

# CMA magazine

THE VOICE OF MANAGEMENT ACCOUNTING  
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JANUARY/FEBRUARY 2013

Ditch the old school resumé  
CMA Canada's new research website  
Chris Zook on profitable growth  
See your future in the Reality Cave

A large, stylized clock face is the central focus. The clock's hands are made of blue and orange arms, and the hour markers are represented by orange hands reaching out from the perimeter. The background is a light teal color with a fine, dotted pattern. Three smaller, similar clock faces are partially visible in the corners.

Above board:  
Governance  
grows up

The split  
personality  
of Windows 8

## Beat the clock

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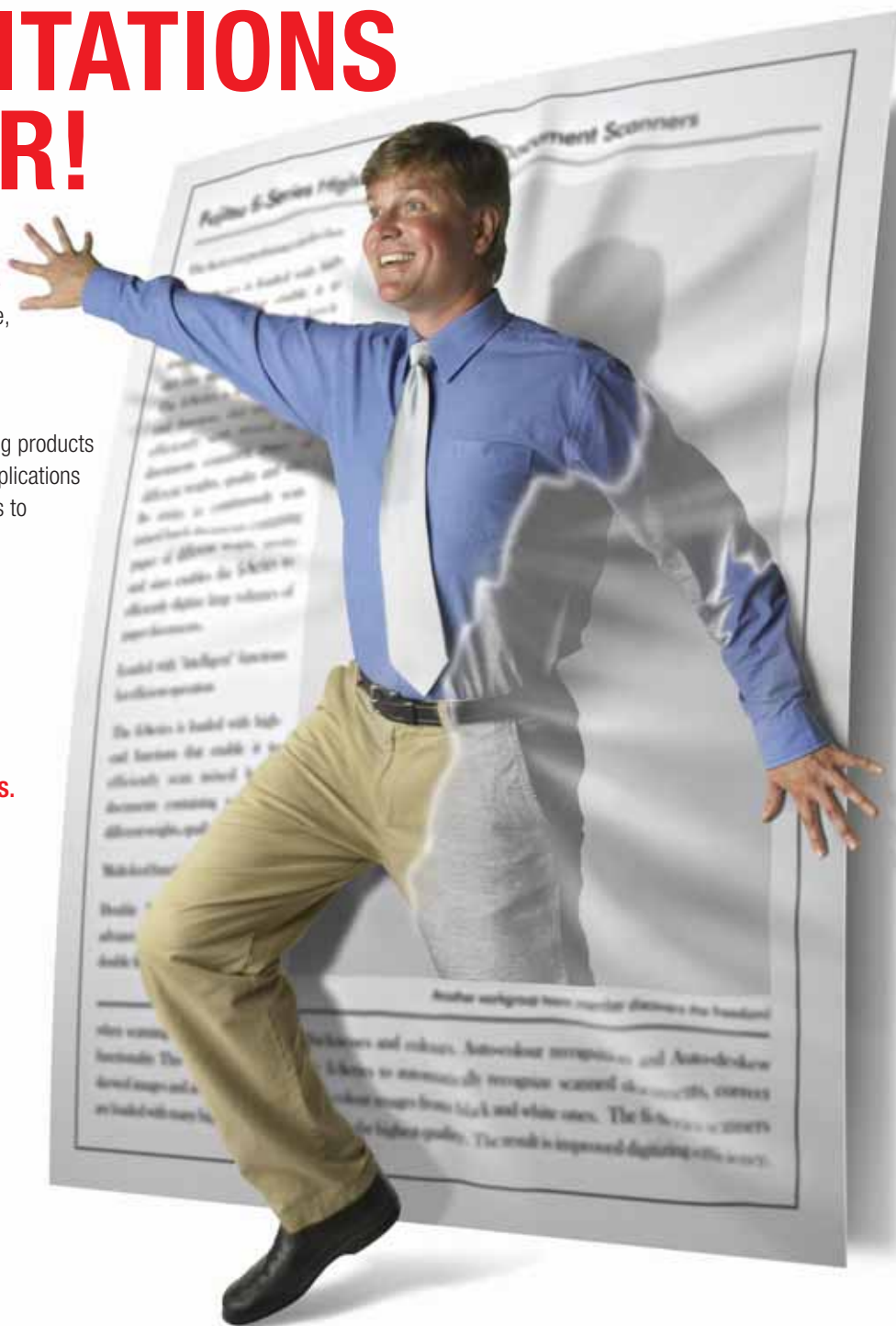
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## Last year at this time I did the unimaginable. I went completely offline.

For the first time since the appearance of anywhere, anytime connectivity, I went cold turkey for an entire week. No Facebook. No tweets. No checking messages in the middle of the night.

Friends and colleagues couldn't believe I'd tried it. I couldn't believe I'd done it. No wonder the book *Sleeping with Your Smartphone* by Leslie Perlow has such resonance.

For me, the experiment was a success. I found a renewed sense of priority. I was more in the now. I returned to work recharged. And I wasn't the only one.

Pico Iyer said it best in "The Joy of Quiet" (<http://nyti.ms/tV42hG>) in *The New York Times*. Tony Schwartz's "The Magic of Doing One Thing at a Time" (<http://bit.ly/y7wvHy>) on the *Harvard Business Review's* blog still elicits comments.

This issue of *CMA magazine* provides a roadmap for the year to come. A great place to start is by reading "Squeezed for Time" (p. 28), where you'll find advice on finding ways to make time for the things that count.

Stepping into the new year also means big changes for Canada's accounting profession. CMA Canada and the Canadian Institute of Chartered Accountants (CICA) are establishing CPA (Certified Professional Accountant) Canada to support the provincial bodies unifying under the CPA banner. Read our update (p. 11) and stay tuned for further news.

In this issue, we talk to five CMAs about their passion for serving on boards. Find out the challenges and benefits in "Why I Love Boards" (p. 26). We also examine the legacy of the Enron and Lehman Brothers scandals in "Above Board" (p. 22). Does our list of past and present behaviours (p. 25) match up with your experience?

Finally, if "in with the new" means technology for you, read our review of Microsoft's new Windows 8 operating system (p. 34). Tablet excitement is built into the OS, but there's also more of a learning curve.

Happy new year and, as always, please enjoy the read!

**Mara Gulens**

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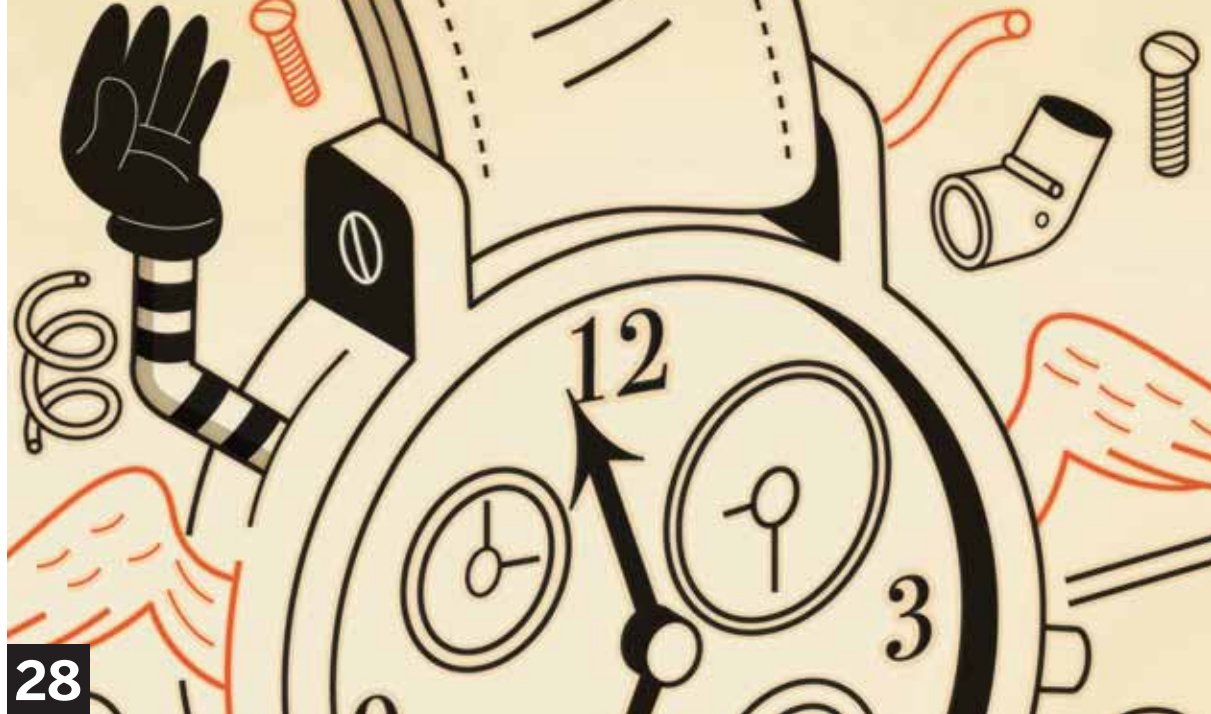
90 of Canada's top 100 companies count on the CPA for their payroll education and knowledge



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Envisioning success

# Special effects

Star players get all the praise, but a successful business requires so much more. What's unique about your organization? What makes you want to get up and go to work every day?

If you don't have a great process and have not yet found the star, your business really suffers. If you have a star but lousy processes, you have an ineffective business. ("Star Performers or Peak Processes?" Sept./Oct. 2012)

The bell curve theory suggests there are fewer stars. The Yankees don't win the World Series every year despite the fact they have more stars than any other team.

The goal should be the creation of a healthy workplace that attracts good people who flourish in great processes and is therefore sustainable.

— **Joel Hershfield**, CMA  
Winnipeg, Man.



## What do you think? What does an efficient and effective organizational transition take?

- a) Smooth coordination by all departments involved
- b) Being mentally prepared for the necessary change
- c) Quickly establishing an identity within the new role
- d) Organizational transitions are never easy.

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**Certified Management Accountants of Canada.**

Letters may be edited for clarity and brevity.

Ajay Pangarkar ("Lessons Learned from Basketball," July/Aug. 2012) made a really nice analogy between the sports superstar and both the company and the employee. That article is so well written it should win a journalistic award!

I'm enjoying the magazine more and more with every issue. All the work and effort you have put into it are certainly showing.

— **Karine Benzacar**, FCMA  
Thornhill, Ont.

I have found that almost all high-performing students set goals for themselves, add value by contributing in class and undertake term projects that go beyond classroom material. It's also critical for instructors to provide directed and constructive feedback in large classes.

— **Dr. Anthony A. Atkinson**, FCMA  
Waterloo, Ont.

