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How financial dashboards can help in front-line health care

CMA's lending more than a helping hand: The importance of giving back

Karine Benzacar, MBA, CMA, CPA (Del.), managing director, Knowledge Plus Corp.

Staying on top of business issues

Karine Benzacar, CMA, helps organizations develop their core skills so they are prepared to evolve in today's changing economy.





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from the **editor**

Better to give than to receive

Not only are CMAs making a difference in the workplace, but each year, many volunteer their time and skills to various organizations across Canada. There are many reasons why someone may decide to make time to volunteer. The catalysts can be personal, professional, community or society driven. Motivation trends change and evolve over time.

According to a poll released by the Investor's Group, 2010 will bring in larger donations and more volunteer hours to Canada's non-profit organizations. Volunteer efforts are expected to see the largest increase, with 29 per cent of Canadians saying they plan to donate more time to worthwhile causes in 2010. The poll also suggests that financial contributions will increase; with 19 per cent saying they plan to increase the size of their donations. On average, Canadians contributed 13 hours a month to volunteer work and donated \$1,041 to non-profit organizations in 2009. While financial contributions to charity were constrained by economic conditions in the past year (63 per cent said they were not able to give as much as they wanted), the average estimated annual donation still compares well with Canadians' estimated spending on holiday gifts — \$607 in 2009. In between work and family obligations, it's always easier to give money, not time. While volunteering provided the most personal satisfaction, more Canadians chose to make a financial contribution than provide their personal time. Giving time was seen as most satisfying by seven-in-ten (69 per cent) survey respondents, but eight-in-ten (80 per cent) said they donated money instead.

As we embark on a new year, some of us may be looking to include volunteer efforts on our "to-do lists." In this issue, you'll read a few stories about CMAs who are making a difference in their communities by not only volunteering their time, but applying the three pillars of the CMA designation — accounting, management and strategy to a variety of organizations and causes, both locally and abroad. Although Rocky Dwyer, CMA, Christine Newton, CMA, Peter Strum, FCMA, and Cathy Snyder, FCMA are just a handful of CMAs profiled throughout this issue of the magazine, there are many more CMAs across the country who are out there making a difference and using their designations to create good in our communities.

In this month's feature profile, Karine Benzacar, CMA, explains how she works with organizations across the country to not only help them stay on top of current business trends and issues, but develop their core skills to help them evolve in today's changing economy. By the same time next year, Canada will be using the same accounting standards, IFRS, as are used by publicly accountable enterprises in the European Union and many other countries around the world. Benzacar discusses her experience helping businesses prepare for the change and some of the challenges businesses are encountering. Are you ready for IFRS?



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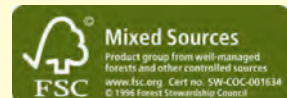
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CMA Management

Features

16 Thinking of starting your own business? Six tactics for increasing your chances of success

Starting your own business or practice is risky at the best of times, but your chances of succeeding will be greater if you spend time preparing for the new journey ahead.

By Samantha Jarman, CMA



20 How financial dashboards can help in front-line health care

A case study on the implementation of a new financial reporting system aimed at front-line managers and how the new system is used by a representative group of nursing leaders.

By Chris Duff, CA and Brenda Liggett, CMA

24 Lending more than a helping hand

Although CMAs typically volunteer their time sitting on boards for non-profit organizations wearing their financial "hats," organizations are realizing that CMAs have the skill set to contribute to more than just budgeting and finance.

By Arda Ocal



27 PROFILE Staying on top of business issues

Karine Benzacar, CMA, helps organizations develop their core skills so they are prepared to evolve in today's changing economy.

By Andrea Civichino

Cover Photo: Stephen Uhraney/Lemon Sky Images

Columns

10 Snapshot

Poverty and AIDS — One CMA's contribution. Christine (Chris) Newton, CMA has shown that applying strategy, accounting and management skills are just as valuable in humanitarian situations as they are in the workplace.

By Brenda Blakey, CMA



12 Human resources



Mastering that conversation you're trying to avoid.

Terminating an employee because of poor performance is never an easy task. It's easy enough to say that the employee didn't perform, but sometimes a manager's own

actions are often just as much to blame.

By Sharon Bar-David

30 Money management



Post recession options for investment in real estate: A return to fundamentals. Investors are nervous, but they still want to invest. People continue to look for places to put their money. What has changed is the criterion private investors are using to

define a good investment.

By John Hare, CMA

33 Information technology

Outsourcing strategic IT guidance. Well-defined IT skills such as programming and network management are relatively easy to farm out, but senior IT management skills are more challenging. For organizations with limited IT resources, outsourcing may be the only affordable way to get high-level IT guidance.

By Jacob Stoller



37 Government issues

Risk management, not risk avoidance.

Daphne Meredith, chief human resources officer, Treasury Board Secretariat, discusses how the Canadian government is handling the same HR challenges that many companies are facing today.

By Alan Young

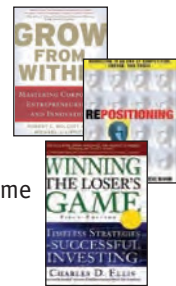


Departments

6 Media bites

Brand power

- Grow From Within
- Winning The Loser's Game
- Repositioning



7 News and views

New and noteworthy information you can use

- Many Canadian companies plan for bulk of IFRS conversion in 2010
- Compensation outlook improving, Canadians won't make up lost ground

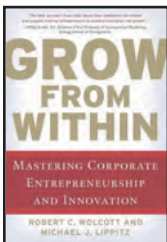
Next issue:

- 2010 Hiring outlook



Brand power

Grow From Within



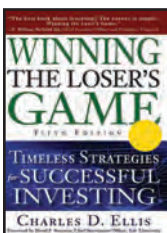
Two leading experts from the Kellogg School of Management show how large companies create innovative new businesses. In *Grow From Within*, Robert C. Wolcott and Michael J. Lippitz provide a hands-on guide to finding the right approaches to grow a company.

The authors studied more than 30 companies across industry sectors and developed an ongoing dialogue with them about corporate entrepreneurship. Case studies cited in the book range from consumer packaged goods companies, Kraft and Procter and Gamble, to technology powerhouses, Google and Cisco. The authors discovered that: companies do not lack good ideas – they lack the structure and process to refine these ideas; large companies have significant advantages over start-ups when it comes to innovation and starting new businesses; innovation is really about new business design and should incorporate all aspects of how the company does business; successful innovations focused on doing only one or two objectives at a time.

In addition, the authors found that there is no “one size fits all” approach to building entrepreneurial capabilities within the corporation, but rather four basic models — opportunist, enabler, advocate, producer — around which companies can design new businesses successfully.

Robert C. Wolcott and Michael J. Lippitz. McGraw-Hill. ISBN: 978-0-07-159832-3

Winning The Loser’s Game



In his book *Winning The Loser’s Game*, Charles D. Ellis explains what “winning” in investing really means and provides advice on how to make money grow over the long run. Using straight talk and good humour, Ellis helps investors control their financial future.

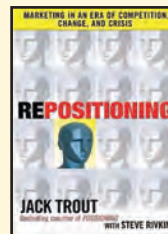
Ellis addresses the question “How can an individual invest successfully when the majority always fails?” He examines how investment management has evolved from a

winner’s game to a loser’s game (the key to winning now is to make as few tactical mistakes as possible and to harness the long-term forces of the market).

Winning The Loser’s Game also helps readers set realistic objectives and develop a sensible strategy. Readers will learn how to: create an investment program based on the realities of the market; institute an annual review process to steer their investments well into the future; maximize investing success through five stages, from earning and saving through investing, estate planning, and giving.

Charles D. Ellis. McGraw-Hill. ISBN: 978-0-07-154549-5

Repositioning



Named this year as one of the *100 Best Business Books of All Time*, *Repositioning*, by Jack Trout, heralds a different mantra for different times. In an era marked by crisis, change, and cut-throat competition, brands can’t afford to sit still. Winning now depends on “repositioning” and adjusting perceptions

about your company in relation to your competition in a new era of over communication, excessive consumer choice, dangerous commoditization and multiplying competitors.

In scores of real-world examples from industries ranging from tourism to magazines, and from household products to apparel, *Repositioning* reveals: the potential payoff and potential dangers of repositioning; the perils and pitfalls of size; when to evolve a brand and when not to; and how crisis can change the game. Trout says the key to mastering repositioning is to understand how the mind works — the more variations you attach to the brand, the more the mind loses focus. As times change, you can’t alter the minds of consumers, but you can adjust their perceptions.

Jack Trout. McGraw-Hill. ISBN: 978-0-07-163559-2

News and views

New and noteworthy information you can use

Many Canadian companies plan for bulk of IFRS conversion in 2010

According to a study conducted by the Canadian Financial Executives Research Foundation (CFERF), the research institute of FEI Canada, and sponsored by PricewaterhouseCoopers (PwC), the bulk of IFRS conversions for half of the Canadian companies surveyed are planned for 2010.

Yet, with the Jan. 1, 2011 deadline for Canadian companies and the transition to IFRS looming on the horizon, many report challenges related to staff shortages, internal systems and identifying anticipated changes to their financial statements.

Key survey findings:

Significant impact on financial statements

- 57 per cent of companies report that they expect IFRS adoption to have a significant impact on the reported value of their assets.
- 25 per cent of companies expect a significant change in the reported value of pensions.
- 20 per cent expect a significant change in the reported value of their financial instruments.
- 20 per cent expect a significant change in reported revenues.
- 20 per cent expect a significant change in the value of goodwill.

Disclosure of IFRS impacts expected in 2009

- 58 per cent of public companies will be disclosing a qualitative assessment of the impacts of IFRS conversion in their 2009 MD&A.

Are internal systems ready to run?

- While 55 per cent of public companies say they have not yet assessed system implications of the changeover, 72 per cent maintain that they plan to run parallel manual IFRS and Canadian GAAP financial reporting systems throughout 2010.

Stakeholder awareness and training

- 40 per cent of companies surveyed report they have not yet communicated the anticipated impact of IFRS on asset values with shareholders, rating agencies or analysts.
- 82 per cent of public companies report having begun training finance staff about IFRS, only 41 per cent of public companies indicated that they had started educating their board of directors.
- As conversion to IFRS is not just a corporate transition, all employees, boards shareholders and key stakeholders must understand the implementation process and its resulting impacts.

Complete survey results can be accessed at www.pwcifrs.ca

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Compensation outlook improving, Canadians won't make up lost ground

Canadian companies took severe measures than originally planned for 2009, with hiring freezes, salary freezes, and a range of other measures designed to manage expenses in line with dramatically reduced revenue. Their outlook for 2010 can best be described as “cautiously optimistic.” Views on the timing of recovery are divided — with one third thinking it will happen in the next eight months, another third not until late 2010, and a final third not until 2011 or later — but there are some signs of modest recovery in terms of compensation practices in 2010, according to new research from Towers Perrin.

