

CMA magazine

THE VOICE OF MANAGEMENT ACCOUNTING
WWW.CMAMAGAZINE.CA



JULY/AUGUST 2011

Strategy: Pick a winner
CMA-CA consultation update
Banking on brains
Taking on the IT training deficit

Doctors and data:

Improving Canadian
health care



Boosting your team's
performance

The new normal:
Constant change

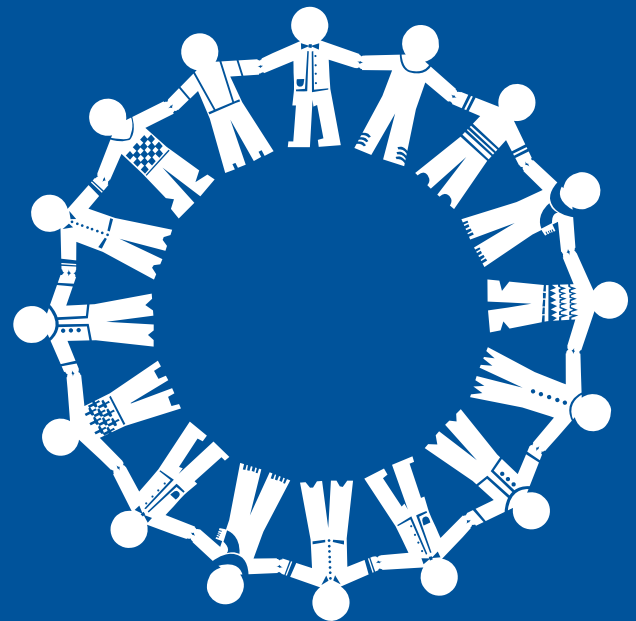


Why invest the time to get to know our clients?
Because we care to fully understand what you're up
against and where you want to go. We gain insight and real
understanding so we can help you achieve your ambitions.

IT ALL STARTS WITH BUILDING A GREAT RELATIONSHIP.

Strong relationships with over 50,000 business clients
across Canada have proven our commitment.

BDO. MORE THAN YOU THINK.



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

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





**CERTIFIED MANAGEMENT ACCOUNTANTS
OF CANADA**

1400 – 1 Robert Speck Pky.
Mississauga, ON L4Z 3M3
(905) 949-4200
www.cma-canada.org

EXECUTIVE PUBLISHER

Suzanne K. Godbehere
(905) 949-3106 sgdobehere@cma-canada.org

DIRECTOR, PUBLICATIONS/EDITOR-IN-CHIEF

Mara Gulens
(905) 949-3126 mgulens@cma-canada.org

CONSULTING EDITOR

Kim Pittaway

COPY EDITOR

R. Franklin Carter

EDITOR, RESEARCH

Andrea Civichino
(905) 949-3109 acivichino@cma-canada.org

DESIGN & PRODUCTION

Hambly & Woolley Inc.
(416) 504-2742
www.hamblywoolley.com

TRANSLATION SERVICES

Ruth Samson, H el ene Arseneault
(514) 878-1105 traduction@cma-canada.org

MARKETING & COMMUNICATIONS

Cindy Mantione
(905) 949-3116 cmantione@cma-canada.org

CONTRIBUTORS

Robert Adolph, Melissa Campeau, Andrea Civichino,
John Cooper, Matt Davies, Jeremy Hutcheson,
Brett Knowles, Paul Lima, Brigitte Pelletier,
Robert Rafton, Stuart Rudner, John Schofield,
Jacob Stoller, Joy Thomas

ADVERTISING ACCOUNT EXECUTIVES

Online Magazine Marketing
473 Kingswood Rd., Toronto ON M4E 3P4
Martin White
(416) 726-7435 marty.white@sympatico.ca
Gwen Dunant
(416) 778-4954 gwendunant@rogers.com
Fax: (416) 778-4954

CIRCULATION & ADMINISTRATION

For general inquiries and changes of address, contact Suzanne Maunder
at (905) 949-3127 or smaunder@cma-canada.org.

CMA magazine is published six times per year by Certified Management
Accountants of Canada (CMA Canada). Published articles and
advertisements do not necessarily reflect the views of CMA Canada.

  2011 The Society of Management Accountants of Canada. All rights reserved.
No part of this publication may be reproduced, stored in a retrieval system or
transmitted in any form or by any means without the prior written consent of
Certified Management Accountants of Canada or a licence from Access
Copyright. For a licence, visit www.accesscopyright.ca or call 1 (800) 893-5777.

SUBSCRIPTIONS

Member: \$15 (plus HST)
Non-Member: \$15 (plus HST)
U.S.: \$40 (U.S. funds only)

UNDELIVERABLE MAIL

Canada Post: Send undeliverable mail copies of *CMA magazine* to
1400 – 1 Robert Speck Pky., Mississauga ON L4Z 3M3

Products and services identified in *CMA magazine* are neither sponsored
nor endorsed by CMA Canada or its affiliates. For more information on these
products and services, please contact the advertisers directly.

Printed in Canada by Ironstonemedia.
www.ironstonemedia.com

Canadian Publications Mail Product Sales Agreement # 40064728
Postage Paid in Toronto
Indexed in *Canadian Periodical Index* ISSN 1926-4550



So what do you think about a proposed CMA and CA merger?

That's definitely been the hottest topic since I got here. It's drawing CMAs across the country into discussions in town halls and online forums at www.cpacanada.ca. (For more on CMA Canada's take on the issue, see **Joy Thomas's** article on page 14.)

Getting to know you has been at the top of my to-do list, and the merger talks have given me incredible insight into CMAs. For one, you're extremely passionate — about your designation and your unique niche. You know what you stand for and recognize your value.

And as I've talked to CMAs and listened in on your discussions at conferences and online, I've also learned that "certified management accountant" only begins to describe you.

You're innovative: **Matt Milovick's** tackling of the expansion of the University of Ontario Institute of Technology and the revitalization of Oshawa's downtown core (page 18) is a case in point. And if **Paul Goodyear** is an example, then you're persistent too: his lifelong effort to promote accounting standards is the focus of this issue's Spotlight (page 42).

And as our feature story "The times they aren't a changing" (page 28) demonstrates, CMAs are leading change in a business world where constant change is the new normal.

As always, I look forward to your feedback. Which article made you drop everything to read it? What did you hope to find in this issue of *CMA magazine* that wasn't there? What story or person do you believe deserves space on these pages? Please let us know.

Enjoy the read!

Mara Gulens

Director, Publications/Editor-in-Chief
mgulens@cma-canada.org



EXECUTIVE LEADERSHIP PROGRAMS



What Distinguishes our Programs?

Our programs are designed to take you beyond technical accounting and financial expertise by developing the skills needed to lead others, lead teams, lead the financial function and lead organizational transformation. Our faculty members blend case studies, simulations and assessment tools to foster personal and professional leadership development and to enhance your on-the-job impact and results. A unique additional feature of the program is the opportunity you will have to work one-on-one with an Executive Coach.

Our programs will help you adapt to the challenges inherent in the expanding role of the CFO and Controller. You will leave each program with the practical tools and skills necessary to meet current and emerging challenges, both professionally and personally.

Controllership PROGRAM

November 26–December 2, 2011
Banff, AB

www.controllership.ca

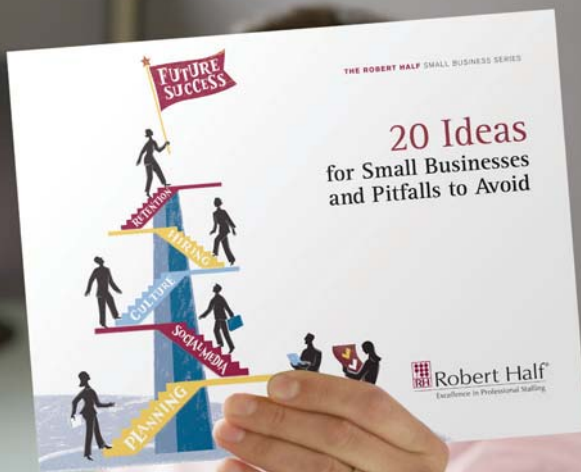
cfo LEADERSHIP PROGRAM

October 22–28, 2011
Banff, AB

www.cfoleadership.ca

For more information or to register for these programs please contact the Institute of Chartered Accountants of Alberta at controllership@icaa.ab.ca, cfoleadership@icaa.ab.ca or call **1 800.232.9406**.

Every small business wants to grow.



To help you do so, we've identified five areas key to every small business in our new guide, *20 Ideas for Small Businesses and Pitfalls to Avoid*.

Call **1.800.803.8367** for your FREE printed guide, or download a copy by visiting www.roberthalf.us/smallbusinesscentre.



Robert Half®

© 2011 Robert Half. 0211-9010



18



40



20

Contents

JULY/AUGUST 2011

FEATURES

20 **Improving Canadian health care: A lesson from Alberta** How one province is helping doctors uncover hidden efficiencies to improve health care. *By Robert Adolph, CMA*

24 **Closing the gap** Translating strategy into performance is management's biggest challenge. Follow these five simple steps to help your organization execute strategy. *By Brett Knowles*

28 **The times they aren't a-changing** We examine how businesses can find innovative ways to maintain a solid footing in a consistently unpredictable world. *By Paul Lima*

DEPARTMENTS

- 7** FEEDBACK
- 8** NOTEWORTHY
- 12** VIEWPOINT

COLUMNS

- 15** RESEARCH Competent and versatile
- 16** INNOVATION University move re-energizes Oshawa
- 18** STRATEGY Pick a winner
- 32** UNPLUGGED Double the stress
- 34** HUMAN CAPITAL Banking on brains
- 36** CONVERSATION With author James Quigley
- 38** LEGAL Just cause is not a lost cause
- 40** TECHNOLOGY Taking on the IT training deficit
- 42** SPOTLIGHT Mission-driven



**Certified
Management
Accountants™**

Create Possibilities.™

Being creative is not just about being original, innovative and imaginative. It's about employing blue-sky thinking to ensure that organizations remain relevant and competitive in today's economic environment. CMAs create possibilities in diverse and exciting industries using their unique skill set of accounting, management and strategy.

Expand your hiring reach to over 40,000 qualified CMAs and 10,000 CMA students. The Employment Connection aims to bring the brightest CMA candidates together with the best employment opportunities.

CMA Employment Connection
www.cma-canada.org/employmentconnection

Employer Benefits:

- Reduce your costs and time to hire
- Access our resume database of over 12,000 CMA professionals
- Post jobs confidentially, if required
- Manage your postings and applicants from the same location

Job Seeker Benefits:

- Complete confidentiality over your personal information
- Access jobs at top employers
- Store up to 3 unique career profiles
- Customize job agents to alert you of new postings

WORKOPOLIS
NicheNetwork

Triple whammy

Want to (1) connect with other readers, (2) help shape *CMA magazine*, and (3) see your name in print? Email us!



I've been a CMA for quite a few years and have always looked forward to receiving my magazine. The March/April edition's WOW quotient sure got a shot in the arm with Mr. Rosen's candid critique of the IFRS bandwagon. And here I thought I was a lone voice in the wilderness!

–David P. Blais, CMA
Gatineau, Que.

While the new *CMA magazine* (premiere issue) looks nice and reads well, I'm not a fan of continuing articles at the end of the book. It would be great if you could continue on the next available page.

–Rick Zebryk, CMA
Whitby, Ont.

Our response: We saw this as a problem too and think we've risen to the challenge. What do you think?

While the new magazine retains enough of its former identity to be identifiable, it's now better organized and easier to read. I'm extremely pleased to see some simple and effective additions such as effective writing and an article on time management (in the premiere issue) which are as relevant to our busy work environments as the new IFRS standards. Great job on realignment.

–David Crews, CMA
Hall Beach, Nunavut

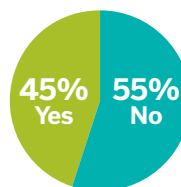
The wonderful article "Risk management: Cloud computing considerations" (March/April) was well researched, well thought out and conveyed some very serious considerations in a simple style. I shared the article with my peers at York University.

