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# CA

magazine

December 2013

www.camagazine.com

# GLOBAL AMBITION

**FIRMS BIG AND SMALL are making strategic moves  
to compete in a new borderless marketplace**



**TAKING YES FOR AN ANSWER** Is your negotiating style failing you?

**Find out how to make your case and come out a winner. P. 32**

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PAUL ORENSTEIN

## Not an ending, only a change

After 100-plus years, your award-winning professional magazine is due for another transformation

Some philosophers say that change is the only reality. It comes in many forms. Change: a rotating disc of galactic gas and dust fuses nuclei under tremendous gravitational pressure and undergoes nuclear ignition, exploding into our burning sun, while the surrounding dust and gas form the planets. Change: barren planet, life, eukaryotes, multicellular organisms, Cambrian fauna, vertebrates, mammals, primates, Hominini, Homo sapiens. Change: DACA becomes CICA, which becomes CPA Canada.

Change: in July 1911, the publishing equivalent of a eukaryote — a single-celled microbe — was born in the form of the DACA's official publication, *The Canadian Chartered Accountant*. Over the years that small pamphlet evolved into new species that carried the mutating genetic information of the accounting profession. The change from academic-style journal to glossy magazine took almost 100 years. Dear readers, it is time for your publication to take that next evolutionary step.

This is the last issue of *CMagazine*. No, your magazine is not about to become extinct. It is only taking on a new form to reflect the changes that have occurred in the profession. The new magazine will appear in January 2014; it will have a new name and it will be completely different from *CMagazine*.

As you are well aware, this magazine has been a leader in winning awards over the past few decades. To celebrate the end of this most recent iteration of your publication we have put together a selection of our award-winning pictures and stories. Please see "Our awards," p. 12.

Globalization began some 500 years ago, but it can be argued that the kind of intensification that has happened over the past 20 years is unprecedented, and more is expected. There are efforts to standardize accounting across the globe, and accountants are hopping from country to country; what will happen in the next 10 years? How will all this internationalization of business affect the profession? We sent writer Robert Colapinto to find out from the big firms and from SMPs what people think about all this worldwide change. The result of his investigations are found in "It's a global village," p. 20, and "Foreign contacts," p. 26.

We at *CMagazine* would like to thank all our readers for their support over the years. We would also like to thank the writers who have contributed to making this version a great publication. A special thank-you to Marcel Côté for his nearly 22-year run as our brilliant, award-winning Outlook columnist. This is his last. We will see you all once again on the other side.



Okey Chigbo, Editor

upfront

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The global marketplace means SMPs have to follow their clients into the foreign fray and move out of their comfort zones

BY ROBERT COLAPINTO

**32** Taking yes for an answer

Many women struggle with negotiating, but so do many men. Here's how to boost your confidence, make your case and come out a winner

BY MARY TERESA BITTI

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

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### ONLINE

**Taking yes for an answer:** a few interesting stats on different negotiation styles. Go to [camagazine.com/negotiation13](http://camagazine.com/negotiation13)

**ERP customer survey:** a roundup of the results. Go to [camagazine.com/ERPcustomerroundup13](http://camagazine.com/ERPcustomerroundup13)

**People on the move:** our new magazine, slated for launch next month, will include a section on people moving from one company to another. If you have any announcements to make, please contact Darcey Romeo at [DRomeo@CPACanada.ca](mailto:DRomeo@CPACanada.ca)

**Your biggest faux pas:** have you ever said or done something so inept that you still remember all the details?

If so, we would love to hear from you for a future feature. Just go to [camagazine.com/fauxpas](http://camagazine.com/fauxpas) to relate your story

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# UPFRONT

News, people, briefs, trends + tips

## Novel adventure

**A**nitha Robinson's path from hobbyist writer to published novelist began five years ago with a dream — a vivid and horrible nightmare, to be more precise.

In it, she was relentlessly chased by two men. It shook her up, naturally, but it was so stark that she jotted down the details when she awoke and used them to create a story about a teenage runaway, part of which she submitted to her creative writing class. "They all loved it," says the 47-year-old self-employed accountant from Milton, Ont. "They thought the characters seemed so real."

The story was atypical of Robinson's writing. While she had written poetry and short stories as a youth, most of her writing up to that point had been stories for her two school-age children. She continued to work on the dark, nightmare-inspired manuscript for several years, snatching writing time when she could from her job and her family. By the summer of 2012, she had a full-length novel completed, now titled *Broken Worlds*, and began submitting it to publishing houses and agents.

Hoping the theme — "It's about finding one's self-worth," says Robinson — would resonate with the target teen audi-

ence, she approached many North American publishers and agents. It was selected by CBAY Books, a Texas-based fantasy and science fiction publishing house, for its Yummy But Brainy Writing Contest. She was shortlisted and won a publishing contract this past June. She was assigned an editor who did a heavy line edit of the work and, while some would feel put off by this intensive criticism, Robinson thrived on it. "I couldn't wait to get his notes so I could get to work on the next section," she says. The novel is scheduled for release in the spring.

Robinson points to her experience as an accountant as a major benefit to her writing, and not just the juggling of different priorities. "Many think of us as simply number crunchers, but there's communication involved with a client, to get them to understand what you're saying, to speak in language they'll understand. I took that same approach to writing for a different age group, to make the story relevant to them."

John Shoesmith  
RUTH KAPLAN



**Dream come true: Ontario accountant Anitha Robinson used elements of a startling nightmare to write the plot of her first book, *Broken Worlds*, which will be published early next year**

### Résumé

- 1992** obtains CA designation (Ont.)
- 1995** opens own accounting practice
- 2008** begins writing *Broken Worlds*
- 2013** wins Yummy But Brainy Writing Contest
- 2014** *Broken Worlds* to be published



# #NUMBERS Game

**Employee efficiency** How do you get greater productivity from workers? Researchers seem able to coax improved work habits from staff with almost anything — even a plant

**10** Length in weeks of a study by a New York insurance firm gauging the impact on productivity of computer reminders to sit properly and take short breaks. Workers receiving the messages were 13% more accurate in their work than those sent no reminder.

**12** Percent increase in worker productivity reported in 1989 by a Connecticut-based data-processing firm that replaced traditional desks and office furniture with workstations designed for computers.

**17** Number of plants added to an office during a 1996 study to determine the impact of interior plants on productivity. Researchers at Washington State University reported that interior plants increased productivity 12% compared to a flora-free environment.



**90** Optimum time in minutes to work on a task for greatest productivity, according to Florida State University Prof. K. Anders Ericsson. “It’s not how long, but how well, you renew that matters most in terms of performance,” Ericsson claims.

**1991** Year fragrance researchers reported the scent of peppermint improved worker performance on specific tasks by 15% to 20%. “The fragrance effect,” suggested the scientist, “was about the same as low-dose caffeinated beverages.”

**2006** Year an Ernst & Young survey discovered workers who took more vacation time had better performance ratings. For every 10 additional hours off, evaluations rose 8%.

Steve Brearton



## Working File: TO DRINK OR NOT TO DRINK?

### THE SCENARIO

’Tis the season to celebrate — by taking clients out for holiday lunches and toasting the new year ahead at after-hour shindigs with colleagues. But at his last office party (feting a coworker’s 15th anniversary with the company), Todd Sheldon\* overindulged on the bubbly — and ended up embarrassing himself in front of senior executives, who could hold their liquor better than he could. “I was trying to ‘keep up’ with the partners and later realized that I might’ve said some inappropriate things in front of both my managers and my employees, including some top-level business info that I wasn’t at liberty to discuss, as well as asking a few too many personal questions,” he says.

### HOW IT PLAYED OUT

After a few raised eyebrows, Sheldon knew he’d crossed a professional line. But, since he didn’t want to further humiliate himself — or raise attention to his sloppy behaviour — he decided against discussing his actions the next day at the office.

### THE EXPERT WEIGHS IN

Getting tipsy while trying to keep up with — or at the insistence of — the office bigwigs is a colossal mistake, says Toronto etiquette expert Louise Fox. “You should never feel pressured to drink. If you know you have a tendency to go overboard, have something virgin. Most often no one will know or notice what you have in your glass,” she says. “Certainly a boss who believes the measure of a good employee is matching him drink for drink has been watching too many episodes of *Mad Men*.”

In Sheldon’s case, Fox says he should have addressed his behaviour the next day instead of pretending nothing happened. “Test the air, own up and apologize. But don’t do it over email — this is better done in person,” she advises. “Who would want a written record of what they have done to embarrass themselves?” Lisa van de Geyn



Have you faced a tricky work situation? Tell us about it at: [TSatov@cpacanada.ca](mailto:TSatov@cpacanada.ca) Names can be changed for anonymity

\*Name has been changed

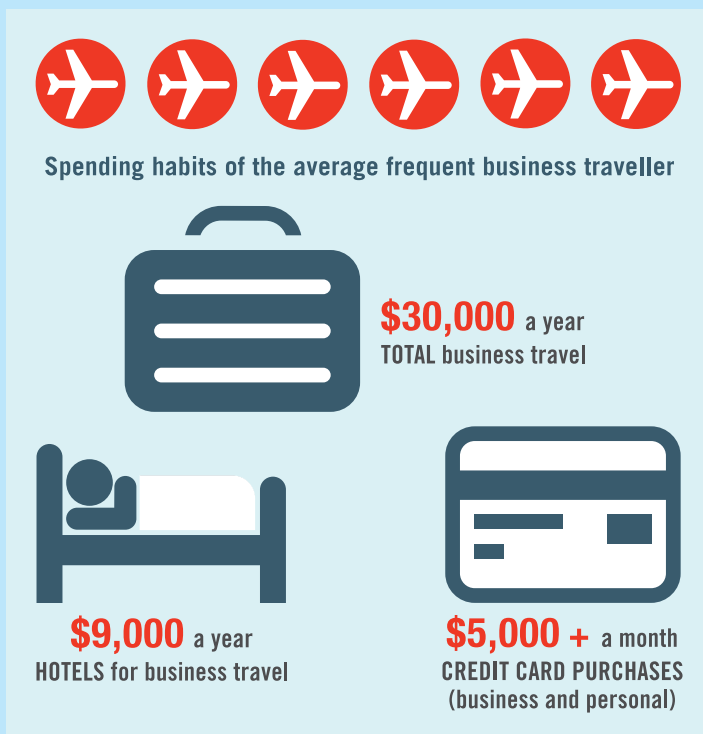
By Tamar Satov



## BIG TRAVEL SPENDER

In August, marketing research firm Ipsos Canada released its annual study on the habits of the Canadian business traveller — someone who takes six or more round-trip business flights annually. According to the study, the “average” frequent business traveller is also a high-flying spender, both on work-related sojourns and at home.

by Steve Brearton



Source: The 2013 Canadian Business Traveller Study, Ipsos Canada

## You're the best (and underrated)

Rejoice! You have one of the best jobs in the country. After ranking more than 2,000 occupations on factors such as job security, working conditions, earning potential and unemployment rates, online job-search site Adzuna determined that accountant is the fourth-best job in Canada. South of the border, a similar study by CareerCast included accountant among its list of most underrated jobs — professions it says offer high growth, low stress and enriching work.

### Adzuna.ca's best jobs in Canada

1. Translator
2. Web developer
3. Actuary
4. Accountant
5. Video-game developer

### CareerCast.com's most underrated jobs

1. Computer systems analyst
2. Veterinarian
3. Biologist
4. Market research analyst
5. Accountant

## PUZZLE PROWESS

Proving he really is a number cruncher, UK chartered accountant Stephen Gerrard won the top prize in *The Times'* annual sudoku competition held in London earlier this fall. He was the first of eight finalists to finish the contest's four numeric brain teasers — doing so in just 18 minutes — and took home a £1,000 prize.

## FIFTY IS THE NEW FORTY

What's the perfect age? In a Harris poll of 2,242 US adults, the average age respondents “would like to live at if they could skip time and live forever in good health” is 50. Interestingly, when the same poll was conducted in 2003, the “perfect age” was nearly a decade younger: 41. Apparently, perfection ages like the rest of us.

## GLOBAL SKILLS GAP

Just 15% of North American execs get international assignments — three times less than those in Europe and Asia — putting them at a disadvantage, a global survey finds. “Nothing can take the place of managing in situ,” says Ric Roi of HR firm Right Management, which conducted the survey. “This is how global leadership skills are forged.”

BAIBA BLACKSETH



## PERSONAL ACCOUNTS

### How I got into the restaurant business

Maxine Simpson, CPA, CA,  
restaurateur, Pickering, Ont.