Although nearly half of the 143 Canadian companies surveyed froze salaries in 2009 (a much higher proportion than was anticipated in a similar January 2009 survey), only 11 per cent anticipate a general salary freeze for 2010, although that number increases to 18 per cent when it comes to senior executive salaries. Plans to reduce workforce-related costs in other areas look very different to 2009, with fewer companies looking to reduce costs further in areas such as salary reductions, training, benefits and overtime. Further, the number of companies planning significant workforce reductions in 2010 is far lower than 2009 (10 per cent rather than 34 per cent).



Perhaps because of doubt around the timing of the economic recovery, companies are being conservative with their salary budgets. The median salary increase for employees is 2.5 per cent — an increase relative to 2009 for many companies, but down about one per cent from pre-crash norms in Canada.

“In the current environment, it’s not surprising that companies are exercising caution about returning to pre-crash levels of compensation,” Fiona Macdonald, managing principal with Towers Perrin, says. “In fact, this period may signal a new approach to compensation altogether, with companies rethinking their total compensation policies and budgets and implementing better pay-for-performance linkages across the organization, not just in the executive suite.”

2010 salary and bonus projections

At both executive and general employee levels, the downward pressure on bonuses will continue for the second consecutive year. More than half of respondents anticipate lower or no bonuses for 2009 with projections as follows: about 10 per cent of companies will have zero bonuses for the second year running; half will be the same or somewhat less than last year, and approximately 25 per cent will be significantly lower. Only 15 per cent intend to pay higher bonuses than last year.

Overall, salaries are flat, or up modestly, target bonus levels are unchanged, and actual bonuses are flat or down in most cases. The most significant change at the

CMA Management

Editorial Think Tank

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management level relates to long-term incentives, traditionally used by companies to align management and shareholder interests. The findings show that the theoretical value of long-term incentives granted in 2009 is less than in 2008.

“The big question that companies have been trying to figure out is whether the declines we have seen are an anomaly or whether overall compensation for executives has adjusted to a new, lower level,” Macdonald says. “A key indicator could be that 2010 long-term incentive grant values will look like 2009 — half plan to provide the same value, 30 per cent plan to provide a lower value, and 20 per cent anticipate providing a higher value. This suggests that the pay for performance model is working, that companies have responded to the difficult economic environment by managing their compensation costs, and in particular by reducing the level of long-term incentives.”

A renewed focus on key talent

Almost 70 per cent of companies are concerned about retaining their high performing critical talent as a result of cutbacks made during the recession, and especially as pay stagnates for a second year. This talent flight concern appears warranted as many companies indicated that they plan to increase hiring next year, and will almost certainly look at competing organizations in their industry or region as a possible source of talent.

Companies are taking measures specifically to retain top talent, including greater pay differentiation through targeted salary increases (55 per cent), differentiated bonuses (21 per cent), and retention awards in cash (29 per cent) or stock (25 per cent). In addition, 40 per cent of respondents are responding by enhancing their talent management programs.

“To successfully execute a differentiated pay strategy, companies will need a strong, properly integrated, well-understood performance management tool, and potentially a change management initiative to assist managers and employees with what will be a significant mind-set shift. Employees at all levels will need to rethink their salary

expectations, from the better of cost of living or merit, to living with the same salary as last year unless they have done something to increase their value to the organization,” Macdonald says. “The good news for companies that have cut or frozen pay is that they haven’t lost as much ground competitively as they might have anticipated. The bad news is that there’s always a good market for the best talent.”

Global perspective

Canada is not alone. Companies in many countries around the globe share Canada’s conservative outlook on 2010, with projected median salary increases averaging around 3.0 per cent or less. On the opposite end of the spectrum, employers in the BRIC countries (Brazil, Russia, India and China) and certain high-inflation economies are projecting faster salary growth, with expected 2010 salary increases of 7.0 per cent or higher, according to Towers Perrin’s 2009-2010 Global Compensation Planning Survey conducted in summer 2009.

rants and raves

Dear Editor,



Bravo to *CMA Management* and to authors Marc J. Epstein and Adriana Rejc Buhovac for their article *Improving performance measurement: Not-for-profit organizations* (November 2009, p.g. 16). No doubt, there are many challenges

and differences surrounding the management of not-for-profit organizations versus the for-profit sector. By including this article, the magazine has identified that there are many management professionals out there who are doing work in this area. The article was well-written, concise and included easy to follow models. I hope to see more articles of this caliber in the near future.

Sincerely,
William Hanson

We welcome your comments and article ideas

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Poverty and AIDS — One CMA's contribution

By Brenda Blakey, CMA

Christine (Chris) Newton, CMA has shown that applying strategy, accounting and management skills are just as valuable in humanitarian situations as they are in the workplace.

After an extended vacation in Africa, Chris and her husband Jim wanted to do something to help alleviate some of the destitution and suffering they witnessed. In 2003, they founded a charitable organization, Edzinkulu — A Society for Children of AIDS — to help the 5,000 people in the remote community of Ndawana, South Africa. Ndawana had been ravaged by AIDS, had no electricity, running water, public (or private) transportation or medical services. Edzinkulu (a name that blends Edmonton and the Umzinkulu River that flows through the region in South Africa) has accomplished amazing things in six years and much of its success is related to good management practices and Chris's background as a CMA.

Many international aid groups have a reputation for saying, "This is what you need and we will give it to you." Recognizing the importance of good governance, they began by working with the local chiefs and asking, "How can we help you?" Together with a local team appointed by the chiefs, and Canadian donations, Chris and Jim have done much to improve the infrastructure in Ndawana in a sustainable way.

They began by building a community centre entirely with local labour; they made every building block and harvested all the grass to thatch the roof. The community centre is solar powered and has a kitchen to help feed about 150 local children orphaned by AIDS, a library to encourage literacy, a micro-enterprise centre and a medical clinic facility so doctors and nurses can visit.

As a consequence of illiteracy, many Ndawana villagers do not have birth certificates or identification or know how to apply for government programs and grants. Chris and Jim calculated that the village annual income would double if every person received the grants for which they were eligible. They initiated a documentation



Jim and Chris Newton, CMA.

project and did a census to access existing government programs and seek appropriate grants.

Edzinkulu developed a community garden to grow food; employed local people as team members; construction labourers and home care workers; provided business training for women entrepreneurs; and promoted public health through education and HIV/AIDS testing.

These initiatives have brought many positive changes in the quality of life in Ndawana. Doctors and nurses now come regularly to the village. There is a systematic way of ensuring that orphans are cared for and educated. People no longer die alone; home-care workers visit regularly. The increase in village income has made life easier. Chris wrote in one report, "Their first payday was unlike any I have ever witnessed. Singing, clapping and much laughter accompanied each hand over of cash (the amounts ranged from \$2 to \$48). The next day, we witnessed many of these women carrying big bags of mealie meal [the local food staple] on their heads." Chris took the time to help Edzinkulu staff manage their finances; it's one thing to pay wages, another to help people to plan for their future needs, including education.

How being a CMA makes a difference

Large and small donors have supported Edzinkulu because they are confident their funds are being well spent. The provincial health ministry in South Africa recognized Edzinkulu for its best practices in



HIV/AIDS care and prevention and has even hired the local Edzinkulu team members to take the model to other villages. Edzinkulu has been so successful because of its good management.

Chris's experience as a CMA is important because it has contributed to good governance practices.

Chris's experience as a CMA is important because it has contributed to good governance practices. Detailed budgets and variance reports provide information to Canadian donors. Strong financial reporting has ensured that Edzinkulu maintains its charitable status with the Canada Revenue Agency and its credibility with South African agencies. Inventory and other internal

controls appropriate to the situation ensure that food and school uniforms intended for orphans get to the right place. Planning tools, such as a Gantt chart, helped the successful building of the community centre. HIV/AIDS testing results were statistically analyzed to better use the data for program planning. Chris and Jim have consistently been forward thinkers in setting goals. They ensured the transfer of knowledge and skills to local people and planned for an exit strategy that would maintain the improvements their team achieved. Edzinkulu is now facing a new challenge. In June 2009, there was a serious fire at the community centre; however, a temporary clinic has already been established.

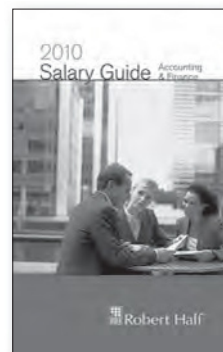
Chris has maintained good standing as a CMA, although there is certainly no requirement for it in Ndawana. She's very proud to be a CMA and share her skills with others. In 2007, she was recognized with a CMA Alberta Award of Excellence in Community Leadership.

CMAs can certainly offer unique and vital contributions to humanitarian undertakings. A focus on good management and strategy allows so much more to be achieved in the long run with limited resources. ■

Brenda Blakey, MBA, CMA, is an accounting instructor in the bachelor of commerce program at Grant MacEwan University in Edmonton. She is a volunteer accountant for Edzinkulu Canada.



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Mastering that conversation you're trying to avoid

Terminating an employee because of poor performance is never an easy task. It's easy enough to say that the employee didn't perform, but sometimes a manager's own actions are often just as much to blame.

By Sharon Bar-David

Managers tend to fall short during two critical junctures: they don't address workplace performance in its earlier stages and, when they finally do, they mishandle the actual process. As a result, employees who could possibly have bounced back to acceptable performance become the unwitting casualties of managers who are not practising responsible management.

Once a manager decides to address matters head on, the next hurdle is the need to hold a discussion with the employee.

Trap No. 1: Avoidance

It is all too common for an employee's performance to deteriorate for months or even years without any managerial intervention. Paradoxically, a root cause for this inaction lies in the manager's sense of personal identity. Managers are human beings who want to think of themselves as kind and decent creatures. In their mind, addressing lagging performance head-on gets translated into: "If I can do this to a fellow human being, it must mean that I'm a bad person." This thought is intolerable to most, so they revert to avoidance and procrastination. They ignore changes in the employee's performance while telling themselves that "it will pass" or that "it isn't really all that serious." Or they persuade themselves that they have



more pressing priorities. In these situations, the manager's sense of inner decency and unwillingness to inflict hardship may lead to evasion. Meanwhile, things on the ground get worse. Rather than helping the employee, the manager's procrastination exacerbates the situation.