–Phuong Nguyen, CMA candidate
Toronto, Ont.

The most recent issue of *CMA magazine* (May/June) has a dearth of articles on non-traditional areas such as personal financial planning, risk management, personal tax minimization and estate planning. I expect many CMAs are employed in these fields and may find such articles relevant.

–Dean Taylor, CMA
Collingwood, Ont.

We asked, you answered



It's close! In the May/June issue, we asked whether you thought tablet PCs will transform the CMA experience in 2011.

- "I've already been using mine to finish my SLP (Strategic Leadership Program). It's much easier to do all the readings on a tablet."
- "It won't make a difference as many people won't switch over."
- "Tablet PCs may be appreciated by CMAs who travel extensively. However, tablet PCs' limitations may outweigh their benefits."

What do you think? What advice do you have for CMAs beginning their careers?

Let us know at
magazinesurveys@cma-canada.org
 or respond online at
cmamagazine.ca.



CMA welcomes letters to the editor

Please write us at
CMA magazine
 1400 – 1 Robert Speck Pky.
 Mississauga, Ont.
 L4Z 3M3 Canada
 Email: letters.editor@cma-canada.org
 Letters may be edited for clarity and brevity.



New and relevant

DAY-TO-DAY BUSINESS

Crisis! What do you do?

The biggest mistake companies make during a corporate or operational crisis is fail to communicate openly with stakeholders and employees, suggests survey results released by the Canadian Investor Relations Institute (CIRI) and Fleishman-Hillard Inc.

The survey polled investor relations officers and financial analysts at companies across North America on operational and corporate crisis preparedness. It found many companies are aware of the damage a crisis can cause to their sales, reputation and share value, but few have a current and effective crisis management plan.

The survey explored both operational crises, which affect a company's day-to-day business, and corporate crises, which involve a company's executive team or finances.

One way to prepare for the worst is scenario planning, says the CMA. *Scenario Planning: Plotting a Course Through an Uncertain World* is a Management Accounting Guideline (MAG) designed to provide CMAs with the tools they need to lead or contribute to a scenario-planning program.

A working knowledge of scenario planning can help CMAs apply core management accounting disciplines such as the following:

- cost management,
- profitability analysis,
- risk management,
- performance measurement,
- forward-looking strategic and operational planning, and
- budgeting and forecasting.

Download a copy at www.cma-canada.org/MAGS.htm.

NEW MONEY

Canada banks on new polymer notes

This fall, plastic bills will begin circulating in Canada.

The Bank of Canada says the rollout of the new polymer banknotes will start in November with the \$100 bill. The \$50 bill will follow in March 2012. The remaining denominations — the \$20, the \$10 and \$5 notes — will be issued by the end of 2013.

The Bank of Canada is working with financial institutions and manufacturers of cash-handling equipment to ensure a smooth transition.



MENTAL HEALTH

Promoting work and wellness

The cost to the Canadian economy from workplace stress and depression is a staggering 35 million lost workdays and \$35 billion lost in annual productivity, says the Global Business and Economic Roundtable on Mental Health.

This year, from Oct. 4 to 6, Toronto will host the 15th annual Health, Work and Wellness Conference. The conference will call upon Canada's private and public sectors to make organizational health a business imperative.

"As companies go through reorganization and downsizing, work intensifies and loyalty is impacted," says Deborah Connors, the conference's president and founder. "A healthy workplace that emphasizes wellness is essential."

For more information, visit www.healthworkandwellness.com.

CHOICES

The balance challenge

Are you able to make time for the important things in your life?

The biggest challenge Canadian management accountants face is mastering **time management and work-life balance**. Keeping up with technology is also a concern, suggests a survey conducted by Sage North America, a global supplier of management software and services to more than 900 members across Canada within the company's accounting, bookkeeping and consulting network.

The survey results present a stark contrast between Canadian management accountants and their American counterparts who reported that their biggest challenges were getting new clients, mastering complex and changing tax laws, and coping with the effects of new regulations and standards on small firms.

Canadian respondents are also slower than their U.S. counterparts in adopting social media.

Not all employees around the world feel the challenge of achieving a happy work-life balance as acutely as North Americans do. In Europe, for example, the Paris-based Organisation for Economic Co-operation and Development (OECD) found happier people when it released the results of its Better Life Initiative (www.oecdbetterlifeindex.org) which looks at work-life balance in 34 of its member countries.

The index is compiled using three indicators: the amount of time spent on personal activities; the employment rate of women with children between 6 and 14 years of age; and the number of employees working more than 50 hours a week. Based on these criteria, the best five countries for work-life balance are Denmark, Norway, the Netherlands, Finland and Belgium.



INVESTING

Opportunities in Europe

Europe is an attractive destination not only for travel, but also for investment.

This opinion appears in a recent issue of *PwC Capital Markets Flash*. The report discusses the potential impact of continued political and economic divergence in Europe on Canadian capital markets and Canadian enterprises.

“For those with a long-term view, rapidly changing conditions in Europe may be an opportunity for investment,” says Kristian Knibutat, PwC’s Canadian deals leader. “In fact, many Canadian entities have already capitalized on political and economic challenges on the Continent by pursuing acquisitions using a country or bottom-up approach.”

But it’s important to note the risk associated with deal making in a politically volatile market.

“If the 2008 credit crisis has taught us anything, it’s that planning for the worst is also an important undertaking and not always a wasted effort,” Knibutat says. Identifying, understanding and planning for all contingencies is critical.

The report highlights four outcomes in Europe: prolonged slow economic growth, currency volatility, cross-asset contagion, and eurozone breakup and/or political contagion.

The full report — volume 4, issue 13 — is available at www.pwc.com/ca/cmf.

CMA ONTARIO

Get grounded, network

One in five new CMAs in Ontario is an internationally educated professional (IEP), and some of them are unfamiliar with Canadian business culture and practices.

Helping IEPs become successful CMAs is the inspiration behind the launch of CMA Ontario’s Centre for Internationally Educated Professionals in Business in Toronto. The centre will help newcomers to Canada:

- meet accomplished professionals and hear their success stories;
- understand the career paths of IEPs who are now controllers of large organizations, CFOs or CEOs;
- learn to set achievable career goals;
- network with fellow business people; and
- get language and business training for communication and technical skills.

For more information, visit www.pdi-cma.com/IEP.

GET HIRED

Beyond the resumé

Your resumé helped you land the interview, but what will help you land the job?

Today’s employers are looking for less-obvious clues that an applicant is right for the job, suggests an Accountemps survey of 270 CFOs from randomly selected Canadian companies with 20 or more employees.

CFOs were asked, “When interviewing job candidates, what is your favourite question to ask?” Their responses fell into three categories: questions designed to learn more about the applicant’s work style and personal attributes, job or company-specific questions, and questions that address a candidate’s qualifications.

“Hiring managers may feel they can gain a good sense about a candidate’s technical skills from the resumé and cover letter,” says Kathryn Bolt, Canadian president of Accountemps. “In interviews, employers are more interested in finding out if the applicant’s personality and work style are the right fit for the company. Job seekers should be prepared to have a more open dialogue about their strengths, interests and work ethic.”

Below are some of the more commonly asked questions, followed by more creative ones:

Oldies, but goodies

- Where do you see yourself in five years?
- What are your strengths and weaknesses?
- Tell me about yourself.
- Tell me about your previous experience.
- Why should we hire you?

Learning about the person

- If you were not going after this job, what would you be doing?
- Tell us about the last time you helped someone without being asked.
- What are your hobbies?
- What is the biggest mistake you’ve ever made, and what did you learn from it?

Throwing a curveball

- If you were a tree, what kind of tree would you be and why?
- How much time do you spend on your computer?
- If you were in my position interviewing a candidate, what would be the most unnerving question you would ask? Now, answer it yourself.

GIVING BACK

Benefits of mentoring

Mentoring can help anyone at any career stage. Its benefits are not restricted to people who are just starting their careers, says David King, Canadian district president of Robert Half Management Resources.

“The challenging business environment over the past few years has heightened the importance of having a mentor who can provide valuable guidance on professional questions and dilemmas,” says King.

To get the most out of mentoring, consider the following points:

- **Know your strengths.** What are the most valuable things you've learned over your career? Think about what you have to offer someone just starting out.
- **Don't rely on a formal program.** Many companies don't have established mentoring programs, and those that do may still be ramping up after scaling back during the downturn. If you identify someone you can help, extend the offer.
- **Look beyond new grads.** Professionals at all levels can benefit from having a mentor. Those trying to advance to the next level or seeking to change might particularly welcome your advice.
- **Listen.** The best mentors are often the best listeners. Understand your mentee's situation and his or her greatest needs before you offer guidance. Sometimes the most valuable role you can play is that of a sounding board.

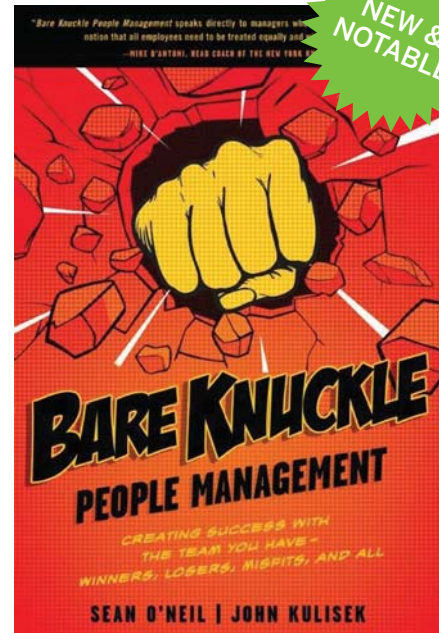
BOOKS

Bare Knuckle People Management

If no two employees are alike, how do you, as a manager, make sure you're getting the best out of each member of your team?

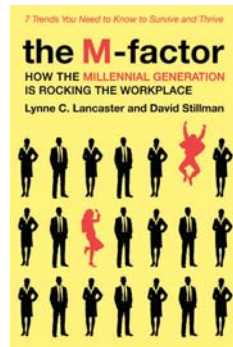
Sean O'Neil and John Kulisek say managers need to figure out what each employee needs and deliver it. They say the key to achieving team or departmental success is not following traditional training programs, but using the skills that got you hired in the first place.

Bare Knuckle delivers more punch than you may realize. The first part of the book looks at people principles and the management of your team. It's followed by an examination of the different players on your team. You'll meet characters with different personality traits — Needy Ned, the Doer, the Future and the Burnout — and learn how to manage each type. You'll then learn how to work with your team and use different strategies for getting more productivity from each player.



Authors: **Sean O'Neil** and **John Kulisek**
 Publisher: **BenBella Books**

The M-factor: How the Millennial Generation Is Rocking the Workplace



It's not the kind of phone call a manager expects to get: a call from the parent of a new employee wondering if everything is working out OK. But if Lancaster and Stillman, well-known consultants in training people to adapt to generational differences, are right, that employee is a typical millennial.

Millennials (born between 1982 and 2000) have distinct characteristics: more parenting, a sense of entitlement, great expectations, a need for meaningful employment, a need for speed in everything, experience in collaborating in group projects and an expectation of access to continuous social networking. A chapter on the need for speed contains a well-documented discussion of multi-tasking; a chapter on collaboration indicates that most millennials can also work independently.

The millennials' sense of entitlement sometimes leads to embarrassment such as when a new recruit sends an email to a top executive. *The M-factor* contains many such vignettes about the distinct characteristics and workplace behaviour of millennials. But this isn't a book geared to finger-wagging: Lancaster and Stillman link each vignette to their market-research findings and make recommendations for managers who seek to obtain positive outcomes for all generations.

This book is valuable for any manager faced with managing millennials — and their parents.

Authors: **Lynne Lancaster** and **David Stillman** Publisher: **HarperCollins**
 Reviewer: **Patrick Buckley, CMA**

Serious about your success?

Get serious about your human resources.



Large or small, Ontario business thrives by having the right people on the job to make your enterprise succeed.

Get the human resources know-how you need to build an effective and engaged workforce by joining the Human Resources Professionals Association (HRPA)—Canada's largest body devoted to people management.