The food-service world wasn't on my radar until our now-chef (a friend) identified a great location in downtown Pickering and a particular type of cuisine – Jamaican food – that was not available in the immediate area even though research showed the concept would

be welcome in the city. I am entrepreneurial at heart so I joined in on building the concept. Of course, there was lots of legwork – negotiating with the landlord, applying for a liquor licence, researching bylaws and regulations, sourcing suppliers and contractors, staffing and training.

We opened our flagship eatery, Patois Jamaican Restaurant, in September 2012. My favourite dishes are seasoned jerk chicken and jerk pork served with rice, peas and fresh salad; the roti, which has a delightful curry sauce; and the carefully prepared brown stew red snapper.

I've now changed careers entirely, and love the flexibility. Even though you lose the predictability and security of a paycheque and benefits, I've discovered that with risk there are rewards. As told to Lisa van de Geyn

## QUOTABLE

### Leadership style

[Mark Carney] may well be a terrific economist. More than that, however, he is a first-rate media brand. Yesterday's *Evening Standard* front page said: 'Get the Carney look: the Bank of England Governor teaches British men how to dress-down in style.' Never mind the base rate, everyone, the new Guv wears trendy clothes and has a fashion-savvy wife

*The Spectator* assistant editor Freddy Gray blogging about "The creepy cult of Mark Carney" on the conservative UK magazine's website

## 65 YEARS AGO THIS MONTH

Compiled by Steve Brearton

From the December 1948 edition of our magazine

### Breakfast of champions?

"A worthy gentleman of our acquaintance once made the unguarded statement publicly that one of the tragedies of married life was breakfast. . . . Lest anyone feel that we should read the newspaper ourselves at the breakfast table, we point out, if this were done, we should have nothing to read in a forty minute streetcar ride to our office. One has to decide for himself at what point to accept hardship."

From "Income tax at the breakfast table"

### Training the public accountant of the future

"The days when a man holding a recognized accountancy qualification was spoken of as having 'left the profession' when



he took up a salaried post in the organization of an industrial undertaking have gone by."

Sir Frederick Alban, president of the Society of Incorporated Accountants, from his paper "Socialisation in Great Britain and its effect on the accountancy profession"



# Must Haves

by Alan Vintar

## Manley Neo-Classic SE/PP 300B

**It's all about the sound.** Faithful sound reproduction requires a broad dynamic range with minimal noise and distortion. Audiophiles demand it from their hi-fi systems, and Manley delivers it in its hand-assembled Neo-Classic SE/PP 300B tube monoblock amplifiers. Physically the style is definitely retro, which is fitting since there are two 300B vacuum tubes at the heart of each unit. These tubes were originally manufactured in the 1930s to amplify telephone signals. Today, they're appreciated for the warmth and clarity of sound they bring to high-end audio amplification.

The 300B has the option of being switched between two output stage topologies. In push-pull mode output is rated at 24 watts with frequency response of 10 Hz to 20 kHz. In single-ended mode sound runs through less circuitry, with the tradeoff that output is much lower at 11 watts



with frequency response of 15 Hz to 15 kHz. It includes a variable feedback switch and bias adjustments that make it easy to fine-tune the amp to your room and ears.

**Price:** US\$9,200 per pair  
[www.manley.com/nsepp.php](http://www.manley.com/nsepp.php)

## Going Concern



**LES MALLINS, CPA, CA**  
**FOUNDER & PRESIDENT**  
**STREETCAR DEVELOPMENTS INC.**

**COMPANY PROFILE:** Founded in 2002, Streetcar Developments is one of Toronto's leading mid-rise urban real estate developers specializing in boutique condos in the downtown core. With 17 buildings in its existing portfolio, and another four major projects scheduled for completion within the next two years, the company's annual revenue is expected to jump to \$260 million in 2015 from \$106 million in 2013. Streetcar employs 30 staff and has some 160 contract employees.

**HOT FACTOR:** Streetcar has been influential in transforming some of Toronto's up-and-coming neighbourhoods. It was the first condo developer to set its sights on an untapped area east on Toronto's Queen Street, which is now among the city's hippest hoods. While most of its buildings consist of 100 units or less, its latest projects

are larger-scale, mixed-use developments that will contain an urban grocery store, theatre and park. Streetcar earned an Award of Excellence from the Toronto Urban Design Awards in 2009 and is among this year's nominees for *NOW Magazine's* Best Condo Developer in Toronto.

**COOL PROJECTS:** Given that mid-rise buildings aren't often privy to the extensive amenities of big tower condos, Streetcar is looking at ways to connect its roster of condo owners via shared use of the facilities, such as gyms and venue space, at each of its buildings. One of its current projects will feature an 18,000-sq.-ft. indoor/outdoor event space available for a variety of community functions.

**IN HIS OWN WORDS:** "I feel like our business is less risky than the big condo developers because we work on a smaller scale and have a unique focus that we're recognized for. We're well positioned to work our way through leaner times. When you're only developing eight-storey buildings with 100 units at a time, you can have a closer connection with the community."

Rosalind Stefanac

## Paul Cherry reflects on Order of Canada, ICAO honours

“Well, I was just flabbergasted,” says Paul Cherry when informed in late 2012 that he was to be appointed as Officer of the Order of Canada.

Now that it has sunk in (a bit) — he still laughs with hearty wonderment at the honour — Cherry can put the order’s decision into better perspective. He is being lauded for his commitment to improving financial reporting, notably through his leadership in developing international accounting standards. “To me, it is an understanding and appreciation that standards have practical reporting benefits but also a true value to the lives of the people of Canada, and the world, for that matter,” he says. Indeed, this singular honour lauds those who exemplify the order’s Latin motto, *desiderantes meliorem patriam* — they desire a better country.

It would be an understatement to say Cherry has had a life and career of extraordinary achievement highlighted by dedication



and service to the country. This past September, CPA Ontario bestowed him with its highest honour, the ICAO Award of Outstanding Merit. He is currently the first Canadian to chair the IFRS Advisory Council. Prior to this post, he was chairman of the Canadian Accounting Standards Board, working toward IFRS convergence and its eventual adoption.

A native of Saint John, NB, Cherry earned a partnership at PwC and accepted the role of chief accountant at the Ontario Securities Commission.

“It was at the OSC where I really found my working self in the job of elevating standards,” he recalls. “And now the Order of Canada. It’s a bit awkward because my achievements along the way were only possible as a result of a lot of hard work from so many colleagues. Still, I’ll take it.”

Robert Colapinto

April 1, 2013, marked the launch of the Chartered Professional Accountants of Canada (CPA Canada).

Nine months later, we will celebrate the birth of a magazine dedicated to Canada’s new accounting designation and business credential.

*Watch for CPA Magazine in the new year.*

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MAGAZINE

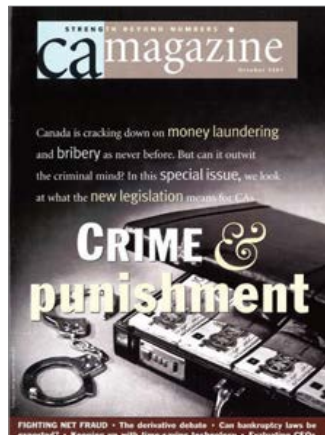
# Our awards

This is the final issue of *CAmagazine*. To celebrate the end of this version of the magazine, we have put together a

## GOLDEN ISSUES



2000 KRWs  
**GOLD, BEST ISSUE**  
(October 1999)



2002 KRWs  
**GOLD, BEST ISSUE**  
(October 2001)



2003 KRWs  
**GOLD, BEST ISSUE**  
(December 2002)



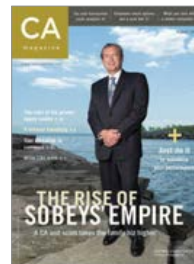
2004 KRWs  
**GOLD, BEST ISSUE**  
(December 2003)



**BEST ART DIRECTION Gold**  
(SEPTEMBER 2007)



**BEST PHOTOGRAPH Gold**  
(MARCH 2007)



**BEST PROFILE Silver**  
(AUGUST 2007)



**BEST ILLUSTRATION Gold**  
(JUNE/JULY 2008)



**BEST ONE-OF-A-KIND ARTICLE Gold**  
(OCTOBER 2009)



**BEST COLUMN + SPOT ILLUSTRATION Gold**  
(MARCH 2011)



**BEST PROFILE Gold**  
(OCTOBER 2009)



**BEST PROFILE Gold**  
(MAY 2012)

selection of the high points of the past decade or so, represented by some of our wins at the Kenneth R. Wilson Awards



2005 KRWs  
**GOLD, BEST ISSUE**  
(November 2004)



2008 KRWs  
**GOLD, BEST ISSUE**  
(November 2007)



2009 KRWs  
**GOLD, BEST ISSUE**  
(May 2008)



2010 KRWs  
**GOLD, BEST ISSUE**  
(January/February 2009)



**BEST ILLUSTRATION Gold**  
(NOVEMBER 2002)



**BEST ILLUSTRATION Silver**  
(JANUARY/FEBRUARY 2011)



**BEST ART DIRECTION OF A COMPLETE ISSUE Gold**  
(JANUARY/FEBRUARY 2004)



**BEST ONE-OF-A-KIND ARTICLE Silver** (OCTOBER 2012)



**BEST SPOT ILLUSTRATION Gold** (OCTOBER 2012)



**BEST ILLUSTRATION Silver**  
(DECEMBER 2003)



**BEST ARTICLE Silver**  
(OCTOBER 2008)



# System selection

BY MICHAEL BURNS

FINDING THE RIGHT SOFTWARE TO FULFILL YOUR BUSINESS NEEDS

## Customer survey roundup 2013

It's been seven years since we last asked you to tell us what you really think of your ERP and accounting system. That is far too long, especially given how much technology has changed. So we decided to revive the survey and add some new questions.

The survey was announced in the August 2013 edition of *CAMagazine* and can be viewed at [camagazine.com/ERPcustomersurvey13](http://camagazine.com/ERPcustomersurvey13). Once again, it included questions about functionality as well as generic features. We broke down the responses based on tiers, as shown in the chart below.

Criteria – tiers	Tier 1	Tier 2	Tier 3
Customer revenue	>\$200M	\$10M-\$200M	<\$10M
Customer employees	>500	50-500	<50
Licence fees	>\$300K	\$50K-\$300K	<\$50K
Annual fee for software as a service (SaaS)	>\$75K	\$10K-\$75K	<\$10K
Implementation fees: licence fees	>2:1	1:1-2:1	<1:1

The response base for Tier 1 and Tier 3 was not large enough to enable us to draw conclusions, but we were able to find some interesting data in the Tier 2 responses. In fact, the data show there have been improvements in every category between 2006 and 2013. In terms of generic features (see chart opposite), the greatest strides have been made in security (up by 32% over 2006), followed by reporting (+21%) and customizability (+18%). The rating for performance (added this year) was solid at 3.5 (out of a possible four). Ratings for workflow were also good, at 3.4. It's still early days for mobile applications, which explains why it was rated the lowest of all the categories at 2.7.

We want to acknowledge that there were a couple of vendors in particular — Multiview Financials and SYSPRO — that contributed to the improvements seen between 2006 and 2013. Multiview attained a near-perfect score of 3.9 for its financial system, while SYSPRO did very well with 3.7 for its distribution and manufacturing systems.

One respondent was especially pleased to have a system with built-in smarts: "From a finance and business intelligence perspective, it has made life so much easier. Data is readily and easily available." Another liked the flexibility of the system cho-

sen as well as the ability to customize and create user-defined reports. Yet another noted that "the system is rock solid and has almost no downtime."

Unfortunately, however, not everyone was happy. Often, that had less to do with technical problems than with people issues. We saw comments such as, "Customer service is by far the worst I have ever dealt with." At the same time, some readers seemed quite pleased with their vendors and implementers. As one wrote, "The customer service is by far the best I have ever seen. They are always there for you." (Don't you wish all vendors were like this?)

As *CAMagazine* publishes its final issue, I would like to take this opportunity to thank my readers as well as the staff at the magazine for their support over the years. You can look for my regular surveys on ERP and other systems in the online version of the new *CPA Magazine*.