Trap No. 2: Botching the conversation

Once a manager decides to address matters head-on, the next hurdle is the need to hold a discussion with the employee. It's a tough conversation to have and one of the most hazardous mistakes one can make is to ignore the fact that the conversation is inevitably going to involve feelings — not only the employee's feelings, but the manager's feelings as well. In fact, a surprising number of managers report high levels of stress and anxiety before and during such conversations. The experience triggers the built-in fight-or-flight stress response, which involves a gush of adrenalin and cortisol into the body. This in turn compromises the manager's performance during the conversation.

On the employee side, it's only natural to experience a strong emotional response when called into the manager's office to discuss performance problems. The employee's fight-or-flight response gets activated, too. Indeed, the manager needs to expect and prepare for the employee to respond with any of the following emotionally loaded responses: silence, crying, anger, attacking, blaming, defensiveness, bitterness or denial. And if the manager is not aware of his or her own emotional state, their ability to deal with the employee's reactions affectively will diminish. The process can then get terminally derailed.

Mastering the conversation

Much of managers' avoidance and anxiety stems from having no solid framework to rely on during the conversation. A good

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training program can offer managers tools for handling this process competently and confidently. For example, the following six-step method helps navigate the conversation in a supportive, firm and fair fashion. Using this type of approach can help turn things around completely.

Step 1: Reference to good past performance:

Begin the meeting by expressing appreciation for good past performance. Letting the employee know that their positive history will be factored into this discussion will reduce anxiety. Don't exaggerate the positive — be realistic. Keep it brief, as the person will likely know that "bad news" is coming.

Many managers do relatively well during the conversation, but fail when it comes to following up.

Step 2: Relay observations. Describe the specifics of the performance problems. Focus on concrete observations and refrain from unqualified diagnosis. Describe the behaviours in terms that a video camera would capture. Don't say "you've been defensive." Instead say, "When Mary inquired about a late report, you yelled at her." After all, if you use diagnostic judgements and tell George that he had been "aggressive and uncooperative" you can pretty much bet that he will become aggressive and uncooperative before your very eyes, and rightfully so. Using "video camera language," you'd say, "Over the past six weeks, four of your reports were missing critical data. As well, on two occasions you told co-workers who asked for your assistance that if they can't do their job properly they should go find another one."

Step 3: Review expectations. Refer to the expected standards of conduct so that the employee is clear about the specific ways in which the performance falls short of what is required. For example, "The expectation within our

organization is that employees demonstrate respect toward customers, even when provoked."

Step 4: Express concern. Now that you have outlined the problems, express your concern for the employee's well-being and future. A short "I'm concerned about you and want to make sure that together we can get things back on track" will go a long way.

Step 5: Open a dialogue. Up to this point, it was you who did all the talking. Now it's time to get a sense of the employee's perspective through meaningful dialogue that will enable you to arrive at a workable plan for action. During this step you can expect the range of emotional reactions discussed above. Keep your own reactions in check and remain supportive. A keen listening ear and a non-judgmental attitude are excellent tools at this stage.

Step 6: Action plan. Based on the information gleaned in the dialogue, it's time to find workable solutions. You'll need to set crystal clear expectations, arrive at a mutually understood plan, define precise accountabilities for the employee and the manager, decipher methods and deadlines for monitoring progress, and spell out the consequences if performance does not improve. It's important to set a date for the next meeting and to convey that you are confident in the person's ability to improve.

Make sure to confirm that the person understood the main points of concern and the action plan. This is crucial as the employee is likely under the influence of the fight-or-flight response and therefore comprehension might be temporarily compromised.

Many managers do relatively well during the conversation, but fail when it comes to following up. The result is that things don't improve and eventually drastic action which could have been avoided needs to be taken. Therefore, it is crucial to follow up diligently and ensure that things are proceeding according to the plan.

Let's face it, dealing with performance issues is right up there on any manager's list of "most despised tasks." But by avoiding procrastination and by handling performance-related conversations competently, managers can survive this task and help their people bounce back to being productive contributors to the business. ■

Sharon Bar-David is a Toronto-based motivational speaker, trainer and consultant whose leadership programs help boost engagement and productivity. Visit her website and blog at www.sharonbardavid.com or contact at sharon@sharonbardavid.com.

"SYSPRO invests in keeping its product leading-edge. From my perspective, everyone at SYSPRO Canada is accessible, personable, and interested in the well-being of our company."

Louis Taraborelli, President, WeighPack Systems

WeighPack Systems

Incorporated in 1992, and headquartered in Montreal, Quebec, WeighPack Systems is a packaging equipment industry leader with an extensive, high-quality product line, and leading-edge packaging equipment designs. For over 15 years, WeighPack has delivered packaging equipment for applications throughout the world, within industries as diverse as food, hardware, and pharmaceuticals.

"Our core business is the manufacture of weighing and bagging equipment," says company president and founder Louis Taraborelli. "Our machines process snack food, frozen food, candy, hardware – anything in a bag." While WeighPack's primary market is the U.S., the company is rapidly expanding its international presence. WeighPack has recently opened locations in Chicago, Las Vegas and Shanghai, and is currently planning a new location in Southern Florida.

"We're not a high-volume business," says Taraborelli. "Most of our sales are build-to-order. Our products are extremely variable, and our customers typically require a high level of customization. In consequence, we need to maintain a huge inventory of stock codes and componentry across multiple warehouses and subsidiary companies. We require an ERP that gives us complete control over our inventory, and provides us with real-time financial information."

During the early '90s, WeighPack hired a third-party consultant to research the ERP products available at the time. "We considered several brands of ERP," says Taraborelli, "but there was one product that clearly came out on top. In 1995, we implemented SYSPRO."

To prospective ERP users, Taraborelli offers a word of advice. "To gain optimal benefits from your ERP system, a company must be willing to make some changes to both workflow and work processes. After making the decision to buy, dedicate a project team to speed the implementation process, and facilitate the necessary changes."

"We now have a standard platform across all our warehouses and subsidiary entities," says Taraborelli. "Using a centralized server, we can access real-time inventory information from any of our warehouses. We can also access the bookkeeping records of our subsidiary companies, allowing our accounting department to stay on top of our financial health. To get the same level of information without SYSPRO, I'd need double the accounting staff."

SYSPRO lets WeighPack know to the penny what a job will cost in advance. "We can now predict the cost of a finished product before we do the job. And within seconds of the job being closed, we know the real cost, and can advise our sales department if they need to adjust the price for future business opportunities."

"SYSPRO", notes Taraborelli, "continually upgrades and revises its software to make use of emerging technologies. SYSPRO invests in keeping its product leading-edge. From my perspective, everyone at SYSPRO Canada is accessible, personable, and interested in the well-being of our company."

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Thinking of starting your own business? Six tactics for increasing your chances of success

Starting your own business or practice is risky at the best of times, but your chances of succeeding will be greater if you spend time preparing for the new journey ahead.

By Samantha Jarman, CMA



Have you ever thought about leaving the corporate world behind and becoming your own boss? It's a popular dream, but one that comes with a lot of risks. Studies by Statistics Canada suggest that about half of new professional services businesses will close within four years of opening. However, according to self-employed professionals interviewed for a study on the experiences of professionals who launched small practices under different business models (many of them CMAs); there are ways to shift the chances of success in your favor.

1. Establish your client base before you set up shop. Most entrepreneurs confirmed that it took three to five years to build the quantity and quality of clients they wanted.

Consequently, it is strongly advised that you do everything you can to establish a client base before you leave your current job. Examples of strategies for this include asking for assignments that were client facing, or even moving to a new employer where there would be more opportunities for client contact. Building your client base from your existing employer's clients may seem disloyal, but as one accountant pointed out, it's ultimately up to the client to decide whether or not to move with you. Some will, and some won't – so be prepared.

New clients can also be found through community and business clubs, although merely attending these events probably won't be enough.

Instead, focus on opportunities to showcase your skills by taking on projects or by volunteering to be on the boards of these clubs. Professional associations are useful in terms of continual learning and access to potential mentors, but on the other hand, you're as likely to run into potential competitors as you are to find potential clients.

Budding entrepreneurs should expect to devote years, not months, to building up their client base. References from prior jobs will also play a role in making them marketable.

Budding entrepreneurs should expect to devote years, not months, to building up their client base. References from prior jobs will also play a role in making them marketable. While a few people interviewed in the study did manage to launch a successful business in a completely new profession, it's not advised. As one person who had moved from information technology to motivational speaking and career counseling explains, "I had absolutely no credibility and no contacts. I had to start from scratch." If you're thinking of changing careers completely, consider spending a few years working for someone else before going out on your own.

How will you know that the client base you've built up on the side is enough to support you? Many successful entrepreneurs suggest that you keep working for someone else until you've established enough clients to be sure that, combined with your cash savings, you'll have enough income to cover all of your major expenses for at least a year. When making this assessment, be sure to take client turnover into consideration.

2. Collect letters after your name. Obtaining several professional designations is a strong tool for establishing

credibility with potential clients. Among small business professionals who said that they had a professional designation, over half had more than one. Multiple designations are considered a business success factor for two reasons: first, multiple designations look good on a business card and create an aura of expertise; second, certification in overlapping areas allows entrepreneurs to stand out in their specific niche. Combining a CMA with an IT certification, for example, allowed one entrepreneur to really market herself as an expert in installing accounting systems.

3. Take your time and grow some grey hairs. If the idea of spending a few years building up clients and designations before leaving the nine-to-five grind seems disheartening, take comfort in the fact that almost all of the entrepreneurs interviewed described being in one's late 40s and early 50s as a success factor. First, interviewees indicated that being a bit older often meant being in a stronger place financially with mortgages and other significant financial obligations paid off. This made coming up with the necessary capital to launch a business more realistic. Also, interviewees pointed to their years of experience in the workplace as sources for references and contacts. And, just as importantly, respondents found that age provided credibility. As one respondent explained, "People just don't believe that you're an expert unless you've got a few grey hairs."

Both men and women surveyed also suggest waiting later in life to venture out on your own because starting a small business is much more difficult when raising young kids. Citing time constraints and the inability to take financial risks when caring for young dependants, men and women recommend waiting until the children leave home before starting a business.

4. Have a supportive family. On the topic of families, respondents note two key areas in which their families were impacted by their decision to start a business. First, many reported that they had relied on family members to pick up a greater share of domestic tasks while they struggled to build their own businesses. Also, many families had to accept that the entrepreneur wasn't always going to make it to the dinner table or the family gathering on time during the early stages of business growth. The additional squeeze on family life brought on by launching a business may seem incompatible with the desire for increased work-life balance so often stated by own-business

owners. Consider, however, that work-life balance dramatically improved the small business owner had enough of a client base that they could comfortably say “no” to pushy clients or unreasonable deadlines.