Human Resources
Professionals
Association

AN HRPA MEMBERSHIP GIVES YOU:

- Thought leadership on performance management, hiring and retention, and more**
- Research specialists to answer your HR questions**
- Employment law resources**
- Largest HR professional network in Canada**
- Professional development**
- Member savings**

Get serious about your human resources and start getting the most out of your people. Join HRPA today.

www.hrpa.ca/benefits

A recurring conversation worth having

CMA's and CAs propose merger talks

By **Joy Thomas**, FCMA

WHEN CANADA'S CMAs AND CAs announced they had entered into exploratory merger discussions in late May, many comments about the announcement referenced the prior unification attempt in 2004. However, the conversation about uniting Canada's accounting profession is actually as old as the national accounting bodies themselves.

In nearly every decade since the CMA organization's origins in the 1920s, there have been committees struck, reports prepared or formal negotiations launched, all with the objective of rationalizing our profession's structure.

While the impetus for unification has evolved, I believe that in every instance the organizations were driven by a common conviction. They were prepared to rise above the often fierce competition that exists between professional factions to put the entire accounting profession on a stronger footing.

That there were so many attempts and none were ultimately successful is telling, particularly because after every failed attempt our organizations were compelled to try again.

There's an often-quoted definition of insanity: "doing the same thing over and over again, but expecting different results." All members can be assured that we have learned a great deal from past attempts to merge our organizations, and we have changed our approach in two significant ways.

A fresh start

First, we are consulting members before we develop concrete proposals. Second, we are exploring a concept that would ensure no member is required to

give up the professional designation that he or she is proud of and worked hard to earn.

The reasons for bringing the Canadian accounting profession together have also increased and intensified. With the emergence of international accounting and assurance standards and global accounting designations, it is more important than ever that Canadian accountants have a strong and unified voice on the world stage.

Here at home, we are also experiencing increasing convergence in a number of practice areas. With CMAs expanding into the assurance field and CAs increasingly working, and now training, outside public practice, the traditional lines between the designations are blurring, and our complex and costly regulatory structure is becoming out of date.

Within a new profession, we have an opportunity to combine our expertise in both management and financial accounting and to reduce confusion in the marketplace about the differences among the designations.

Over the past few months, members of both organizations have taken the opportunity to engage in a meaningful dialogue about the current state of our profession and the changes needed to ensure that we can work together to meet the challenges of tomorrow. Regardless of the outcome of our discussions with the CAs, we should have no doubt that accounting in Canada will be stronger as a result.

To participate in discussions, visit www.cpacanada.ca. ■

Joy Thomas, FCMA, MBA, C.Dir., is president and CEO of CMA Canada.



We have learned a great deal from past attempts to merge our organizations, and we have changed our approach in two significant ways.

SMARTER EASIER SAFER IS BETTER

With Telpay's electronic payment solutions you can send and receive your business payments electronically for less than the cost of a postage stamp.

Business just got better, with features like accounting system integration, remote approval, enhanced reporting, international payments, and the ability to pay anyone. Telpay will save your company valuable time and money. Finally businesses can eliminate the cost of cheque processing and change for the better.

Welcome to the better way to pay.

Save Time. Save Money.
Always Timely. Always Secure.



To Find Out More Visit Us at telpay.ca
Or Call Us Toll Free at: 1.800.665.0302

The Better Way to Pay.





Finish First with **E-Learning!**

CPLD credits made easy

Take Advantage

FREE courses for CMA members include:

- Strategic Management Certificate
- Customer First Series
- Privacy Preview
- A Primer on International Trade

Stay Competitive

Access a full range of courses in key topic areas such as:

- Management
- Leadership
- Business functions
- Communications
- Career advancement

Boost Knowledge

Each of these CMA Canada courses qualifies for 9 CPLD credits. Courses developed by CMA Canada include:

- Balanced Scorecard
- Redesigning the Finance Function
- Strategic Cost Management
- Customer Profitability Analysis



**Certified
Management
Accountants™**

Start e-Learning today!
www.cma-canada.org/eLearning

Access is available 24/7 from any Internet connection.
You will need to sign-in with your member ID.





Competent and versatile

A message to organizations

The global financial crisis has put higher expectations on professional accountants

By **Andrea Civichino**

Competent and Versatile: How Professional Accountants in Business Drive Sustainable Organizational Success, written by the International Federation of Accountants' (IFAC) Professional Accountants in Business (PAIB) committee, aims to increase awareness of the roles of professional accountants in business and generate discussion of what they need to do to meet the needs of their employing organizations.

"Management accountants are the first line of defence before the auditors in ensuring organizations are managed effectively," says Stathis Gould, senior technical manager of PAIB and one of the report's authors. "They have a key role in ensuring organizations are successful over the short-, medium- and long-term."

The paper was one item on the agenda of the IFAC PAIB Forum and committee meeting held in Melbourne, Australia, in early May.

Delegates at the meeting commented on how employer expectations of professional accountants in business are expected to change in light of global trends and evolving organizational needs.

Competent and Versatile analyzes these expectations in relation to eight drivers of sustainable organizational success, including customer and stakeholder focus, effective leadership and strategy, integrated governance and control.

"Before you look at the issues affecting management accountants, you have to identify the issues faced by the organizations that employ them," says Vincent Tophoff, IFAC's senior technical manager, Professional Accountants in Business committee. These include developments in technology, environment as well as the recent financial crisis.

Better governance

CMA Canada, one of IFAC's founding members and an ongoing participant in the PAIB committee, was among the delegates discussing how governance practices can be improved through the integration of financial and non-financial reporting.

IFAC's business reporting interview series — a project that included interviews with 25 key leaders from around the globe on what should be done to improve governance and business reporting — identified the

current challenge in the marketplace and how integrated reporting can provide a better understanding of organizational performance.

"Disclosures of non-financial and sustainability-related information have increased, but the analysis of what that information actually means for the organization is often weak or insufficient," says Gould. Organizations need to deliver integrated reporting at the

"Integrated reporting is a powerful tool."

end of the business cycle and show how strategies and operations are directed to achieve sustainable social, environmental and economic performance.

According to Tophoff, integrated reporting can lead to better, more integrated strategies and operations. "The process of integrated reporting is a powerful tool to help drive an organization's strategic agenda," Tophoff says.

IFAC publications and resource materials are available free of charge at <http://web.ifac.org/publications>. ■

Andrea Civichino is editor, research, at CMA Canada.

University move re-energizes Oshawa

Milovick wins CMA Creative Leadership Award

By **John Schofield**

LESS THAN A YEAR AFTER EARNING his CMA, Matt Milovick has another enviable designation to add to his name: LH, for local hero.

Milovick is this year's distinguished recipient of CMA's Creative Leadership Award for his key role in spearheading the renewal of Oshawa's ailing downtown and averting a serious space crisis at the Oshawa-based University of Ontario Institute of Technology (UOIT).

Milovick serves as vice-president, operations and strategic development, and interim chief financial officer at the UOIT. He is also a native of Oshawa.

With the full support of Ron Bordessa, the recently retired president of UOIT, Milovick overcame daunting obstacles to lead the development of the university's full-service downtown location, which will accommodate an expected 4,000 students in three faculties by 2015.

"This is a story of creative problem solving, collaboration, leadership, strategic management and vision that has transformed the university and the City of Oshawa," Bordessa wrote when he put forward Milovick's name.

Expanding downtown

Administrators at UOIT, which launched in 2003 with just over 900 students on its suburban north-end campus, had considered expanding into the downtown before. But they were hamstrung by the university's \$220 million start-up debenture which prevented further borrowing.

By the summer of 2009, however, the rapidly growing university, which now has more than 7,400 students, was facing a critical space crunch. Milovick, who joined UOIT in 2007, had already overseen the transfer of 300 Faculty of

Education students to the downtown. But it was clear more had to be done.

Milovick's big idea was to move another 1,300 students downtown by relocating the Faculty of Social Sciences and Humanities, the university's second largest department. One of the biggest challenges was overcoming downtown Oshawa's reputation as a rundown, sometimes dangerous place.

As Ontario's Motor City, the core area had struggled through the ups and downs of the auto industry's fortunes. To rally support for the move, Milovick consulted widely with all stakeholders, including the City of Oshawa, external developers and faculty.

Funding issues

Milovick also demonstrated that the project could be funded through UOIT's operating budget and a \$7.5 million contribution from the City of Oshawa, which eliminated the need for borrowing.

The new 175,000-square-foot downtown location preserves Oshawa's rich architectural heritage while pointing to its future as a vibrant, diverse economy. "It's been a real economic driver," says Milovick.

Milovick, who began his career in post-secondary administration with York University in 1994, attributes the success of the project in large part to the highly practical skills he developed through the CMA program.

"Without that skill set," he says, "I couldn't have been as effective as I was. It was my most valuable learning experience to date." ■

John Schofield is a freelance writer based in Toronto.



Commercial vacancy rates have dropped from about 20 per cent to the single digits.



Not just Motor City anymore: The revitalized city core is a boon to Oshawa's merchants.

Management Accounting Guidelines

Industry-recognized thought leadership

STRATEGIC MANAGEMENT	Date Published
Scenario Planning: Plotting a Course Through an Uncertain World	May 2010
Divestitures	July 2009
Evidence-based Decision Making: Using Business Intelligence to Drive Value	July 2009
Implementing Process Based Management in Organizations	July 2009
Using Strategy Maps to Drive Performance in the Not-For-Profit Sectors	June 2008
Using Strategy Maps to Drive Performance	December 2007
Outsourcing the Finance and Accounting Functions	September 2007
Strategic Management of Information for Boards	July 2007
RISK MANAGEMENT AND GOVERNANCE	
Financial Risk Management for Management Accountants	February 2009
Managing Opportunities and Risks	March 2008
Identifying, Measuring, and Managing Organizational Risk for Improved Performance	July 2007
Integrating Social and Political Risk into Management Decision Making	July 2007
The Reporting of Organizational Risks for Internal and External Decision Making	December 2006
Business Continuity Management	November 2006
PERFORMANCE MANAGEMENT	
The Performance Management Maturity Framework	January 2011
Environmental Sustainability: Tools and Techniques	February 2010
Supply Chain Management Accounting	August 2009
Impacting Future Value: How to Manage Your Intellectual Capital	July 2008
PERFORMANCE MEASUREMENT	
Designing and Implementing a Performance Measurement System	April 2010
Performance Measurement of Not-For-Profit Organizations	May 2009
Evaluating the Effectiveness of Internet Marketing Initiatives	May 2007
Evaluating Performance in Information Technology	January 2005
Customer Profitability Analysis	January 2000

Management Accounting Guidelines (MAG*s) are publications that advocate appropriate practices for specific management accounting situations. Each publication addresses current and financial management challenges and provides practical implementation guidance. Some MAGs are produced in association with the American Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.



The CMA website has all of the existing MAGs available for download by members, at no charge. Non-members will be able to purchase the publications at a nominal cost.

www.cma-canada.org/foundation



Pick a winner

How to select the right acquisition target

By **Matt Davies**

Does Microsoft's recent decision to acquire Skype for \$8.5 billion make sense?

DRIVING GROWTH CAN BE CHALLENGING, which is why many companies, including Microsoft, assess their organic growth strategy and decide to pursue a merger or acquisition (M&A).

Once this decision is made, leveraging the right steps provides a structured approach to identify, screen and rank acquisition candidates to help ensure identification of the best target.

Step 1

Develop an acquisition plan

A plan gives the board of directors, executive team or business owner(s) the opportunity to provide input into the selection process and helps ensure targets are best aligned with the company's objectives. The challenge then becomes identifying and selecting a candidate that is the best fit with the organization's overall growth strategy and objectives.

Step 2

List potential candidates

This list may include both publicly traded and privately held companies. It's often helpful to gather insight from both internal sources such as board members, executive team members and employees, and external sources such as venture capitalists, investment bankers, lawyers, accountants and

industry analysts. For each candidate identified, put together a brief summary and reasons for including that company in the list.