Michael Burns, MBA, CA•IT, is president of 180 Systems ([www.180systems.com](http://www.180systems.com)),

which provides independent consulting services, including business process review, system selection and business case development. Contact: [mburns@180systems.com](mailto:mburns@180systems.com)

Generic feature ratings*	Tier 2		
	2013	2006	Change
Ease of use	3.5	3.1	13%
Flexibility	3.5	3.4	2%
Stability	3.6	3.3	8%
Security	3.6	2.7	32%
Documentation	3.1	2.8	10%
Reporting	3.3	2.7	21%
Customizability	3.5	3.0	18%
Performance	3.5		
Workflow	3.4		
Mobile applications	2.7		

\*The possible responses were excellent (4), good (3), fair (2), poor (1) and N/A.

For an expanded article, as well as developer and implementer ratings, go to [www.camagazine.com/ERPcustomersurvey13](http://www.camagazine.com/ERPcustomersurvey13)



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## National “CPA Pro” ad campaign hits a home run

**R**eal-time feedback on Chartered Professional Accountants’ national multimedia “CPA Pro” advertising campaign that started September 17 indicates the campaign launching the CPA designation is hitting the mark.

The \$5-million national campaign targets the business community through TV, newspaper, online and billboard ads in airports and transit. The campaign is a joint effort between CPA Canada and the provincial bodies participating in unification. Various elements of the campaign will run in flights through to March 2014, with online advertising and the CPApro.ca microsite running continually during the period. The campaign is being extended with additional advertising in several provinces.

After one week in the market, real-time online tracking showed the CPA Pro digital ads were viewed more than 5.5 million times across various websites. The online campaign has continued to outperform expectations, with the number of viewers clicking on the eye-catching digital ads being triple the industry average on some sites, and with high activity driving from the *Globe and Mail* and Rogers’ digital publishing sites. At the one-month point, the CPA Canada national online campaign served more than 10 million ads, reached about five million Canadians online and resulted in more than 17,000 visits to the campaign microsite. Combined with the total reach of the national TV, airport ads and print campaign creative in the marketplace, this has contributed to 45,000 visits to the microsite and an impressive volume of more than 205,500 pages of branded CPA content being read by our tar-



**HEATHER WHYTE,**  
vice-president, strategic  
communications,  
branding and public  
affairs, CPA Canada

get audiences. The number of views of the YouTube ad campaign video stood at more than 11,000 for the month, and the views continue to increase.

“These numbers tell us that this campaign is highly effective in breaking through a cluttered advertising landscape to create awareness and interest in the CPA,” says Heather Whyte, CPA Canada vice-president, strategic communications, branding and public affairs. “The campaign is a key element in a larger stakeholder communications strategy that uses targeted approaches to reach key audiences with our messages about the CPA and the value it provides.”

The ads use clever wordplay to emphasize the word “professional” in CPA and highlight the wide skill set of CPAs in business, management, finance and accounting. The TV ads showcase various pro-sport scenarios mixed with business — such as a CPA putting on eye black before she presumably heads to a meeting.

“The ads are entertaining and fresh and aim to showcase CPAs

### Full unification within reach with CGA bodies in Ontario and Manitoba joining talks

WITH THE ANNOUNCEMENTS in October that CGA Ontario and CGA Manitoba were joining unification discussions with their respective counterparts, the goal of 100% unification of the Canadian accounting profession appears within reach.

Unification of the accounting profession has already taken place in Quebec and is rapidly progressing among the provincial bodies across the country. While unification is in various stages, some provinces are crossing the finish line and waiting for legislation. The three legacy bodies in BC and Saskatchewan respectively announced this fall that they have signed joint venture agreements and are working on their transition plans.

The decision by the CGA bodies in Ontario and Manitoba to join with their CA and CMA bodies that were already working on unification — and the news that Canadian CGA members overwhelmingly voted in favour of CGA-Canada uniting with CPA Canada — means that all 40 Canadian accounting organizations have either unified or are in the process of doing so. If unification agreements are reached in Ontario and Manitoba, it will mean all of Canada’s 170,000 professional accountants will be participating in efforts to unify the profession under the CPA banner and create one of the largest accounting designations in the world. For more information, visit [cpacanada.ca](http://cpacanada.ca).

as having the diverse skills and expertise needed to add value to clients and in business today,” Whyte says.

“We involved members in focus groups to test the ability of the ads to communicate the message that CPAs are the best of the best — people who demonstrate unprecedented commitment to get to the top level of their game — before we selected our creative,” she adds. “Members told us the ads generated a strong positive message and a sense of pride. To ensure all our members understood the campaign and its goal, we provided members across Canada with the opportunity to see the campaign at an advanced screening via webcast, as well as early access to view the campaign on

the CPApro.ca microsite. And now that the ads are live, members continue to tell us they are excited about the new campaign and the CPA designation.”

In early 2014, formal ad awareness research will be done to measure the impact of the entire campaign on the business community, members and other key audiences.

“We are proud of our campaign,” Whyte says. “And we look forward to watching these advertisements continue to help communicate the vision for CPA as Canada’s pre-eminent accounting designation and business credential. These early results show we are well on our way.”

## CPA Canada recommends increased clarity for discussions on tax evasion and avoidance

**CORPORATIONS IN CANADA** and around the world are coming under increased scrutiny for their tax practices.

There are regular media reports about tax evasion or aggressive avoidance practices. A corporate entity may find itself having to address the resulting public outcry even when a legal approach to tax planning was adopted.

A number of misconceptions persist, in particular, the distinction between legal tax planning and illegal tax evasion.

A new white paper released in November by Chartered Professional Accountants of Canada (CPA Canada) provides greater clarity about matters such as tax evasion, tax avoidance and the nature of corporate income tax and its effect on business. It also provides recommendations to the federal government to help protect Canada’s tax base and ensure that the corporate tax system works as efficiently as possible.

CPA Canada believes enhanced relationships based on more transparency, cooperation and trust among tax authorities, businesses and tax advisers could help strengthen the country’s tax system.

“We believe the federal government should consult with the affected parties on the potential benefits that an enhanced relationship and increased transparency may offer,” says Kevin Dancey, FCPA, FCA, president and CEO, CPA Canada. “Canada’s professional accountants are well positioned to help foster this change given the significant role they play in advising and assisting companies in complying with tax obligations.”

### Tax planning

The white paper makes it clear that tax planning at home and abroad is not always black and white.

“Illegal tax evasion is harmful to economies and should be prevented,” says Gabe Hayos, FCPA, FCA, vice-president, taxation, CPA Canada. “However, legal tax planning by businesses should be accepted as a means of reducing costs. Corporations should be expected to make legal use of low tax rates or other tax benefits that countries offer to compete for foreign investment.”

The white paper acknowledges that gray areas can emerge. A company’s tax planning may be technically legal but a revenue

authority could view the action as going against the spirit of the law. These situations often require the involvement of the tax courts and policy-makers to help resolve the dispute. Both the taxpayer and revenue authority would benefit from avoiding such disputes, which can be long and costly. Companies must also be mindful of the reputational and financial risk of possibly being found on the wrong side of the tax law.

The Organization for Economic Co-operation and Development is working on the G20’s behalf to develop global solutions to stop tax evasion, increase tax transparency and information sharing, and modernize international tax laws.

“Canada and its taxpayers need to be part of the process to ensure that our competitive position is maintained and recommended solutions are addressed from a Canadian perspective,” says Hayos.

### Further recommendations for Canada

The white paper outlines several steps that Canada should take now to improve the operation of our tax system. These steps include:

- keeping corporate income tax rates low
- tightening the focus of specific anti-avoidance rules
- rethinking the corporate income/consumption tax mix
- using tax policy to help Canadian businesses compete and
- pursuing more international Tax Information Exchange Agreements.

CPA Canada will share its white paper with representatives from government, key tax stakeholders and other national and international associations and organizations.

“The white paper and its recommendations will help to advance discussions regarding the future of Canada’s corporate income tax system,” says Hayos. “Attitudes and expectations are changing both in Canada and internationally so it is important they be addressed.”

For more information and to download CPA Canada’s white paper “Corporate tax evasion, avoidance and competition: Analyzing the issues and proposing solutions,” visit [www.cpacanada.ca/taxevasion](http://www.cpacanada.ca/taxevasion).

## A call for nominations

CPA Canada Awards of Excellence in Public Sector Financial Management shines a spotlight on financial professionals in the federal government who excel in their field. Formerly known as the *Award of Excellence for Comptrollership in the Public Sector*, these annual national awards celebrate significant achievements in financial management within the government of Canada. Nominations are now open for the 2014 awards, which will be presented in Ottawa in May.

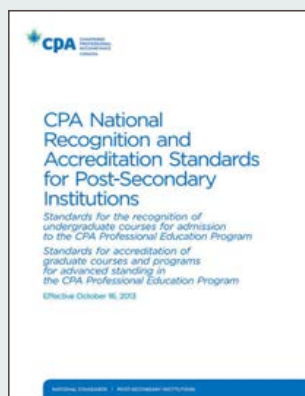
“Everyone in Canada has a vested interest in promoting high-calibre financial management in the federal civil service,” says



Kevin Dancey, FCPA, FCA, president and CEO, CPA Canada. “People who know individuals or teams that deserve to be recognized for excellence in this field are encouraged to nominate them for this award.”

The program includes three award categories: Innovation, Financial Leadership and Lifetime Achievement. For nomination forms and more information, visit [www.cpacanada.ca/PSFMawards](http://www.cpacanada.ca/PSFMawards). Nominations close February 7, 2014.

## National recognition and accreditation standards available



CPA Canada has released the *CPA National Recognition and Accreditation Standards for Post-Secondary Institutions*, finalizing the framework for post-secondary institutions to deliver CPA education. This publication includes the national standards for the recognition of undergraduate courses for admission to the CPA Professional Education Program (CPA PEP) and for the accreditation of graduate courses and programs for advanced standing in CPA PEP.

Provincial and regional education bodies will use these standards to develop their processes for assessing courses and programs of post-secondary institutions.

To see the *CPA National Recognition and Accreditation Standards for Post-Secondary Institutions*, visit the CPA Canada website at <http://cpacanada.ca/certification-program/recognition-and-accreditation-standards>.

## Couples managing household finances together: CPA Canada survey

Managing the household finances is a joint effort, according to the findings of a national survey conducted for the Chartered Professional Accountants of Canada (CPA Canada).

The survey found that virtually all respondents (96%) were comfortable talking about financial matters with their spouse or partner. In fact, 92% of those surveyed said they trust the money decisions made by their significant other.

“It was very encouraging to discover that more than 80% of the respondents discuss household finances regularly with their spouse or partner,” says Nicholas Cheung, CPA, CA, a director with CPA Canada. “Open lines of communication are important to make sure that couples are on the same page when it comes to money management.”

Ninety-four percent of the respondents felt that speaking openly about money signifies a strong relationship. Sixty-nine percent of respondents

stated their spouse or partner had shared with them the personal identification number (PIN) for at least one credit or debit card. In addition, 70% of those surveyed said they set a household budget together with their spouse or partner.

“It makes sense to work with your spouse or partner on establishing a household budget,” says Cheung. “Not only does it help to keep the lines of communication open, but spending time managing your household finances can go a long way in reducing stress and providing some peace of mind.”

The survey findings revealed a high level of shared responsibilities for matters such as making a major purchase, monitoring the household budget and managing financial investments.

The survey was conducted in mid-October by Harris/Decima. More information is available online at [www.cpa.ca/2013managingfinances](http://www.cpa.ca/2013managingfinances).