**Note:** After our Sept./Oct. 2012 issue went to press, the Financial Officer Recruitment and Development/Internal Auditor Recruitment and Development (FORD/IARD) program mentioned in "Going Public" was postponed until further notice. According to the Treasury Board of Canada Secretariat, there are more than enough qualified candidates.

## Lesson learned

**When CMAs behave unethically, what should CMA provincial associations do?**

- a) **Ensure CMA disciplinary committees have authority to reprimand unethical CMAs.** 69.2%
- b) **Blacklist unethical individuals by reporting their acts in newsletters and on websites.** 10.3%
- c) **Continue reinforcing the CMA Code of Conduct through continuous communication.** 17.9%
- d) **Do nothing. Unscrupulous individuals will always make unethical decisions.** 2.6%

## Here's what you had to say:

- \* "Ethics come from within. Any disciplinary or other action to correct unethical behaviour is superfluous."
- \* "Suspension of designation pending a review of severity."
- \* "Discipline unethical CMAs."  
*Look for our feature on ethics in the Mar./Apr. 2013 issue.*





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- The monthly benefit maximum has been increased to \$10,000.
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Visit [www.sunlife.ca/cmabenefits](http://www.sunlife.ca/cmabenefits) for more information.

\*Certain restrictions may apply.

# News and numbers

**HAVE YOUR SAY**

## IFAC looking for input

If you're a professional accountant who works in the business sector, take note. The International Federation of Accountants (IFAC) has posted its *Professional Accountants in Business Strategy and Work Plan for 2013 – 2016* for comment at [www.ifac.org/paib](http://www.ifac.org/paib).

The document aims to improve recognition of the diverse roles of professional accountants in business and includes specific projects and initiatives. The deadline for input is Jan. 31, 2013.

IFAC's International Public Sector Accounting Standards Board is also looking for input. Readers may comment on Conceptual Framework Exposure Draft 2, *Elements and Recognition in Financial Statements*, and Exposure Draft 3, *Measurement of Assets and Liabilities in Financial Statements*, at <http://bit.ly/QCc74A> by Apr. 30, 2013.



**NEW CANADIANS**

## Cold country, warm welcome

*New to Canada*, an HSBC Bank Canada survey conducted in August 2012, polled more than 600 immigrants across the country about their relocation experiences. Topping the list of most welcoming cities was Montreal. Banks and health care workers were deemed the most welcoming groups.

The most common reasons for choosing Canada were lifestyle and family which tied at 42 per cent of responses. Professional reasons received only 27 per cent of responses.

The most frequently cited challenge was finding employment (62 per cent of responses). Despite the downsides, 84 per cent of new immigrants confirmed they'd recommend Canada to family and friends.



**CORPORATE OUTLOOK**

## Canadian competitiveness lagging

Go big or go home.

That's the message in *The Future of Productivity: Clear Choices for a Competitive Canada*, published by Deloitte in October 2012. The report shows that while we have a high level of entrepreneurialism, our risk aversion, low export activity and weak R&D spending conspire to stifle firm growth. Download the full report at <http://bit.ly/Zhxrhg>.

Fortunately, Canadian businesses are already heeding the call.

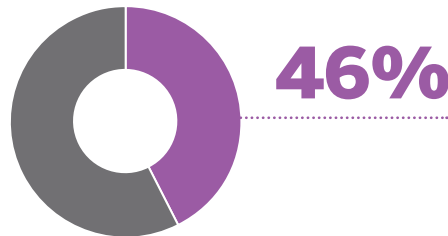
Ninety-three per cent of executives identify growth as a priority, says a research study published in October by the research arm of Financial Executives International (FEI Canada). *Growth Strategy: Perspectives from Financial Executives* found that 53 per cent of executives are executing a growth strategy while 44 per cent are working on one.

Unfortunately, they may be missing the boat on international growth because almost a third say they aren't looking for opportunities beyond Canada's borders. Read the report at <http://bit.ly/jR8zdH>.

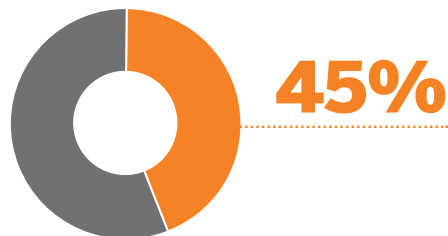
**HR MATTERS**

## Good help is hard to find

Executive CAs who expect their company's employee numbers to increase in 2013:



Executive CAs who say their company is having trouble finding skilled people:



Source: Canadian Institute of Chartered Accountants (CICA) survey of 230 Canadian CAs holding senior positions, conducted from Sept. 6 to 21, 2012.

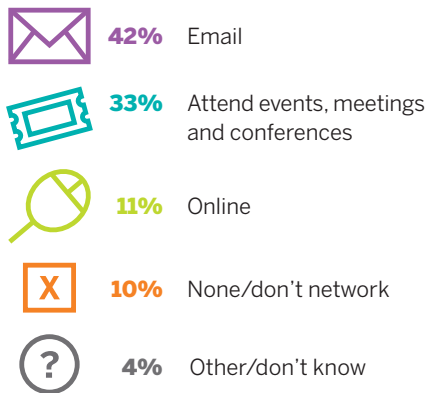




## VIEW FROM THE C-SUITE

### CFOs prefer the virtual handshake

How do CFOs prefer to network professionally?



Source: Robert Half Management Resources survey of 270 CFOs, October 2012.

## CMA RESEARCH

### There's a MAP for that

Management Accounting Practices (MAPs) are user-friendly publications on each of CMA Canada's functional competencies. CMA Canada's Research Foundation recently added 18 performance management MAPs and 11 risk management and governance MAPs to its website. Check them out, in both English and French, at [www.ManagementAccounting.org](http://www.ManagementAccounting.org).

## SMALL BUSINESS

### They do it all, but do they do it well?

Canadian small business owners are a self-sufficient lot.

Sage North America's financial literacy survey, conducted in October 2012, shows that more than three-quarters (78 per cent) of the 300 respondents do their own invoicing. Fifty-eight per cent do their own payroll, 55 per cent do their own inventory management, and 52 per cent do their own accounting.

Small business owners also identified their weak spots on the survey. They admitted that they need to know more about financial planning (67 per cent), tax payments (65 per cent) and cash flow (58 per cent). But they're not afraid to ask for help. Seventy-one per cent of respondents said they rely on accountants and consultants for advice.

The full report is available at <http://bit.ly/UrQNKt>.

## BOOK REVIEW

### Secrets of the stars

How does one become a great leader? By building an excellent, ethical and enduring organization. By attaining high performance, integrity and resilience.

That's the advice of father and son team Bob and Gregg Vanourek in *Triple Crown Leadership*, a book based not only on the authors' experiences in consulting and academia, but also on interviews with leaders in more than 60 organizations in 11 countries.

*Triple Crown Leadership* finds that esteemed leaders

- hire employees for their personality and fit as well as their skills and experience;
- establish corporate purpose, values and vision;
- hold people accountable while empowering them to lead;
- encourage people to take personal responsibility for the organization's excellence, integrity and resilience; and
- aim for an aligned organization where all involved have the same goals as the enterprise.

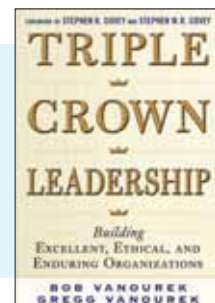
The book demonstrates these concepts with relevant and timely examples with business turnarounds, breakdowns, social impacts and startups. *Triple Crown Leadership* closes with snapshots of organizations that are excellent, ethical and enduring.

Authors: **Bob Vanourek** and

**Gregg Vanourek**

Publisher: **McGraw-Hill**

Reviewer: **Patrick Buckley**, CMA, PhD



BOOK REVIEW

## What's a business worth?

Howard Johnson sheds light on business worth in *Business Valuation*. This comprehensive study is one of the central textbooks used by candidates at the Canadian Institute of Chartered Business Valuators, and it's a useful reference for advanced commerce or accounting professionals.

The book starts with a discussion of value and risk in industry and macro-economics. Chapters follow on the recognized ways of determining value: asset-based valuation, financial multipliers, capitalized cash flow and discounted cash flow.

Usually, asset-based valuation is necessary in cases of liquidation, whereas discounted cash flow is the preferred method when meaningful cash flows are available. The book also looks at the impact on value of other factors: controlling and minority interests, intangible assets, preferred shares, diluted securities, holding companies, foreign entities, and taxation.

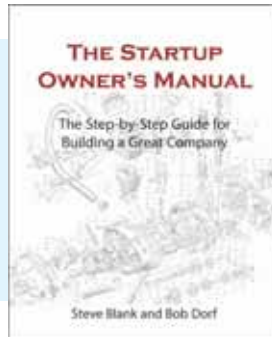
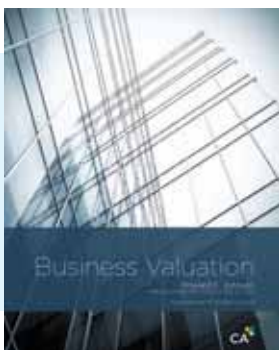
Johnson demonstrates his sophistication through his assessment of the value of intangible assets. He debates the alternatives of market value, cost, cash flow, royalties and excess earnings.

*Business Valuation* concludes with chapters on notional market valuations and the prices actually paid for businesses in open market transactions.

Author: **Howard E. Johnson**, FCMA

Publisher: **Canadian Institute of Chartered Accountants**

Reviewer: **Patrick Buckley**, CMA, PhD



BOOK REVIEW

## Start me up

Steve Blank and Bob Dorf provide a framework for turning the dream of a new product or service into reality in *The Startup Owner's Manual*. The book is based on their 30 years of experience with startups and as teachers of entrepreneurship at university.

The authors find that startups are more likely to prosper when they follow a four-stage plan that consists of customer discovery, customer validation, customer creation and company building.

This approach is in line with the lean startup idea, which recommends the construction of a minimum viable product and severe restraints on spending until the startup reaches the customer creation stage.

The book aids entrepreneurs with detailed flow charts, insightful questions and performance metrics that track the conversion of guesses and hypotheses into incontrovertible facts. The book also provides suggestions for modifying the overall schema when entrepreneurs deal with web-mobile, instead of physical, goods.

Startups require lots of feedback, passion and shared learning, and success lies in having a flexible business model. To enhance the prospects for success, the authors advise readers to use *The Startup Owner's Manual* as a reference rather than read it all at once.