Step 3

Prepare a strategic control map

When developing the long list of potential candidates, it's wise to include all the companies that operate in your market(s) as well as those that are closely aligned with your existing business. The strategic control map, which uses a four-quadrant matrix to help you understand the market, facilitates your visualization of companies that, by virtue of their size, are in a stronger position to acquire other companies.

It's often useful to compare strategic control maps over time to see how a particular company has moved and how a market and/or industry has changed. In addition, it's important to understand market size and drivers, growth rates, and trends for each market being investigated.

Step 4

Know your limitations

Before undertaking a merger or acquisition, the acquiring company needs to understand the maximum size of a transaction it can realistically

pursue. Accurate self-assessment of core capabilities and financing capacity is a must. It's imperative to understand cash, equity and debt options, determine whether new equity or debt will need to be raised, and consider the potential impact on credit ratings and shareholders and/or bondholders.

Step 5

Develop short-list selection criteria

Now reduce the long list to a short list of acquisition candidates. Use well-defined selection criteria (e.g., revenue growth, geography). This list would likely contain acquisition candidates that the acquiring company can afford to acquire as well as those candidates that are open to the possibility of being acquired. (Of course, you can't truly know until later when you make contact either directly or through an intermediary.)

For publicly traded companies, pay close attention to the earnings per share (EPS) impact of potential acquisitions. It's often helpful, although not always necessary, to group the short list of candidates into investment themes (or acquisition strategies). For example, you may decide you want to identify all of those candidates that will reinforce or strengthen your core business or all of the candidates that support globalization and/or geographic expansion. Some candidates may support more than one objective.

The company may also decide to group acquisition candidates by the size of deal: a small bolt-on/tuck-in medium-sized acquisition, or a large-scale acquisition and/or merger. The size of the acquisition also affects the potential challenges associated with the integration of the acquired or merged company.

Step 6

Develop candidate summaries

A candidate summary should include the following: executive team biographies, shareholder information,

recent financial statements, customer information, partners/suppliers, competitors, product and/or service information and any recent news/headlines.

During this stage, it's important to conduct preliminary valuation assessments. This process involves analyzing the company's financials, reviewing precedent transactions in the same industry and conducting, if required, an initial earnings per share accretion/dilution analysis based on different valuations. This analysis will help establish clear limits including a "walk away" number which will be important when negotiating the transaction.

Step 7

Rank the short list

The ranking criteria will be determined by your company's strategic goals.

Step 8

Review findings and determine the next steps

Finally, review the findings both within the corporate development team, the executive team and, if necessary, the board of directors or the business owner(s) to ensure uniform agreement on the rankings. A decision to move ahead with contacting the top prospect is then confirmed.

Once the right target has been identified, the challenge shifts to conducting necessary due diligence and negotiating the best possible deal with the selected acquisition target. Acquirers who take their time to find the right targets take a major step toward a successful merger or acquisition.

Microsoft clearly believes Skype is the right target. Skype provides Microsoft with access to new customers as well as valuable video and voice communications technology that can be incorporated into existing and future Microsoft products. ■

.....
Matt Davies, CMC, is a vice-president of corporate development at a global technology company in Ottawa.

Cisco Systems' M&A line

Cisco has five primary evaluation criteria that are almost inviolable:

1/ The target and Cisco must share a compatible vision of the future from both an industry and a product perspective.

2/ The acquisition must produce a quick win for Cisco shareholders, preferably within 12 months of purchase.

3/ The companies must share a complementary culture or what John Chambers, Cisco's president and CEO, calls the "right chemistry."

4/ There have to be long-term wins for the four major constituencies, namely, shareholders, employees, customers and business partners.

5/ For large acquisitions, the target company must be geographically close to a Cisco office.

Source: *Inside Cisco: The Real Story of Sustained M&A Growth* by Ed Paulson



Improving Canadian health care



© Vladimir Tarasov / iStockphoto

By **Robert Adolph, CMA**
Introduction by **John Cooper**

A lesson from Alberta

IN THE GAME OF PUBLIC HEALTH CARE LEAPFROG, CANADA MAY BE LOSING TO OTHER INDUSTRIALIZED NATIONS.

For years, Canada's health care system has been a model of success: a publicly funded, accessible, responsive and professional example of how to do things right. But today, despite total health care expenditures estimated to be \$191.6 billion (or about 11.7 per cent of GDP), Canada is falling behind.

"Over the past decade, Canadian health care expenditures have grown much faster than the economy and combined federal-provincial tax revenues," notes Amin Mawani, FCMA, in *Can We Get Better for Less: Value for Money in Canadian Health Care*.

"Despite significant investment in health care, Canadians do not seem to receive sufficient value from the health care system as it clearly ranks at the bottom among other industrialized countries in terms of value for money spent."

According to Mawani, an associate professor in the Schulich School of Business's Health Industry Management program, Canada in 2008 and 2009 ranked last out of 30 countries in terms of value-for-money spent as reflected in the Euro-Canada Health Consumer Index. In 2010, Canada's ranking moved to 25th place out of 34 countries (excluding the United States). And a scorecard released by the Commonwealth Fund ranked Canada sixth out of six countries on the value-for-money dimension.

But considering how to improve our ranking can seem a daunting task. In an effort to put Canada's current position — and opportunities for improvement — in context, *CMA magazine* has pulled together the latest comparative statistics, data on key trends and the story of how one province, Alberta, is helping its doctors use data to create efficiencies. We hope our health care snapshot provides you with both insight and inspiration.

How Primary Care Networks are improving Alberta's health care

Over the past five years, many provinces have made efforts to strengthen the primary care system. Alberta did this by introducing a model of multidisciplinary primary care – the Primary Care Network (PCN) – such as the Calgary West Central PCN of which I am executive director.

PCNs are groups of family doctors working together, governed by an agreement between Alberta Health Services (AHS), the Alberta Medical Association and Alberta Health and Wellness. The province now has more than 35 networks representing the majority of the province's family physicians and more than two-thirds of the population.

The PCN in collaboration with various stakeholders develops business plans to address primary care needs to facilitate care within a community or group of communities. PCN funds support activities to achieve objectives of improving access, health promotion, continuity of care and greater use of multidisciplinary teams.

Through PCNs, a 14-month process improvement program called AIM (Access Improvement Measures) is being used to achieve PCN objectives. The program's goal is to use process improvement to reduce unnecessary patient waits and delays, and redesign clinical care delivery to maximize health access and patient satisfaction.

That goal is accomplished by matching the demand (patient volume) with the supply (physician time and access). Tracking and mapping out the process and identifying improvements to minimize delays result in improved access (i.e., the potential for more patients to be seen), greater cost efficiency and a better patient experience.

How AIM works

Each clinic of the PCN that wishes to be part of the AIM program is assigned a facilitator who works with the clinic's physicians and staff. The key steps for these teams are to

- set improvement goals for access, efficiency and clinical care;
- map the work process to identify areas for change;
- make changes to balance the supply and demand, thereby reducing backlog and queues; and
- measure and monitor to ensure continuous improvement.

AIM's approach is similar to the ABC storyboard exercise taught in the CMA professional program. It looks at workflows, reduction in delays, rework and redundancy and the elimination of non-value work to make a process more efficient.

Several clinics throughout Alberta have graduated from the AIM program. Feedback from participating physicians has been positive: they now have the required tools to make business improvements. Patients have been responsive as they are now getting timely appointments. Collaborations such as these improve quality and reduce costs to the health care system. ■

.....
Robert Adolph, CMA, PhD, is executive director of one of the largest Primary Care Networks in Alberta. Previously he was chief financial officer at Stanton Territorial Health Authority and chief operating officer at a major radiology group in Calgary.

Health care by the numbers

1 Most Canadian patients receive care from doctors who often work as solo practitioners or in small partnerships. Small practices have difficulty investing in improved technology, quality and cost effectiveness.

23 The Commonwealth Fund found that only 23 per cent of primary care physicians in Canada use electronic medical records (EMR) while 79 per cent or more of primary care physicians in countries such as Australia, the Netherlands, New Zealand and the United Kingdom use such records.

1/3 Canada's primary care system makes poor use of other providers. According to the CHSRF (Canadian Health Services Research Foundation), only one-third of Canadian physicians report routine use of interprofessional teams, despite evidence that interprofessional models have positive effects on providers, patients and processes.

48 In a 2006 study, Canada had one of the lowest rates among seven countries for training primary care physicians in quality improvement methods and tools. The Commonwealth Fund's comparative study found that just 48 per cent of primary care physicians have participated in collaborative quality improvement.

Room for improvement:

Five key opportunities for Canadian health care



1 INCREASED COLLABORATIVE TEAM-BASED CARE

There is well-documented evidence that access to primary care teams improves access to primary care services, improved care experiences, more preventative services and increased patient satisfaction across Canada. There is growing evidence that collaborative teams can provide a broader range of services, use resources more efficiently, shorten wait times and improve comprehensiveness.

About 33 per cent of Canadian physicians report routine use of interprofessional teams in their practice, and about 25 per cent routinely use other professionals to help manage patients with multiple chronic diseases. Although there is progress, there is some distance to go in adopting the collaborative team approach in a widespread fashion.



2 BETTER USE OF TECHNOLOGY

Most primary care practices start by using IT to support administrative tasks such as scheduling and billing, and this early groundwork is a critical step. Electronic medical records (EMR) form the information backbone for health providers and administrators and are fundamental to the ability of a team of health professionals to collaborate.

But many primary care physicians lag behind in the use of technology and clinical information systems. The Commonwealth Fund survey revealed that only 23 per cent of primary care physicians in Canada use EMR while 79 per cent or more of the primary care physicians in Australia, the Netherlands, New Zealand and the United Kingdom use them. Use within Canada is highest in Alberta where 60 per cent of family physicians use computers for their medical records.

Even for those Canadian doctors with EMR, their systems' functionality is inferior to their colleagues' systems in surveyed countries. Only a small percentage of Canadian doctors have systems that allow access to hospital records, generate drug alerts, prompt the user to provide patients with test results or provide reminders for preventative or follow-up care.

Canadian physicians lag behind mainly because implementation has been at their discretion and investment in EMR is perceived as forgone personal income. As well, physicians often lack the training or skills to adopt the technology. There is no standardization of use and there are concerns about privacy.

Using technology such as email, EMR and video conferencing can make it easier for health care providers to collaborate, get the patient information they need and reduce duplication. IT can improve the team's ability to access and share data. IT can relay just-in-time information about a patient, access information when the team is off-site and communicate information about scheduling, work hours and training. Information sharing is also aided by system-to-system interoperability which requires standardized data format and content.



3 ADOPTION OF QUALITY IMPROVEMENT PRACTICES

Quality improvement is a term that refers to continuous improvement and evidence-based review and change.

Although some primary care organizations in Canada undergo accreditation, only about 27 per cent of Canadian primary care physicians have set formal targets for clinical performance, according to the CHSRF's 2009 report *What Are the Critical Attributes and Benefits of a High-Quality Primary Healthcare System?* About 45 per cent have conducted a clinical audit of patient care in the previous two years while 76 per cent, 82 per cent and 96 per cent did so in Australia, New Zealand and the United States respectively. Only about 11 per cent said they routinely receive data on patient experience and satisfaction.

Primary care practices are being encouraged to use frameworks and assessment tools to measure performance for improved quality. Increased evidence-based training and education of health care providers also contribute to improved quality and outcomes. Accountability is supported by performance measurement and monitoring.



4 RECOGNITION OF THE NEED FOR MANAGEMENT TRAINING

Larger practice size and professional diversity will make primary care practices more challenging to manage and will place increasing demand on the management skills of doctors and health administrators.

Growing from a solo practice to a practice of five and then 10 physicians both increases managerial work and changes its nature. Ensuring quality of care now requires motivating others, overseeing their work and reviewing aggregate performance data. Financial control can be exercised only with an understanding of financial statements, and sharing both obligations and profits requires complex partnership contracts. Managing the practice involves day-to-day management of human resources, resolving conflict and measuring performance.



