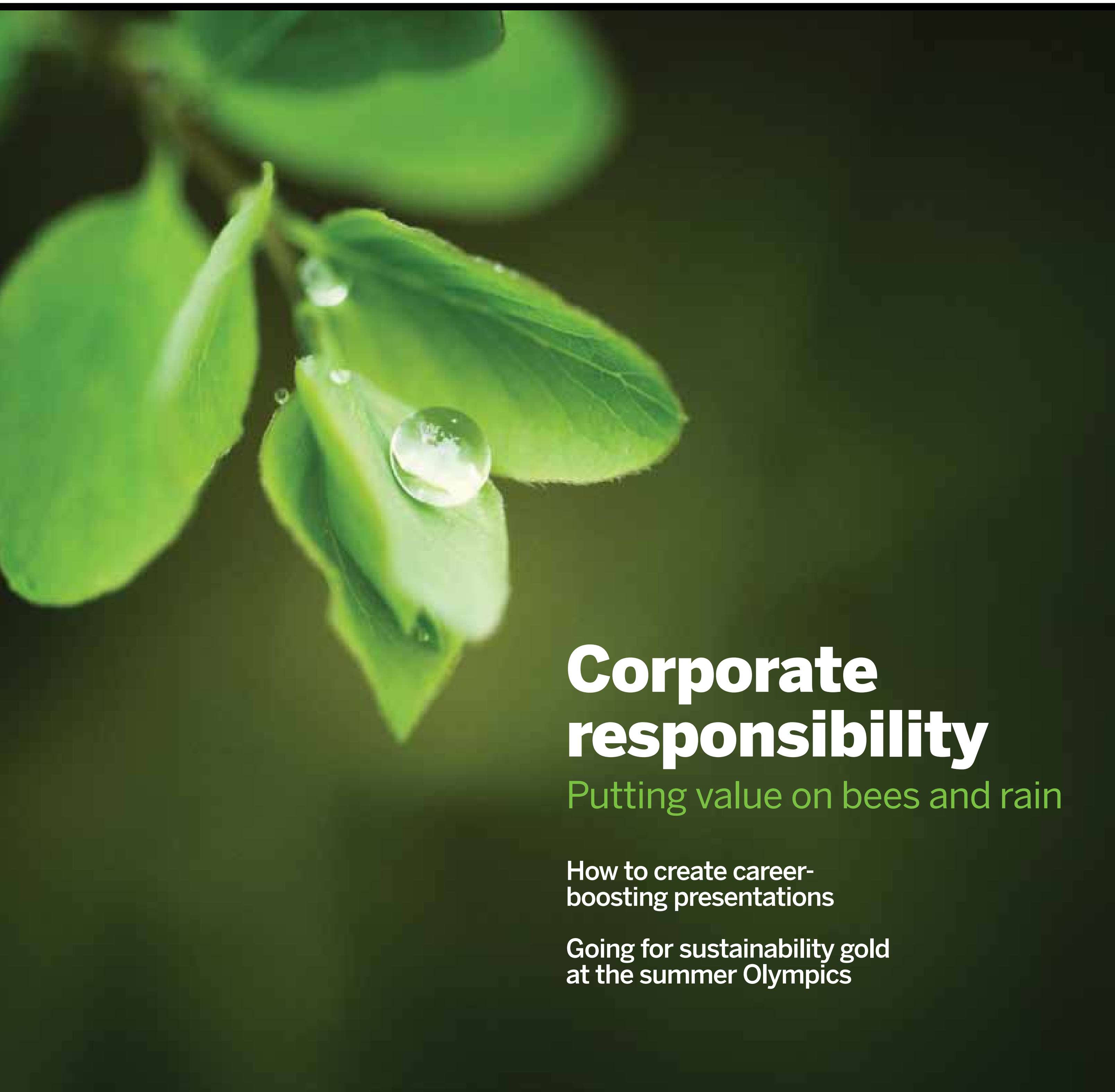
CMA magazine

THE VOICE OF MANAGEMENT ACCOUNTING
WWW.CMAMAGAZINE.CA

CMA

JULY/AUGUST 2012

Star lessons from the NBA's Jeremy Lin
The perks of being an introvert
Celebrating government innovation
Strategy: Inside out or outside in?