Finally, family members often had to accept less overall family income as a result of one member becoming self-employed. In some cases, incomes rose steadily over the first few years of self-employment, while some respondents indicated that they had never managed to completely replace their previous salaries. It should be noted, however, that even this latter group indicated that they had absolutely no intention of going back to working for someone else, as their increased job satisfaction more than made up for decreased cash compensation.

If you’re considering going into partnership with a spouse or close relative, consider one observation from previous studies: strong partnerships out of work do translate into more success at work, but the reverse is not true. If the relationship isn’t robust, the stress of running a business together could be fatal to the relationship and will most likely kill the business, too.

5. Gender doesn’t play a role. While previous studies found that women were less successful than men because of their reluctance to work long hours and a tendency to be less aggressive with their billing, no gender differences were found in this study. Similarly, this study didn’t find any differences in their motives for launching their own business. Men were just as likely to be motivated by a desire for work-life balance as were women, and, contrary to findings in previous research, the most profit-motivated respondents were women.

6. Don’t ignore the franchises. When accountants think of franchises, they tend to limit their thinking to a certain large tax organization. However, there are many organizations out there that meet the definition of franchises (although they often refer to themselves as “associations” or “agencies”) providing a range of financial services such as investing and credit and bankruptcy counselling, who are looking for educated, motivated entrepreneurs. While independent business owners reported needing three to five years to build up their client base, franchisees were often happy with their client list and income in as little as a year. Franchises can provide specific, tailored training, marketing and often provide client referrals. The downside of being part of a franchise system is paying fees and royalties. Do the math and talk to other franchise owners before you sign on the dotted line.

And, even if you have no interest in being part of a franchise system, do consider the services they offer and whether or not they can be part of your business model. For example, one tax accountant indicated that she regularly received and gave out referrals for her neighborhood H&R Block. This unofficial partnership allowed her local H&R Block to pass off tax returns that were more complex than the franchisee could handle quickly, and in return, the self-employed accountant would often refer back clients whose simple returns didn’t require her expertise.

Of course, these suggestions are all “best practices.” Don’t panic if you’ve already embarked on your journey to self-employment without completing the above suggestions. Half of small business owners involved in the study indicated that they fell into self-employment without any advanced planning. Whether it was the result of a layoff, or one disagreement too many with their boss, the decision to go out on their own was as likely to be spontaneous and emotional as it was to be planned out and rational. Interestingly, the circumstances behind the reason to become self-employed didn’t seem to have much impact on individuals’ satisfaction with their business.

If you’re considering starting your own business and are feeling a little daunted, here’s something else to consider: while half of Canadian professional services don’t reach their fourth birthday, it should be pointed out that every business that closed wouldn’t necessarily have been considered a failure by their owner. Unfortunately, statistics gathered by organizations like Statistics Canada often fail to make any distinction between businesses that fail because of bankruptcy, and businesses that fail for more “positive” reasons. Businesses may close because the owner wants to retire, or because the owner has received a job offer from a client that is just too good to pass up. Other reasons for closing a business might include mergers or restructuring that involves re-registering the business under a different business name and number. It’s possible that the statistics around business failure seem gloomier than in reality. And, it’s worth noting that even among business owners who found themselves working longer hours for less money, a very high percentage — over 80 per cent in this study — indicate that they have no regrets going into business for themselves. ■

Samantha Jarman, CMA, is a PhD graduate of Northcentral University, Arizona. She currently works in the Canadian federal public sector in the sphere of organizational effectiveness. She can be reached at sjarman@canada.com.



HOW FINANCIAL DASHBOARDS CAN HELP IN FRONT-LINE HEALTH CARE

A CASE STUDY ON THE IMPLEMENTATION OF A NEW FINANCIAL REPORTING SYSTEM AIMED AT FRONT-LINE MANAGERS AND HOW THE NEW SYSTEM IS USED BY A REPRESENTATIVE GROUP OF NURSING LEADERS.

BY CHRIS DUFF, CA AND BRENDA LIGGETT, CMA

Provincial governments across Canada are under tremendous financial pressure this fiscal year as most are reporting significant deficits. As always, health care is the largest item of provincial expenditure. For example, the British Columbia (B.C.) government spends about 45 per cent of its budget on health care and is predicting a \$2.8 billion deficit for 2009/10 (Shaw and Kines, 2009). B.C. is requiring all six regional health authorities to eliminate their projected deficits for 2009/10. Fraser Health (FH), the largest B.C. health authority¹, with a projected deficit of \$160 million, is developing plans to reduce the volume of elective surgeries and to cut administration expenses (Fraser Health Authority, 2009). The current tough fiscal climate necessitates that front-line health care leaders are also effective financial managers.

FH organizes and operates a “system for health” and delivers prevention, acute, residential, community-based and primary health-care services to approximately 1.5 million people in the lower mainland of B.C. representing 30 per cent of the population of the province. FH has a \$2.5 billion operating budget (2009/10) and has more than 26,000 employees and 2,000 physicians with privileges in its hospitals. FH has a geographic blueprint that runs from Burnaby to Fraser Canyon.

FH’s acute-care sector accounts for \$1.2 billion (47.0 per cent) of its total operating budget. Acute-care services are delivered through 12 hospitals with about 2,400 staffed acute care beds². For fiscal 2008/09, FH provided services for approximately 107,000 inpatient cases and more than 468,000 emergency room visits.

FH’s finance group has a business and client services department that provides financial support to all levels of management across the health authority. This team assists managers with their annual budget development and ongoing variance analysis.

The research project

Research was conducted at four of FH’s acute care hospitals that form the

Fraser North division. Out of the four hospitals, one is a tertiary care facility focused primarily on more serious cases and the other three are classified as community hospitals. The research included in-depth interviews with the vice-president of the acute-care network³, two senior nursing directors with corporate surgical responsibilities and six senior nurse leaders (with surgical portfolios) from the four study hospitals. Interviews were also conducted with finance personnel responsible for rolling out the new system and for supporting the nurse leaders at the hospital level. The research questions were focused on how financial systems enabled each of the nursing leaders to manage their portfolio, which in all cases, included responsibilities for both budget and financial reporting.

System requirements

The decision to move to a business intelligence (BI) tool for financial reporting in FH was largely due to the lack of flexibility and capacity within the previous system. Although the previous system provided online access to financial information, it had limited functionality and lacked capacity to address growth and change. A meeting with the developer in 2005 confirmed that the previous system had a life span of only three or four more years before it would require a significant financial investment to address current and projected needs.

Through client focus groups and discussion with the business and client services group, key system requirements were identified as follows:

- Capability to perform time based comparisons or trending.

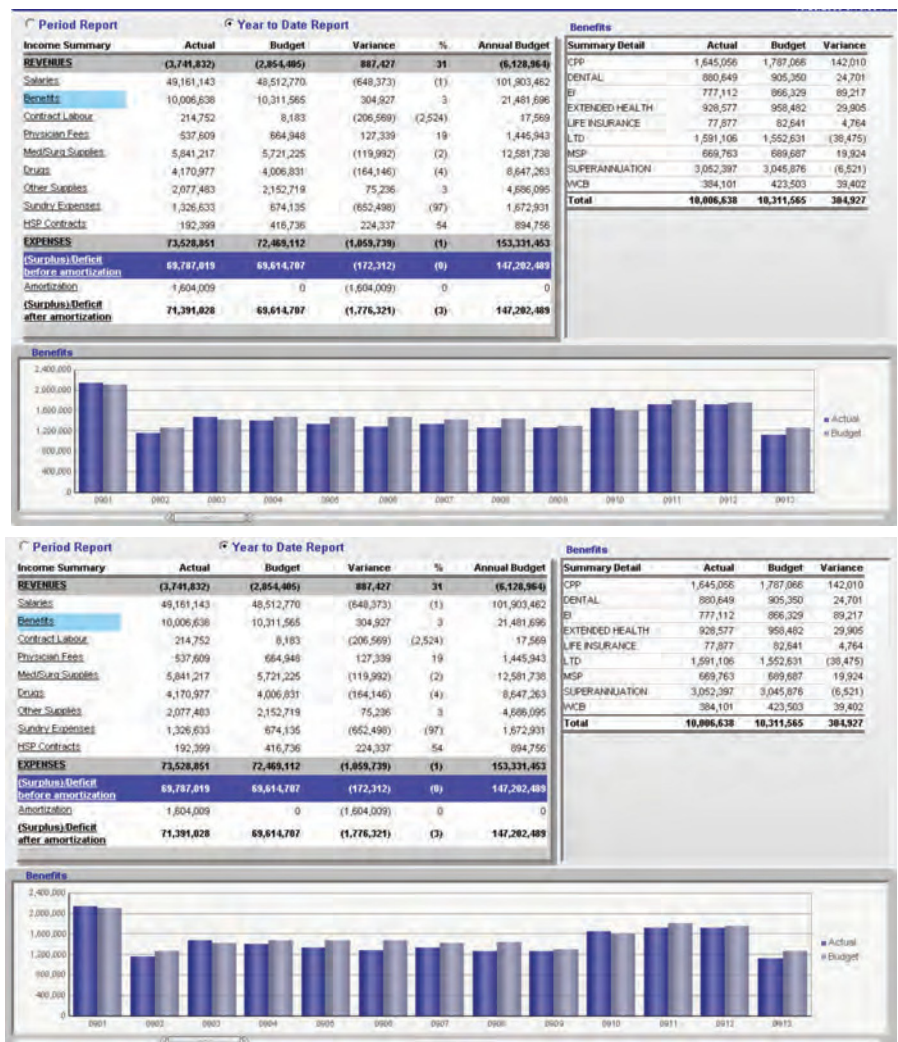


Figure 1 provides screen shots that illustrate the software’s capability to produce a dashboard display that includes a drill down and a graphic display of a cost trend over a period of time.

- Presentation of information at summary and transaction levels of detail.
- Drill down capability for full investigative analysis.
- Reporting capability for key ratios or indicators.
- Capacity for five years of historical data.
- Provision of security and permissions based on financial perspective and depth of data.
- Capability to provide variable dimensional analysis such as time periods or like departments.
- Accessibility from FH's intranet.

The rollout

The rollout of the reporting system consisted of a three stage progress that was spread over 2008 and 2009. The purpose of the first stage, advance notification and consultation, was to alert the organization of the upcoming

change and to highlight the capabilities of the new system. Interactive sessions were also held at a FH management conference and feedback from the sessions were collected and incorporated into the project plan. Six focus groups (25 participants) were held to collect input from across the organization. Fifteen interactive demonstrations, tailored to the specific information needs of the service area (e.g. acute care, diagnostic imaging, etc.), were staged prior to the training sessions for the new system. These sessions were intended to show the breadth and depth of the system, engage participants in the change, and encourage them to register for the training classes.