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## RECENTLY ISSUED PRONOUNCEMENTS

CPA Canada Handbook – Accounting	Date issued†
<b>Part I</b>	
Narrow-scope amendments to:	
IAS 36 – Recoverable Amount	September 2013
Disclosures for Non-Financial Assets	
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	September 2013
IFRIC 21, Levies	September 2013
<b>Part II</b>	
2013 Annual Improvements	October 2013
<b>Part III</b>	
Section 3463, Reporting Employee Future Benefits by Not-for-Profit Organizations	December 2013

## RECENTLY ISSUED DOCUMENTS FOR COMMENT (to November 30, 2013)

Accounting	Comment deadline
SOP Improvements to Not-for-Profit Standards	December 15, 2013
EDI Insurance Contracts	January 6, 2014
<b>Auditing and Assurance</b>	
ED Auditor Review of Interim Financial Statements	January 15, 2014
ED Standards for Review Engagements	December 11, 2013
<b>Public Sector</b>	
SOP Improvements to Not-for-Profit Standards	December 15, 2013
SOP Revenue	February 3, 2014

## WATCH FOR

### New or amended standards (IFRSs)

Amendments to IFRS 9 – Hedge Accounting  
 Annual Improvements (2010 – 2012 and 2011 – 2013)  
 Narrow-scope amendments to:  
     IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture  
     IFRS 11 – Acquisition of an Interest in a Joint Operation  
     IAS 16 and 38 – Clarification of Acceptable Methods of Depreciation and Amortization  
     IAS 19 – Actuarial Assumptions: Discount Rate  
     IAS 28 – Equity Method: Share of Other Net Asset Changes  
 Revenue from Contracts with Customers (new)

### Legend

ED – Exposure Draft

EDI – ED based on IFRS/ISA

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.*



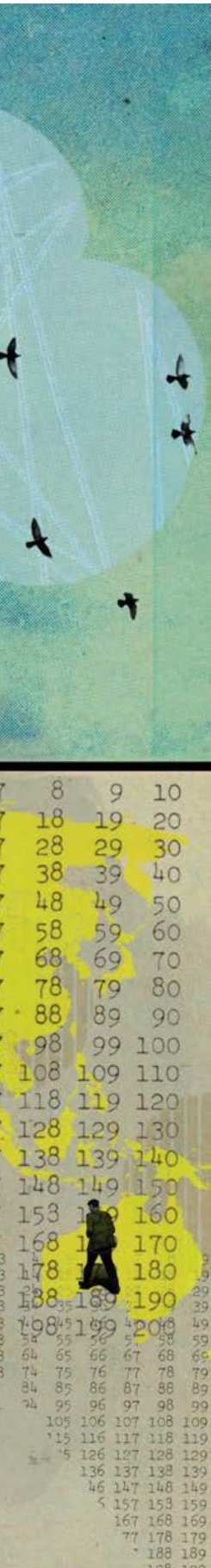
WE ARE SWIFTLY becoming a borderless world. And the Big Four have taken notice, positioning their global strategies to adapt to the new reality

# IT'S A GLOBAL VILLAGE

by Robert Colapinto

June 19, 2000, and Greece — its GDP running neck and neck with Iraq — is granted membership in the new Economic and Monetary Union of the EU. Hardly earthshaking, but welcome as the circle closes to secure an interconnection of the continent's financial markets. But by 2010, with the recession slowly abating, Greece's catastrophic economic woes threaten not only a full-blown European sovereign-debt crisis but also renewed instability half a world away. By 2013, the ill-fated global

illustration by MICHELLE THOMPSON



# “Our clients expect [us] to possess a clear understanding of and provide advice and counsel that address the national and global implications of issues that impact them”

linkage to Greece’s troubles grows to epitomize the challenges that face nations and businesses that find themselves unprepared to participate within an increasingly borderless world.

And the Big Four firms have taken heed. Economic globalization is fulfilling its promise to galvanize productivity, innovation, trade and competition. Yet the unparalleled speed at which 21st-century global market forces operate makes divining the future economic landscape somewhat problematic. Still, the Big Four are soldiering ahead, positioning their evolving global corporate strategies to adapt within this unprecedented era of socioeconomic integration.

Inarguably, globalization has increased at a frenetic pace since the term came into common usage in the early 1990s with the rise of information technology. Innovation in what has been termed the “IT revolution” is a primary driver of economic globalization. Looking just at today’s networked computing platforms, uncounted software programs, and onto the Internet — with its ability to allow businesses to file and transmit information and communicate face to face — capital and knowledge are flowing more freely than could have been contemplated a mere half-decade ago.

PwC Canada CEO and senior partner Bill McFarland looks to the firm’s future and knows that the evolution of IT and its role in helping to anticipate what lies ahead for globalization is, in fact, the most difficult of all scenarios to forecast. “We will experience dramatic technological advancements, many of which we can’t predict today,” he says. “However, some results are clear. People and businesses will increasingly interact with each other electronically, cloud computing will support many of these IT developments, and the use of big data analytics will assist governments and businesses in making more informed decisions.” Today’s “big data” catchword, for example, will be transformative as IT innovators become more adept at capturing and storing information and providing the Big Four CEOs with the ability to distil and effectively make decisions from such huge amounts of information. With innovation in IT anyone’s guess, and therefore change to every area within the Big Four’s operations in question, “expect the unexpected,” McFarland says.

So how to proceed in this intertwined world? Few could have forecast that Greece’s problems would reverberate globally or, indeed, that the US subprime debacle would devastate Iceland. Yet we now know that these sorts of catastrophes are to be part of the “new normal” in the 21st century.

One strategy that all the big multinational firms are employing to deal with a murky globalized future is an expansion of expertise beyond their traditional accounting brief. All have transitioned to or are accelerating efforts to beef up their service options. The Big Four’s activities are quickly evolving from

information processors to business advisers, from bean counters to business, financial and innovation strategists. The costing scorekeeper is now a business partner with the client and his or her market. “Successful organizations remain agile in the face of constant market changes,” says Bill Thomas, CEO and senior partner of KPMG in Canada. “Globalization and innovation have challenged markets and economies to balance the fine line between control and agility. Our clients expect KPMG to possess a clear understanding of and provide advice and counsel that address the national and global implications of issues that impact them, for example,” he continues, “[the Foreign Account Tax Compliance Act] and tax morality and tax transparency. We may be located in Canada but our business issues, concerns and realities are now global.”

The firms are either partnering with or hiring IT specialists, actuaries, lawyers and engineers to fill out the specializations needed to confront an uncertain future. “These are people with other special areas of expertise that help our clients solve their important problems,” says McFarland. “This trend will grow, and I expect the move to specialization to continue in the future at a fast pace.”

The urgency, but more importantly, the mentality of the Big Four’s reaction to market integration should not be surprising, especially given the profession’s paralleling history with globalization. Its relationship and codependence span millennia.

Like accounting itself, the beginnings of globalization (by any definition — social, cultural, political or economic) are fuzzy at best. For accounting, it claims its origins in records dating back as far as ancient Mesopotamia, Greece, China and Egypt when their rulers wrestled with the accounting of costs to the building of edifices such as the Great Wall and the pyramids.

For others, only when double-entry bookkeeping was put to paper in 1494 by the Milanese friar Luca Pacioli did “true” accounting find its place in the detailed explanation of the exchange of goods and services. This happened to be the era of burgeoning trade between Italy’s merchant class and an ever-widening world of commerce. Certainly, a seminal period of early globalization.

Yet, just like accounting, logic would have it that globalization’s beginnings also find their way to ancient times. The slow diffusion out of Africa of early humans into the rest of the world can be argued to be humankind’s greatest globalization effort. These peoples’ very survival depended upon the integration of sociocultural, political and economic relations. The interaction of people over the millennia would eventually bring us to the mercantile trade we see in Pacioli’s Italy and on into modern-day economic globalization.

Today, Canada’s Big Four organize around corralling economic relations between states and transglobal corporations.



Serpentine national and international standards, regulations and laws now replace the abacus in calculating what's what in the global economic arena. "The next decade will bring an unprecedented amount of change to our firm and the environment in which we operate," says Frank Vettese, managing partner and CEO of Deloitte. "We are constantly evolving as our industry faces challenges on several fronts: the economic outlook remains uncertain, competition is intensifying, and we will likely see more stringent regulations on the profession."

A particular challenge to the CEOs' knowledge base and the clarity of their vision of the future is how IFRS and US GAAP can work together. IFRS, of course, is about how the profession and its clients improve understanding and comparability of financial statements to support global capital markets. An intransigent US can only muddy these waters. The US Financial Accounting Standards Board and the International Accounting Standards Board have worked hard into 2013 to find convergence — with common ground won in revenue recognition and leases — but issues such as insurance contracts and impairment seem far from agreement. The CEOs also expect that the next decade will see a reduction in the length and complexity of boilerplate MD&As. "We are supportive of the IASB's initiatives on improving disclosures, and all stakeholders — investors, regulators, preparers and auditors — will need to work together to make this happen," McFarland says.

The evolution of a streamlined external integrated reporting (IR) regime and proposals from regulators to expand audit reporting and its quality will also change accounting's future landscape. "The trend around the world is certainly in support of globalization of standards," says Trent Henry, chairman and CEO of EY Canada. "Stakeholders everywhere appear to agree: enhancing the quality of financial reporting and audits is important. Still, there's not necessarily a common vision of what the individual elements look like," he admits. Battles of unknown scale and consequence lie ahead for IR and enhanced audit, and the Big Four are determined to have their say. "The bottom line is, we have a unique role in providing valuable insight to these discussions. We're a highly integrated global organization with a deep understanding of global and local influences. We believe in supporting consistent, high-quality global standards, and it's a

big part of our global vision for building a better working world."

And the centres of influence and power within that working world are in constant flux. The Big Four are very aware that they must be nimble enough to quickly adapt to any shifts to emerging markets. Currently, almost one-third of the world's 1,000 largest public companies by market cap are from rapid-growth countries, with the BRICS representing 70% of total market cap. According to statistics compiled for a 2012 Big Four performance analysis, the breakdown by revenue for the Canadian firms' parent companies finds Europe, which includes Africa and the Middle East, still in the top spot with 43% of worldwide revenue.



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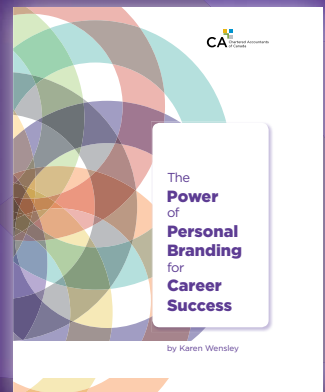
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The Americas follow closely with 40% and Asia Pacific averages 17% of the pie. “Look further, though,” says Henry, “and you’ll see that tomorrow’s rapid-growth countries are gathering steam now. Places like Vietnam and Mexico are setting their sights high and ramping up in incredible ways. Put simply: technology, innovation, mobility and a shift toward resource-efficiency mean a business here isn’t just competing against the same old competitors. It’s competing against comparable companies around the ever-shrinking world.”

To effectively work in such an environment, the firms have initiated aggressive campaigns to attract (and retain) as diverse and worldly a workforce as possible. “Globalization is driving international migration among the most entrepreneurial, productive and innovative people who happen to also be the people who can contribute the most to our firm, and in fact to our country,” Vettese says. “This is a threat, of course, [as porous borders run both ways for the best and the brightest] but also a major opportunity to tap into the global talent pool, and we need to take steps to influence government policies that will help Canada attract the top people from around the world.” As a regulated profession, CPA Canada has entered into Mutual Recognition Agreements with 14 foreign institutes (with equivalency-based acceptance for audit rights determined by the provinces). Federal legislation, such as the Competition Act, along with provincial regulations — there are 34 regulated bodies in Ontario alone — will surely be amended to ease their foreign credentials restrictions in the coming years, given Canada’s precarious demographics. The 2011 Statistics Canada census found that almost 15% of Canadians were over the age of 65 — and it is predicted that the proportion of elderly in Canada will soon exceed that of children under the age of 14. In about 20 years the proportion of elderly is projected to climb to 23%. These numbers may well assure that Canada, among many other nations, will more freely accept valued foreign professionals in the coming decade.

Though impediments to mobility are expected to ease, no CEO voiced any expectation that an entirely “globalized” international accounting designation is anywhere on the horizon. Still, the global Canadian CPA is crucial to meeting the firms’ needs over the next decade. Without such a diverse and inclusive workforce, the Big Four finds it hard to imagine structuring a firm that will reflect the diversity of their international client base. In response, they are seeking out Canadian candidates who have a mindset for international exposure through limited and long-term secondments.

“The world just got a lot smaller for me,” says Anita McOuat, a partner in audit and assurance at PwC who accepted a three-month secondment to Shanghai

in 2012. “You hear a lot about China and its place in the world economy, and I feel like I can speak more intelligently to that now.” No stranger to international settings, she also spent two years (2004-’06) at PwC’s Boston office. But the firm’s Shanghai “Genesis Park” leadership development program brought together 50 of the firm’s best and brightest from around the globe, offering McOuat a unique opportunity to “leave your comfort zone” and develop a truly international mindset. “You’re working in teams made up of people from different countries, often speaking different languages,” she explains. “And working together in intense team environments really brings our differences to the forefront. What I learned is we need to acknowledge these differences, and then we learn how to navigate them.”