Authors: **Steve Blank** and **Bob Dorf**

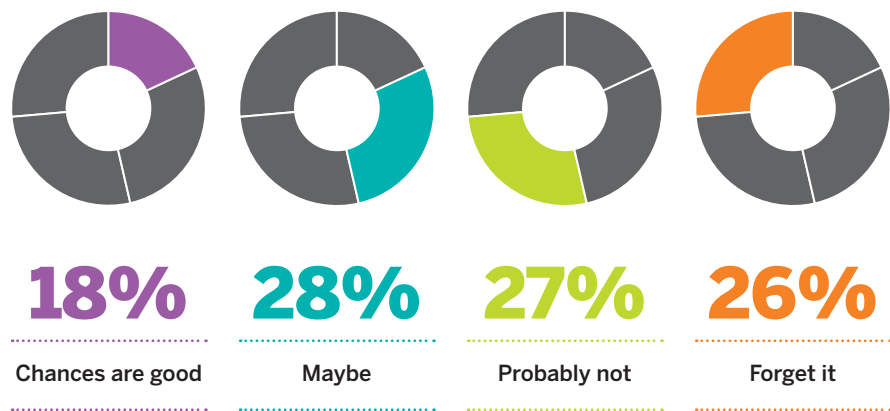
Publisher: **K & S Ranch Inc.**

Reviewer: **Patrick Buckley**, CMA, PhD

WATER COOLER WISDOM

## Will Canadian workers relocate internationally?

Would you take a full-time job in another country (at least three hours away by plane) for two to three years with a minimum 10 per cent pay increase?



Note: Percentages have been rounded off.

Source: Ipsos Global @dvisor *Employee Relocation* poll, October 2012.

## UNIFICATION

### A fresh start

Along with the new year comes the legal formation of CPA Canada, the new national organization that will support provincial accounting bodies as they unify under the Chartered Professional Accountant (CPA) banner.

CPA Canada's priority is the development of a new CPA certification program, which will be in place in parts of Canada by the fall of 2013. The first CPA exams will be offered in 2015.

#### CPA Competency Map

The specific competency expectations of new Canadian CPAs are defined in the recently released CPA Competency Map, which describes the knowledge, skills and proficiency levels expected of CPA candidates at the point of qualification.

Developed by a team of education experts in consultation with accounting academics, practitioners and employers, the CPA Competency Map meets the needs of public practice, industry and government. It also provides the basis for the development of the CPA certification program.

Look for an in-depth feature on the CPA Competency Map in the March/April 2013 issue of *CMA magazine*.

#### Cross-country checkup

If you've signed up for CPA Canada news updates, you've been witness to the flurry of activity related to unification.

To date, more than two-thirds (29 out of 40) of Canada's accounting bodies are committed to unification of the profession under the CPA banner, or have already merged under the CPA.

Recent news includes the following items:

- Saskatchewan's CMA and CA bodies released a proposal outlining the key elements of a merger, and members voted in favour of merging.
- The governing boards of Alberta's CMAs and CGAs formally voted to move forward with unification.
- Manitoba's CMAs and CAs are moving forward with the new CPA certification program.
- CMAs and CAs in Nova Scotia, Bermuda and the Caribbean voted in favour of unification.
- Ontario's CA Council voted to issue the CPA designation to members and is in the process of creating CPA Ontario.
- The boards of B.C. CMAs and CAs signed an agreement to pursue a merger.
- The CMA Ontario board announced it will continue to support unification under the CPA banner and looks forward to re-engaging in merger discussions with Ontario's CAs.

To receive updates on the progress of CPA unification, go to <http://cpacanada.ca/blog/category/news/>.



#### CPA COMPETENCY MAP

- To download the CPA Competency Map, go to <http://bit.ly/SdXEuL>.

#### KEY LINKS

- For detailed information about the status of unification, visit [www.cpacanada.ca](http://www.cpacanada.ca). To understand what unification means to you personally, visit [www.cpaone.ca](http://www.cpaone.ca).

#### INTERACTIVE TRANSITION MAP

- Go online and click on a province/territory and designation to see how the new CPA program will affect current candidates. Visit <http://cpaone.ca/candidates/transition.html>.



Noteworthy is compiled by Jennifer Dawson and Mara Gulens with assistance from Patrick Buckley, CMA.





## Business strategist Chris Zook's formula for profitable growth

By Gabrielle Bauer

### Q: What's the key message in your latest book, *Repeatability*?

**A:** Organizations are getting too complex for their own good, and the trend is slowly killing them. Complexity slows decision making. Companies need to be focused, adaptable and embedded. They hardwire their key values all the way to the front lines.

### Q: Your books deal with the concept of "expanding from the core." Why is this concept important?

**A:** At Bain & Company, we always try to answer the question, what makes one company more successful than another? We found that 95 per cent of companies that achieve profitable growth have very strong leadership in one major core business which they extend to adjacent areas. They find new market segments, new regions and related products.

### Q: Can you give some examples of companies that demonstrate this?

**A:** Nike is a good one. They've been moving into new areas of sports over the past few decades, as opposed to jumping into evening wear or health-food restaurants. Apple has also mastered the art of the lateral move. They expanded from computers to iTunes, then into downloading videos and books as well as apps. It's all related, so they're strengthening their core.

### Q: Why does deviating from core business erode an organization's long-term viability?

**A:** Companies that seek one hot market after another get into trouble because they can't be experts in everything. A number of years ago, Vivendi was a leader in the bottled water business. For reasons that still seem mysterious, they decided to dive into the entertainment market. It was a disaster.

Similarly, when Citibank branched out into travel insurance — which has nothing to do with core banking — they stalled out in financial performance. The company has never quite recovered.

### Q: What drives companies away from their core, and how can they avoid that trap?

**A:** Our research has shown that management often underestimates the organization's capacity to replicate business in new ways. They underinvest in these areas and become dilettantes, constantly searching for greener pastures. Companies need to drill deeper to uncover the full potential of their core.

### Q: What might you suggest for a company like RIM to rejuvenate itself?

**A:** They need to ask themselves at a deep level, what are the few things we do that are unique? For one thing, they were the first and best company to create products that could work with corporate firewalls. They have expertise in the corporate space. That could be a good restarting point, instead of trying to compete in the personal product space.

### Q: How can Canada become more innovative and competitive?

**A:** Innovation is not a blank sheet of paper. It has to grow organically from market needs. Just like a business, a country needs an innovation agenda.

### Q: Students are still being taught Michael Porter's 1990s theories on strategy. Do you think they're still relevant?

**A:** I think Porter's basic framework has many enduring elements, particularly his five forces that define the structure of industry. But we now live in a digital world in which a lot of profits come from information products. Porter didn't talk about the importance of adapting to a changing world — a must for any strategy book written today. ■

**Chris Zook** leads Bain & Company's global strategic practice, has published several bestselling books, writes extensively in the business press, and appears regularly on television and radio. He holds a PhD from Harvard University and divides his time between Boston and Amsterdam.

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Governance Overview,  
CEO Performance Oversight

Module 2: May 27–28

Reward and Compensation





# Take control

## Use LinkedIn to maximize your career potential

### Old school resumés no longer make the grade

By **Lindsay Hay**, CMA

**AFTER SUCCESSFULLY COMPLETING** my CMA studies last year, I decided to make the move from Edmonton to Toronto. After settling in, it was time to look for a job.

I was “old school,” with no Facebook, Twitter or other online presence. The idea of using social media to find a job seemed daunting, but I was finding it difficult to get noticed. When it turned out I was one of over 600 applicants for two positions, I knew I had to do something more.

For me, that something more was LinkedIn. It became a great way for me to connect with fellow CMAs and other professionals outside my network. It allowed me to take control of my job search and do more than just send out resumés.

#### **Be found**

Recruiters use LinkedIn to research and contact professionals with specific skill sets. That’s why it’s important to keep your profile up to date whether or not you’re looking for a new position. Who knows when an opportunity might come up that better suits your needs or career goals?

Your LinkedIn profile should complement your resumé, not replicate it. Include unique attributes that aren’t in your resumé.

I had never used a recruiter, but was contacted by several via LinkedIn. I ended up working with two who told me to work with as many recruiters

as I wanted but ensure I always knew which positions they were sending my resumé out for. Although I didn’t land a position through these recruiters, they were great at providing encouragement, market insight, and resumé and interview tips.

**Take-away:** Without LinkedIn, the recruiters never would have found me.

#### **Book your own interviews**

One way I took control of my job search was by researching companies and industries of interest and by sending messages to individuals whose jobs and expertise interested me. Using LinkedIn’s advanced search function, I targeted decision makers such as VPs, senior managers and directors.

Making sure to be sincere and genuine, I would invite these individuals for a 30-minute coffee to discuss their role, company and the industry they worked for. I never asked if they had an available position, but I would ask for their expertise. This approach took the pressure off both of us, and allowed me to gain insight into their organization.

At my first meeting, I remember telling my contact I’d be carrying a pink notebook so she’d recognize me. But then I was so nervous, I worried that I might not be the only person carrying a pink notebook that day!

But it all turned out well. A few weeks later, my coffee companion had an

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( strategic search partners )

opening and thought of me. I was on my way to a more formal interview.

**Take-away:** Do your research, go prepared, and feel free to ask for recommendations about other professionals you should speak to.

### Introduce yourself

After applying for positions, I searched the organization's website and LinkedIn for HR professionals I could reach out to. I sent them a note and tried to get myself noticed. I would state that I had applied for a position and wanted to express my interest, and that I knew I'd be a great fit for the company because of XYZ.

**Take-away:** LinkedIn lets you send informal notes while hiding behind your computer. You can read the notes over several times and make sure your thoughts are clear; there's no cold calling or mumbling on the phone. The biggest potential loss is that they don't respond. At least you know you did all you could to be noticed.

### How things worked out

After three to four months of actively using LinkedIn for my job search, I received multiple offers — including one from the first professional I had coffee with — and was able to choose the position that best suited me. I also entered a new industry, moving from the public to the private sector.

And even as I settle into my new job, I continue to learn about new ways to use LinkedIn, and to contact individuals and build my professional network. ■

**Lindsay Hay, CMA**, is a finance manager specializing in financial planning for wireless products at Bell Canada in Toronto.

# Rapid reads

Quick fixes for getting things done

By Jaclyn Law

**T**here are lots of books on time management. The irony, of course, is that most of us are too busy to read them. We've rounded up a few that are well worth squeezing into your schedule, and they're all available as e-books so you can take them to go.

## Extreme Productivity: Boost Your Results, Reduce Your Hours

Author: **Robert C. Pozen**

Publisher: **Harper Business**

Bob Pozen knows what it's like to juggle several tasks at once. While serving as full-time chairman of a global financial services firm, he also taught a full course load at Harvard Business School. He's served on several boards of public companies and charities, written six books and hundreds of articles, and still enjoyed quality time with his family. If you're feeling fatigued just reading about his schedule, you'll appreciate Pozen's latest tome. *Extreme Productivity* offers insights on everything from establishing efficient routines and better team management to the most elusive catch of all: work-life balance.