Corporate responsibility

Putting value on bees and rain

How to create career-boosting presentations

Going for sustainability gold at the summer Olympics

CMA magazine

VOLUME **86** NUMBER **4**

JULY/AUGUST 2012

CERTIFIED MANAGEMENT ACCOUNTANTS OF CANADA
1400 – 1 Robert Speck Pky.
Mississauga, ON L4Z 3M3
(905) 949-4200
www.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
Michelle Gosselin, Ruth Samson
(514) 878-1105 traduction@cma-canada.org

MARKETING & COMMUNICATIONS
Cindy Ruocco
(905) 949-3116 cruocco@cma-canada.org

CONTRIBUTING WRITERS
Sharon Aschaiek, Gabrielle Bauer, Oliver Bertin, Anne Bokma, Patrick Buckley, Jennifer Campbell, Jennifer Dawson, Jaclyn Law, John Lorinc, Ajay M. Pangarkar, Jacob Stoller, Hank Thiel

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.

SUBSCRIPTIONS
Canadian residents: $15 (plus applicable tax)
U.S. residents: US$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 Ironstone Media.
www.ironstonemedia.com

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

MIX
Paper from responsible sources
FSC® C014584

Flying back from CMA BC's leadership conference, I stepped into a 30-year-old Boeing 767 and thoughts of *Mad Men*.

You know, that time when 50 passengers politely shared one TV monitor, the skies were safe, drinks were free, and few thought about air pollution, fuel costs or the dangers of lighting up in an aluminum tube.

What a shift from where we are now. Wind-powered hotels. Restaurants offering ocean-friendly seafood choices. Conference sessions on corporate social responsibility where CMAs with backgrounds in mining exploration and extraction talk passionately about regulation, disclosure and environmental management. (There's nothing like getting off your home turf to be reminded of the diversity of this country.)

Oh, Canada. Times change, paradigms flip, but the struggle to make sense of what's important never ends. David Baxter's conference keynote speech focused on population and economic change. For CMAs the big questions are, How to manage? How to quantify?

The drop of water on the cover of this issue is where it's at. *The Majestic Plastic Bag — A Mockumentary* (http://bit.ly/dyviRD) is a tale of our times. The Intangible Asset Finance Society (http://iafinance.org/) is real.

John Lorinc's article "Zooming In" (p. 30) explores corporate sustainability reporting. Physical and financial assets represented 83 per cent of capital value in 1975, but they represent less than 20 per cent today.

In this issue, we also launch our Spectrum column (p. 14), where competency experts grapple with hefty topics in management accounting and provide solutions that will help you formulate your own. We'd love to know what you think.

Have a great summer and enjoy the read!

Mara Gulens

Mara Gulens
Director, Publications/Editor-in-Chief
Email: mgulens@cma-canada.org
Twitter: @CMAmagazine

Contents

JULY/AUGUST 2012

FEATURES

DEPARTMENTS

COLUMNS

Cover: © Ulrike Neumann / iStockphoto

What do you want to read about?

Whether you're reading this issue on the deck, on the dock or back at the office, enjoy. And during this all-too-short period of sunshine and warmth, please consider what you'd like to see on these pages as the calendar rolls forward. Send us your ideas. We're listening.

I absolutely love the Innovation issue (March/April 2012): its relevant, cutting-edge topics (Canadian R & D issues, gTLDs), the simplified CMA Competency Map and reminders of benefits available to CMAs.

Everything about this new *CMA magazine* is timely, interesting and easy to use. I have emailed stories and printed others.

— **Deborah Clarke**, MBA, CMA
Wyoming, Ont.

What do you think? The most critical element of a thriving workplace is

a) an employee wellness plan
b) team-building days away from the office
c) flex hours
d) group meetings to review annual goals and targets
e) the CEO's presentation on company vision and mission

Respond online at **www.cmamagazine.ca**.

CMA welcomes letters to the editor

Email us at **letters.editor@cma-canada.org**
Tweet us **@CMAmagazine**
Join our LinkedIn group, **"Certified Management Accountants of Canada"**

Letters may be edited for clarity and brevity.

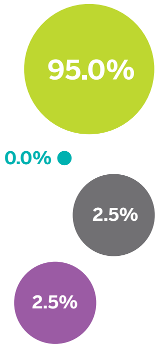
In response to Michael Fredericks's questions about Continuous Professional Learning and Development (CPLD) opportunities in the Jan./Feb. 2012 issue: Financial Management Institute (FMI) of Canada members can accumulate CPLD credits through informal learning events such as free webinars and workshops. FMI also offers preferred member rates for professional development conferences. Depending on the chapter, membership costs anywhere from $25 to $50 annually. See www.fmi.ca.
— **Don Singer**, CMA
Ottawa, Ont.