All the Big Four CEOs are looking well beyond business and their company balance sheets as they assess the effects of this unprecedented interconnecting of peoples, nations and markets. “What I am most eager to see is the actual good that globalization will do for the world,” Vettese says. “The current trajectory suggests a real opportunity for globalization to have a massively positive effect on society.” Indeed, according to a recent Washington-based Brookings Institution study, globalization has reduced the world’s impoverished by some 70 million people a year since 2005. “Is our profession enabling that?” he wonders. “We certainly have a role. As a leader, it’s important to me that we ensure it’s a central role.”

Robert Colapinto is a freelance writer based in Toronto

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THE GLOBAL MARKETPLACE means SMPs have little choice but to follow their clients into the foreign fray and move out of their comfort zones

By Robert Colapinto

# Foreign CONTACTS

When Richard Purcell retired in 1999 after a 30-year run at national firms and a successful small Vancouver practice, he worried about going to the dogs. So he agreed to keep his hand in by accepting a consulting position with a small 12-firm association of CAs that was trying to figure out how to support the overseas aspirations of small to medium-sized accounting practices (SMP) and their small to medium-sized enterprise clients (SME). It was to be a hobby of sorts: golf, bridge and drinks with the guys, chewing the fat over how to extend the small practitioner's reach. Today, Purcell is being happily run ragged as administrator of the Americas, Asia, Australia division of what is now Integra International, an alliance of 128 accounting and consulting firms with representation in 70 countries. Something is afoot. The increasingly interconnected global economy is clearly

illustration by MICHELLE THOMPSON



influencing where SMEs do business. Yet, despite the growth of Purcell's alliance, it seems the SMP sector may not be adapting quickly enough to its SMEs' interest in the world marketplace. A recent study determined that almost 75% of its surveyed SMPs have clients with some exposure to international commerce, yet only one in five SMPs are offering their SMEs services related to becoming global players. A curious inconsistency. If it is based on SMPs' belief that they do not have the expertise or resources to effectively represent their international clients, there are tools at hand offering concrete solutions to entry into foreign markets that should instil confidence not only in SMPs but also their clients.

The survey was produced by the Edinburgh Group, a coalition of 14 accountancy bodies from around the world — including CGA Canada. Entitled *Growing the Global Economy Through SMEs*, the report estimated that 95% of all worldwide enterprises are SMEs. With three-quarters of that commerce international in scope, SMPs have much to gain if their global ambitions

mirror those of their SMEs. If their aspirations do not coincide with their SMEs, says Purcell, "you're probably going to lose a client if they feel you're just keeping your blinders on and not expanding your horizons. Poof, they're suddenly gone and you wonder, Hmm, why?"

Andrée Lavigne, SMP national practice area leader at CPA Canada, is convinced this scenario can be avoided by SMPs availing themselves of one or more of the many formal SMP international alliances, networks and one-off firm-to-firm contractual relationships SMPs can access with a simple call or click of their computer mouse. It is not possible for an SMP to know everything; the volume of information is just too great, notes Lavigne. A large firm would go to its branch in the other country. An SMP must go to a network — formal or informal.

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“Our clients are much more sophisticated when dealing with international situations now. Whether it’s partnering with groups in Korea that want to do real estate ventures in Canada, or work from the US, we’ve had to grow with them”

wide. Nonprofit, with dues-paying independent members, it provides a conduit to the wider world of business. These networks of closely vetted SMPs allow any member of the consortium to call on the technical expertise and business advisory of professionals familiar with the foreign market the SMP’s SME is looking to access. “Many also offer professional development, education, conferences and the like,” says Lavigne. “You connect. You learn. You expand your abilities and expand your reach beyond our borders.”

Despite its size, the 80-person-strong WBLI Chartered Accountants of Halifax also takes advantage of internationally networked accountants. Indeed, its managing partner, Kirk Higgins, is DFK Canada Inc.’s president. He and other Canadian members evaluate SMP applications to DFK, visit the prospect’s offices and either accept or deny membership based on its ability to service the needs of member SMPs and their clients. Higgins is convinced that without a far-reaching network, it is near impossible for a non-Big Four firm to assist customers on complex issues of foreign risk, compliance, tax requirements and any number of overseas business issues. “I got back in July from DFK’s annual conference in Tokyo,” he says. “One of its main purposes was to get to know my fellow members. So when it’s required to draw on their expertise or when a client has a matter in one of their jurisdictions, you can actually go to that member and say, ‘This is our client, these are their issues, how can you help us out?’”

For Lavigne, this type of resource and interconnection with the globalized world should allay many of the SMP/SME fears that seem to be at the heart of the Edinburgh study’s revelation about SMP inactivity in foreign territories. By their very size, she says, SMPs are hard pressed to develop the depth of specialized knowledge in foreign exchange and currencies risks, international banking and investment funding and foreign regulatory regimes. It is an expensive and time-consuming proposition for SMPs to acquire these competencies. As Lavigne notes, an SME typically has a close and trusting relationship with its SMP. The SME will go to the SMP for continuity when it begins in a foreign venture.

The confidence of SMEs in their SMPs is bolstered by their associations’ ability to monitor and alert SMPs to new international business opportunities that may be of interest to their clients. Most international associations maintain databases that store members’ past interactions in foreign markets. As new opportunities arise that fit past needs of a particular SMP/SME relationship, the SMP can request a notification of potential new business for its client from local association members working in the targeted region. The SMP can assess the opportunity’s applicability to its SME and move forward based on its investigation and consultation with association members. Therefore, rather than being reactive to an SME’s needs, the SMP is out in front, providing timely information and value to its globally minded client.

“Our clients are very much more sophisticated when dealing with international situations now,” says Michael Adams of Vancouver’s Adams & Wong. “Whether it’s partnering with

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“I truly believe the CPA 10 years from now should be one who is global-minded, one who understands different cultures and different business practices, and one who is not narrow-minded but visionary. This is the CPA of the future”

groups in Korea that want to do real estate ventures in Canada, or work from the US, we’ve had to grow with them.” Along with partner Dickson Wong, the five-person firm specializes in strategic tax planning and consulting for privately held enterprises, including the domestic and international real estate sectors. The reason, he explains, is that technology — email, Twitter, the cloud, electronic filing and data searches — has made the world smaller and more accessible. “Information is just so much more available now, and so people are understanding and wanting to understand what’s happening in other parts of the world. So they place their monies in the places where the highest opportunity is,” he says. “With information so much better, that money moves, capital moves and people move so much more easily than they ever have in the past.”

And with this movement, the SMP must become more agile and forward-looking via its interaction with its strategic networks, says Pasquale De Civita, managing partner at Montreal’s De Civita Haubenreisser CPA (DCH). “I truly believe the CPA 10 years from now should be one who is global-minded, one who understands different cultures and understands different business practices; and one who is not narrow-minded, but visionary. This is the CPA of the future.” DCH’s two-partner practice specializes in accounting, tax and consulting services to Canadian subsidiaries of European corporations. As well, DCH relies on strategic alliances and contacts with both the European business community and its governments to ensure the firm develops and maintains up-to-date information on present and potential clientele. DCH has the dual task of recognizing how the European parent company operates under its native regulations and compliance standards and helping it adapt to Canadian practices. “One of our most important roles is to help local management here in Canada understand the business philosophy of the foreign parent company,” he says. A simple, but important, example is DCH’s understanding that salaries in Europe are traditionally paid on a monthly net basis; the parent company must configure its Canadian

payroll, tax and benefits based on annual gross salaries offered to personnel in the new subsidiary. “The foreign companies are not here, they’re in Europe,” he says. “So they rely on our professionals very heavily. They need a trusting relationship that they know is ahead of the curve.”

The key for Purcell is for SMPs to understand that the complexities of the global marketplace are, indeed, daunting but can be overcome by developing effective relationships abroad. More and more SMEs are joining the global business community and the SMPs have little choice but to follow their clients into the fray. “It’s inevitable,” he enthuses. “More than ever, people have to do work beyond their normal boundaries and therefore out of their comfort zones. Accountants always want to learn, so they should relish this challenge.”

Robert Colapinto is a freelance writer based in Toronto



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MANY WOMEN STRUGGLE WITH NEGOTIATING,  
but so do many men. Here's how to boost your  
confidence, make your case — and come out a winner

# Taking YES for an answer



By Mary Teresa Bitti

NEGOTIATION IS ONE OF THOSE ESSENTIAL WORKPLACE SKILLS that often give rise to the proverbial gender divide. While men are seen as forceful and direct, women are considered to be tentative and uncertain. But how much truth is there to the truism?

Quite a bit, it seems. According to Robin Taub, an accountant who worked in public practice and industry before founding her own business, women struggle more with negotiation than men do. Taub says she has gotten better at it: as an entrepreneur specializing in financial literacy, she has to negotiate her consulting rates and speaking fees. But she says women often think that negotiating could damage a relationship or that they are not being respectful if they ask for more.

illustration by RYAN SNOOK



In *Women Don't Ask: Negotiation and the Gender Divide*, Linda Babcock and Sara Laschever point out that women are four times less likely to initiate negotiating than men. Twenty percent of adult women say they never negotiate at all and when they do, they typically ask for and get 30% less than their male counterparts. Perhaps most telling, whereas men associate negotiating with sports and competition, women equate it with “going to the dentist.” Unsurprisingly, men are more than four times as likely as women to negotiate a first salary. Over the course of a career, that initial failure to negotiate can cost more than \$500,000 by age 60.

“In general, it is true that more women are uncomfortable with negotiating and that’s because they have not had as much practice as men. They may simply not appreciate there is a game afoot, that there is an expectation to negotiate,” says Kathleen Grace, an executive coach and founder of Grace Consulting Services in Guelph, Ont. “Nobody tells you when you get your first offer you’re supposed to counteroffer. It’s implicit. These are the rules men play by naturally, but if you don’t come from that perspective you are at a disadvantage.”

But that is only part of the story. For Grace, negotiating acumen is more about personality than gender. “I’ve worked with men who have a ‘pink’ leadership style, who shy away from conflict and who find advocating for themselves a challenge. I’ve also worked with many women who are confident, competent negotiators.”

That said, Grace also admits there are different standards for men and women when it comes to negotiating: what often works for men doesn’t always work for women. The research is clear on this point, says Brad McRae, director of The Atlantic Leadership Development Institute and author of *The Seven Strategies of Master Negotiators*. “A man is expected to be assertive and ask for what he wants. It is perceived as character and strength. If a woman is assertive, she is often viewed as aggressive.”

The good news is that things are changing as more women move into senior positions and as younger generations enter the workforce. “This generation is less divided by gender than previous generations, which is interesting and exciting,” says Karen Duggan, CPA, CA, principal, research, guidance and support, at CPA Canada.

# TWENTY PERCENT OF ADULT WOMEN say they never negotiate at all and when they do, they typically ask for and get 30% less than their male counterparts

Bottom line: at the moment at least, stereotypes exist but effective negotiating is effective negotiating regardless of gender. The key is to be aware of how a negotiating style will be perceived in order to avoid bias, understand what is valued in your corporate culture and make sure you can demonstrate how you are building value. If you're not clear, ask what you can do to grow in a way that the organization recognizes. "Ask for the true career-building assignments," says Grace. "If you don't get the first, ask for the next. Advocating for yourself along the way is part of laying the groundwork for a successful future negotiation."

Here are a few key dos and don'ts when it comes to negotiating for just about anything.

## Do broaden your view of negotiating and what it can do for your career

"Negotiating shows you where the relationship with your employer is going," says Alan Kearns, founder of Career Joy, a national career and leadership coaching company. "It's a true test point, a formal place to figure out what's next within your employment relationship and where you are heading. Too often people limit themselves to focusing on salary alone as opposed to a stretch assignment, training, an overseas posting. Pay attention to the bigger picture."

## Don't view negotiating as a win/lose situation

Start with the mental assumption that you and your boss want

to be on the same page. Engage on that level, says Beatrix Dart, associate dean, executive degree programs, at the Rotman School of Management. "Women are more likely to be collaborative and consensus-build whereas men tend to have a take-no-prisoners attitude."

## Do find a sponsor, someone in a senior position who will advocate for you

"Sponsors will put their credibility on the line and help promote you," says Duggan. "Maybe even more important, a sponsor can help you better understand what's going on, how decisions are made in your organization, what works and why, so you can make better choices."

## Don't assume if you work hard and do a good job your effort will be rewarded

"Competency is expected — it's not enough to get you promoted," says Duggan. "Leading up to a negotiation, speak up in group meetings with more senior people. Share your ideas, your point of view."

## Do get comfortable asking for what you want

"The fact is, everything is negotiable: a promotion, a salary increase, more help at home, a better price — that's the perspective we have to start with," says Taub. "Practise negotiating in all areas of your life."