## 18 Minutes: Find Your Focus, Master Distraction, and Get the Right Things Done

Author: **Peter Bregman**

Publisher: **Business Plus**

Inspired by a popular blog post that the author wrote for the *Harvard*

*Business Review*, *18 Minutes* is a snappy read that will help you cut through the overwhelming clutter and distractions of daily life to zero in on critical items. Bregman shares life lessons and pithy advice through short chapters and personal vignettes. He caps it off with a simple process to help you stay on track: prioritize each day in three steps that take up just 18 minutes over a nine-hour workday: set your plan, refocus every hour, and review how you spent your time.

## What to Do When There's Too Much to Do: Reduce Tasks, Increase Results, and Save 90 Minutes a Day

Author: **Laura Stack**

Publisher: **Berrett-Koehler Publishers**

Time management guru Laura Stack believes in taking a comprehensive approach to getting organized. Her productivity workflow formula helps you identify and prioritize high-value tasks (and ditch the stuff that doesn't matter), then protect the time you need to get things done. She also offers advice on lightening your load so that life is more manageable overall. That includes cutting back on interruptions, distractions, calendar commitments, and other time and energy suckers.

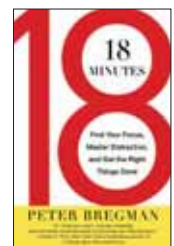
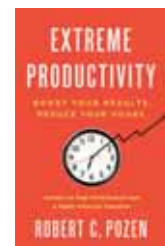
**Eat That Frog! 21 Great Ways to Stop Procrastinating and Get More Done in Less Time**, second edition

Author: **Brian Tracy**

Publisher: **Berrett-Koehler Publishers**

First published in 2001 and re-released in 2007, international bestseller *Eat That Frog!* is a treasure trove of ideas on battling procrastination. The "frog" in the title was cribbed from Mark Twain, who said that eating a live frog first thing in the morning pretty much guarantees that the rest of your day will be easier. Your "frog" is your most important task of the day — and the one you're most likely to keep putting off. In easy-to-read prose, Tracy shows you how to "eat the frog" and reap the benefits. ■

Jaclyn Law is a Toronto-based freelance writer.





# Outsource or in house?

## What to do with logistics and warehousing

Control and savings are just two of the concerns

By **Andrea Civichino**



### OUTSOURCE

**Dan Snider** is a strategic IT executive who has practical knowledge in operations, supply chain management and finance. He has expertise in re-engineering business processes, implementing highly integrated information systems and identifying strategic solutions.



### IN HOUSE

**Shawn Casemore** has nearly 20 years of experience helping companies improve operational performance. He has held leadership roles with companies including Magna International, Pilkington and Bruce Power.

**T**HERE MAY COME A TIME WHEN YOU NEED TO DECIDE if your organization wants to outsource certain business functions or keep them in house. Where to start? Logistics and warehouse management is often first on the list.

Keeping logistics and warehouse functions in house can give your organization more control over your business. Outsourcing the same functions to a third-party logistics provider gives your organization more time to focus on other areas of business. You may outsource to reduce costs, shorten cycle times, focus on core competencies and increase expertise. The main draw is often savings, but how much does your organization really save?

You need to analyze your supply chain to determine what logistics and warehouse solutions are best suited to meet your needs. Which approach is better for you?

## THE QUESTION



We asked members of the Pulse, a core group of volunteer CMAs, whether organizations should outsource logistics and warehousing functions or invest in internal management to retain knowledge and control costs.

**Outsource logistics and warehousing functions** 47%  
**Invest in internal management** 53%

If you'd like to help out with future Research Foundation surveys, please email [thepulse@cma-canada.org](mailto:thepulse@cma-canada.org).

## MORE ON OUTSOURCING AND SUPPLY CHAIN MANAGEMENT



Find the following related CMA Canada Research Foundation publications in the CMA Online Library at [www.ManagementAccounting.org](http://www.ManagementAccounting.org):

- "Divestitures: Applying a Five-Step Process"
- "Outsourcing the Finance and Accounting Functions"
- "Supply Chain Management Accounting"

### FOR OUTSOURCING Dan Snider

**Logistics is seldom a core competency. Many organizations lack the resources and/or expertise needed to manage the complexities of logistics and warehousing.**

Organizations will often hire a third-party logistics (3PL) provider to focus on logistics and warehousing. The organization gets an opportunity to focus on its core business and doesn't have to worry about developing expertise in another area.

The prospects for success are maximized when organizations consider their 3PL providers as true partners who become an extension of their supply chain. But integrating systems, processes and employee relationships is required so that transactions are seamless and transparent.

3PLs can help improve an organization's supply chain metrics in on-time delivery, fill rates and inventory turns while reducing costs and improving efficiencies.

Labour balancing can be easily improved too. I once worked for an organization that experienced peak shipping between fall and Christmas, and in early June. We didn't have to worry about hiring more staff and laying them off after our peak shipping periods. Instead, our 3PL provider moved around its staff to accommodate our needs.

Our 3PL provider also had engineering supply chain technicians and

warehouse executives who not only managed our warehouse, but also improved distribution. They had the capacity to accommodate our business if our needs fluctuated and we required more warehouse space.

The prospects for success are maximized when organizations consider their third-party logistics providers as true partners.

The risks associated with outsourcing are minimal. Liability is relegated to the terms of the contract.

### FOR IN-HOUSE INVESTMENT Shawn Casemore

**Outsourcing is a tool, not a means to an end. Selected at the wrong time or for the wrong reasons, outsourcing can result in significant threats to an organization's financial and operational continuity.**

Logistics is by nature a tactical and highly transactional pursuit. Production delays, weather, strikes and other unpredictable events increase lead-time costs.

As a result, companies have historically been happy to hand over the

logistics function. However, in doing so they surrender control over their investment, reduce their tactical knowledge of how goods are moved and create a barrier to entering new markets and expanding business.

In most cases, organizations would be wiser to invest in building internal knowledge and leveraging their transportation investment. I have yet to find a company that claims (and can support the claim) that outsourcing logistics saves money.

Most companies also don't consider the investment required to develop a logistics strategy. An effective logistics strategy identifies the optimum carrier, method and means of material movement. It allows the organization to save time and money while improving customer service and speed to market.

Retail organizations such as Tim Hortons and Chapman's Ice Cream have long managed their own logistics functions. They recognize that it's the only way to effectively manage investment while improving customer service.

Walmart recently announced its plan to begin using its fleet of 6,500 trucks to manage all inbound movement of goods. Although the move is not welcome by many of the retail giant's suppliers, it will provide Walmart with more control over both price and lead-time of inbound logistics.

In my experience, outsourcing logistics reduces costs in the short term but has long-term repercussions. ■

**Andrea Civichino** is editor, research, at CMA Canada.

# PROPEL YOURSELF

## FIND WHAT YOU NEED, FASTER

By **Andrea Civichino**

The new CMA Canada Research Foundation site is a one-stop shop for publications, resources and information about management accounting. Geared to CMA members and candidates — as well as other professional accountants, accounting professors and students — [www.ManagementAccounting.org](http://www.ManagementAccounting.org) hosts publications, a blog and webinars on today's most relevant management accounting topics.

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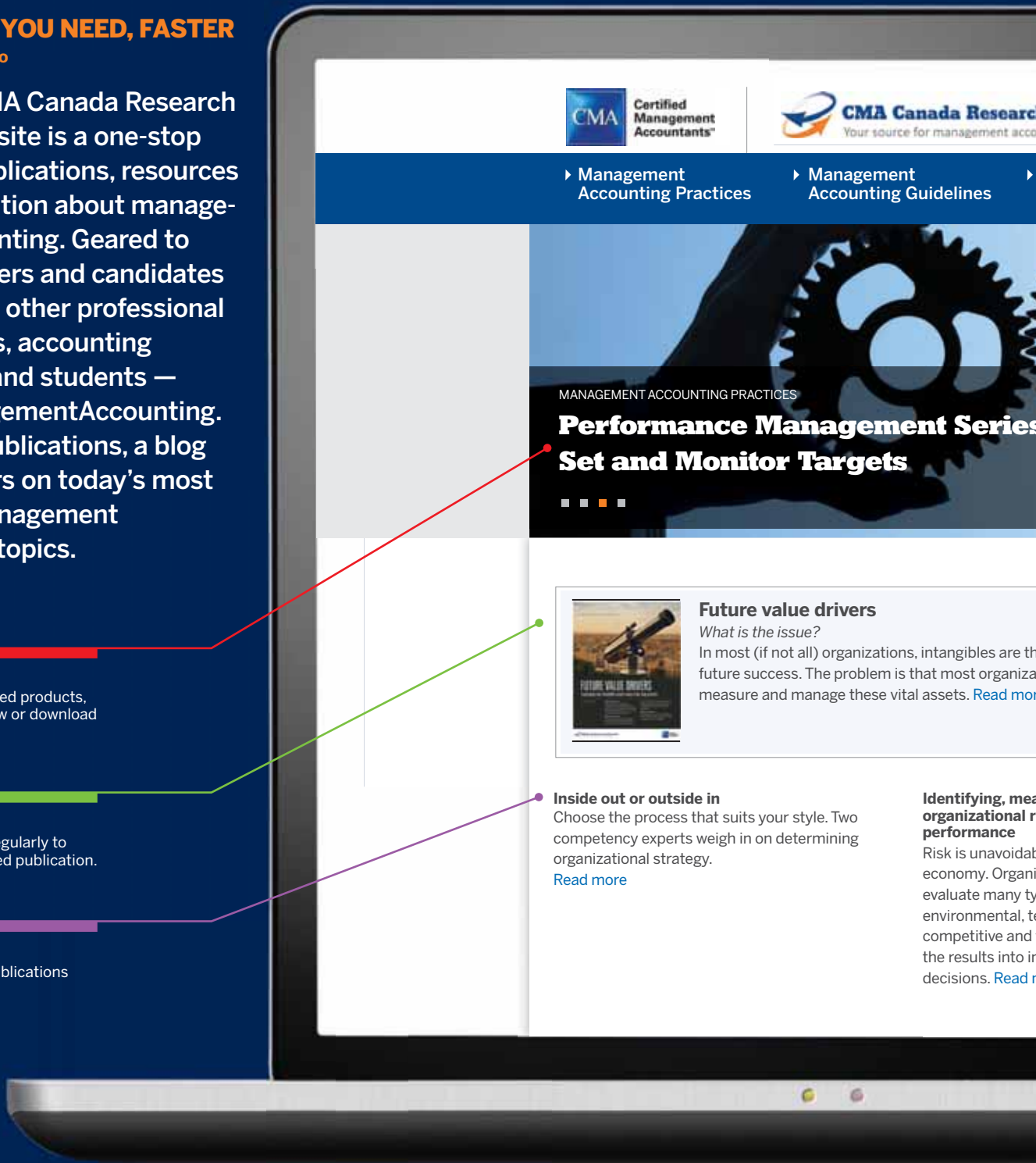
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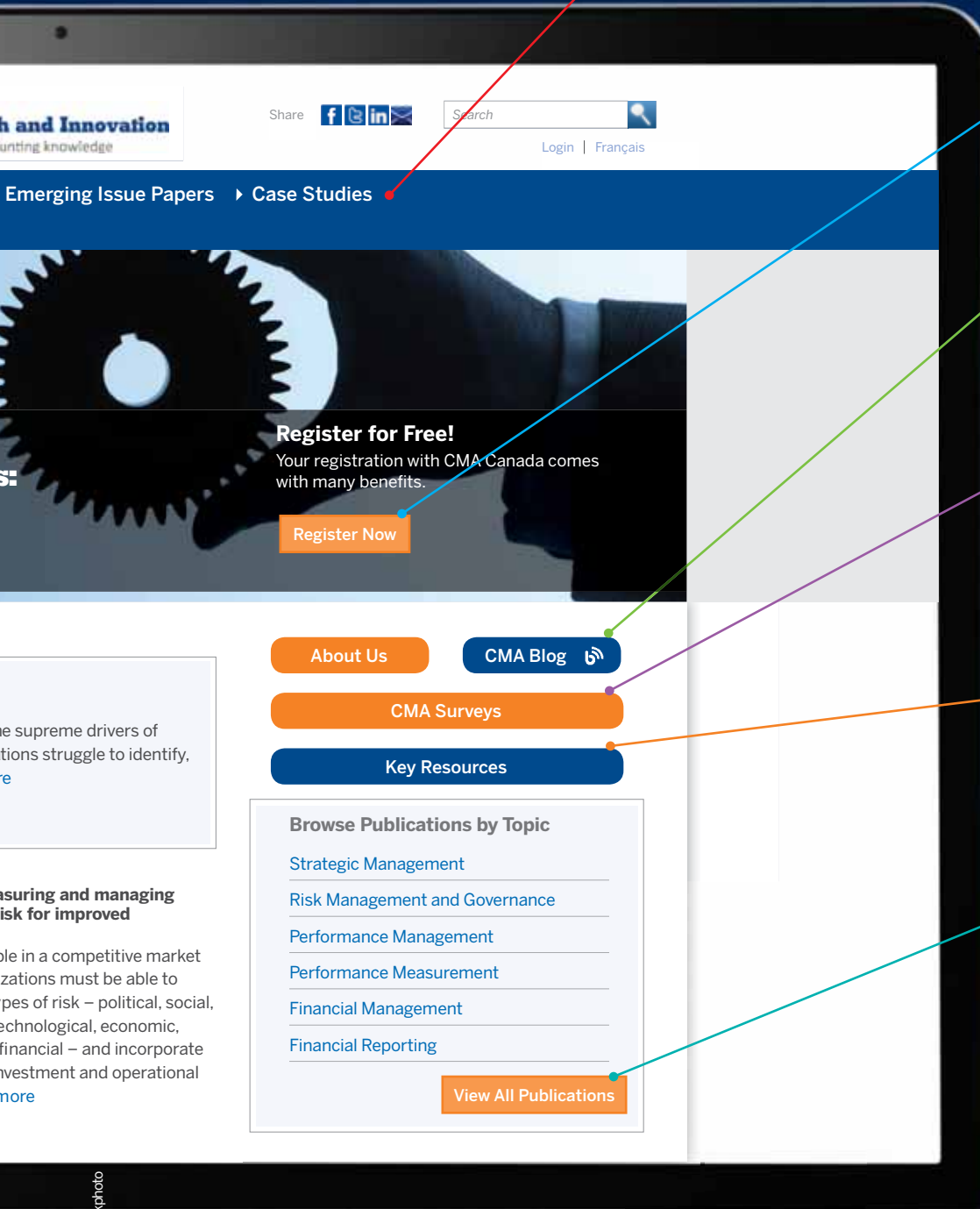
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# ABOVE BOARD