5 ADDRESSING PHYSICIAN SUPPLY

There is significant evidence that the supply of primary care physicians has an impact on health outcomes (such as terms of life expectancy, all-cause mortality, etc). In England, one additional physician was found to be associated with a 6 per cent decrease in mortality. Further, the supply of primary care physicians has a positive impact on prevention (e.g., lower smoking rates, less obesity, early detection of various cancers).

In 2006, there were 32,000 family physicians in Canada or about 98 per 100,000 people. This ratio varies between provinces (e.g., 84 for Ontario and 120 for Nova Scotia) and between urban and rural areas. For 100,000 people, Alberta reports a ratio of 111 specialists to 90 family doctors. Compare these figures to Australia's: 140 to 140.

Closing

Going from strategy to performance in five steps

By **Brett Knowles**

Translating strategy into performance is management's biggest challenge. In fact, managers feel there is a 37 per cent performance loss between the strategy-as-planned and the strategy-as-executed, a recent survey in *Harvard Business Review* revealed.

Managers also indicated that communicating strategy in clear terms is the number one way to solve this problem. This communication needs to be underpinned by clear and decisive leadership practices that are consistent with the strategy and make it meaningful to frontline employees.

Research and development of tools such as the balanced scorecard and other strategy execution practices have been effective in helping organizations close the strategy-execution gap. The following five simple steps can help an organization achieve the performance described by their strategy by creating a strategic pilot.

STEP 1: **COMMUNICATE THE STRATEGY**

Organizations need to make their strategy accessible. The first step is capturing the strategy and communicating it in a way that all stakeholders can understand. The strategy description should

- be simple. It must be simple enough to be top-of-mind to facilitate day-to-day execution.
- be clear on strategic priorities. Align all stakeholders around what needs to be focused on now to ensure the organization's future.
- help people understand what needs to be done (strategy), not how to do it (tactics).
- enable strong ownership of the strategy by all stakeholders.

the gap

The strategy needs to be described in a new way that goes beyond financials. It must describe the cause-and-effect relationship between the strategic objectives and success, show the relative importance of various strategic objectives and illustrate how strategy changes as it cascades down and across the organization.

By describing your strategy this way, it becomes the basis for all communication about the strategy, objectives, relationships and priorities; a clear focus for strategic priorities; and a tool that aligns all management and employees against strategic goals.

Even if a company's strategy is not formally documented, the leadership team should be able to create a strategy model in just a few hours based on what the organization will and will not do.

STEP 2: **ENABLE EFFECTIVE PERFORMANCE MONITORING**

The average leadership team looks at only 7 per cent of the data collected by their organization, and they find just that amount of data overwhelming, an IBM study revealed. The solution to universal information overload lies in selecting the few right measures from the huge amount of data available. The task is like finding the right needle in a pile of needles.

The strategy model helps because the right measures are those that best describe the organization's strategic priorities. Select one or two available indicators that relate to each strategic objective on your strategy model. For example, if your strategy is to penetrate new markets, data relating to success in new markets needs to be highlighted. Other sales data, such as share-of-wallet data, may not need to be reported at this high level.

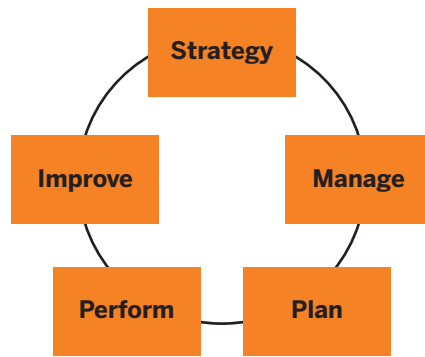
Once an organization begins using the balanced scorecard, many people in the organization will contribute indicator ideas. As original pilot measures are replaced, two things will happen: the scorecard will improve, and ownership will transfer from the leadership team to the entire organization.

STEP 3: **TRANSLATE STRATEGY INTO PERFORMANCE**

Unfortunately, the strategy model and scorecard may hold little interest to your associates. To make the scorecard more accessible, link day-to-day responsibilities to the strategic view of the organization. Do this by listing strategic objectives down the left of a spreadsheet and core process groupings across the top. This way, the impact and performance of each core process can be rated against each strategic objective.

Processes that support highly weighted strategic objectives need to perform at higher levels than processes supporting less important ones. Take the process of order filling. If the employees at Tim Hortons give you the wrong type of coffee, they just give you a new one and let you keep the wrong one. Hospital order-filling processes have more at stake. Take releasing babies from the nursery to their parents. This process is so critical that there are many more steps to ensure the highest quality possible.

These same principles can be applied to any organization. Processes that support highly weighted strategic objectives need to perform at a higher level than processes supporting less important objectives. A process performance grade of C in support of a low-importance objective may still earn a "green" score, but a grade of C in support of a highly weighted objective earns a "red."



What's your strategy? Which metaphor best describes the relationship between the core elements of the work of leadership? Is it a Venn diagram showing an overlap, a linear but circular view, or a hierarchy?

Financial	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-right: 5px;"></div> <div style="border: 1px solid gray; padding: 2px;">Increase profitability</div> </div>	Emphasis
	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-right: 5px;"></div> <div style="border: 1px solid gray; padding: 2px;">More passengers</div> </div>	M
Customer	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-right: 5px;"></div> <div style="border: 1px solid gray; padding: 2px;">Fewer planes</div> </div>	L
	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-right: 5px;"></div> <div style="border: 1px solid gray; padding: 2px;">Lower cost</div> </div>	M
Internal	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: yellow; border-radius: 50%; margin-right: 5px;"></div> <div style="border: 1px solid gray; padding: 2px;">On-time flights</div> </div>	H
	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: red; border-radius: 50%; margin-right: 5px;"></div> <div style="border: 1px solid gray; padding: 2px;">Fast ground turnaround</div> </div>	H
Learning & growth	<div style="display: flex; align-items: center;"> <div style="width: 15px; height: 15px; background-color: green; border-radius: 50%; margin-right: 5px;"></div> <div style="border: 1px solid gray; padding: 2px;">Focus on process redesign</div> </div>	M

A scorecard becomes more accessible when day-to-day responsibilities and strategic objectives are linked. Keep track of performance indicators (red = bad, yellow = caution, green = good) and their relative importance to overall strategy (H = high, M = medium, L = low).

In this way, strategy translates into performance, and it's possible to see how well existing processes support strategic priorities.

Projects are another important component. Projects are activities with defined beginnings and ends as well as budgets and timelines, and are intended to improve how processes function. Projects can be scored just like processes to confirm whether they address the performance gaps that arise from the processes.

What would happen if a strategic objective were not well supported by existing processes and no projects were

in place to improve those processes? Or worse: what if all the existing projects were lined up to support strategic objectives but existing processes were already meeting the strategic performance requirements? After working with more than 2,000 clients in the last 25 years, I know that 40 to 60 per cent of projects in a typical organization do not support current strategy. They should be halted, and project resources should be reallocated to other projects with higher impact.

STEP 4: MANAGE THE BUSINESS STRATEGICALLY

The strategy model, performance indicators and process and project linkage should form the foundation of all management practices within an organization. Using these tools to answer all operational questions creates strategic awareness, engages leadership, builds a strategic governance process and enables agility.

When you use this approach, strategy is at the centre of all management practices, and the drivers are the same as for driver-based planning and activity-based management. The importance and performance of the strategic objectives inform which areas require the higher detail provided by dashboards and business analytics. Finally, these performance results, seen in strategic context, point the organization toward process improvements.

How does this work? Imagine a performance meeting where the leadership team agrees to hold a special meeting to discuss one of the strategic objectives. Who should attend? Look horizontally across the grid to see which processes affect the strategic objective. If an owner has not been assigned to the point where the process affects the objective, now is a good time to do so. You have just done some strategic organization design.



Participants at a CMA conference put strategy at the centre. In this way, strategy informs what is managed, drives plans, and guides performance and improvement.

Let's say one process in particular keeps triggering red. The organization needs to build detailed analytics (a dashboard) around that specific issue. That is strategic analytics.

This approach lets an organization deploy strategy from the top down and build solutions only where they add value. As you build down those "legs," feedback from the organization will go back up and help inform the strategy. This is the top-down bottom-up strategy cycle to which effective managers aspire.

**STEP 5:
USE THE PILOT!**

Ironically, the most important step is often the one that is most frequently deferred: turning it on. Becoming a strategy-focused organization is a bit like riding a bike. It cannot be done by thinking about it. You have to do it.

There's no question: your first efforts will go wrong. But using the pilot is the most effective way of uncovering errors. Getting many people involved in using and improving the pilot will build understanding, ownership and overall quality.

Our experience shows that when systems like this one are built in isolation, only 35 per cent of them are in use five years later. However, those deployed as a rapid pilot and improved while in use have a 90 per cent survival rate. ■

***Brett Knowles** is a senior team member of pm2 – Performance Measurement and Management – and a co-founder of the first Balanced Scorecard application. He and his organization have completed more than 2,000 scorecard projects around the world. A webinar version of this article is available at BalancedScorecard.net. This is the first in a series of three articles.*

From strategy to success

1

COMMUNICATE THE STRATEGY

Capture your strategy in a strategy model: a prioritized cause-and-effect diagram that aligns the organization and enables clear communication, performance measurement and linkage to processes and projects.

2

MONITOR PERFORMANCE

Develop simple performance indicators for each strategic objective to ensure all stakeholders understand how the organization is performing. Focus on longer-term, strategic issues.

3

TRANSLATE STRATEGY INTO PERFORMANCE

Document the linkage between your core processes, projects and strategic success to help all people understand their performance roles, allocate time and resources, and support performance dashboards.

4

MANAGE THE BUSINESS STRATEGICALLY

Develop strategic management practices to make strategy a continuous process, enable accountability and build agility.

5

USE THE PILOT!

Build strategy-to-performance capability by using these tools to align, communicate, monitor, manage and continuously improve the organization through decisive and consistent leadership.



There always have been, and always will be, turbulent times. The question is: **What's your business doing to prepare for turbulence?**

By **Paul Lima**

THE TIMES THEY AREN'T A-CHANGING

“Are we there yet?”

It's the refrain kids in the backseat shout as you hit the road, heading out on vacation. But, with minor modifications, it could be the refrain that Canadian businesses shout about various issues.

“Is the recession over yet?”

Technically it is, but the economy seems shaky and businesses fear a second recessionary wave.

“Has the loonie peaked yet?”

Ever since the Canadian dollar bottomed out at 61.79 cents US in January 2002, it has increased steadily in value against the American greenback. Canadian businesses are wondering how high the loonie will climb. There are questions about the price of oil, conflict in the Middle East, global warming and other issues that have an impact on business.

Companies can ask questions but that's not going to change the fact that times are turbulent and always have been in some way or another. What businesses should do, analysts say, is plan for turbulence — natural or man-made — to mitigate the negative impact. Corporations should also look for innovative ways to maintain a solid footing even in turbulent times.

PLAN TO PREPARE

Although the Conference Board of Canada forecasts that the global economy will expand by 3.5 per cent this year and the next, companies cannot rest on their laurels. Political tension in the Middle East, the effect of the Japanese earthquake, the European debt crisis and rising oil prices will all increase risk. Companies have to prepare for the best of times, while planning for the worst.

For instance, if a business relied on parts from a company destroyed by the earthquake and tsunami in Japan, its production could suffer unless the business had built redundancy into its supply chain, says John Neily, director of national security and public safety with the Conference Board.

“Companies need strategies in place to manage risk. The recent Japanese disaster and others have demonstrated this,” Neily says. “You need to have contingencies in place, such as an inventory stockpile or secondary suppliers.”

C

ompanies face more than natural disasters, adds Louis Theriault, the Conference Board's director of international trade and investment. Canadian companies that did not have strategies to hedge against the rising loonie — such as sourcing parts from countries whose currencies are stable or declining against the loonie, or developing markets outside the USA — are hurting.

“For the most part, businesses aren't complaining about the rise in the Canadian dollar. They're adjusting to change,” Theriault says. That doesn't mean there are no pressures or problems, but if strategic issues and contingencies have been addressed in the C-suite, companies are more able to adapt.