Our response: *Stay tuned for the CPLD refresher in the Sept./Oct. issue.*

Slam, dunk

According to our online poll, corporate social responsibility (CSR) should be

a) implemented at all levels by all companies
b) only a concern for large manufacturers
c) not bothered with because the term will disappear in three years
d) discussed at the ownership/board level; it's not my concern



Here's what you had to say:

➤ "Corporations are citizens. Their contributions need to be tangible but proportional to their ability to pay. While participation should not necessarily entail monetary contributions, every member of society, including corporations, needs to do his or her part."

➤ "I'm working in the CSR field and hope you won't get too many (c) or (d) answers, as that would mean CMAs are laggards. If accountants knew how important they could be in a CSR-sustainability strategy, it would change the profession."

➤ "Corporations only need to do as much as necessary to keep onside of regulations and keep customers satisfied, but if they do not do more, future generations will have far less to work with than we did."

➤ "The CSR acronym may disappear, but it's becoming increasingly difficult to compete for new opportunities because of public scrutiny."

For more on the implications of CSR, turn to our feature package on page 24.

New and relevant

AWARD WINNERS

Women's training program tops

You've got to hand it to the ladies.

At least, that's what CMA Ontario did when it recognized Women's Enterprise Skills Training (WEST) of Windsor with the CMA Canada National Recognition Award on Apr. 4, 2012.

WEST, in partnership with the Odette School of Business at the University of Windsor and CMA Ontario, created the Management Training Program (MTP). Since 2009, the MTP has helped 70 internationally trained women with backgrounds in strategic financial management achieve their CMA designations. Eighty-six per cent of participants have already found jobs, and the program is being expanded to other cities across Canada.

"WEST is thrilled by the success of the program participants, and we are confident it will lead to growth and development of the local labour market," says Rose Anguiano Hurst, WEST's executive director.

BENCHMARKING REPORT

How do you measure up?

The third annual *Benchmarking the Finance Function* study, published by Robert Half and Financial Executives International, is now available. Of the more than 60 Canadian execs surveyed,

- 65 per cent use Excel as their primary budgeting and planning tool
- 45 per cent use temporary, interim or contract professionals in their accounting and finance departments
- 58 per cent reconcile their accounts manually

TECHNOLOGY

Training in tablet form

More than four in 10 U.K. organizations are thinking about ditching the PC and projector in favour of using tablet computers to deliver training. The *Digital Learning for Business* report, released in April by ILX Group, surveyed 100 HR decision makers across sectors.

VIEW FROM THE C-SUITE

CFOs on the rebound

CFOs in Canada and the United States are feeling significantly more optimistic in the first quarter of 2012 than they have felt in half a year.

The quarterly Deloitte *CFO Signals* survey, published at the end of March, includes responses from 94 CFOs. Twenty-one per cent of respondents represent Canadian companies.

Canadian CFOs have increased their sales growth projections but not their earnings growth projections. The opposite is true of U.S. CFOs. Both U.S. and Canadian CFOs expect greater domestic hiring and increased capital spending.

Fewer than one in 10 CFOs from both countries report that their companies are delaying major deals at this time.

PROFESSIONAL RESOURCES

Looking out for the little guy

The Small and Medium Practices Committee of the International Federation of Accountants (IFAC) has published a *Good Practice Checklist for Small Business.*

The 24-page report includes a detailed breakdown of financial and management tasks, regulatory requirements and personal affairs activities. It's a useful resource for small and medium-sized enterprises (SMEs). Accountants can use it as a marketing and diagnostic tool for SME clients.

View the full report at www.bit.ly/IYcAJE. — *C.R.*

CORPORATE INNOVATION

Daily grind wears down fresh ideas

What is the greatest barrier to your company being more innovative?

Being bogged down in daily tasks/putting out fires:	49%
Too much bureaucracy:	9%
Lack of new ideas:	5%
Don't know/no answer:	29%
Other:	6%
Ineffective leadership:	2%

Robert Half International surveyed more than 270 CFOs of Canadian companies and published the results in April 2012.

Left, © DNY59 / iStockphoto. Centre, © stevecoleimages / iStockphoto. Right, © PEDRE / iStockphoto.

THINK GLOBAL

Risky business

Global economic uncertainty is the biggest risk to companies in 2012, say nearly three-quarters of the 1,530 chief audit execs and stakeholders surveyed as part of PricewaterhouseCoopers's *2012 State of the Internal Audit Profession Study*, released in April.

Luckily, global risks are inciting action, according to a separate PwC survey, conducted in November 2011 and available at pwc.to/xLMjiz.