# Governance after the Enron and Lehman Brothers scandals

By **John Lorinc**

## How corporate boards are being held to higher standards

Two years ago, Gord Cummings, a retired FCMA, found himself with a ringside seat to one of the defining dilemmas of corporate governance in an era when boards face unprecedented scrutiny. As an outside director for Vector Aerospace, a fast-growing helicopter maintenance concern, Cummings watched the company's board split into two factions as they pondered the prospect of a buyout.

One group — led by the largest shareholder IMP Group, which is controlled by Halifax aerospace entrepreneur Kenneth Rowe — didn't want to sell, unless IMP could be the buyer. The other faction wanted to put Vector in play and reap a short-term windfall.

"Those are very difficult dynamics," Cummings observes. "That certainly created a tension within the board."

The rift came to a head in March 2011 when IMP sought to buy the firm, but ended up being outbid by the European aerospace giant EADS NV, which acquired Vector for \$625 million — a solid price that gave Rowe the return he

sought. "As a director," says Cummings, "you're trying to be balanced on these things. [You] drive the company to grow but you can't ignore the fact that there might be pressure to sell."

Cummings, who has served on another board as well as an audit committee, understands the governance landscape as well as anyone else. Most people join boards because they want to make a difference and contribute their skills, he notes. But in the current environment, good intentions can quickly crumble as boards grapple with demanding stakeholders, intensive media scrutiny and the harsh realities of global markets.

### SCANDAL FALLOUT

Boards are now expected to function with far more transparency and accountability than they did even a decade ago, observes Cassandra Dorrington, FCMA, chair of the board of CMA Canada. Directors and C-suite executives must abide by waves of new securities regulations that began with the Enron and WorldCom accounting scandals and continue to this day with new restrictions on banks.

Institutional investors expect boards to justify their decisions about executive compensation, boost disclosure and demonstrate a commitment to shareholder democracy, says Dorrington.

At the same time, they must be more attuned to complex issues such as risk

management, technological change, environmental concerns and the threat of shareholder litigation. And with acquisitive global investors looking for buyouts, they have little choice but to deal with the pressure to sell.

In short, directors — once accustomed to doing little more than receiving briefings provided by senior management — are expected to do a lot of juggling.

"For me, the biggest issue [facing directors] is how to get good information from management and how to ensure the organization is proceeding on the path which we set strategically," observes Norman Sheehan, FCMA, who is an associate professor at the Edwards School of Business at the University of Saskatchewan.

Since U.S. and Canadian securities regulators began requiring improved director and auditor independence in the wake of Enron, Sheehan observes that many boards have found themselves looking for new directors with financial skills. But that process has come with a cost, says Sheehan, as boards have lost directors that had experience with their companies' industries.

### COVERING THE BASES

Executive recruiters and governance consultants now advise boards to develop a skills matrix as a way of gathering the broad range of expertise required for boards to cover all the





*“What you really  
want [from directors]  
is judgment,  
and rules aren’t  
judgment.”*

regulatory bases and perform effectively. As a result, director education programs have seen a sharp uptick in attendance, says McMaster University business professor Chris Bart, founder of the Directors College at the DeGroote School of Business.

Bart notes that current or aspiring board members are scrambling to improve their understanding of best-practice governance, as well as gain insights into board culture. “Two questions dominate [boardrooms],” he says. “What are we going to do now, and what are we going to do next?”

Many boards are now putting “a huge emphasis” on enterprise risk management and compliance, observes Brian Esau, an FCMA who is president and CEO of Red River Mutual, a Manitoba property and casualty insurer. He adds that financial institution boards are now expected to make sense of new types of analyses, such as the results of capital adequacy “stress tests” required by federal banking regulators.

Esau admits that such operational information is highly technical and not easily digested. Yet boards are expected to ask critical questions, not just listen politely. “It’s gone from ‘if you want to read it, go ahead’ to ‘here are the implications for how safe you want to be.’”

In general, observes David Brown, executive director of Brown Governance Inc., effective governance today depends increasingly on

getting “the right information, in the right form, and at the right frequency.” But he points out that the onus to get the most out of complex piles of information rests with the board, not management.

#### **SORTING THE DATA**

Last fall, Brown and Cummings developed a discussion paper for CMA Canada outlining basic guidelines for how boards can improve the information they receive, including operational data that, in some firms, is considered to be overly detailed for director consideration.

The paper focuses on four categories of information:

- **high-level strategic data, including environment scans, risk assessments, and financial projections;**
- **analyses that can demonstrate the company’s actual direction in relation to its broader strategic goals, including financial statements, variance reports and “balanced scorecards”;**
- **detailed information about the CEO’s performance; and**
- **assessments of the company’s public disclosures of strategic information, such as annual reports, annual filings and financial statements.**

For Brown, the importance of this kind of strategic filtering is paramount because boards today are inundated with mountains of data demanded by new regulatory requirements, and many directors feel overwhelmed by all the added disclosure. “It did not make them more effective boards.”

He also argues that CMAs are well positioned to lead this kind of filtering because their training combines financial expertise and management training. “They are expertly equipped to see the organization as an integrated strategic whole, beyond the financial information.”

Esau agrees, noting that some boards now spend too much time ticking boxes and not enough time focusing on the big picture. “I think [CMAs] have a terrific opportunity to be the ones who bridge the gap between the sophisticated models [and the board].”

Indeed, that bridging role underscores one of the most basic challenges of governance in the current environment, observes Gord Cummings. “What you really want [from directors] is judgment, and rules aren’t judgment.” ■

*John Lorinc is a Toronto journalist who writes regularly about business and politics for Canadian Business, The Globe and Mail, The Walrus and other publications. He tweets @johnlorinc.*

## THE GOOD GOVERNANCE SCORECARD

**Last year, the Canadian Coalition for Good Governance (CCGG),** representing the country's largest institutional investors and assets exceeding \$2 trillion, prepared a report card showing how well the top one hundred S&P/TSX Composite issuers have responded to growing pressure to improve shareholder democracy.

Compiled by Vishaal Baulkaran, a PhD graduate from Wilfrid Laurier University, the study tracked governance trends from 2003 to 2010 on a range of metrics, including chair independence, say-on-pay votes, and disclosure of voting results for director elections, among others.

The results show just how drastically boards have changed in a decade:

- **The appointment of independent chairs, which governance experts see as a best practice, has significantly improved.** In 2003, few boards had independent chairs; by 2010, 88 per cent of companies in the survey took this approach.
- **Director election protocols sharply improved.** "By 2010," the report found, "over 80% of these issuers (94% by market capitalization) voluntarily permitted shareholders to vote 'for' or to 'withhold' their votes for each director individually, a dramatic change from 2003 when no issuer had this practice."
- **Companies representing slightly more than half of the S&P/TSX market capitalization held say-on-pay votes;** the boards allowed shareholders to cast ballots on non-binding motions requesting management to revisit executive compensation deals. The CCGG said it expects this trend to grow, so provincial legislatures likely won't have to mandate them, as has happened in the United States and Britain.