BLUE OCEAN STRATEGY

One way to fortify a company against turbulence is to implement a “blue ocean strategy,” say W. Chan Kim and Renée Mauborgne, professors at the Blue Ocean Strategy Institute at the Institut européen d'administration des affaires (INSEAD) in Fontainebleau, France, and authors of *Blue Ocean Strategy: How to Create Uncontested Market Space and Make Competition Irrelevant* (Harvard Business Press).

Companies can generate sustained high performance by creating demand for products in uncontested market space, or a “blue ocean,” rather than by competing head to head for customers in an existing sector, the authors say. Companies should innovate and deliver value rather than battle competitors based on price. If companies simply try to outperform rivals, products become commodities, margins decline and competition becomes cutthroat. The ocean becomes bloody or “red.”



That's great advice, but even when companies create blue ocean opportunities, they can't control competition. Just ask Research in Motion (RIM). The company had the smart-phone market cornered before the term “smart phone” had been coined. Then Apple entered the arena with its iPhone. RIM is now scrambling to keep up.

When Apple created a new category, tablet computing, with the introduction of the iPad, RIM countered with the Playbook. But it looks like RIM and other companies in the smart-phone and tablet markets will not be able to dethrone Apple any time soon.

SHARE OF THE PIE

Companies often have to defend their share of the market pie. In May, Canadian Tire Corporation bought the Forzani Group, a sporting-goods empire based in Calgary, for \$771 million. The friendly offer that brought the two Canadian companies together is an attempt to fend off the invasion of Canada by American retailers such as Target, which is looking for growth opportunities in Canada.

“Canadian Tire is on offence. This transaction will bring us to over 1,000 retail sports outlets across Canada,” said Stephen Wetmore, Canadian Tire's president and CEO, in a statement.

In retail, size matters. The financial backing of Canadian Tire will give Forzani the buying capacity to deal with new American companies that come into Canada. The other option is to do nothing in the face of competitive turbulence and hope for the best. That tends not to pan out as a strategy.

“Ideally, you create products people will pay more for, and will buy in good times or bad, when they might have to cut discretionary spending,” says Bharat Aggarwal, CMA, MBA. Neily concurs. Companies can focus on keeping costs low and structures lean, but there is only so much cutting a company can do. And when times improve or new opportunities arise, companies that have cut to the bone will find themselves scrambling to get back into the game, he says.

THE GM STORY

General Motors is an example of a company that experienced major turbulence. Causes included an economic downturn, increased competition, a product line that had lost its lustre and organizational bloat.

If not for government bailouts, the company might have disappeared. GM cut, but not to the bone, and began to restructure and innovate. In April 2010, General Motors repaid the balance of

Companies have to prepare for the best of times, while planning for the worst.

its government loans five years ahead of schedule.

“We’ve retooled virtually every aspect of our company and the future looks much brighter,” says Kevin Williams, president and managing director of GM Canada. Williams admits government support gave GM “a second chance” that allowed the company to position itself “to succeed in the face of some pretty incredible industry challenges.”

GM is now competing in emerging growth markets. GM’s strategy is to boost sales in the BRIC countries — Brazil, Russia, India and China — where

analysts forecast 75 per cent of automotive growth will happen.

“GM is number one in the BRIC markets today. This isn’t by accident,” Williams adds. But it hasn’t been easy to get there. GM had to re-engineer itself from “a slow, lumbering giant into a streamlined global machine.”

Any company that wants to compete globally needs to re-engineer, Williams says. He advocates that countries do so as well. “Canada must do the same thing to ensure long-term economic strength,” he says.

It may seem ironic that a company Canada helped bail out is now giving advice, but the tough lessons GM learned are paying off. With the high Canadian dollar, high commodity costs, high labour costs and, in some cases, non-harmonized regulatory approaches, Canada has some challenges ahead, he says.

START WITH VISION

GM’s vision is to design, build and sell the world’s best vehicles. “As fundamental as that sounds, the absence of this focus was a critical flaw,” Williams says. GM now focuses on achieving sustained, profitable results in the global market. Take Chevrolet. Today,

the Chevrolet Cruze is sold in more than 60 countries; the next generation of Malibu will be sold in more than 100 countries.

Strong demand for GM models is great news for Canada, driving an increased role for the company within GM’s global manufacturing process. GM Canada has committed to investing \$1 billion in Canadian manufacturing facilities, securing more than 2,900 jobs and adding hundreds of new hires.

A new management style, a leaner operation, a new focus and innovation are all critical to GM’s success, Williams says. He also points out that a company can’t innovate without research and development.

“Even in our darkest hour, we never wavered from that commitment to R&D,” says Williams. R&D, he predicts, will ensure the auto industry can reinvent and sustain itself. “I have no doubt that someday we’ll look back at this time as a period of great change, as the reinvention of the automobile.”

And reinvention is often what it takes to survive turbulent times. ■

Paul Lima (paullima.com) is a Toronto-based freelance writer.

SUCCESS STORY: OBUSFORME



Beside providing backs with comfort and support, ObusForme will soon be the entry point for a full line of HoMedics kitchen products.

The iconic Canadian back-support company ObusForme was purchased in 2005 by a private equity firm intent on expanding the ObusForme product line into the United States. By 2008, the company had retreated in disarray and was in receivership. In September 2008, ObusForme was purchased by Michigan-based HoMedics Inc.

HoMedics, a global manufacturer of home massage, relaxation and wellness products, was looking to sell its lines in Canada. The company needed direct access to retailers, something ObusForme had.

“We could have bought ObusForme and shut down the company once we had our Canadian foothold,” says Shaun Kobrin, CMA and HoMedics Group Canada CEO. “Instead, we bought ObusForme and fixed it. We recognized the value of the brand and now sell ObusForme products in the USA, Europe and Australia.”

ObusForme is now a division of

HoMedics Inc., and HoMedics used its new-found ObusForme contacts to open retail doors for its related and unrelated brands.

Canada may have lost ownership of a made-in-Canada brand, but the company is stronger here than it’s ever been. It continues to research and develop new products, including footwear and backpacks, under the ObusForme brand name. In addition, HoMedics has created new jobs and opportunities in Canada.

Now that it’s established in Canada and has become familiar with Canadian talent, HoMedics Group Canada is developing a full kitchen-products line under the Salter brand name. HoMedics will export the Canadian line to the United Kingdom and Australia. So the failure of one Canadian company because of an expansion gone bad has led to the resurrection and expansion of the company and to the Canadian expansion of the company that bought it.



Double the stress

More money, more complications

Why dual-career couples are so stressed and why businesses should care

By **Melissa Campeau**

IN JUST A FEW GENERATIONS,

Canadian families in which both parents work have become closer to the norm than the exception. But despite their prevalence, dual-career couples often find themselves juggling a competing array of priorities and struggling with time management, sleep deprivation and a host of other challenges that contribute to a stressed-out state.

On a professional level, a stressed-out workforce can't help a firm provide better service or be cost effective. In fact, high stress may cost an organization a great deal of time and money.

How stressed are we?

The Canadian Institute of Stress reports that dual-career families rate the juggling act of work and family as *the* top stressor in their lives, contributing to a 22 per cent rise in workplace absences from 2007 to 2008.

As outlined in their 2005 *Canadian Journal of Counselling and Psychotherapy* article "Dual-Career Couples: The Juggling Act," authors Roberta A. Neault and Deirdre A. Pickerell note that many of their colleagues, working as managers and professionals, report the need to spend more hours at work than they used to.

In addition, since the recession, workers across the country have experienced expanded workloads and diminished paycheques, coupled with technology that allows 24/7 availability, often resulting in increased stress and resentment.

When the responsibilities of parenting are added to the demands of professional life, many people find themselves with competing demands on their time. Business travel, for example, might come at the expense of attending a child's soccer game. Being home regularly for family dinners might mean missing out on career advancement opportunities afforded by working late hours or attending events.

Even though it stands to reason that dual-career couples earn more than single-career couples, Neault and Pickerell report that among those interviewed, money is a major concern. Women in particular think they can't afford to work less or justify the increased expense of home support.

With the demands of work and family life rolled into a finite number of hours each day, sleep is often the first thing to be sacrificed. But the consequence of sleep deprivation is more serious than mere fatigue. The U.S.-based National Sleep Foundation claims that sleep deprivation impairs concentration and makes handling stress more difficult. Lack of sleep is also linked to increased accidents, poor work performance, weight gain and illness.

Hey, boss, listen up!

Even in these days of trying to do more with less, there are tactics managers can employ to help staff members keep their stress in check.

Genuinely support flexible schedules.

The introduction of flexible working hours seems like a logical solution to help employees manage stress. But organization-wide buy-in is critical. According to one U.S. study, a full 40 per cent of employees stated that their careers would be hurt if they took advantage of flexible schedules or took time off for family reasons.

Provide time management counselling.

Although many dual-career couples manage to accomplish a great deal with limited time, Neault and Pickerell point out that counsellors might be able to help couples “re-evaluate priorities and allocate time accordingly and build in sufficient time for self-care and personal or professional development.”

Promote health and wellness.

Instead of adding them to a to-do list, exercising and healthy eating should take priority and be incorporated into family activities. Bringing programs such as group fitness instruction or nutrition counselling into a corporation can be a time-efficient way to encourage wellness and balance.

Help employees find the right fit.

Finally, taking time to re-evaluate careers might be in order. Say Neault and Pickerell: “A working environment that is a slightly better ‘fit’ might reduce the extra time and mental energy devoted to work and contribute to a more balanced life.” ■

.....
Melissa Campeau is a Toronto-based freelance writer.

Solo stress

Lone-parent households represent 26 per cent of Canadian families with children. These single parents no doubt experience the same — or greater — levels of stress and a similar negative impact on workplace attendance.

These parents shoulder the family’s financial burden solo and have less immediate support to manage the constant demands of raising children.

According to Statistics Canada, single mothers reported consistently worse health status than mothers in two-parent families did. Single mothers also scored lower on two scales of self-perceived health and happiness, and scored substantially higher on distress.

Keeping Canada Paid

Canada's 1.5 million employers count on payroll professionals to annually pay \$810 billion in wages and taxable benefits, \$250 billion in federal and provincial statutory remittances, and \$90 billion in health and retirement benefits while complying with more than 191 federal and provincial regulatory requirements.

National Payroll Week – September 12-16, 2011

THE CANADIAN PAYROLL ASSOCIATION CPA ACP L'ASSOCIATION CANADIENNE DE LA PAIE
www.npw-snp.ca

Platinum Sponsors



Gold Sponsors



Silver Sponsors



Bronze Sponsors



Banking on brains

People deliver value to your bottom line

By **Brigitte Pelletier**, CMA

Studies suggest “learning organizations” have a competitive edge

IT CAN BE CHALLENGING TO

accurately quantify the value of intangible assets such as human capital, especially when they are compared with more easily measured physical assets. But there are numbers that can help build the case.

A 2007 CROP survey conducted for CHRA (Ordre des conseillers en ressources humaines agréés) and CRIA du Québec (Order of Certified Human Resources Consultants) found that while pay was high on the list of factors that influenced an employee’s decision to quit, it was “closely followed by the limited opportunities for advancement (21 per cent), poor working environment (20 per cent) and lack of recognition by the employer (19 per cent).” These factors appear to be even more important to a new generation of employees than they were to their predecessors, as the new generation seeks more balance and a greater sense of accomplishment in work and personal life.

The cost of turnover can be substantial. There is the direct cost involved in the termination of the position. There are also indirect costs that can be related to loss of productivity and motivation among remaining staff, loss of knowledge and expertise caused by the gap left by a departed staff member and the possible increase in absenteeism among remaining staff because of those challenges.

When hiring new employees, an organization also incurs a direct cost in the selection process and indirect costs such as training and integration. Little wonder, then, that turnover costs can quickly tally up to twice the annual salary of the employee who leaves and even higher for departing high-level employees.

I believe that creating an environment that values learning increases your likelihood of retaining employees — a bottom line benefit — and contributes to the conditions that will give your company a competitive edge.