## IN NEGOTIATING, STYLE COUNTS

SEVERAL YEARS AGO, Gerald R. Williams of the Faculty of Law at Brigham Young University studied lawyers' behaviour to find out what it takes to be an effective negotiator. The results revealed there were essentially three negotiating styles: cooperative, aggressive and no pattern. And of the three, the cooperative negotiators were most effective. In fact, 59% of the cooperative negotiators were effective and just 3% were ineffective, while only 25% of the aggressive negotiators were effective and 33% were ineffective.

"The cooperative negotiator is the quintessential win-win negotiator. The aggressive negotiator is looking for a win-lose outcome," says Brad McRae, Halifax-based author of *The Seven Strategies of Master Negotiators*. "In the study, the effective cooperative negotiators did three

things: they came to the table incredibly well-prepared, they had self-control and they were flexible. They were strategically cooperative, so they only cooperated when they should. They were not afraid to use power or force when necessary and they could disagree without being disagreeable. The ineffective cooperatives were gullible, naive, too trusting and frequently taken advantage of.

"The ineffective aggressive negotiators were obnoxious. They were one-trick ponies. They only knew how to be aggressive. And if you called their bluff, you quickly learned they were ill-prepared. The effective aggressive negotiators preferred win-lose, but if they were dealing with a strong negotiating partner, they would collaborate or compromise if they needed to. Getting a deal was better than not getting a deal." — MTB

### Don't take the first offer and don't accept the first No

"Set an ambitious, realistic target based on market research and talking to people in your company," says Dart. "Research shows that women consistently take what is offered whereas men negotiate up. If the response is no, make a counteroffer. What else can be put into the mix? A negotiation doesn't always get resolved in the first round." If you still don't get what you want, ask for the rationale and be prepared to listen, says Grace. "The feedback may be very valuable."

### Do take some risk

Women often telegraph their uneasiness when they take on a new responsibility, says Dart. The idea is, "I have never tried this so I'm not sure I'm a perfect fit." But many men would not do that. "You have to take a bit of risk and fake it until you make it."

### Don't overnegotiate

Asking for what you want is one thing; being aggressive is quite another. "I've seen job offers removed because the candidate pushed too hard," says Kearns.

### Do be clear on what you want to accomplish

"Think in advance about what you are hoping to come away with — more vacation time, more money, education, flex time — and why you deserve it," says Barbara Moses, president of BBM Human Resource Consultants Inc. in Toronto. "Make sure you have an airtight case in terms of your value and articulate that value in terms of how it impacts the organization. Be pleasant, matter of fact and unapologetic. Practise what you are going to say so you feel comfortable with the words."

### Don't assume the negotiator is your enemy

"I've done a lot of work with young accountants and when it comes to negotiating salaries, they imagine the partners want to take advantage of them," says Moses. "There are salary scales. People want to pay you what you are worth, not \$20,000 less. They know if they do you will find out and leave."

Taub admits it never occurred to her to negotiate her first salary and subsequent raises. "I was under the impression that coming out of university, everyone was getting the same salary so I accepted what

I was given. But I've learned you have to advocate for yourself and ask for what you want. I was uncomfortable at first, particularly when I was setting fees for paid speaking engagements. There is no clear set of guidelines. I did market research and talked to other speakers, but it really comes down to you and your client. You have to be confident, make your case and realize it's not personal. It's business."

Mary Teresa Bitti is a freelance writer based in Toronto

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In August 2013, New York Attorney General Eric Schneiderman initiated a US\$40-million lawsuit against a for-profit investment school that was originally called Trump University (after its owner, Donald Trump) before it changed its name to The Trump Entrepreneur Initiative.

Ostensibly an online education company, it was founded in 2005 and marketed itself as a university until 2010 when the New York State Department of Education determined it was “misleading and even illegal” to do so as it lacked the appropriate state charter required to use this appellation.

Schneiderman said Trump made “false promises,” *The*

*New York Times* reported. “More than 5,000 people across the country who paid Donald Trump \$40 million to teach them his hard-sell tactics got a hard lesson in bait-and-switch,” the attorney general said in a statement. “No one, no matter how rich or popular they are, has a right to scam hardworking New Yorkers. Anyone who does should expect to be held accountable.”

According to the suit, the billionaire entrepreneur misled consumers into spending US\$1,500 for a three-day seminar promising investment techniques, taught by an instructor handpicked by Trump, that would help them become rich. In actuality, the attorney general said, a probe revealed Trump had “little or no role” in developing the curricula, let alone selecting instructors, and that many of the seminar’s claims went unfulfilled.

According to the lawsuit, the *Times* said, “Mr. Trump had not chosen even a single instructor at the school and had not created the curriculums for any of its courses. The inquiry into Trump University came to light in May 2011 after dozens of people had complained to the authorities in New York, Texas, Florida and Illinois about the institution.”

The three-day seminar was “an upsell,” the lawsuit said, “for increasingly costly ‘Trump Elite’ packages that included so-called personal mentorship programs at \$35,000 a course,” the *Times* added.

Other misrepresentations, the lawsuit stated, included claims that students would earn a significant amount of money in real estate within the first 30 days of the seminar. Many students who took the course, the attorney general said, had been unable to make a single real estate deal.

Schneiderman said the school’s promises went unfulfilled and seminars were used to pitch consumers an expensive Trump Elite mentorship program costing US\$10,000 to US\$35,000.

Students were also led to believe, the lawsuit said, that Trump would make an appearance at the seminars. Instead, they were given a chance to have their picture taken beside a life-size photo of the host of TV’s *Celebrity Apprentice*.

Never one to remain quietly on the sidelines, Trump immediately struck back at his accuser. He sent a message on Twitter on August 26: “Thug Politics. Lightweight hack Schneiderman meets with Obama on Thursday, then brings frivolous suit on Saturday.” He also used Twitter to call Schneiderman “dopey,” “very stupid and ineffective” and a “total failure in office.”

He gave interviews: “We have a terrific school. It’s done a fantastic job,” he said on ABC’s *Good Morning America* and NBC’s *Today*. “It had a 98% approval. Harvard or the Wharton School doesn’t have a 98% approval.” Trump also said he was “totally involved to a very high degree [in the school]. I told people what to do, and if they had listened to me, it would have made a lot of money.”

Trump’s attorney, Michael Cohen, also went on the offensive, saying Schneiderman was upset the reality TV star didn’t give him more campaign contributions, which he claims Schneiderman sought even while investigating Trump University. Cohen called it “extortion,” the *New York Law Journal* reported.

Schneiderman wouldn’t specifically say if he solicited any donations from Trump during the two-year investigation. The attorney general’s office released this statement from Schneiderman in response to Trump’s accusations: “Prosecutors are all used to persons who commit fraud making wild accusations when they’re caught. This is just an effort to distract from the substance of the case,” he said. “The substance of the case, he has not rebutted in any way, shape or form.”

No matter how this brouhaha plays out, it has brought renewed attention to an ongoing problem plaguing modern society: the question of credential fraud. It is, obviously, an issue of great importance to employers. It should also be of interest to fraud investigators and anyone conducting due diligence: don’t

assume that someone claiming to have a PhD or a medical degree or a military commendation is telling the truth. Most, likely, are. Some are definitely not. And if the credentials are not real, what else might be fake?

“It is possible to buy just about anything on earth as far as credentials, letters after one’s name, degrees, certificates, even particular courses,” Ann Konig, southwest regional director, foreign credential evaluation, at the American Association of Collegiate Registrars and Admissions Officers, told *Fraud Squad TV* several years ago. “Believe it or not, there are fake universities that have received funding from governments for students to get financial aid programs, for the institution to run various kinds of programs, and the schools don’t really exist except as maybe a website or some printed pamphlet.”

Sometimes referred to as diploma mills, the entities offering bogus credentials are making a lot of money providing individuals with everything from basic degrees to doctorates to diplomas in oncology. It is estimated they make as much as \$1 billion annually worldwide.

“And the buyers are everywhere — the Pentagon, NASA, fire departments, hospitals — all quintessential frauds using fake

## **Students were led to believe that Trump would make an appearance. Instead they were given a chance to have their picture taken beside a life-size photo [of him]**

degrees to pad resumés or score pay raises,” says *Wired* magazine. “In 2003 and 2004, the Government Accountability Office surveyed just a handful of agencies and found 463 federal employees with fraudulent degrees.”

George Gollin, physics professor at the University of Illinois, has become a champion in the fight against the mills. His interest in the problem began in 2002, *Wired* reported in 2009, when an ad for college degrees popped up on his computer.

Gollin, who has a BA from Harvard and a PhD from Princeton, called the number on the ad. He was told that, “for about \$4,400 he could obtain a PhD in systems engineering. Or if that wasn’t to Gollin’s liking, he could offer a doctorate in Germanic languages.” These could be obtained from an institution called Parkwood University.

Parkwood’s website looked very much like that of any other institute of higher learning. “But with some Googling, Gollin discovered that the course catalogue for Parkwood had been copied wholesale from the University of Central Florida’s website. He also found that the greeting from Parkwood’s supposed president appeared on the sites of five other schools, all of them apparent shams,” *Wired* said. “Soon Gollin was Googling various fake university names and finding them on the resumés of people in education, business and other respected professions. He was venturing far afield from his life as a particle physicist, but Gollin just couldn’t stop digging.”

Not surprisingly, Canada is anything but exempt from credential fraud. In 2008, the *Toronto Star* uncovered a York University

graduate “who forges university degrees from real Canadian universities for \$4,000.”

The newspaper also published three examples of people who used fake credentials to get ahead: “Marie Theriault-Sabourin is a manager in the registrar’s office at Algonquin College in Ottawa. She has a master’s degree in business administration. Quami Frederick used her bachelor’s degree to get into Toronto’s Osgoode Hall law school and was offered a job articling with a Bay St. law firm. [And] armed with his PhD in political science, police tactical trainer Augustus Michalik counts various Canadian and US law enforcement agencies as his clients.”

It’s important, however, for an employer or a fraud investigator not to rush to judgment if they discover someone with obvious fake credentials. “Not everyone who holds a degree from an ‘unaccredited institution’ has been party to perpetrating a fraud,” says *Academic Matters*. “Some unwitting customers of degree mills may believe it perfectly legitimate to have a degree awarded to them based on vague assessments of life experience or study. Such people are actually victims of fraud, having paid exorbitant amounts for their unrecognized, and in some places illegal, credential.”

In Canada, the journal points out, “the Criminal Code con-

tains provisions for offences under the general rubric of fraud and forgery, but the act of using falsified academic credentials is not a specific crime. Provincial restrictions on the uses of the words ‘university’ and ‘degree’ may no longer be sufficient to keep nefarious and fake institutions out of the country, or to deter Canadians from making false claims to academic credentials.”

In a world where websites can use copied curricula and names of faculty from legitimate educational institutes and photocopiers can produce documents that seem genuine, it’s easy to see

## “Believe it or not, there are fake universities that have received funding from governments for students to get financial aid programs, and the schools don’t really exist”

why fraudsters find credential fraud an easy way to make money. As a result, employers and investigators must do their homework when presented with a resumé. The failure to do so can prove embarrassing, and possibly damaging, if the truth emerges.

David Malamed, CPA, CA•IFA, CPA (III.), CFF, CFE, CFI, is a partner in forensic accounting at Grant Thornton LLP in Toronto. He is also *CAMagazine’s* technical editor for Fraud



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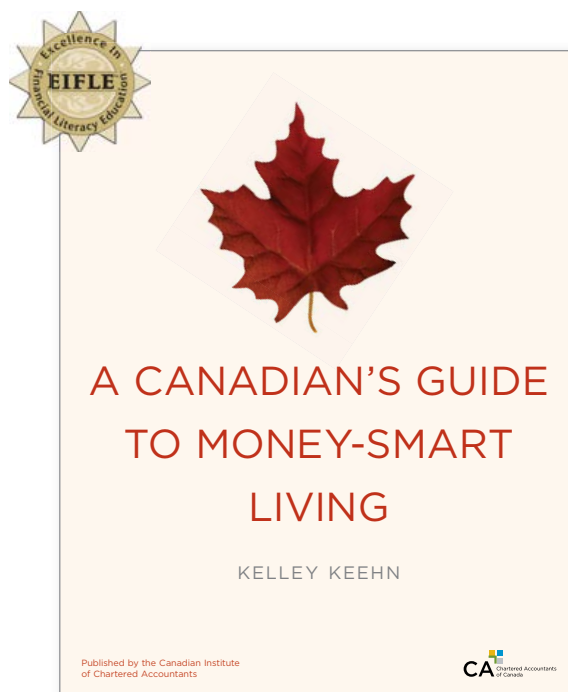
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## The evolution of the tax function

As globalization has changed the way business is conducted, it has also generated tax risks for organizations



**M**acro factors such as globalization, sweeping changes to financial reporting regulations and media scrutiny have elevated the profile of tax risk to the board and stakeholder level. As a result, tax authorities and other international taxation stakeholder groups around the world have been collaborating on issues of increasing relevance for global multinational organizations. With the recent base erosion and profit shifting (BEPS) initiative championed by the OECD, tax functions around the world are beginning to predict their new reality and consider their next steps.