Despite these improvements, the CCGG warned that a significant proportion of the firms in the study have resisted the coalition's push for better governance, and specifically the right of shareholders to vote for or against individual directors standing for election.

## SHIFTS IN THE BOARDROOM

**Then:** Board and management relationships were chummy, stakeholders were largely silent, and media had little interest in board activities.

**Now:** Boards must address demanding stakeholders and intense media scrutiny.

**Then:** Audit committee meetings were short and sweet.

**Now:** Independent audit committee chairs are key players, overseeing intensive sessions with outside auditors and senior financial executives.

**Then:** The CEO was also the chair of the board.

**Now:** Boards are appointing independent chairs and outside directors to improve accountability.

**Then:** Director appointments were based on social connections or cronyism.

**Now:** Boards look for a broad range of skill sets, including industry and financial expertise, so they can deal with complex regulatory and governance issues.

**Then:** Compensation packages for senior managers were negotiated quietly.

**Now:** Boards must explain their executive compensation decisions in proxy disclosures and a growing number submit their recommendations on say-on-pay votes.

**Then:** Directors were re-elected in slates proposed by the chair.

**Now:** Boards seek to demonstrate a greater commitment to shareholder democracy, with some allowing votes on individual directors.

**Then:** Boards received high-level briefings provided by senior management.

**Now:** Directors must delve more deeply into operational risk management, technological change, environmental concerns and the threat of shareholder litigation.



# Why I love boards



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## FIVE CMAs SHARE THEIR STORIES OF SERVING ON BOARDS

By **Diane Peters**

**CMAs** are a hot commodity on boards: they're savvy with numbers, understand common business challenges and know how to make things happen. For the CMAs themselves, putting in time on a board is a smart way to rack up CPLD hours and give back at the same time.

---

### NAME

**KEITH CROUCHER, CMA**  
Senior Portfolio Accountant,  
Butterfield Fulcrum, Halifax, N.S.

### BOARD POSITIONS

Treasurer, Halifax Comedy Festival Society; Executive Director, Atlantic Buskers Festival Society

---

### WHAT ARE SOME OF THE CHALLENGES YOU'VE COME ACROSS?

Juggling the time between work and volunteer commitments. For instance, I just spent the weekend doing two sets of financial statements for the two boards I'm on.

Also, when I worked on a government board, things were not very well documented. It was a very outdated system. We had to go back and put everything we were trying to do on paper.

### WHAT ARE THE BENEFITS?

I just love being involved. I'm a very social person and I like to give back in some way. I like to try things and see people be happy.

### HOW DOES BOARD EXPERIENCE HELP YOUR REGULAR JOB?

At work, I'm used to dealing with other accountants. But through board work I'm getting better at dealing with everyone and learning how to explain things more simply.

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### NAME

**CARRIE MCNABB, CMA**  
Controller, LogiSense, Cambridge, Ont.

### BOARD POSITION

Treasurer, Kitchener Waterloo Little Theatre

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### WHAT SURPRISED YOU THE MOST ABOUT BEING ON A BOARD, PARTICULARLY EARLY ON?

I didn't expect to enjoy doing the same sort of things I do in my paid work as a volunteer.

### WHAT ARE SOME OF THE CHALLENGES YOU'VE COME ACROSS?

On one board I worked on, I discovered there was some money missing. I had to present this to the board and it was really hard: you get emotionally attached, we were all friends. Luckily, we were able to approach the person and that person agreed to pay the money back.

Also, there's no individual work: everything needs to be approved by everyone else. I'm used to working on my own, so I always have to remind myself to go back and make sure everyone's cool with things before progressing.

### WHAT ARE THE BENEFITS?

This board is exposing me to an area of finance I wouldn't be exposed to in my day-to-day job. Charity accounting is very different from big business [accounting].

If you'd like to weigh in on issues for *CMA magazine*, please send an email, along with a brief description of your interests and expertise, to [mgulens@cma-canada.org](mailto:mgulens@cma-canada.org).





**NAME**  
**CHAD BICKLMEIER, CMA**  
 Instructor, Assiniboine Community College, Brandon, Man.

**BOARD POSITIONS**  
 President, Aboriginal Financial Officers Association of Manitoba; Treasurer, Kin Village; Membership Director, Kinsmen Club of Brandon

**WHAT SURPRISED YOU THE MOST, PARTICULARLY EARLY ON?**  
 I thought that everyone would have done their homework. I expected to come out to meetings ready to make decisions. I still see people coming out to board and committee meetings with an envelope of materials they haven't even opened.

**WHAT ARE SOME OF THE CHALLENGES YOU'VE COME ACROSS?**  
 Maintaining focus. It's quite easy when having a discussion to get off into a side conversation.

I've walked away from boards that are not well run. If you're in meetings that run for two hours and don't accomplish anything, how often [are you] going to go back to that?

**WHAT KEEPS YOU COMING BACK?**  
 I like doing something good for others. You also make great connections and meet people you otherwise never would have.

For example, there was a fundraiser motorcycle ride I wanted to take part in, but I don't have a bike. Somebody I met on a board connected me with a friend of his who loaned me a Harley. It was a top-of-the-line, awesome bike.

**NAME**  
**IRENE WILSON, CMA**  
 Director, Continuous Improvement, Hamilton Niagara Haldimand Brant Community Care Access Centre, Hamilton, Ont.

**BOARD POSITIONS**  
 President, Human Resources Professionals Association, Halton Chapter; Treasurer, Ontario Gerontology Association; Member, Advisory Committee of the Human Resources Management Program at Sheridan College

**WHAT SURPRISED YOU THE MOST, PARTICULARLY EARLY ON?**  
 There are varying degrees of expertise from various board members. It makes deployment ragged. I learned to start lending more support to those who don't have as much experience. Now, we have two recent grads on the HR board. Their [skill sets] are a far cry from some of the skill sets our senior members have, but they bring energy and new insights.

**WHAT ARE SOME OF THE CHALLENGES YOU'VE COME ACROSS?**  
 Our president resigned after the first year of his two-year term. I learned that you can plan but there are always challenges. People have changes in their jobs and their lives and you have to be accommodating.

**HOW DOES BOARD EXPERIENCE HELP YOUR REGULAR JOB?**  
 I'm an HR professional but I don't practice HR in my regular job. So the board keeps me current about what's going on in the profession.

**NAME**  
**SUZANNE PAQUETTE, CMA**  
 Controller, Kootenay Savings Credit Union, Trail, B.C.

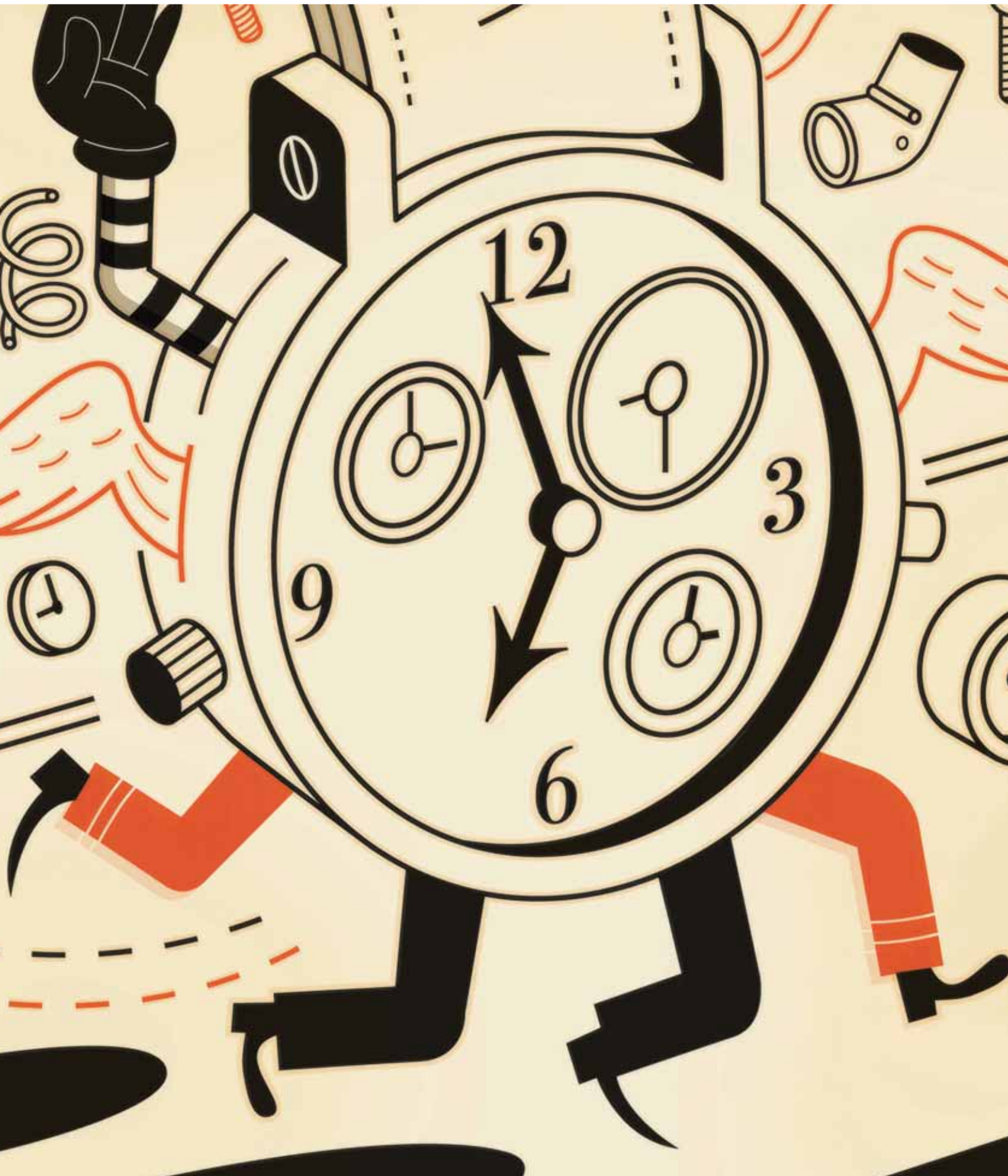
**BOARD POSITIONS**  
 Director at Large, CMABC; Treasurer, Castlegar Minor Soccer; Secretary, Castlegar-Embetsu Educational Exchange Committee

**WHAT SURPRISED YOU THE MOST, PARTICULARLY EARLY ON?**  
 The lack of understanding from a lot of board members of what's required ..., and legalities. A lot join because they're involved with the programming side, but they don't understand they need to have good organizational skills. You also need to have structure and documents; plus there's a fair bit of personal time needed to keep up to date on what's going on.

**WHAT ARE SOME OF THE CHALLENGES YOU'VE COME ACROSS?**  
 On the soccer board, people don't understand the importance of the things that need to be done and the importance of understanding the financials and doing good planning.