Learning organizations

The concept of the learning organization was developed in the early 1990s by Peter Senge of MIT’s Sloan School of Management and his colleagues. A learning organization focuses on its people, their knowledge and expertise, and their ability to innovate. Such an organization learns from experience and benefits from the skills that its employees acquire.

In “Is Yours a Learning Organization?” published in the *Harvard Business Review* and in a Harvard Business School interview (2008), professors David Garvin and Amy Edmondson said that a learning organization creates, acquires and transfers knowledge while adapting to incorporate new knowledge. Such an organization adapts faster than its rivals when unpredictable events occur.



According to the authors, two decades of research reveal three factors essential for organizational learning and adaptability:

- A supportive learning environment
- Concrete learning processes and practices
- Leadership behaviour at all levels of management that provides reinforcement, allowing employees to learn from mistakes

Demonstrate curiosity

Professors Garvin and Edmondson suggest that managers initiate learning by demonstrating curiosity and asking their teams questions, such as the following:

1. What was our objective?
2. What actually happened?
3. Why was there a difference between what happened and the initial objective?
4. What do we do next time?

A learning organization creates, acquires and transfers knowledge while adapting to incorporate new knowledge.

This process may seem simple, but many managers don't always take the time to do it.

According to Edmondson, "it's crucial to allow experimentation and provide psychological safety" so that employees are comfortable asking questions, able to admit mistakes, allowed to float innovative ideas no matter how wild they may seem and able to take personal risks.

I believe that organizations that empower their managers and teams to operate in this culture will foster best practices and true commitment.

Garvin refers to General Electric (GE) as a prime example of a good learning organization. Jeffrey Immelt has been GE's CEO since 2001 and is a worthy successor to Jack Welch, whose vision turned GE into a learning organization.

Immelt favours a learning organization, but he also wants it to be more creative and experimental, says Garvin. Under Immelt, GE business leaders must develop "imagination

breakthrough" proposals that "take GE into a new line of business, geographic area, or customer base ... (and) give GE incremental growth of at least \$100 million."

By empowering managers to foster learning, we help create environments that benefit all employees and ultimately enhance a company's competitive advantage.

In the Harvard Business School interview, Garvin said: "The world is changing, more global environment, industry boundaries are collapsing (and) previously regulated businesses are becoming deregulated. If your rate of learning is not greater than that rate of change, you are going to fall behind. But if you are learning more rapidly than the competition, you can get ahead and stay ahead." ■

Brigitte Pelletier, CMA, is a business coach and founder of Eki-Libra Accompagnement & Consultation in Montreal, Que. Visit www.eki-libra.com.



Author **James Quigley** debunks leadership myths and proposes a more collective model

By **Cindy Waxer**

Q: In your book *As One: Individual Action, Collective Power*, you debunk the myth that there are only two basic approaches to leadership.

A: The challenge of helping a large group of diverse people work together effectively is timeless. Given the enormous changes that have occurred in the marketplace in the wake of the great recession, we thought it was time for a fresh look at leadership. Having a broader view of models that can be used to sustain As One behaviour has the potential to both inform and assist leaders in their connection with their people so they can obtain greater commitment from their teams.

Q: What are the eight As One behaviour models?

A: Landlord and Tenants; Community Organizer and Volunteers; Conductor and Orchestra; Producer and Creative Team; General and Soldiers; Architect and Builders; Captain and Sports Team; Senator and Citizens.

Q: Can you describe an As One approach to collective leadership and how it encourages groups to operate more effectively?

A: Many of the leadership books that are out there focus narrowly on the attributes of a successful leader, and the tactics that a leader uses to drive the performance of his team or enterprise. We're saying that leadership, and the leadership challenge, is much broader than just the leader. We also need to talk about the organization, and we need to talk about the people we're trying to lead, that is, the followers. Then we have to be able to make that connection between leader and follower to obtain As One behaviour.

Q: Which As One behaviour model best defines your approach to leadership?

A: I'm a big advocate of the Architect and Builders model. That model is my default type. With 10,000 entrepreneurial

and highly motivated partners, I try to lead in a principled way that we refer to as "freedom within a frame." I want my partners to feel that they are absolutely empowered to act, but I want them to act within a frame that's defined by our values. I believe our As One thinking has broadened the dialogue.

Q: Deloitte has recently introduced an As One app for Apple's iPhone and iPad. And you're well known for sharing your insights on Twitter @DeloitteCEO. What role do social media play in fostering greater collaboration?

A: We're trying to begin a conversation. We would love to see, through our iPad and iPhone apps as well as our *As One* website, people contributing other examples of collective action and collective leadership. I believe we're going to discover that there are more than eight models that can be used to sustain collective leadership.

Q: During your research, you pulled together 60 detailed real-world case studies to analyze successful collaboration. What company or organization today exemplifies As One behaviour?

A: Look at the enormous commercial success of Apple Inc. I believe they are the perfect example of Landlord and Tenants. Apple is the Landlord with respect to its iPad and iPhone platforms, and Tenants are the application developers. Apple has broadened its footprint and expanded the number of Tenants who want to be inside the organization; yet their [the Tenants'] goals are still set by the Landlord, Apple. ■

James Quigley is senior partner of Deloitte Touche Tohmatsu Limited. He co-authored As One: Individual Action, Collective Power with Mehrdad Baghai.

Master of Financial Accountability

Get ready for a tough new world of leadership and governance. Learn to manage risk and transform business practices with new knowledge that complements your existing skills.

Executive-style, part-time format focuses on:

- Corporate ethics
- Regulatory requirements & legislative standards
- Effective information systems
- Transparency in reporting

Get details and an invitation to an info session at 416 736 5744 or email mfac@yorku.ca

www.yorku.ca/mfac



No. 1 Accounting & Tax Franchise
The Small Business Specialists since 1966
Join Padgett's 400 offices

DO YOU WANT TO BRANCH OUT ON YOUR OWN?

Padgett offers a fresh yet proven alternative to the challenges of going it alone

As a Padgett franchise owner, you will have access to time-tested systems and marketing techniques as soon as you open your doors for business. You can count on superior one-on-one training, ongoing courses and seminars, a dedicated franchise support team and state-of-the-art systems.

We're helping to grow success stories, one entrepreneur at a time.
For more info call 1-888-723-4388 ext. 222, or visit www.padgettfranchises.ca

Coming up in the next issue of CMA magazine:

- Five steps to deliver key process enhancements
- Understanding Canada's new anti-spam legislation
- Managing today's emerging risks
- Leading a team through change
- How to build on your CMA designation to advance your career, work overseas or become an entrepreneur
- How advances in computer analytics could help CMAs work smarter

CMA magazine reaches more than 55,000 readers in the management accounting community.

Readers use and buy financial services, insurance, software products and much more.

CMA magazine readers are key decision makers. They control operating budgets and approve purchases on behalf of their companies.

For advertising opportunities, contact Martin White at (416) 726-7435 or marty.white@sympatico.ca



The CPA's JobConnect™

Bringing the best jobs & the best candidates together

EMPLOYERS

Post jobs to an active payroll community

- Over 63,000 job searches per month
- Over 3,700 job seekers registered
- Over 3,500 resumes available



Visit the authoritative career resource for the Canadian payroll profession today!

<http://www.payroll.ca/go/?jc5>





Just cause is not a lost cause

Summary dismissals require appropriate investigations

By **Stuart Rudner**

PICTURE THIS: Your new hire, fresh out of accounting school, has been asked to help out with a major project over the weekend. He logs onto Facebook and updates his status with “Gotta work this weekend ’cause one of our lazy clients wants a report on Monday.”

Many employers do not understand when employees can, and cannot, be dismissed for cause. In fact, “just cause is not a lost cause” is a message that I often convey to clients who are convinced no one can be dismissed for cause in Canada. Employers should not be afraid to summarily dismiss employees when it’s justified. That said, I caution clients never to react in haste and to always consider the strength of their position in light of the law before taking action.

One often hears horror stories of employees sleeping on the job, stealing from their employer or engaging in other misconduct. Some people respond by simply saying “fire them,”

without any further consideration. The reality, however, is that Canadian employment laws are more nuanced. Summary dismissal requires a broader consideration of the issues and, in most cases, an appropriate investigation.

When can you dismiss?

Employees can be dismissed for cause when their misconduct or performance is so egregious that the employment relationship has been irreparably harmed. In such circumstances, our courts and arbitrators will find that just cause for dismissal existed and uphold a termination.

The difficulty is determining when that line has been crossed. In any situation where an employee engages in misconduct, the employer must take a contextual approach in assessing whether just cause for dismissal exists.

This approach involves considering not only the misconduct in question, but also the entirety of the employment relationship. This includes the length of the employment relationship, the nature of the employee’s position and duties, any prior discipline and any other contextual factors relating to either the relationship or the misconduct in question.

For that reason, it’s entirely possible that two employees will be guilty of the exact same misconduct but their penalties will differ. For example, a long-term employee with a clean disciplinary record will typically be given more

leeway than a recent hire who has been in trouble several times.

And the misconduct can’t be considered in isolation. It’s only after all relevant factors have been considered that an employer, or a court, can determine whether the relationship has been irreparably harmed by the misconduct.

Investigation in progress

When faced with an employee’s apparent misconduct, an employer should conduct an appropriate investigation. Doing so is important for a number of reasons.

In some cases, a proper investigation will reveal that the employer’s initial reaction may have been unfounded and that there was a reasonable explanation for the employee’s apparent misconduct.

This situation occurred to a client of mine who believed that a senior manager had engaged in a fairly blatant theft of company property. An investigation revealed that the manager had been moving property so that it would not be susceptible to theft when it would not be monitored. Had the employers reacted before investigating, as they were initially inclined to do, they would have not only opened themselves up to a significant wrongful dismissal claim, but also lost a valued member of their leadership team without good reason.

In other circumstances, the employer may confirm misconduct, but the investigation will reveal mitigating circumstances that would preclude

dismissal. Learning of such information prior to dismissal will save the employer from a potentially costly wrongful dismissal claim.

Conversely, an investigation may provide the employer with additional evidence upon which to base a conclusion that she does have grounds for summary dismissal. The employee may essentially dig herself deeper into the hole she has created by engaging in dishonest and deceitful conduct which will further erode any remaining trust and demonstrate that the relationship has been irreparably harmed.

Never again

In assessing whether the employment relationship has been irreparably harmed, courts and arbitrators will often consider the employee's behaviour during the investigation. In many

Employers should never leap to judgment upon learning of an employee's misconduct

cases, this can make the difference between a finding of just cause and a finding that dismissal without notice was excessive. A nonapologetic, dishonest employee is less likely to be given a second chance than one who admits to wrongdoing and offers suitable apologies and assurances that it will not happen again.

In many circumstances, it will be appropriate for the employer to retain a third party to conduct an investigation,

particularly where witnesses, including the employee in question, must be interviewed.

Employers should never leap to judgment upon learning of an employee's misconduct. No matter how egregious the conduct appears to be, it's crucial that employers engage in an appropriate investigation, consider all the contextual factors and then decide whether summary dismissal is warranted.

I regularly monitor just cause cases throughout the country and can comfortably say that courts and arbitrators will uphold summary dismissal in appropriate circumstances. However, the onus will be on the employer to justify the decision. ■

.....
Stuart Rudner is a partner in Miller Thomson's Labour & Employment Law Group in Markham, Ont.

Reach out to the management accounting community with the new CMA magazine.

CMA magazine was relaunched in 2011 to include contemporary, competitive and thought-provoking editorial content and a fresh, bold new look.

CMA magazine delivers articles and features across a spectrum of topics including innovation, sustainability, ethics and career management.

Deliver your message to *CMA magazine's* more than 55,000 readers across the country. For advertising opportunities, contact Martin White at (416) 726-7435 or marty.white@sympatico.ca

UBC DAP

The gateway to accounting

Accelerate your future with the Diploma in Accounting Program (DAP) at the University of British Columbia.

