guerrilla forces in the midst of a civil war. In such conflicts, the greatest danger to our military generally comes from the use of antipersonnel mines, creating suspicions that make it difficult to gain the trust of local communities. This is the only type of war in which Canada has participated in the past 60 years. Are we really buying the equipment we need for such conflicts?

There are other needs. Access to Canada's Far North needs to be controlled to ward off spy planes. A few warships flying Canada's colours could be justified to patrol the region, at least until our sovereignty is recognized

as it currently is off the coast of Newfoundland. But do we really need 65 fighter planes and 15 frigates for that? Our generals think so.

But what about a third world war breaking out among the world's major powers? Such a war, if there is one, would probably begin on the Internet with a massive attack of the networks and communication systems that have become vital to our daily lives and the operation of our economy. Imagine the impact: airplanes, telephones, electricity, BlackBerrys, ATMs, credit cards, GPS, etc., nothing working anymore. For such an attack, the enemy would try to scramble signals and paralyze Internet networks. We would retaliate and the entire world economy would likely be paralyzed.

Is Canada investing enough in cybernetics to deal with the realities of the 21st century?

In truth, cyber guerrilla warfare has already begun. In 2011, an Israeli virus crippled uranium enrichment centrifuges in Iran. A recent study by cyber-security firm Mandiant revealed that the Chinese have launched more than 140 probing attacks against US networks since 2006. This prompted Washington to create the United States Cyber Command, which already coordinates 13 operational units. Isn't that the future of military aggression? Just imagine the situation in 10 years when our new frigates and fighter planes are finally ready for use.

Are our generals caught up in the wars of their childhood? Is Canada investing enough in cybernetics to deal with the realities of the 21st century? Just as the Maginot Line gave France a false sense of security from Hitler before the Second World War, our frigates and fighter planes will probably be of little use in the end.

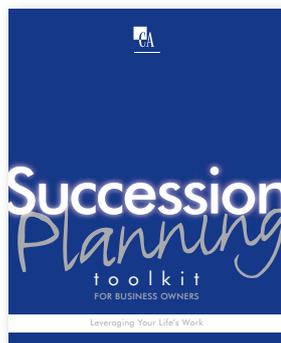
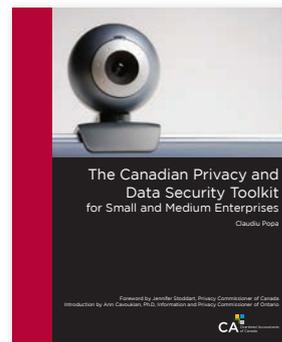
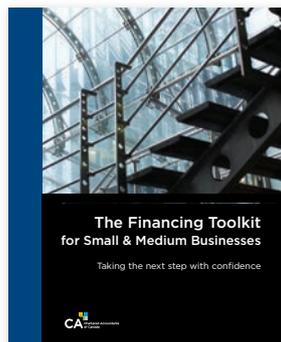
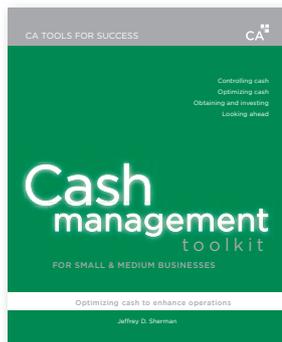
Ottawa should put as much effort in defending us from cyber attacks as it does in replacing its classic military equipment.

Marcel Côté is a strategic adviser at KPMG SECOR, Montreal

Tools for Success

For Business Owners

A MUST-HAVE ADDITION TO YOUR REFERENCE LIBRARY!



Our comprehensive toolkits include:

- Cash Management
- Financing
- Privacy & Data Security
- Succession Planning
- Estate Planning

Easy to understand practical guides with tips, case studies, worksheets and checklists - includes a bonus CD!



Never be out of options again.

For more information or to order, visit:
CAstore.ca/toolsforsuccess



Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.

Complex Legal Problems. Simple Business Solutions.

You are a good accountant and financial advisor. You've looked after your clients' interests well. But now they need legal counsel as issues get more complex, and your clients become more concerned. You need to make a referral that will ensure the best possible results for them.

Our family of boutique law firms have the combined experience and expertise to achieve results.

Heydary Hamilton PC www.BusinessLawyers.ca

One of Canada's leading business litigation firms is ready to assist with commercial litigation matters including shareholder disputes, investment losses/fraud claims, franchising and various contract matters.

Heydary Green PC www.Lawyers.fm

A boutique family law firm, offering first class representation for clients undergoing separation, divorce or estate disputes involving family assets.

Heydary Hayes PC www.ITlawyers.ca

A boutique Intellectual Property, Technology and Media firm, Heydary Hayes PC provides specialized transactional and commercial advice on all matters related to technology.

Heydary Samuel PC www.Lawyers.sh

A boutique Real Estate firm that focuses on residential purchase & sale in addition to commercial and industrial property transactions.

HEYDARY LAW
FIRMS

www.Heydary.com

66 Wellington St. W., Toronto Dominion Bank Tower
Suite 4500, M5K 1H1

Content is copyright protected and provided for personal use only - not for reproduction or retransmission.

For reprints please contact the Publisher.