**WHAT KEEPS YOU COMING BACK?**  
 I have skills I know I can share. My husband got me involved in volunteer work even before we were married. We both feel strongly about giving back to the community. ■

.....  
**Diane Peters is a Toronto-based writer, editor and teacher. She tweets @DianeEPeters.**







# SQUEEZED FOR TIME

Working in what's important

## 5 ways to find time in your tight schedule

By **Diane Peters**

With the new year comes new plans for transforming yourself. This is going to be the year you finally cram it all in. You'll better yourself. You'll better your work. But can you do it? All you see ahead is a jam-packed agenda.

Remember: time is elastic, and it is possible to fit a bit more into your days. Here are five things you may feel you don't have time for and some suggestions for making them a priority.

### 1/ Getting active

**Why:** Physical activity is good for you, but it also rewards you with time-saving efficiency. "You get that time back, and then some," says Pat Jacklin, CMA, CFO of GoodLife Fitness.

One U.K. study of 200 people found

that people were happier, less stressed and more productive on days they exercised, and 72 per cent said they managed their time better. Since being fit makes you healthier, you can look ahead to less time off for illness too.

**How:** Stop looking for ways to fit in a gym workout. Instead, ask yourself how you can get between 30 and 60 minutes of activity in your life five days a week, says Peter Cooper, CEO of Scienta Health Group, a Toronto-based wellness company.

Regularly walk 20 minutes on the treadmill or play a weekly squash game.

Stashing a pair of runners or good walking shoes in your desk means you can take a power walk when you have a moment in your day. Even a five- to ten-minute stroll counts.

Find ways to use your feet, your bicycle or even public transit to run weekend errands. Ditch the basement pool table for table tennis, and make evening strolls and other activities with the family a new habit.

**Quick tip:** Watch the time you spend noodling on social media. The more time you spend online socializing, the less time you spend on physical activity.

### 2/ Strategic planning

**Why:** To innovate and keep your department fresh, you need to keep your eye on the future, working on long-term goals and projects.

**How:** Mark time in your calendar for producing ideas. "You've got to block off time for the long-term stuff first," says Mark Ellwood, president of Pace Productivity, a time-management consulting firm in Toronto.

Be strategic with your strategic planning, Ellwood suggests. Don't just earmark time for goal setting; break down the project's components and set aside time for everything from brainstorming to forming a team to researching.

**Quick tip:** Jacklin says making a weekly slot for hard thinking is essential. It's easier, she suggests, to do





challenging tasks in the morning — not during the mid-afternoon slump. So book accordingly.

### 3/ Sleep

**Why:** Making more time for sleep doesn't take time away from doing things; instead, it increases your productivity.

The medical data are overwhelming. Sleep affects every aspect of your health. Not getting enough slows your metabolism, triggers depression, raises your blood pressure and affects your risk for diabetes. It may be linked to cancer. Even if you feel fine after just a few hours of sleep each night, deprivation affects your body over time.

**How:** "There's no shortcut. You really have to allow yourself enough time for sleep and to prep for sleep," says Cooper.

Many of us miscount our sleep hours. We add the hours between shutting off the light and getting up, and we don't factor in the time it takes to fall asleep.

"Set a bedtime," suggests Cooper, and then build in time to get ready for bed, read, or watch the evening news. If your nightly routine includes reading on a tablet, shut off the email because reading stressful messages before bed can wreck your sleep.

**Quick tip:** Set an alarm to remind you at 9 or 10 p.m. so you have time to wind down and be zonked out an hour later.

### 4/ Professional development

**Why:** As a CMA in a competitive marketplace, you know how valuable it is to keep on top of your training. Choose a Continuous Professional Learning and Development (CPLD) program that aligns with a current need at work. For example, take a course in supply chain management

when your company is overhauling its supply chain. That can save you time on the job, as you'll have fresh ideas and improved approaches.

**How:** Ellwood suggests finding a buddy to keep you on track for taking courses, attending conferences and e-learning. His website Buddy Hive sets people up with buddies who encourage each other to reach goals.

Another route: find a colleague with similar goals and attend CPLD programs together, or at least keep each other informed and inspired.

**Quick tip:** Make it your monthly routine to look ahead to upcoming CPLD conferences, courses and events. Mark the events and the registration deadlines in your calendar.

### 5/ Time off

**Why:** Taking a break in the middle of the day, having leisure time and heading out for vacations all lead to better productivity and less stress (particularly if your time off includes quality family time). Being away from the workplace and doing something you love inspires your creativity and can bring about great ideas and new perspectives.

**How:** On a six-week trip to France, Ellwood planned to spend the days with his family and the evenings and early mornings working alone, maintaining his business. "I did what I tell my clients. What are your goals for this time? If it's a vacation, work can be part of that."

**Quick tip:** "What affects everyone is interruptions," says Ellwood. Take your smartphone on the golf course or a trip, but switch it off and check messages only at set times so your downtime isn't broken up by calls and texts. ■

.....  
**Diane Peters** is a Toronto-based writer, editor and teacher. She tweets @DianeEPeters.



## Tick-tock

**Shorten meetings.** Peter Cooper, CEO of Scienta Health Group, ends each meeting at the 90-minute mark. "We're not going to accomplish more after that point," he says. Poorly managed meetings are the biggest office time wasters, and he does all he can to prevent them.

**Delegate.** Thanks to technology, we're all our own administrative assistants. Mark Ellwood, president of Pace Productivity, says the average manager spends just 60 per cent of the time on value-added tasks and as much as 25 per cent on administration.

"The statement 'I'm the only person who knows how to do this' is a recipe for failure," says Ellwood. He delegates administrative jobs so his time is spent on higher level tasks.

**Ban carbon copies.** Non-essential email — such as announcements — takes up about three hours a week and causes constant interruptions. Ellwood suggests telling others to never cc you in email.

If a message is important, ask for a forwarded message with a cover note; you'll get fewer email and you won't have to read a long thread to figure out what the message has to do with you. He also suggests unsubscribing from the endless flow of financial and other e-newsletters.

**Embrace technology.** Pat Jacklin, CMA, CFO of GoodLife Fitness, often leaves the office to deal with family commitments and doesn't mind checking her smartphone at all. Technology allows her this flexibility. "I know that if I'm checking back in the office, I don't feel the guilt if I want to do something for two hours in the afternoon."

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# START WITH NUMBERS

Then go back to what counts: **people**

## Improve performance by recognizing what affects financial results

By **Ajay M. Pangarkar**, CMA, and **Teresa Kirkwood**

**M**anaging performance is at the top of every senior manager's "to do" list. What or how can we improve? is the number one question. How well that question is answered determines how well an organization performs.

Regretfully, most accounting professionals instinctively favour financial assessments over qualitative analysis because an organization's performance — and by extension its senior leadership — is measured financially.

But financial analysis alone focuses on symptoms rather than root causes. Financial results occur after the fact, so it's often too late to act. Finance-based decisions are also impulsive and rarely identify employee performance issues. Simply put, leaders who focus solely on financial analysis become myopic; they fix around the edges instead of dealing with fundamental issues.

In fact, financial success comes from effectively fulfilling the qualitative aspects of an organization's core business activities. To accomplish this task, you need to look at specific business roles, such as employee skills and behaviours, that enable sustained qualitative improvement.

This territory is unfamiliar for many accounting professionals. While doing so might seem counterintuitive, begin by analyzing reported and forecast financial results to identify employee performance discrepancies.

### Steps to improvement

In business, "improvement" implies a variety of qualitative elements: doing more with less (efficiency); stimulating new ideas (innovation); improving processes (quality); and performing better than competitors. Improving financial performance entails reducing costs (profitability) or increasing revenue (growth).

Put together, these elements constitute an organization's strategic goal — its mission. Achieving the mission — and ultimately an organization's financial objectives — requires employees whose skills are properly aligned with achieving a company's business objectives.

While employees realize that performing their tasks produces financial outcomes, they often fail to see the connection between the two. Build clear, tangible connections between tasks and specific performance objectives. Do it by starting with what you know best: financial results.

#### 1. Start by looking back

As a senior manager, you first identify capital and operational expenditures that align with management's performance expectations and compare, or benchmark, past performance with forecast expectations.

For example, let's say your company has a product focus. If customers return the product to fix a defect, then the financial metrics related to product

quality would increase above the initially forecast financial results. An increase in defects will also adversely affect other business areas such as marketing, sales and R&D. Using appropriate financial reporting and forecasting tools, you can immediately identify and address specific qualitative performance objectives.

#### 2. Get to the task

Next, investigate the root causes of your financial results. Ask yourself and your colleagues direct questions to identify the root causes. Many accounting professionals are unfamiliar with this approach, which includes comparing relevant financial measures and reviewing any inconsistencies among relevant expenditures.

Let's assume your product returns have increased 15 per cent over the previous quarter. Ask why they increased. If the returns are defective, ask why. Continue the process until you arrive at the root cause.

In the defective product example, the next step is to qualitatively investigate the relationship between cost and product defects to determine whether the root cause is equipment related, an employee skill deficit or a combination of both.

#### 3. Focus on people

While it's widely accepted that performance frameworks integrate people elements (employees, customers and





society), many business leaders focus more on process than on people. Although it's easier to manage an impersonal process, lasting performance improvement begins and ends with the employee.

The defective product example identified a process concern. Now ask what's causing the issue. In many cases, performance issues stem from a lack of employee engagement, development or training.

To go one step further, investigate poor performance by asking your employees focused skill and related process questions. This "needs assessment" will lead you to the root cause of many performance issues.

### Start and finish with results

Accounting professionals are well versed in financial assessments. But to truly improve performance, they must recognize what affects financial results.

Performance management experts emphasize qualitative, or non-financial, concerns over financial results. While qualitative aspects drive financial outcomes, it's often difficult to address the appropriate qualitative business areas or determine which ones require immediate attention.

Work systematically with the available financial reporting tools familiar to you and senior management. Leverage your financial expertise to

identify the root cause of relevant qualitative concerns and resolve them to deliver sustainable financial outcomes. Recognize that your organization's path to sustainable qualitative performance is through people, not processes. ■

.....  
**Ajay M. Pangarkar, CMA, and Teresa Kirkwood** are the founders of [www.centralknowledge.com](http://www.centralknowledge.com) and [www.learningsourceonline.com](http://www.learningsourceonline.com). Renowned performance management experts, the authors most recently published book is *The Trainer's Balanced Scorecard: A Complete Resource for Linking Learning to Organizational Strategy*. They tweet @ajaypangarkar.

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# Windows 8 primer

## Exploring Microsoft's new OS

### The new operating system takes some getting used to

By **Lynn Greiner**

#### WHENEVER MICROSOFT LAUNCHES

a new operating system, life gets interesting. We wonder when they'll kill the OS we're currently using. We wonder if the hardware and software we own will continue to work. And we wonder what it will cost us, in upgrades and learning time.