In 2003, an article on globalization in *The Economist* predicted that multinational businesses would continue to shift key business functions from head offices, outsourcing key business processes to the developing world and

integrating global resources more effectively. Ten years later, these predictions are a reality, resulting in significant changes to the way business is conducted. Global tax functions have responded well to these changes, both in terms of aligning with business to support growth in new jurisdictions and identifying tax planning opportunities related to these changes. However, working with emerging tax regimes, managing the dispersion of key business functions and keeping up with changes in business models have generated tax risk within global organizations.

As globalization was changing the way business was conducted around the world, financial reporting regulators were addressing business risks by mandating common approaches to risk management and increasing reporting requirements. The Sarbanes-Oxley Act was introduced in the US in 2002, FASB Interpretation No. 48 was issued in 2007 and senior accounting officer sign-off

BLAIR KELLY

rules were adopted in the UK in 2009. Again, tax functions rose to the challenge of increased reporting requirements, inventorying tax risks and communicating directly with stakeholders about those risks. But the shadow of tax risk continued to grow. In 2010, media carried stories about “unfair” advantages enjoyed by corporate taxpayers and tax risk moved to the forefront. By naming the corporate taxpayers who enjoyed these “unfair” advantages, tax risk was aligned with reputation risk and elevated for even further discussion at the board level.

But corporate tax functions have not been alone in their response to the momentum behind tax risk. For many years, tax authorities worldwide have been communicating more frequently and collaborating on issues of increasing relevance for global multinational organizations. In July 2002, the Forum on Tax Administration was established, bringing together tax commissioners from more than 40 OECD and non-OECD countries to share information and experience and to identify international good practices for resolving particular administration issues. In 2004, the Joint International Tax Shelter Information Centre was formed by the tax commissioners of Australia, Canada, the UK and the US to deter promotion of, and investment in, abusive tax schemes with the exchange of information and knowledge. In 2009, the OECD announced an Information Exchange Peer Review mechanism, and the Global Forum on Exchange of Information and Transparency for Tax Purposes started to monitor the implementation of a standard through peer reviews. Also in 2009, G20 leaders pledged to take action against tax havens as part of a package of measures to respond to the financial crisis and the OECD secretariat provided a report on progress by world financial centres toward implementation of an internationally agreed standard on exchange of information for tax purposes. Prior to the G20 meeting in April 2009, a total of 44 tax information exchange agreements (TIEA) had been signed. Since then, the number of TIEAs continues to rise, with almost 800 in effect today.

In September 2010, the OECD’s Forum on Tax Administration published a communiqué discussing ways in which two or more tax administrations could construct a joint audit of a single company or individual with interests in multiple countries. In December 2010, the Council of the European Union in Brussels agreed to an expansion on exchange of tax information, allowing member states to make administrative inquiries on tax in the territory of another member state and removing the option for a member state to refuse a request for information on the basis of bank secrecy. In June 2011, the OECD announced that the Multilateral Convention on Mutual Administrative Assistance in Tax Matters was open to all countries, thus creating an international framework for cooperation among countries in countering international tax avoidance and evasion, and reflecting the growing recognition that tax administrators are increasingly viewing global companies through a global lens to be more effective in their enforcement efforts.

On Feb. 12, the OECD published its widely anticipated initial

report on BEPS by multinational enterprises. The BEPS project is being driven by governments of key OECD member countries, including France, Germany, the UK and US, and it is strongly endorsed by the G8 and G20. On July 19, the OECD released its BEPS action plan, laying out 15 focus areas for the next phase of its BEPS project. The 15 areas include tax challenges of the digital economy; hybrid mismatch arrangements; controlled foreign corporation rules; deductibility of interest and other financial payments; harmful tax practices; treaty abuse; artificial avoidance of permanent establishment status; transfer pricing for intangibles; transfer pricing for risks and capital; transfer pricing for other high-risk transactions; development of data on BEPS and actions addressing it; disclosure of aggressive tax planning arrangements; transfer pricing documentation; effectiveness of treaty dispute mechanisms; and development of a multilateral instrument for amending bilateral tax treaties.

The action plan includes deadlines that range from September 2014 through December 2015. A communiqué issued from the G20 finance ministers meeting on July 20 states, “We fully endorse the ambitious and comprehensive Action Plan submitted at the request of the G20 by the OECD aimed at addressing

## **While there is much debate over the extent to which the objectives of the plan will come to fruition, one thing is certain: the future of international tax is changing**

base erosion and profit shifting ... and commit to take the necessary individual and collective action with the paradigm of sovereignty taken into consideration.”

While there is much debate over the extent to which the objectives of the plan will come to fruition, one thing is certain: the future of international tax is changing. To address the tax risks created by the plan and other global changes, leading global organizations are focusing on the following four areas:

*Reviewing risks and communicating with stakeholders* — based on the breadth of action items in the plan and the trend toward increased global coordination among tax authorities, the risk profile of many traditional international tax planning arrangements may be changing. Global tax functions need to articulate what will happen to their tax accounts if these changes become a reality. To do this, leading tax functions are undertaking a review of risks to identify the aspects of the plan that have the greatest potential impact on their business and their existing tax planning arrangements. With this information, leading tax functions are also working to develop insightful interaction with the CFO, setting the stage for sharing tax risk management issues globally and in real time. With the support of the CFO, leading tax functions are also taking the lead to engage with the board on a two-way exploration of risk factors and best practice alternatives related to the plan and other global trends.

With the heightened sensitivity to tax risk, an opportunity also exists for the tax function to lead the audit committee

through its risk assessment of the tax function, including communications about the company's tax strategy and propensity for risk; tax processes and controls that enable the company to effectively meet its tax compliance and reporting obligations; summaries of all taxes paid by the company; the level of tax paid in all jurisdictions and the extent to which it is in line with business results; the extent of reliance on professional service providers; the extent and use of the company's internal tax resources; the actions being taken to develop or improve relationships with tax authorities; and the procedures taken to ensure that external information about the company's tax position is appropriate and consistent, not only in the annual report but also on the company's website, in press releases, in recruitment advertising and in other communications.

*Investigating reporting options*— risk reviews related to the plan will often predict additional tax costs. While tax functions may minimize the plan's impact with additional planning when the parameters of the plan are more fully developed, the results of the risk review will undoubtedly attract attention and leading tax functions want to understand how to effectively communicate with stakeholders about tax costs. Integrated reporting (IR) or stand-alone reporting are options to consider.

Similar to tax risk, IR is gathering momentum on the global stage. An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term. The first corporate integrated report was produced in 2002 and there has been much discussion since then on a global framework for IR.

In 2010, the International Integrated Reporting Council was convened to help businesses and investors adopt IR. In 2011, feedback from a discussion paper issued by the council demonstrated overwhelming support for IR and endorsed the development of a global framework. Currently, companies are considering ways to use IR to provide stakeholders with critical information about the company's economic and social contributions, including investments in the community, impact on small businesses, volunteer contributions, educational programs, environmental stewardship and taxes paid.

The most prominent example of stand-alone tax reporting is Rio Tinto's annual *Taxes paid—A report on the economic contribution made by Rio Tinto to public finances*. As part of its commitment to transparency, the report brings together information on payments the company makes to governments in the countries it operates in, as well as the taxes and net earnings of business units and other tax information.

The report discloses total cash taxes paid, advocates for companies to make effective disclosures voluntarily and advocates for governments to work together to adopt a global approach to transparency initiatives.

Both IR and stand-alone reporting are emerging trends. Leading global tax functions should consider communicating

with stakeholders about both options and developing a plan for supplemental tax reporting that is right for the organization.

*Embracing transfer pricing strategy to drive competitive advantage*— if certain aspects of the plan move ahead as contemplated, transfer pricing strategy and other business-driven tax planning initiatives will drive competitive advantage from a tax perspective in the future. In the past, tax functions have strived to align with business activities, educating stakeholders as necessary and providing support where possible. In order to be successful in the new paradigm, leading tax functions may strive to more fully integrate the tax function with business activities, beginning with education to build the "halo" tax function in all areas of the business, developing communication protocols to identify opportunities as they arise, and hiring or developing the right resources to drive value from these new opportunities.

*Aligning the tax risk management framework with global trends*— taking into account the BEPS initiative and current trends around transparency among global jurisdictions, leading tax functions are finding new ways to monitor global develop-

## **An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value**

ments relevant to their risk framework and synthesize results of their monitoring activities with global risk assessments, including communicating with stakeholders about significant changes. Leading tax functions are also investigating ways to participate effectively in discussions regarding international tax policy issues, both with the OECD and with policymakers in the countries they operate or invest in. In order to do these things, leading tax functions are aligning more strategically with globally integrated service providers and articulating the value proposition associated with this alignment more frequently in terms of risk management. In particular, leading tax functions are looking to global service providers who can conduct initial comprehensive risk reviews, take shared responsibility for monitoring global trends and interpreting their implications on existing planning arrangements, and enhance collaboration with tax authorities in the countries where they operate or invest.

Like global demographics, transparency and global collaboration related to taxation appear to be irreversible trends, adding significant tax risk to global organizations. Leading tax functions must act now to respond effectively to these changes in terms of tax planning, tax risk management and related communications with stakeholders.

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Technical editor: Jay Hutchison, tax managing partner, Canada, EY

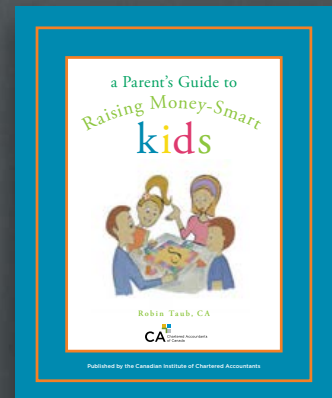
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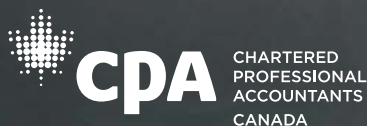
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## Assume the promotion position

If you're looking to move up at work, hard work alone won't do it. You have to make your presence known



**M**any believe hard work is the sure ticket to a promotion, but sometimes it's not enough and hardworking individuals are left behind feeling frustrated. People assume that hard work is noticed, but unless you call attention to the good work you do, it can go unnoticed. Leaders in a position to promote notice those who stand out. It's human nature. Our bosses are no different. If you want to succeed you should be aware of this and evaluate how you appear to others, especially decision-makers. The good news is you can alter your approach and get recognition for your work without revamping your personality. Fundamentally, it's a basic set of skills that are easily acquired. Some dismiss seeking credit for your work, managing senior relationships and providing updates to your boss as political nonsense.

On the contrary, it's good management and without it your career can stall.

Glenda, a senior finance executive at a large mining company, applied for several senior executive positions but never made the cut. She believed her work was exemplary and that she had given her life to the company. She worked long hours and accepted the tough assignments. Her staff loved her and often went to her with personal issues. She went above and beyond. Frustrated, hurt and rejected, Glenda sought the advice of an executive coach. At their first meeting, it was clear that Glenda was instrumental in her department running efficiently and effectively. She had also increased efficiency by restructuring her team and by implementing several leading-edge systems. Yet Glenda had done almost nothing to make her superiors aware of her leadership role or accomplishments. When questioned about this, she stated that she

MIKE CONSTABLE

didn't believe in tooting her own horn and that her work should speak for itself. The coach disagreed, explaining that it was her responsibility to ensure others were aware of her achievements.

### **All steak and no sizzle**

Many hardworking individuals, like Glenda, possess strong capabilities. They are competent at what they do and display good judgment. They are committed to their company's success and deliver outstanding work. Unfortunately, it's not enough.