The second stage provided individual training sessions for 12 members of FH's executive team. Following each training session, participants were asked to complete a questionnaire that provided feedback on the class and the product.

Feedback from nurse leaders

In FH hospitals, nursing directors are the budget holders for most of the costs directly associated with patient care. Under the Canadian model, most physicians are independent contractors with significant clinical autonomy and access to the services provided by hospitals. For example, they admit and discharge patients from hospital and order surgical supplies, drugs, and minor equipment albeit that they are not employees of the health authority that staffs the hospital and pays its bills. This creates an accountability issue for those nurse leaders who are charged with the responsibility for the control of patient care expenditures. This is not a new issue in Canadian health care — it reflects the compromises made by the stakeholders who built the Canadian system of Medicare back in the 1960s (Tuohy, 1999). The interview group felt that this was a major issue since the current funding system for physicians was based primarily on fee for clinical services, with no formal linkage to controlling costs and achieving value for money.

The interviews with nurse leaders all revealed a strong commitment to



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patient care while recognizing the reality of overall funding caps in place at the Health Authority level. All stressed the importance of effective tools to control nursing costs especially those related to overtime and sickness. These costs were strongly correlated to the level of nursing vacancies that were significant at FH and other B.C. hospitals and related to expenditure cuts in the 1990s that led to many nurses leaving for jurisdictions outside Canada (Rachlis, 2004, Tuohy, 1999).

A key feature of the new system is its capability to drill down to lower levels of detail. The nursing directors all stressed the importance of differentiating staff utilization by grade (RN, LPN⁴, care aide) given the cost variation between these groups as well as the need to zero in on overtime and sickness. Rising operating room material costs partly driven by new surgical technique and technologies were also perceived as important cost issues. The new system allowed each manager to create their own report structures and save them for repeated use, which was valued by the participants in each group. Each of the hospital based nursing directors meet with the financial manager responsible for Fraser North on a periodic⁵ basis. It was generally agreed that the system effectively expedited these discussions and elevated them from accounting detail to significant operational issues.

The participants in the interview group participated in the training sessions organized by one of the authors. They all embraced the new system and were especially enthusiastic about the application's charting capabilities given the importance of measuring trends and being able to continuously forecast expenditures for the balance of the fiscal year. Within this group, and elsewhere within FH, it was common practice to post charts showing progress against various targets and budget.

"The new system is a vast improvement which offers graphs and data to help us communicate to our front-line staff and keep an eye on trends," Carol McGrandles, director, Eagle Ridge Hospital, says. "And the nurse managers like some of it. I guess they're just getting used to it. I like the graphical piece because its very effective. A picture is a lot better than numbers. I'll often suggest to the nurse managers to print graphs to post for their staff to see. They need to see that we are spending more than we have coming in. Everybody can understand that."

Those who were interviewed were very experienced managers with lengthy clinical experience and most had a masters degree in a management discipline in addition to their nursing qualifications. All were very comfortable with accounting language and its application for constructing business cases, etc. Despite having this background, nearly all found that the transition to a new system required effort. This result is unsurprising given that the previous reporting system had been in place for about six years and had become a deeply institutionalized practice. The majority felt that they would likely require additional help and support from finance to become fully proficient with the new system. Subsequent to the interview process, most of the Fraser North nursing directors had received at least one additional coaching session with a financial analyst to enhance their effectiveness with the new system.

Increasing the resources devoted to providing effective financial reporting is a necessary, but not a sufficient condition for meeting patient care needs for a price that society as a whole can afford. The system implementation project described in this case study is encouraging because it was implemented without additional funding or increasing ongoing operating costs. It is also instructive on how strong working relationships can be established between clinical professionals (nurses) and a client service oriented financial group. Furthermore, it shows that nursing professionals can be embedded in the financial reporting process while remaining true to their professional responsibilities to patients.

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In addition to the financial pressures the organization is facing, FH began the process of transitioning from a sector/site based reporting structure to a program management based reported structure in September 2009. This new business model is aimed at promoting standardizing care pathways across units and aims at strengthening leadership roles and related accountability for physicians. The new model will require robust financial models and software tools to provide effective support to its leaders. The system and subsequent planned updates⁶ will provide a useful tool to FH's leadership team as they continue to meet the challenges of providing quality health care at an affordable price. ■

Chris Duff, CA, is a professor of accounting at Royal Roads University. Brenda Liggett, CMA, is director, financial systems and capital, Fraser Health.

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¹ Based on the scale of population served.

² Beds that are staffed have an operating budget.

³ The acute care network consists of the acute care facilities at each of FH's 12 hospitals.

⁴ Licensed Practical Nurse

⁵ FH organizes its accounting calendar into 13 X 4 week periods.

⁶ Based upon MicroStrategy 9.



Lending more than a helping hand

By Arda Ocal

Although CMAs typically volunteer their time sitting on boards for non-profit organizations wearing their financial “hats,” organizations are realizing that CMAs have the skill set to contribute to more than just budgeting and finance.

All three of the following CMAs have very different backgrounds, jobs, experiences, and are involved with a diverse group of organizations. What they all have in common, however, is a passion for what they do and a backbone of CMA training.

“The main reason I volunteer is to give back to society,” Peter Strum, FCMA, says. “Like many baby boomers, I have benefited from the opportunities that were presented to me during my education.” For 30 years, Strum worked with an international management consulting firm and was a partner for 20 years. With a little more time on his hands now that he is semi-retired, he felt a desire “to give back a little something.” He earned his MBA from the University of Western Ontario in 1970 and worked in the oil industry. He was attracted to the CMA program because it “had a heavy emphasis on costing, cost allocation and budgeting. In the 1970s, zero-based budgeting and new techniques for financial planning were coming into the forefront. The program gave me a head start on financial planning plus the prestige of a professional designation.”

The desire to give a little something back is certainly shared by Cathy Snyder, FCMA, chief financial officer, United Way of Kitchener-Waterloo and Area. It was actually her association with United Way that led to the position she has today. “My goal was to eventually work in the not-for-profit sector and volunteering led to the fulfilment of that goal,” says Snyder, who was previously vice-president of finance at an insurance organization in Waterloo.

An active member of her community for many years, there are few places that have escaped her helping hand and hard work. Snyder explains she decided to pursue the CMA designation because she liked the idea of working for an organization rather than an accounting firm. She found she was “far more interested in the management side of finance and accounting than purely the mechanics of financial statements.” She adds, “What’s most important is determining the ‘story’ behind the numbers ... and forecasting what will happen based on what has happened.”

While Strum and Snyder dedicate their time and efforts close to home, Rocky Dwyer, CMA, has done work both locally and abroad in both his career and volunteer endeavours. In his full-time position, Dwyer is an evaluation principal, chief review services, National Defence, Government of Canada. His job has him working on a wide variety of projects that deal with “areas of design and delivery of complex programs such as integrated force development, peacekeeping and other departmental initiatives,” and he’s had the opportunity to work on both inter-departmental and international committees. After completing a PhD in management, Dwyer decided to pursue a CMA designation to “further develop the depth, breadth and scope of my theoretical experience and to complement my public sector strategic management experience.” He felt the accreditation process was ideal as it would allow him to “learn beyond the boundaries of a traditional accountant designation.” Many of his volunteer activities are of a more academic and international nature, such as his work to provide improved education to students in Armenia.

“The challenge in volunteering,” Strum points out, “is to find something of interest and to ensure that my background will be used to its highest and best use.” All three individuals have found different niches in which to apply their skills and

knowledge, but one note of commonality is that they’ve all served as board members for various organizations.

Snyder has been an active member of her community for many years. The list of organizations with which she has been involved is extensive: United Way, the Kitchener-Waterloo Chamber of Commerce, St Monica House, Big Brothers Big Sisters of Kitchener-Waterloo, and various committees with the City of Waterloo, Ont. In 2003, CMA Ontario awarded her with a community service award for her extensive volunteer involvement in the community and with CMA.

While the groups she has worked with are diverse, the positions she has held are less so. “My designation usually leads me to becoming treasurer of the organizations I volunteer for,” she notes. “Although I’m often a treasurer, I bring more to the role because of my understanding of strategy, risk and performance management. I have the opportunity to share my knowledge and experience in these areas as well.” Just recently, Snyder and her husband facilitated a session on strategic planning to the board and staff with Big Brothers Big Sisters of Kitchener-Waterloo and Area.

The CMA accreditation process integrates a number of managerial topics ... this background forces and trains a person to think in a structured fashion,” Strum says. “CMAs can then bring these structures and mental frameworks to various issues.”

More than just finance

While Strum, a past-president of CMA Ontario, has held a variety of volunteer positions over the years, he also says that, unsurprisingly, most of his contributions to boards have been through audit committees. But, having done much of his volunteer work after a diverse career, he didn’t find himself pinned as one-dimensional. However, he admits that “based on discussions at our boards about potential new board members,” it is fair to say that a CMA is, “in the first instance, seen as a ‘financial person’ and often automatically slotted for the audit committee.”

Strum also points out that, “the evolution of the role of the audit committee today is actually a great place for a CMA.” Today, these committees handle a wide range of activities, including “deal[ing] with enterprise risk management across the whole of the organizations’ operations, various ethical frameworks, accountability mechanisms, as well as the standard financial audit. Accordingly, the audit committee is an excellent place to take advantage of the diverse talents of a CMA,” and one he feels many CMAs would find rewarding.

Since becoming a CMA, Dwyer has been involved with a number of volunteer projects in the private, public and not-for-profit sectors. Each year, he typically uses four to five weeks, out of his six-week vacation entitlement at work, to give back. His volunteer projects have taken him to the United States, South

America, Russia and to various parts across Europe and Canada. At home in Canada, his resumé of volunteer activities reflects those of Snyder and Strum. Here, he says, “my volunteer activities include board memberships on both finance and audit committees at Saint Paul University, memberships on several editorial boards; and I continue to be active in various conferences as a presenter both within Canada and abroad.” He notes when you utilize mentoring and coaching — organizations can develop a professional employee cadre via knowledge transfer. Not only that, he gets something in return — an opportunity to “hone my coaching and mentoring skills, while enabling me to add greater breadth and perspective back into my regular public service position.”

“Although I’m often a treasurer, I bring more to the role because of my understanding of strategy, risk and performance management. I have the opportunity to share my knowledge and experience in these areas as well.”