If you are a university graduate seeking a professional accounting designation, you can fast-track your education through the UBC Diploma in Accounting Program (DAP). UBC DAP's curriculum satisfies most of the CMA qualifying prerequisite courses for the CMA National Entrance Exam.

Application Deadlines

May start: Feb 1 (International applicants)
Mar 1 (Domestic applicants)

Sep start: Jun 1 (International applicants)
Jul 1 (Domestic applicants)

Courses now available online

Find out how DAP can accelerate your future: www.sauder.ubc.ca/dap



Opening Worlds

Taking on the IT training deficit

Ensure training has a day-to-day context

Let business needs drive technology and beware the buddy learning system

By **Jacob Stoller**

IT HAPPENS EVERY DAY. A manager is preparing the financials for a directors' quarterly meeting but doesn't know how to use the new, recently installed reporting app. So she does what most people do. She walks into the office of a colleague for help.

The so-called buddy system is the default for acquiring IT application skills, especially in this country. According to a 2009 Conference Board of Canada report, Canadian training budgets trail their U.S. counterparts by as much as 70 per cent.

Most organizations acknowledge — eventually — the need to be more proactive. “It’s one of the easiest things to defer,” says Jeff Wilts, director of enterprise data warehousing at Loblaw Companies. “You don’t feel the effects of not sending people out for training until six or eight months later, when you get to the point that people can’t do their jobs.”

Canadian training budgets trail their U.S. counterparts by as much as 70 per cent.

Learning from co-workers when they're needed seems like a good compromise, but it's ultimately disruptive and inefficient. “It’s costing me because I’m unproductive. It’s costing my neighbours because they’re unproductive,” says David Langlois, an evaluation specialist for the Department of National Defence in Ottawa.

Another problem is that office workers tend to avoid using unfamiliar tools and, as a result, leave out critical information in their reports.

“It’s about getting the full analytic capability out of these systems,” says Alan Middleton, executive director of the Schulich Executive Education Centre (SEEC) at York University. “If you feel scared of doing that, you’re cutting yourself off from an analytic tool that could throw up many areas that you need to re-examine. So you’re not just being an outcast in the organization; you’re also under-performing.”

Competency on the latest apps isn’t the only problem. “I’m always surprised at how little people understand the components that make up the systems that they use to report,” says Wilts. “They use the systems every day, but they can’t tell you where the information comes from, where or how it’s stored, or where it even goes when they’re done.”



“It’s extremely hard to get people to admit they don’t know something. And most of us don’t know what training we need because we don’t know what we’re deficient in.”

Sizing up the issue

The problem persists, in part, because knowledge deficits are tough to identify. “It’s extremely hard to get people to admit they don’t know something,” says Langlois. “And most of us don’t know what training we need because we don’t know what we’re deficient in.”

The average employee’s comfort with technology is also frequently overestimated. “The assumption is always that everybody’s got the basics,” says Middleton. “We assume it’s like reading and writing.”

According to Middleton, insufficient user training is symptomatic of a much larger problem: technology, instead of business requirements, tends to drive IT departments.

For example, a company might buy a collaboration tool for generating proposals and reports, but neglect to plan for the training of employees. Then a small central group might receive

training, but nobody else learns how to use the tool. “It’s a bit like sponsoring the Olympics, but not allowing enough money for advertising,” says Middleton.

Addressing the problem

Getting IT training on track begins with having a broader conversation about how applications are selected, planned and rolled out to users. The conversation should also focus on how using these applications will increase employee productivity.

Organizations should clearly document the capabilities and limitations of their computer systems. “They should start with the chief information officer and find out what exists,” says Middleton. “What are the capabilities of their software, hardware and communications systems? Then they should put that information up against their experience and background.”

Learning objectives should relate to the job requirements that the IT

systems support. Learners should see clearly how they will work daily with the technology.

“All this is about behaviour change,” says Middleton. “Adults learn by doing. We’re not very good at sitting in classrooms and conceptually thinking about information. Get people to apply the technology in their jobs as quickly as possible.”

Wilts believes the best way to incorporate context into training is to have peer groups learn together. “The whole group learning approach is important,” says Wilts, “because people can say, ‘maybe we should do this differently, maybe we should do that differently.’ They can have the conversations that they don’t normally have at work.”

Wilts also suggests that professional trainers produce the best results, and he questions the widely used “train the trainer” approach where end-user sessions are run by IT staff. “A lot of these technical guys are not good teachers, and they’re not good coaches,” says Wilts.

Ironically, it’s the employees’ need to understand technology in their own work that drives them to co-workers for help. If proactive training programs are to have any hope of displacing the buddy system, they’ll have to be at least as effective and relevant as the work they support. ■

Jacob Stoller is a Toronto-based writer and researcher.

Mission-driven

Paul Goodyear, FCMA, profits from meeting objectives

Research by **Jeremy Hutcheson**

PAUL GOODYEAR IS MISSION-DRIVEN. The CFO of the Salvation Army in Canada put his accounting skills to work in the not-for-profit sector because, he says, “I didn’t want to go to work for a business that would make shareholders rich. I wanted to do something more lasting, with more meaning.”

Along the way, he put his understanding of the not-for-profit sector to work for the accounting industry, leading the Accounting Standards Board’s (AcSB) Not-for-Profit Advisory Committee in their efforts to create new reporting standards.

Goodyear’s work in not-for-profit accounting began with his first job at Ernst & Whinney in 1986, where he worked in the audit and assurance group. But it wasn’t long before he moved over to the Salvation Army, where he’s been ever since.

“I can’t tell you of one set of books anywhere that has as much diversity as we have,” he says. The Salvation Army’s operation includes religious organizations, hospitals, small registered charities, post-secondary education and a large portfolio of real estate assets. The diversity made Goodyear an ideal committee leader. “It was rare that something came up that I couldn’t identify with and didn’t have some knowledge of.”

When the AcSB issued its decision on new reporting standards in 2010, it was the culmination of 14 years of Goodyear’s work. He found the experience of working alongside CAs and CGAs rewarding. “The rigour of my training as a CMA gave me a unique perspective and solid understanding of the standard setting we needed to do,” he says.

Now, with that work done, Goodyear focuses on supporting the Salvation Army’s mission. “I talk to people here about ‘mission return on investment,’” he says. “I want my team to be seen not as the people who just look after the numbers, but as people who collaborate in meeting objectives.” ■

Employer: The Salvation Army in Canada

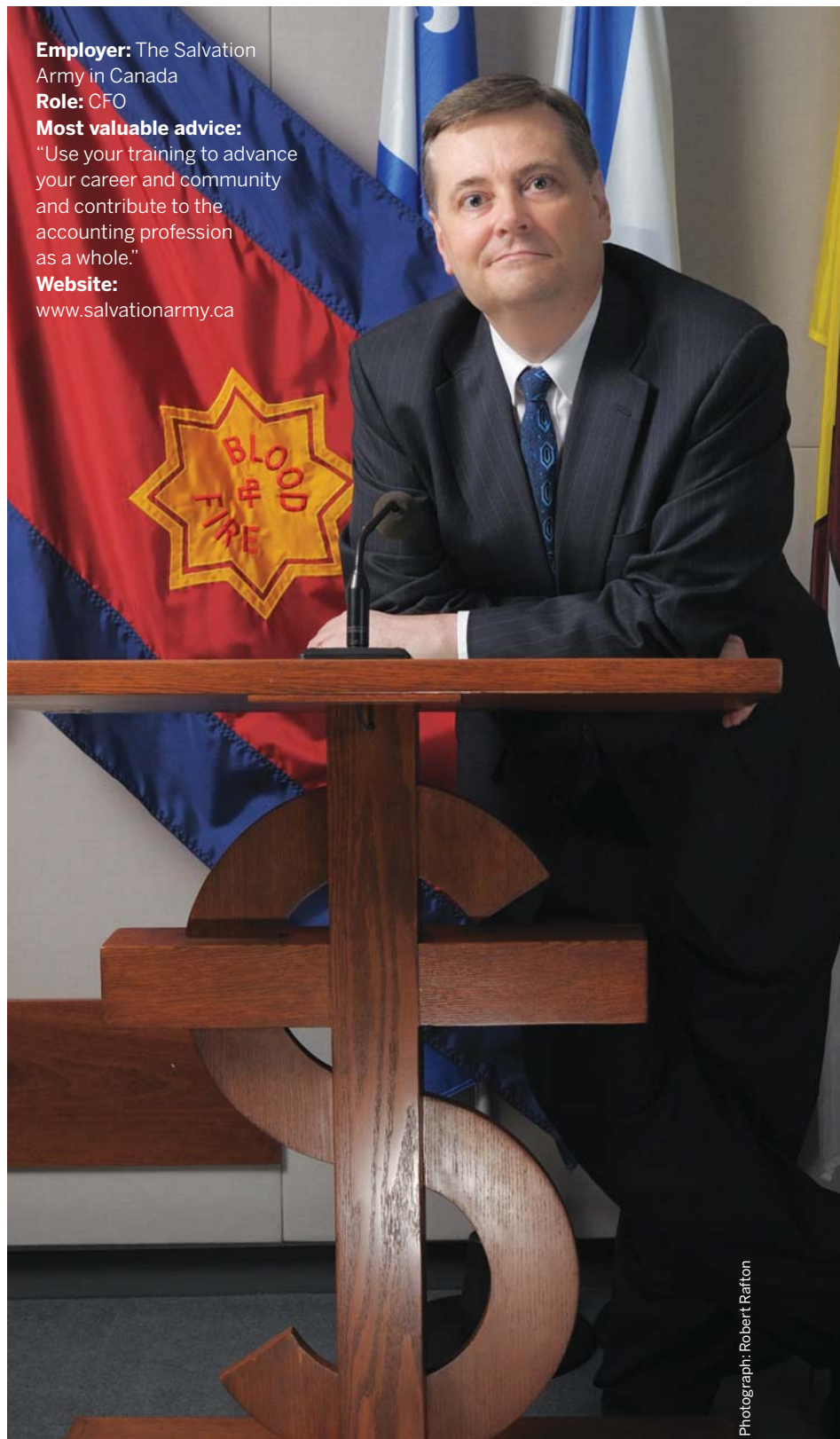
Role: CFO

Most valuable advice:

“Use your training to advance your career and community and contribute to the accounting profession as a whole.”

Website:

www.salvationarmy.ca



Photograph: Robert Rafton



UNITING THE CANADIAN ACCOUNTING PROFESSION

Canada's Certified Management Accountants have recently entered into discussions with Canada's Chartered Accountants to explore the merits and feasibility of uniting our national and provincial organizations. We believe that a united profession would be more efficient and effective than the status quo; more relevant, both at home and abroad; better able to enhance the support and services it provides to all members; and, better able to protect and serve the public interest.

To bring our organizations together, we are considering the creation of a new designation – the Chartered Professional Accountant or CPA – and a new common qualification program. By combining our respective strengths and expertise, the new designation would be equally strong for financial and management accounting, and we expect it would evolve into an internationally recognized business credential.

At this very early stage of our exploratory discussions, we are engaging CMA members, candidates and students currently registered with one of the provincial CMA bodies in an extensive consultation process to hear your perspectives and inform the way forward.

Visit our member engagement website at www.CPACanada.ca to share your views.



Ryan

Brendan Moore is Back!

"I LOOK FORWARD TO HELPING CANADA'S
LEADING COMPANIES IMPROVE THEIR
TOTAL TAX PERFORMANCE."

Brendan F. Moore
Vice Chairman, Ryan ULC

Canadian tax industry pioneer Brendan Moore is now free to provide a comprehensive range of Ryan tax consulting and advisory services—including Canadian sales tax—to all companies in Canada.

Brendan Moore joined Ryan in April 2009. He leads a team of the industry's most seasoned tax professionals, all dedicated to providing the most innovative suite of Canadian tax services available.

Since 1991, Ryan has become the leading tax services firm in North America, providing the most strategic approach to tax consulting available today. Let industry visionary Brendan Moore and Ryan's team of premier tax advisors help control your Canadian tax liabilities while dramatically improving your company's bottom line.

For more information, please call **800.667.1600** or visit us at www.ryanco.ca.