Clearly, Glenda lacked something essential. Glenda needed to improve her overall presence. It's hard to promote someone if you're barely aware of their existence. And there are ways to make your presence known. Glenda and her coach created a plan for her to develop the promotable characteristics she lacked: confidence, communication skills and a broad range of connections. An essential component of that plan was a relationship map showing who the key decision-makers were in the promotion process. Her map contained eight people who mattered most and a plan for how to best get noticed by them. Glenda didn't need to dazzle everyone but she did need to impress the group on this list with her competence and her potential to perform in more senior roles.

### **Meetings are a platform**

If handled well, meetings are an excellent platform to make your presence felt. In meetings, failing to contribute, speaking in a timid voice, or choosing the most inconspicuous seat does little to get you noticed in a positive light. Speak in clear short sentences, avoid long-winded rambling explanations and don't pose ideas as questions. Make a statement, then pause to let people hear it. Effectively communicating confidence in your ideas and opinions instils faith in your ability to lead. And don't neglect your physical appearance. Glenda's personal style was unremarkable. She was advised to start dressing like an executive. Glenda hated shopping, so she asked a friend, whose professional look Glenda admired, to help. She bought herself a power suit and was amazed at how much more confident she felt when she "dressed the part."

Glenda was also advised to take a more active role in client meetings and internal meetings attended by senior leaders. Prior to the meetings, she visualized herself as an executive and identified a few key points that she could offer, based on her knowledge and experience, that would add value and position her as a leader. She also practised expressing her ideas and responding to questions until she was comfortable and confident. Additionally, she worked on specific points and agenda items she wanted to cover in all key meetings. That way, when she attended these meetings she could confidently speak without feeling nervous.

### **If you lead they will follow**

Do you trust your abilities and instincts? Do you take calculated risks? Are you optimistic and courageous during difficult times? Confident people are. For some, these traits come effortlessly. For others, it takes more work. Either way, confidence is something

people gravitate toward. It is a quality you must develop if you want to be considered promotable.

As Glenda discovered, displaying confidence can be learned, but you need to step outside your comfort zone. One way to reduce the stress associated with changing your behaviour is to assess the risk. Despite her reticence, Glenda set out to make herself more visible. Rather than fret about the outcome, she asked "what's the worst that can happen?" and forged ahead. She worked diligently to improve her competence in this area. Like many hardworking people who are happy to take a backseat, Glenda had to work hard to make her voice and presence bigger.

With effort, Glenda made great strides. She had thought this change was going to be distasteful. Instead, she found when she spoke up and told people about her good work, she was less frustrated. And her team was also getting more credit. She hadn't realized that her modesty was also holding back her team.

### **Have a plan and build on your skills**

If promotion is your ultimate objective, develop a plan with specific goals. That way you can better determine what skills, people connections and projects are most suitable. Without a

## **In meetings, failing to contribute or speaking in a timid voice does little to get you noticed. Speak in clear, short sentences and don't pose ideas as questions**

plan you can miss opportunities.

Take your current capabilities seriously and keep developing your skills. Creating a profile is not a substitute for technical competence; it is additive. You must also be coachable. As Glenda quickly realized, growth means you must be open to feedback, not argumentative or defensive. Objectively evaluate criticism and then act on it. By doing so, others will have confidence in your abilities and you'll be more broadly recognized. When opportunities arise, your face and name will come to mind, opening doors you didn't realize existed.

### **Let them know**

It only makes sense that you let those in leadership roles know that you want a promotion. Tell your boss, human resources, your boss's boss. Show an interest and willingness in learning about the aspects related to the role you desire. Work with and learn from others. Rather than focus on simply receiving a promotion, build relationships with decision-makers and those who will benefit you and the company. A promotion will come.

As Glenda's confidence grew, she actively demonstrated her value. She assumed roles within the company that put her front and centre and built relationships with leaders across the company. Today she is flourishing in an executive role.

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)

# AND FINALLY...

## HOW THEY DO IT IN...



### SAINT-PIERRE AND MIQUELON

Just off the southern coast of Newfoundland lie Saint-Pierre and Miquelon, the last vestiges of New France's 18th-century colonial empire. The water between the islands and the outcrop of Newfoundland and Labrador has warmed in recent years with the thawing of relations between Canada and France, but during a lengthy territorial dispute, the ocean wasn't the only thing that was cold.

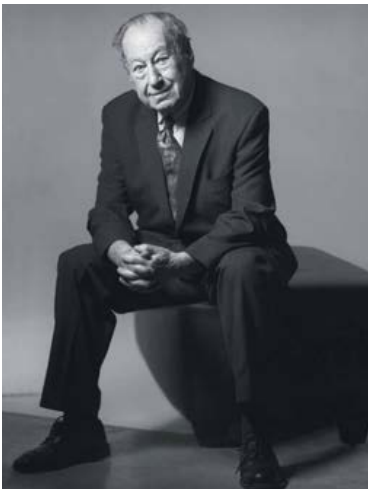
For more than two decades, relations between Saint-Pierre and Miquelon and their Canadian neighbour were less than toasty as conflicts over fishing zones and mineral rights played out. At the same time, the collapse of the cod population, which curtailed the fishing industry, had the islands' economy on the ropes. But as the conflicts drew closer to a resolution (which came through an

international arbitration panel in 1992), the islands turned their attention to cooperation and economic development.

In 1987, the Atlantic Canada Opportunities Agency was formed, and since 1994 the agency and the Canada-France Regional Joint Cooperation Commission, a group aimed at getting the governments of Atlantic Canada and Saint-Pierre and Miquelon to work together, have been working to create or improve industries on the islands. In 1999, Saint-Pierre built an international airport to support joint ventures in aerospace, defence and its scallop aquaculture industry. As well, tourism is being expanded (ferries run year-round between the islands, Newfoundland and Nova Scotia) and the islands are investigating ways to exploit offshore hydrocarbon development.

The area has come a long way from the days when ships got caught in the reefs and sandbars in the strait south of Miquelon, earning it the nickname "Mouth of Hell." Now the stormy waters have been calmed by the spirit of cooperation that pervades the islands, and with it flows economic opportunity. Robert Colapinto

## Where are they now? SYDNEY FOX



### Ninety-six and still counting

We first met SYDNEY FOX in 2006 at the age of 88 ("Eighty years and counting," March), when he spoke about the growth he has witnessed in the profession during a decades-long career. And he's still going strong.

A flight navigator in the Royal Canadian Air Force during the Second World War, it's probably fitting that Fox had longtime clients in transporta-

tion, including the credit unions of the Toronto Transit Commission and Canadian Pacific Railway. Now Fox is the longest-serving licensed public accountant in Ontario. "I was away [at war] until 1945 and have been practising since," says the Toronto-based CPA, CA.

Although he once worked a typical five-day week, family obligations and the distance needed to travel to clients have forced Fox to decrease his schedule to two days working from home. But he's

not complaining. "Practising two days a week is a hobby for me," he says. "I have had some clients for 40 years; they come as old friends and I enjoy seeing them." During tax season he works seven days a week, donating the money he makes to charity.

Fox still keeps up with his professional development: he takes courses offered by the Ontario institute — some of which he used to teach — every year in the fall. "I meet such bright young CAs," he says. "It turns out I have been a CA longer than any of the class have lived."

Asked how the profession has changed, Fox cites the presence of women. "When I was a student in the 1930s and early 1940s, there were not many women to speak of who were becoming CAs," he says. Now, women make up more than half the CAs he meets at courses.

Looking back on his life and career, Fox is appreciative. "I was a navigator in the back of a bomber and survived my missions — many of my classmates did not. I'm living a good life, although I miss the office and I miss going out with clients to the restaurants. I've had a very full life and I'm doing exactly what I want to do now: golf and bowling."

Michael Marks





## DARYL RITCHIE, FCA

The CEO of MNP LLP, Daryl Ritchie has spent his entire career with the firm, beginning as an articling student in 1978. Prior to being selected as CEO in 1998, Ritchie served in several senior positions including director of tax services, director of client services and regional managing partner for southern Alberta.

In 1991, he was elected to the board of directors, where he has served ever since. In 2011, he was included on *Accounting Today's* list of the Top 100 Most Influential People in Accounting. In addition to his other duties, Ritchie served as the 2010/2011 president of the Institute of Chartered Accountants of Alberta and was a director with the Manitoba Amateur Hockey Association. Here is a roundup of some of the items you'll find in his office.



### ART

"I have a painting in my office of a prairie scene from Virden, Man., where I grew up. To a certain extent, I was looking for art that represented who we serve, who our firm is and who I am. Where we're from, the focus is on the middle market, and private enterprise is one of our chief markets. We do a lot of work with the aboriginal community in

Canada, so I have aboriginal artwork."

### BLACKBERRY AND iPad

"I have an office on the go. What's important to me from a work standpoint is my office needs to follow me wherever I am.

Because I travel, I have a BlackBerry and an iPad. My favourite functions are the GPS in my BlackBerry,

so I can find out where I'm going, and getting onto the web so I can check the sports scores — I'm a hockey fan."

### FATHER'S DAY PRESENTS

"I have those wonderful Father's Day presents your kids make for you when they're six or seven years old. One is a lovely little paperweight made of beans — it was special."

### SNAPSHOTS OF FAMILY

"My family is important. My wife, Dawna, and I have five children and five grandchildren. So I have lots of pictures."

### MUG

"I always have a coffee cup on my desk and it's the MNP coffee mug. It's a beautiful black coffee cup with the MNP logo on it."

CHARLES HOPE/KLIXPIX

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## The more things change...

**T**his is my last column for *CAmagazine*. By the time you read this, I will either be the mayor of Montreal or, if Montrealers decide otherwise, an investor heading up a startup company. After 21 years as a columnist for *CAmagazine*, it is time to move on. However, I have to say in rereading the 212 columns I've written for this magazine, I cannot help but be surprised at the positive headway made on some issues.

### Progress on the macroeconomic front

Governments are managing the economy much better when it comes to fiscal policies, monetary policies, international cooperation, eliminating restrictions on productivity and so forth. In many respects, Canada serves as a model among industrialized countries.

Our politicians may hesitate when it comes time to make difficult decisions, but fortunately macroeconomic decisions to help the economy stay on track and overcome obstacles that would previously have resulted in crises are increasingly being left to the technocrats.

Of course, not all the problems have been resolved: there was the technology bubble in 2000 and then the real estate bubble in 2008. Governments not only let greedy Wall Street financiers plunge the world into crisis, but five years later they still haven't regulated the large banks that dominate international finance and could go off track again.

The powerful lobby of large financial institutions, particularly in the US, is the Achilles heel of the world economy.

### The flip side of the new economy

With the growing influence of the new economy driven by new technologies, microeconomic issues are progressively overtaking macroeconomic concerns.

Increasingly, economic activities are blooming on Internet platforms, conferring immense power upon the

enterprises that control these platforms.

This new context makes consumers very dependent on the good faith of platform operators. This downside was evident last summer when the Canadian International Trade Tribunal authorized credit card companies (Visa, MasterCard, etc.) to impose additional fees on retailers, which we are all now paying, to subsidize "gold" and "platinum" cards.

You will feel the pinch when you see additional fees on your bank statements or phone bills. The downside is also evident with the abusive use of data accumulated by the Googles and Facebooks of this world. Greed is king well beyond Wall Street.

Legislation governing economic activity needs to

Rereading the 212 columns, I cannot help but be surprised at the positive headway made on some issues

adapt to this new reality, which readily lends itself to the abuse of market power.

### The one percent

The other great economic phenomenon today is the growing discrepancy between the incomes of the richest (the 1%) and the incomes of the middle class. In the past 25 years, middle-class incomes have stagnated in industrialized countries, with the richest people monopolizing the fruits of economic growth. Economists do not have an explanation for this global phenomenon. Clearly, this trend to enrich a minority cannot continue, and the weight of such inequalities will eventually break the back of the system. This increasing discrepancy is not a normal state of affairs whereby those who perform best are fairly compensated. Creating ultra-rich individuals is a weakness in our system. The sooner we address the problem, the better off our society will be.

I will leave it up to my successor to further explore these issues with you.

Marcel Côté is a Montreal-based economist



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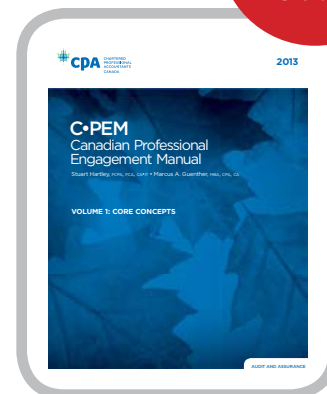
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