While Dwyer speaks to the skills and knowledge a CMA brings to the table, Strum focuses on a slightly less concrete, but equally valuable component. He finds that CMAs have a unique perspective, a certain way of thinking that can be a significant contribution, and are particularly well-suited to certain roles, such as being a board member.

“The CMA accreditation process integrates a number of managerial topics ... this background forces and trains a person to think in a structured fashion,” Strum says. “CMAs can then bring these structures and mental frameworks to various issues.” He has found his training invaluable in his dealings with the many complexities of the health-care sector. He muses that the “ability to tackle problems and opportunities in a structured fashion is very valuable to any board.”

A key contribution of a board member is to “ask good questions,” Strum adds. “A good question helps to challenge management, can add value to management thinking and will spawn follow-up questions by other board members.” Being inquisitive and the ability to ask a thought-provoking question are invaluable skills fostered by the CMA accreditation process. Further, Strum suggests that there are three key responsibilities of a board member: provide oversight, insight and foresight into the issues, challenges and changing circumstances an organization faces. He says CMAs are well equipped to assist with these matters.

Snyder says she admits that being a CMA may have “pigeonholed” her to certain functions at first, but “because of the management side of our training, I believe it opens other doors as well. In order to understand an organization financially, I believe you need to understand it from all levels.” As such, she has been able to branch out and “assist with marketing and other ‘non-accountant activities.’”

A typical day for her can include everything from “doing the accounting for the organization, writing organizational policies,

financial forecasting, creating human resources documents, working with the CEO and the board on the strategic plan and performance measurement, writing policies on ethical conduct and acting as a privacy/risk management officer.” There’s certainly never a dull moment, and never a lack of things to do. “My typical day is more ‘project’ based than routine – there is always something different that needs to be completed,” she says.

Her role continues to expand as well, on top of her already lengthy list of responsibilities that include: accounting, HR, administration, information technology, facility management and risk management. Snyder mentions that, recently, she’s been asked to assist with strategic planning, risk management and corporate governance activities. She believes that the need for individuals who can fulfill such roles will continue to grow. “These areas for non-profit organizations used to be the ‘nice to have’s’ and now have become the ‘need to have’s’ in order to ensure the board is fulfilling its fiduciary responsibilities,” she says. In fact, Snyder predicts that ‘these areas [are] becoming just as important as the financials for NPOs.’

Creating opportunities

Dwyer’s day job and volunteer work, both nationally and internationally, have allowed him to “leverage my expertise and CMA contacts to facilitate and support organizational development and growth.” For example, he proudly describes how through CESO, a not-for-profit organization that helps build independent communities, he has been able to “provide support to ASUIR University in Armenia to develop curriculum, teaching materials and learning aids to develop and enhance student competencies and abilities related to the management education.” Although many of Dwyer’s responsibilities involve education, he’s had opportunities to work beyond that area. In Bolivia, he “provided assistance to the Superintendencia de Transportes of the Bolivian government to build a sustainable performance measurement and accountability reporting framework based on the Balanced Scorecard.”

As for Strum, his volunteer work in recent years has been devoted to the health-care sector where he felt he could make a real contribution. His efforts have been concentrated in two areas — chair of the board for the Queensway Carleton Hospital — an acute care hospital that has “seen and plans exceptional expansion and growth in facilities and services” — and leadership roles on the board for Perley and Rideau Veterans’ Health Centre — a 500-resident non-profit, long-term care facility; one of the largest in Canada.

No matter where one dedicates their efforts or the reasons why one chooses to volunteer, there will often be plenty of challenges and many more rewards. That’s a given. But as Strum, Snyder and Dwyer have demonstrated, CMAs have the skills, experience, and knowledge to make valuable contributions to most any organization, and not simply as a ‘financial person.’ It is simply a matter of finding a role that suits you best. The opportunities for learning, leadership and growth will follow. ■

Arda Ocal is a Mississauga, Ont.-based writer and on-air personality with Rogers TV.



Staying on top of business issues

By **Andrea Civichino**

Karine Benzacar knows the importance of updating one's skills in order to keep up with changing business needs. It's no surprise that today she works with people and organizations across North America to help them develop their core skills so that they are prepared to evolve in today's changing economy.

Benzacar's first job out of school was working for one of the country's leading marketer of food products and services in a technical financial role as a financial planning and analysis analyst. In this role, she prepared month/year ends and budgets, and tasks she describes as "typical financial duties for a junior financial position."

Realizing that she was the only one in her department without a professional accounting designation, Benzacar was inspired to pursue the CMA designation.

"I decided on the CMA designation because I was fascinated with the aspect of accounting that did more with business and management," she says. "I never thought I'd go into accounting, let alone pursue a designation. I took accounting courses in school and thought I didn't want to be an accountant. After university, my first job happened to be in accounting and it was also in the middle of a very deep recession," she adds. "It turned out to be a good role with a good company, even if it wasn't the right thing for me. One person on my team, who was very much of a mentor, was pursuing the CMA designation and he inspired me to do the same. It was the designation that made the most sense because it was focused on the business aspect which was the part of the job that I enjoyed the most."

"I pursued the CMA designation because my peers were doing it. I never appreciated it at the time or realized how valuable it would be."

Benzacar, who was also pursuing an MBA at the time, came to the conclusion that since she "was studying anyway, it made sense to pursue both an MBA and CMA simultaneously." She says having both has been a powerful combination because of the strong business and accounting focus.

"At that point in my career, I had no family responsibilities or ties," she says. "It gets harder when you get older and have family obligations or take on more senior roles in your career. I pursued the CMA designation because my peers were doing it. I never appreciated it at the time or realized how valuable it would be."

After working in the food industry, Benzacar landed a job with a Canadian subsidiary of a large U.S. company. As head of reporting for the company, part of her job was to evaluate the profitability of the organization and its key products/projects. Benzacar also worked closely with her U.S. counterparts on a daily basis. She says although her skills were highly respected in the U.S. she decided to pursue a CPA designation to help

her understand the needs of her American colleagues.

"I didn't want to be in a position where the CPA designation was valued and I didn't have it," she says.

Benzacar's next stop was with a major financial institution. Her role was to evaluate the profitability and costs of various products and services and determine where the bank could focus its strategic direction to become more profitable. After a successful career in the banking industry, Benzacar decided that it was time to move on her own.

"From a professional and personal perspective, it was something that I had been thinking of for a long time, but it's very tough to leave the corporate world and go off on your own when you're in a senior role and you're making a high salary. There are so many risks attached," she says. "I was very fortunate to take that leap seven years ago and I've never looked back since. Most of the roles that I had throughout the ten years I spent in the corporate world involved internal consulting and that was the type of role that I really enjoyed. As a financial person, I kept on getting drawn back into more typical financial roles, dealing with reporting numbers, budgeting, and that wasn't something that I liked. As a financial person, I had to keep breaking out of those roles to get consulting roles. It was a natural fit to start my own consulting practice."

Sharing her knowledge

"Training is something that I love to do," she adds. "I moderate for the CMA Strategic Leadership Program (SLP) and I've taught undergraduate and graduate programs for a number of universities including Concordia in Montreal, Ryerson University and the University of Toronto for over 10 years."

Benzacar's business, Knowledge Plus, includes a diverse team of professionals with various backgrounds. Benzacar and her team assist companies with various accounting, financial or strategic needs, such as implementing a new computer system, evaluating profitability, looking at distribution channels and assessing strategically which is best to follow. She also offers finance courses for both financial and non-financial professionals. One area of training that has grown substantially is IFRS. Benzacar's first exposure to IFRS was back in 2004 with a large corporate client that was a subsidiary of a European parent.

"I was very fortunate to have that exposure and be able to couple it with my business model," she says. "Knowledge Plus has always done a lot of financial training and with the introduction of IFRS to Canada, it seemed like a natural fit to incorporate it into our course offerings. We have the background and expertise to build and deliver courses and I'm very proud to say that we have become one of the leading IFRS training organizations in Canada, having partnered with numerous professional associations across Canada and the U.S., including the CMAs."

In the past six months, Benzacar and her team have trained thousands of professionals on IFRS. She adds that their course offerings have been successful because of their ability to meet and exceed expectations.

“It’s a professional designation . . . I have other designations, but one of the things the CMA has that other designation don’t is an aura of professionalism. If you’re not professional, someone can take your CMA away . . . they can’t do that with a university degree. It’s given me a lot of credibility in the accounting world. It’s also given me portability. I’ve had a varied career and a tremendous amount of work in Canada and the U.S. – I don’t know if I would have had those opportunities without the designation.”

“Our courses all meet with outstanding reviews, primarily because we are giving our clients exactly what they are looking for, in an interactive and interesting fashion — something which can be challenging to do with a topic like IFRS. It is very satisfying work to be able to educate so many people on such a leading-edge topic.”

Benzacar and her team have helped major corporations go through the implementation process; however, she notes that most organizations are still failing to put IFRS on their radar screens.

“In a perfect world, companies would be running IFRS parallel with GAAP reporting beginning in 2010. However, most companies were not ready as of Jan. 1, 2010,” she says. That would really have been the best time to launch and run a full year of results prior to the Jan. 1, 2011 deadline. Most companies are going to scramble after the fact and go back and restate their results probably because IFRS preparation coincided with one of the most recessions we’ve had in decades,” she adds. “When the recession first hit, companies put IFRS on the backburner. It makes sense during a recession to focus on the business and not on accounting policy changes. Now companies are realizing the deadline is coming up and they can’t put it on the backburner for much longer. Some are ready for 2010 . . . a lot of them are not.”

Benzacar says having the CMA designation has been vital to the growth and success to her business because it adds a lot of credibility to her name.

“It’s a professional designation . . . I have other designations, but one of the things the CMA has that other designation don’t is an aura of professionalism. If you’re not professional, someone can take your CMA away . . . they can’t do that with a university degree. It’s given me a lot of credibility in the accounting world. It’s also given me portability. I’ve had a varied career and a tremendous amount of work in Canada and the U.S. – I don’t

know if I would have had those opportunities without the designation.”

Benzacar is clearly a proud holder of the CMA designation. As a moderator for the SLP, she openly shares her experiences and best practices with candidates in the program.

“It’s a completely different program that I went through,” she adds. “The SLP evolves every year and responds to the changing needs of the marketplace. It’s challenging for me as well because I have to essentially learn about the changes and the new program that is delivered to our candidates. I think if you can understand what a candidate feels like and understand things from their perspective you become more effective as a moderator. You know what they’re looking for, what they’re objectives are from the program, their frustrations, and make it a much more exciting dynamic process for them.”

One message that she often shares is the importance of building a strong client/customer base, especially for those looking at starting a career on their own.