Since its arrival at the end of October 2012, Windows 8 has spawned a new generation of computers, including tablets and PCs with touchscreens. Given the major differences in the software and hardware, corporations are likely to take their time in adopting the new OS. Smaller businesses buying computers at retail, however, may have no choice but to switch.

#### What's new

Windows 8 has something of a split personality. When you boot up, you see the new Start screen with its grid of colourful tiles, each square representing a program or link. That might be familiar to Windows Phone 7 users, but it's nothing like the traditional Windows interface desktop users are accustomed to.

That's because this interface is extremely touch-friendly. Tablets are on everyone's radar right now, and many new laptops, and even desktops, have touchscreens. But the interface also works fine with a keyboard and mouse, once you figure out the tricks.

The Start screen tiles are known as Live Tiles because they continuously

flip through information generated by the programs they represent. For example, the Mail tile will show how many unread messages you have, as well as the sender and first line of each message. News tiles rotate through headlines of top stories, and the Finance tile rotates through stock market information. Yes, you can turn live mode off if you find it too distracting.

Windows 8 is all about a clean screen. There are no menus and other control features in sight: you have to deliberately call up something when you want it.

That's good and bad. On the one hand, you have more screen real estate. But on the other hand, it can be difficult to figure out how to do things. For example, there's no Print menu; instead, you go to Devices and pick a printer.

#### Start up the desktop

Now, about that split personality. On the Start screen, you'll see a tile called Desktop. Click it and you drop into what looks very much like the familiar Windows 7 desktop. Everything there works more or less as you'd expect on a Windows 7 machine, with a few exceptions.

The biggest cosmetic difference between Desktop and what you were used to with Windows 7 is the absence of the Start button and its attendant menu. It's awkward to run programs directly from Desktop. Instead, any new



Windows 7 applications get a basic tile on the Windows 8 Start screen.

I've found that right-clicking on the program's desktop Taskbar icon when it's running and clicking Pin to Taskbar (just as you'd do in Windows 7) is the easiest way to enable starting a program directly from the Desktop.

Microsoft says virtually everything that ran on Windows 7 will do fine, but check the Compatibility Center at <http://bit.ly/xoI5fr> to be sure. Microsoft Office suites from 2007 upward are of course compatible, including our best friend, Excel. The preview of Office 2013 (still in test mode) adds some nice touch-friendly features. Web-based apps at [www.salesforce.com](http://www.salesforce.com) are unaffected — more or less.

## Windows 8 has something of a split personality.

Unfortunately, even if you want to stick to just running Windows 7 programs, you can't configure Windows 8 to start in the Desktop app. You have to begin on the Windows 8 Start screen, though you can customize it to make it easy to leap onto the familiar Windows desktop.

### Browsing the web

Microsoft has played some interesting, and sometimes irksome, games with Internet Explorer (IE). There are two — count 'em, two — versions of IE on every Windows 8 PC.

The version that's launched from a tile on the Start screen or through native Windows 8 apps will not accept plug-ins such as Adobe Flash, so websites that depend on Flash won't necessarily work. The full version of IE 10 launches from within the Desktop and does everything you'd expect, including accept plug-ins. Other browsers such as Firefox work as expected.

### Business friendly

Windows 8 doesn't lose any of the business-friendly features of its predecessors. It comes in three editions: Windows 8, Windows 8 Pro and Windows RT. (See sidebar.)

Most businesses should opt for Pro, which includes full-disk encryption, IT management tools, the ability to join a domain, and built-in virtualization. Computers aimed at businesses will, of course, come with Pro, but smaller businesses purchasing consumer-grade PCs will need to specify their preference.

All versions include a great feature: Refresh. Refresh reinstalls the operating system while preserving user files, settings and Windows 8 apps (but, alas, not apps that run in the Desktop, unless IT has created a special installation

set including them). If your computer gets cranky and the dreaded Reinstall Windows recommendation pops up, you can do so without losing your carefully arranged settings or data.

### Apps and desktop software

Programs designed for Windows 8 can come from only one place: the new Windows Store. Like the Apple iTunes store, it contains software that's certified to run under the OS. The benefit: you install a Windows 8 app without IT help. Click the Store tile on the Start screen to see what's available; you'll get updates for installed apps there too.

Companies will be able to add internally developed Windows 8 apps to the Store, so users can grab approved apps without pestering IT. Desktop software, however, can come from anywhere you obtained Windows software in the past, and has the same restrictions in Windows 7.

### Is it worth it?

There are benefits, especially in security. Windows 8 boots extremely quickly, and is protected from malware that can sneak onto older systems.

Windows to Go (i.e., running Windows 8 off a USB flash drive) offers an additional layer of security for mobile users who don't want to haul around a laptop. Just insert your USB flash drive into any computer, boot from it, and Windows 8 runs from it, not the computer's disk. When you



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unplug the drive, all traces of your activity disappear.

But there is a learning curve to Windows 8, the biggest since the 1995 shift from Windows 3.1 to Windows 95. Some things work the same, some don't. On tablets, the switch isn't too difficult. But the switch on a desktop is a bit harder because you have more habits to change. Give it a fair chance. ■

**Lynn Greiner** is a Toronto-area freelance writer and technology expert. Find her on the web at [www.itwriter.com](http://www.itwriter.com).

## TWO NEW TABLETS

Microsoft is leaping into the PC hardware business with two new tablets, both named Surface.

**Available now:** The first Microsoft Surface tablet, released at the end of October 2012, runs Windows RT. Windows RT will not run Windows 7 apps such as QuickBooks, though Microsoft does include some basic desktop programs such as Notepad, and bundles an adapted version of the Office 2013 suite, so Excel is still in the equation.

**Coming soon:** The full Windows 8 Surface tablet is expected to launch in late January and will run anything a Windows 8 desktop computer or laptop can cope with. Office 2013 (and the new Excel) is expected in the spring.



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# Envisioning success

## Jeff Botham, CMA, starts up in 3-D

By **Jaclyn Law**

**HEARING JEFF BOTHAM DESCRIBE REALITY CAVE,** a 3-D technology that lets users set foot inside architectural blueprints, one can't help but think of the holodeck from *Star Trek: The Next Generation*.

"Architects, designers and landscapers call up designs in our 10- by 20-foot theatre," says Botham. "You can literally walk into a room, and all the furniture's there. Condo developers can take people to any floor and show them the view."

Vendors and clients work together to tweak designs, potentially saving loads of time and money. Just over a year old, Reality Cave Inc. has signed up about 20 clients, and franchises are in the works.

Botham helped the fledgling firm with budgets and business plans. "I liked it so much, I stayed."

Now VP and CFO, he says his CMA training, completed in 1991 after receiving an accounting degree at the University of Waterloo, prepared him for the challenges of fast-growing start-ups such as Reality Cave. His diverse career experience includes CFO stints in brewing, video games, packaging, golf and shipping.

Botham's CMA designation also opened doors internationally. Before joining Reality Cave, Botham was managing resort operations in Mexico. In 2011, his credentials helped him land a part-time teaching gig at Wilfrid Laurier University.

"Whether I'm in the boardroom or the lunchroom, doing strategic planning or day-to-day activities, [I have] the tools to address any situation effectively," says Botham. "They've been particularly helpful in the small, emerging, energetic companies I've been lucky to have in my career." ■

.....  
**Jaclyn Law** is a Toronto-based freelance writer.



**Employer:** Reality Cave Inc.  
**Role:** Vice-President and CFO  
**Most valuable piece of advice:** "Keep up with CMA developments, volunteer, and attend events. Networking can lead to new business partners."  
**Website:** [www.realitycave.com](http://www.realitycave.com)



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### WESTERN REGION



Tessa Jakubowski (SK)

### CENTRAL REGION



Jennifer Ng (ON)

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Lindsay Hai (PEI)

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Andrey Shevel (ON)

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Michael Harris (NL)



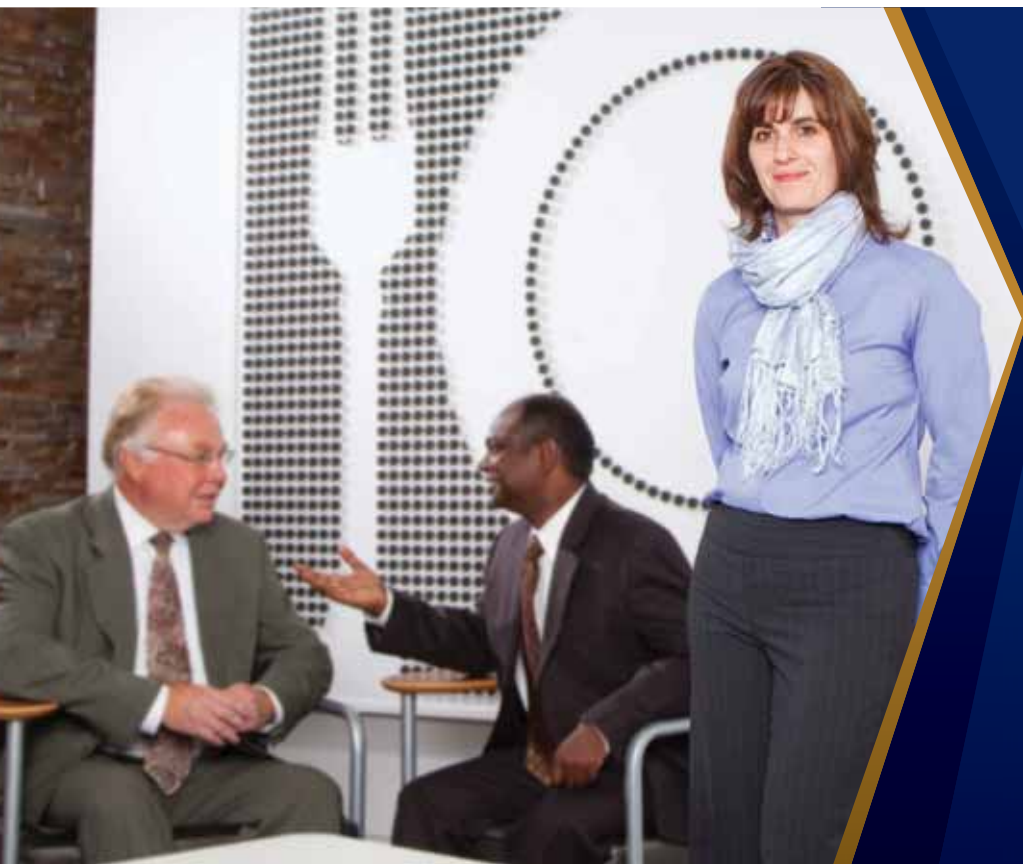
Donna Ryan (NL)



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