“I learned that customers are really key to any business,” she says. “In the early part of my career, in traditional financial roles, I was so far removed from the end customer that it was very hard to see the relevance of what I was doing to the end customer. This is pretty typical of finance roles. It’s important for finance people to understand that everything they do ends up having an impact on the customer, whether they see that impact or not. If someone isn’t in a role where they have exposure to end customers, it’s also a good idea to try to shadow someone else who is so that you can experience firsthand the needs and perceptions of clients. This in turn helps you to do a better job. Now, in doing the type of work that I am doing, I’m interfacing with the end customer every day and I see firsthand the impact that the work of the entire organization has on clients.”

As a business owner, Benzacar says she wasn’t negatively impacted by the downturn experienced by several Canadian businesses. In fact, she says 2009 has been more “busier than the last three years combined.”

“When the economy goes down there’s always a need for financial expertise, whether it’s on a consulting perspective or training perspective . . . and when you couple that with new accounting standards, it’s a winning combination.”

Although Benzacar admits that she probably works longer hours now than when she worked in the corporate world, she still strongly believes in work/life balance. As the mother of two young children, Benzacar’s schedule, although quite demanding, always incorporates the needs of her family.

“I have the flexibility of managing my work hours so I can take and enjoy an afternoon off to spend with my kids . . . whether it’s going strawberry picking with my son’s daycare or volunteering in my daughter’s classroom,” she adds. “If I’m taking a business trip that’s somewhere interesting for my kids, I’ll try and take them along. It makes them better people because they are exposed to real-life situations.” ■

Andrea Civichino is the editor of *CMA Management*.



Post recession options for investment in real estate: A return to fundamentals

Investors are nervous, but they still want to invest. People continue to look for places to put their money. What has changed is the criterion private investors are using to define a good investment.

By John Hare, CMA

Investor uncertainty is turning around as the economy rebounds. Institutional and retail firms such as Pope and Company in Toronto are seeing a cautious return of investors to the capital markets. The difference, they explain, is that many investors now have a lower risk tolerance and are interested in more secure investment vehicles.

“A lot of people are looking to investments, like bonds and real estate, as a larger part of their portfolio,” Russell Starr, head of institutional sales and trading, Pope and Company, says. “These investment instruments are viewed as safer places to invest than traditional investments like mutual funds and the generic equity products that have been popular over the last few years. Real estate is one area of particular interest. It seems as though investors are remembering one of the older investment adages — ‘When in doubt, buy real estate.’” Despite this, investors still ask “What real estate should I buy and how?”

For those who want to invest in real estate, there are several strategies to keep in mind. The first is the most straightforward – outright purchase of an investment property. In this strategy, the investor purchases a home or a small apartment block that is close to home or located in a familiar area. The investor then takes on the role of landlord with hopes that the rental income covers the mortgage. Over time the investor pays off the mortgage and owns the property outright. Income is balanced against costs and on sale profit is treated as a capital gain.

The strength of the “landlord strategy” is that the investor has direct control over the investment.



This risk is generally considered high as few people have the skills to take on the responsibilities associated with becoming a landlord. If they realize that limitation and hire a professional property manager, then the potential risk is reduced, but so is the return.

Another downside is that the properties purchased are often not in areas with the potential for maximum growth; therefore, the investor may not achieve the highest rate of return possible.

A second option is an investment in private mortgages. The rate of return for this type of investment is known in advance so growth forecasting and management of funds is straightforward. Another benefit is the absence of a commitment to become a landlord, however, there is risk. Mortgages arranged through independent brokers are often subordinate to the funds provided through the bank. If the mortgagor has problems paying, the second mortgage holder has a greater liability than the lead source of funds.



A third option is the publicly traded real estate investment trust (REIT). These vehicles are well established in the Canadian market and continue to find acceptance through the post-recession period. They offer reasonable yields through regular distributions, and capital appreciation. They also are attractive because of the favourable tax treatment of income earned. However, as we have experienced over the last 12 to 18 months, REITs can be hampered by volatility in the equity market place. The major issue with publicly traded REITs is investor sentiment versus asset value. REIT units are traded on the open market and can be quite volatile even though the underlying asset is performing well. It is fair to note that there are also private REITs. They offer shelter from the volatility of the market, but because investors still have the ability to redeem their units, unit prices can be driven up or down.

A fourth strategy that is finding increasing acceptance is the limited partnership (LP). This is actually a far older strategy than most people realize. LP-like structures have been around for literally thousands of years. The ancient Greeks and the Romans both had versions. Both societies established LP-like frameworks for corporations that had many investors. The connection to the modern LP is that the ancient structures generally established two classes of partners – what we would now call the general partner held responsibility for the establishing the contracts and conducting the business and the LPs invested and took a share of profits.

In medieval Italy, there was a partnership structure called a Commenda. This was a business unit that was generally used for financing maritime trade. In a Commenda, the traveling trader of the ship had unlimited liability, but his investment partners on land were shielded, providing limited liability much like modern limited partnerships. Today, most Western economies have LPs. They are used in all manner of business ventures, including real estate.

The fundamentals of real estate LPs are straightforward. The LP purchases multiple income generating rental properties in areas of the country where growth in property value seems

most likely. The units generate income through rent and then, at a time stipulated in the limited partnership agreement, they are sold. Profits or losses flow through to the LPs as active income. The general partner is responsible for the daily management and has full liability for the portfolio.

That is a benefit according to Craig Bentham, a Calgary lawyer who specializes in LPs. “It is a flow through entity,” he explains. “Profits and losses are flowed through to the constituent limited partners and as a function of that they gain the benefit of the revenues and potentially the losses on a personal tax basis. In a corporation, retained earnings may be distributed as dividends and losses are not shared with the shareholders at all. Another benefit of an LP is that you have a partnership agreement to be able to review and say ‘this is how it works,’ as opposed to a corporation where, unless you have a shareholder agreement, you have nothing. There is no defining instrument in a corporation that will govern the conduct of business and the conduct between the parties relative to that partnership.”

Some LPs invest in international real estate.

There are additional risks with these investments. Investors in foreign LPs must deal with fluctuations in foreign exchange and the potential for additional tax consequences.

Some issuers of real estate LPs have also found a structure to enable indirect investment in the LP through a RSP or TFSA. The legal structure is a bit more complex. In his discussion of LPs, Bentham points out that exempt market securities have their own set of risks. The investor has to know “who is behind it, what their business plan is and do they have a track record of success in the past that lends itself to a successful execution of the business plan.”

Some LPs invest in international real estate. There are additional risks with these investments. Investors in foreign LPs must deal with fluctuations in foreign exchange and the potential for additional tax consequences.

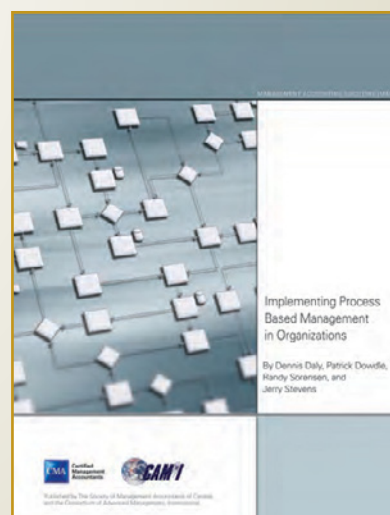
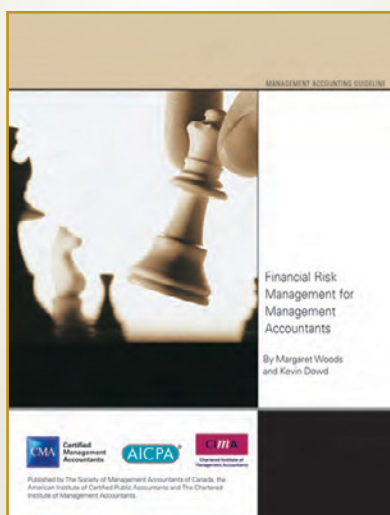
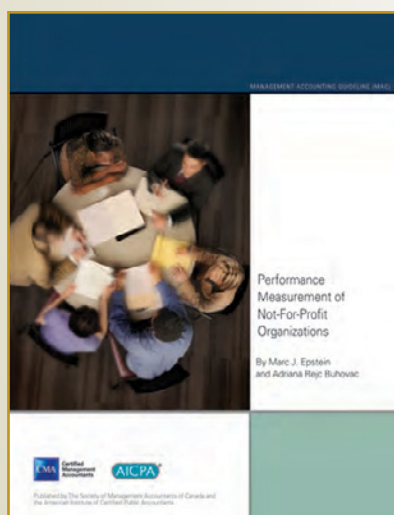
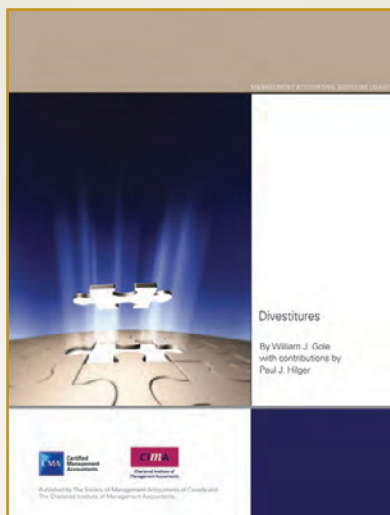
With the lessons of the economic crisis learned, it is clear that there will be increased interest in real estate as an investment vehicle. The good news is that there are now several options for those who want to pursue this avenue with the intent to add an element of predictability because their investment is backed by a real asset. ■

John Hare, CMA, MBA, is the CFO and co-founder of Right Side Capital Corp. He is responsible for strategic planning and development. He holds his CMA designation and an MBA from the Ivey School of Business at the University of Western Ontario. Mr. Hare can be contacted at john.hare@rightsidecapitalcorp.com.

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Outsourcing strategic IT guidance

Well-defined IT skills such as programming and network management are relatively easy to farm out, but senior IT management skills are more challenging. For organizations with limited IT resources, outsourcing may be the only affordable way to get high-level IT guidance.

By Jacob Stoller

Chief information officers (CIOs) don't come cheap. According to figures from the CIO Association of Canada, the average CIO compensation, with bonuses factored in, is just shy of \$190,000 – not the kind of price tag an organization with minimal IT staff could justify, especially given that a typical CIO doesn't do hands-on work like updating servers and restoring networks.

Many people who fill the virtual CIO role are specialists who are familiar with the requirements of specific industries.

The need for strategic IT guidance, however, is growing in small- and medium-sized companies who find their IT supporting critical areas such as customer relationship management, e-commerce, and regulatory compliance. Unable to afford a full-time CIO, a growing number of these



organizations are turning to IT service providers, outsourcers, and individual consultants whose offerings allow the “rental” of CIO-level expertise on a part-time or temporary basis.

CIO-level individuals can bring a variety of skills and aptitudes into an organization that technicians with specific hands-on technical skills don't usually have. On the technical side, the CIO will take an architectural view of an organization's IT, focusing on how the major components — applications, platforms, databases, networks, staff, user groups — interrelate, and what

the optimum arrangements are. A typical CIO may also have business planning and contractual skills, the ability to evaluate, manage, and mentor technical staff, and specific industry knowledge with regard to compliance and best practices.

From a financial perspective, hiring an outside expert, whether you call the person a virtual CIO, fractional CIO, or trusted advisor, makes a lot of sense. Instead of paying a full salary, organizations can retain a senior IT professional, just as they would with an outside legal counsel, for a fraction of



the cost, and in this manner get the benefit of their expertise and experience.

Business arrangements vary. Sometimes, the virtual CIO is an individual — perhaps a retired IT executive — who has CIO-level experience and is in the business of providing consulting services. In many cases, the individual is an employee of an outsourcer or IT service company. In the latter case, the service is often provided as part of an outsourcing package, or in conjunction with specific IT services such as help desk, network management, or project implementation.

Strategic guidance provided by an outsider is not

CIOs are trained to listen to user groups and business stakeholders and translate their concerns into corrective actions or revised strategies.

ideal — it's always best to have matters handled by someone who is exclusively focused on the business. However, a virtual CIO is far better than no CIO, and the arrangement has proven to work well in a number of key areas, including:

- **Technology planning:** The crafting and maintenance of a comprehensive technology plan that includes projected costs is a fundamental requirement that is often omitted in smaller organizations. "It's a good idea to have a virtual CIO visit on an annual basis to make sure the organization is on the right track," Carl Giles, a senior consultant for Toronto-based Quartet Service Inc., says.

In addition to budgeting, CIOs can help with short- and long-term plans by helping organizations choose a path that will preserve the best options.

A virtual CIO can also bring a broader perspective to immediate issues such as timing a potential upgrade to Microsoft Windows 7. "A

lot of IT guys are just focused on the tangible — what they can see in front of them — and don't understand some of the bigger things you can do as well," he says.

- **Regulatory compliance and other industry-specific issues:** Many people who fill the virtual CIO role are specialists who are familiar with the requirements of specific industries. "We have people in the medical area," says James Moutsos, president of Markham, Ont. — based outsourcer Dynamix Solutions, "who work with clients daily and understand their requirements, what's important to them and the needs of the organization."
- **Project oversight:** Many smaller organizations have people working on lengthy projects with little or no supervision. "In some cases, we come into the leadership role," where our client has internal IT people that are not necessarily being managed to where things need to be," Giles says. "We'll work with them to make sure their priorities are correct and that they're working to their capacity."
- **Vendor management:** It is difficult for non-technical people to understand what IT vendors are providing. "We do a lot of vendor management for clients," says Moutsos. "We negotiate contracts for them, and make sure that the services that are being provided by vendors are actually being delivered."
- **Listening to the business:** Most importantly, CIOs are trained to listen to user groups and business stakeholders and translate their concerns into corrective actions or revised strategies. Putting an individual in these roles involves far more consideration than one would give for a network administrator or a support person. The individual or company providing high-level advice needs not only technical qualifications, but relevant business expertise, and a management style that fits the organization.

Often, the need for a virtual CIO is temporary; however, when the need is ongoing, it's important to establish specific requirements. "It's important to not only find somebody who can do your homework, but a couple of different providers out there," Moutsos adds. "Take your time in selecting a provider because it does come down to a trust issue — you've got to make sure you can work with the individual and the company." ■

Jacob Stoller (jacob@stollerstrategies.com) is a Toronto-based independent writer and researcher.

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Risk management, not risk avoidance

Daphne Meredith, chief human resources officer, Treasury Board Secretariat, discusses how the Canadian government is handling the same HR challenges that many companies are facing today.

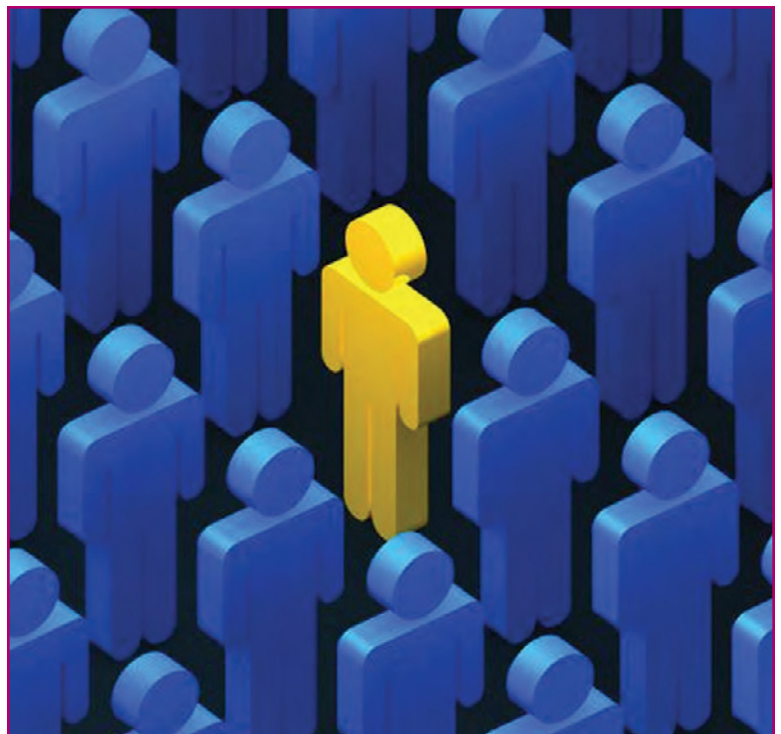
By Alan Young

It is a complex behemoth; employing some 400,000 Canadians from coast-to-coast and around the world, with more lines of business and points of service in Canada and globally than any Canadian private sector enterprise. Despite its size, strength, and maturity, the Government of Canada is far from immune to the swift and turbulent currents confronting all employers, large and small, today. How to deal with the demographic realities of an aging workforce? How to recruit and retain the best and the brightest talent? How to sensibly and effectively manage risk in an increasingly risky world? How to retool existing employment practices to ensure currency and relevance? The important role the public service plays in the economic and social success of Canada magnifies the importance of getting these challenging questions answered correctly.

Hiring and retaining talented employees has never been more important, given the aging of the public service.

To learn how the federal government is managing its way through its human resources challenges, Daphne Meredith, chief human resources officer, Treasury Board Secretariat — appointed by the clerk of the Privy Council to this position effective August 2009 — welcomed the opportunity to discuss her office's role and mandate.

The Government of Canada's human resources strategic planning agenda boils down to two



overriding priorities: (a) decentralizing HR decision making and, (b) policy renewal. Both priorities are a reasoned reaction to the ever-expanding and creativity-stifling “web of rules” imposed on public servants over the past decade or so in response to a succession of significant and highly-publicized management failures.

Layer upon layer of new rules and accountabilities, imposed by government central agencies but often compounded by a myriad of self-imposed departmental rules, led the Prime Minister's Advisory Committee on the Public Service to observe in its 2009 report that, “(T)he federal Public Service's risk management capacity has declined in recent years. Departments and agencies have moved away from risk management toward risk avoidance...” And the new clerk of the Privy Council, Wayne Wouters, Canada's senior-most public servant, noted in a recent speech that “... we have become preoccupied with rules and



trying to avoid mistakes ... Frankly, risk aversion has taken root.” Clearly, the public service’s senior leadership is encouraging public servants to risk getting out of their “foxholes” and feel secure in generating innovative ideas in the service of Canadians.

One approach to fostering an innovative environment for employees is decentralizing responsibility for human resources management. This means reducing the prescriptive role played by central agencies such as the Treasury Board Secretariat (TBS) and placing more responsibility in the hands of deputy ministers. Empowering deputy ministers should stimulate creativity and innovation as individual departments are in a position to experiment more and to pursue and nurture talent best suited to their HR environment.

While the Treasury Board Secretariat aims to be less prescriptive and rules-bound when it comes to HR policy, it will not cede its authority to demand strong performance management across the whole of government.

Being delegated more human resource responsibilities requires deputy ministers to integrate human resources planning into their business planning. Delegation must also be accompanied by capacity-building within government departments and agencies. The HR community across government must become better equipped to advise deputy ministers and support the decentralized model. Capacity-building is one key role being played by the Human Resources Office of TBS. Moreover, the office is serving more as a catalyst for pulling together and sharing best practices across government and less as a prescriber of what those practices must be.

The government’s determination to alter the governance structure and push HR responsibility out to individual deputies was demonstrated by

downsizing the human resource function within TBS. Employees in that role were reduced by 17 per cent and the budget was cut significantly (by \$40 million).


Renewing the HR policy suite is the second major priority of the human resources office. The Treasury Board Secretariat currently has some 60 policies dealing specifically with human resources matters. These policies emerged as part of the “web of rules” arising historically in response to government scandals. Such a plethora of prescriptive rules can stifle innovation and creativity and lead to the risk aversion mentality that the clerk of the Privy Council wants to root out.

Treasury Board Secretariat officials are examining the suite of human resources policies to determine which remain relevant and which are past their best-before date. In addition to looking back at the rules already in place, senior public service leadership is seeking to instill a mentality of “sensibly managing risk” going forward. However, no one should underestimate the challenge of withstanding the intense pressure to respond to future scandals with more and better rules.

While the Treasury Board Secretariat aims to be less prescriptive and rules-bound when it comes to HR policy, it will not cede its authority to demand strong performance management across the whole of government. This includes tools to measure performance and ensuring that employees have performance agreements and plans in place. The management accountability framework (MAF), created in 2003 as an integrated management tool, includes 10 elements that define management in the federal government and establishes the expectations for a well-managed department or agency. Among other things, the MAF requires deputy ministers to ensure that their department is engaged in building the capacity of its employees and promoting leadership within its ranks.

At all times, the Government of Canada is looking to recruit excellent people. Hiring and retaining talented employees has never been more important, given the aging of the public service. Fostering sensible risk taking and innovation, placing more responsibility in the hands of individual senior officials, and cutting through the tangle of rules are initiatives aimed at attracting talent. And when it comes to talent, CMA Canada is known within government circles as offering a strong program and designation. CMAs are encouraged to pursue a career in the public service of Canada. Who could be better equipped than a CMA to succeed in a work environment encouraging risk management and innovative thinking? ■

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