Forty-five per cent of the more than 1,000 executives and risk management leaders surveyed say the ongoing sovereign debt crisis in Europe caused their companies to change their strategy, risk management or operational planning, while 25 per cent made changes because of the March 2011 earthquake and tsunami in Japan and 18 per cent made changes because of political upheaval in Arab countries.

World financial and accounting leaders say the sovereign debt crisis is also a wake-up call for government.

At a two-day seminar hosted by the International Federation of Accountants last March in Vienna, presenters called on political leaders to address problems with public financial management. Key recommendations included adopting accrual accounting practices and adhering to the International Public Sector Accounting Standards. For more information, visit http://bit.ly/Nw7WEA.

ONLINE RESOURCES

One-stop research shop

Get easy access to CMA Canada Research Foundation's latest accounting publications with the new research website and blog at www.ManagementAccounting.org.

You'll find workplace-relevant information and reports on

- Management Accounting Practices
- Management Accounting Guidelines
- Emerging Issue Papers
- case studies
- webinars

Connect to issues and learn from peers on the site's blog. If you think your opinions merit a virtual soap box, apply to be a guest blogger by emailing info@managementaccounting.org.

CMA NEWSMAKERS

Obama uses CMA's research

It's nice to be noticed, especially by the president of the United States.

Research findings by Dr. Jeffrey Pittman, who holds the CMA Professorship in Accounting at Memorial University in Newfoundland, were used to support Barack Obama's proposal for a permanent U.S. research and experimentation tax credit.

Pittman's findings, originally published in 2004 in *Contemporary Accounting Research*, suggest that R & D tax credits generate, on average, $1.30 of additional R & D spending in Canada and $2.96 in the United States for every dollar of taxes that isn't remitted.

President Obama makes the tax credit pitch — using Pittman's research — in *The President's Framework for Business Tax Reform*, published in February 2012 and available at 1.usa.gov/xDdYQr.

"Jeff has a record of publishing in top-tier management journals," says Dr. Jeffrey Parsons, an associate dean in the Faculty of Business Administration at Memorial. "It is gratifying to see the significance of his work acknowledged in such a high-profile manner."

CONSUMER TRENDS

Big ticket items on the back burner for Canadians

69%	will delay a new car purchase (v. 64% last year)
62%	will delay upgrading to a bigger house (v. 56% last year)
61%	will delay purchasing new electronics (v. 59% last year)
53%	will delay entertainment expenses (v. 49% last year)
49%	will delay a vacation (v. 47% last year)

Source: PwC Canada, April 2012.

SOCIAL MEDIA

Facebook facelift

There's lots to like about CMA Canada's revamped Facebook page.

We've added toolbar tabs and pages for research, publications, webinars, *CMA magazine* and professional programs. Learn the latest on unification, get inspired by the stories of successful CMAs, and link to priority pages on the national and provincial CMA Canada websites.

Check out the action by logging in to Facebook and searching for "CMA Canada." "Like" us, link to us, tweet about us, post comments, and share our content with your personal and professional contacts.

We're also a-flutter about the new design elements we've added to Twitter. Visit www.twitter.com/cmacanada and www.twitter.com/cmamagazine to follow us — and don't be shy about retweeting our posts.

With your help, we can make social media professionally meaningful.

Left, © pearleye / iStockphoto. Right, © EdStock / iStockphoto.

BOOK REVIEW

Defining value

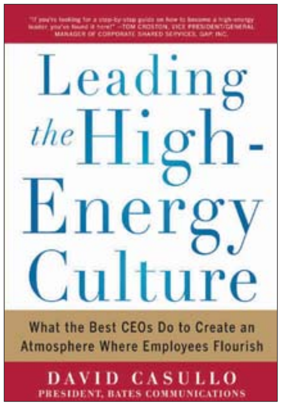
How much is the company worth? Howard Johnson, FCMA, provides several answers to this question in *Building Value in Your Company*. A good summary with few numbers and no complicated formulas, the book is written at a level that most people can understand and is a good refresher on corporate finance.

The book's first section looks at ways to measure corporate value. While some financial analysts favour multiples, discounted cash flows and income statements, Johnson advises the reader about the importance of balance sheets. These provide information about financial strength and ongoing capital requirements.

The book's second section examines value creation by increasing cash flow, reducing risk or reducing capital requirements. Johnson provides insightful comments in chapters where he showcases his experience with equity financing and corporate acquisitions.

The last section focuses on value realization. Johnson's wisdom and understanding helps guide clients through liquidation, dividend/share buybacks, recapitalization, family succession, management buyouts, selling to financial buyers and initial public offerings. The text is written in a style that allows an adviser to share the book with clients so they can make more informed decisions.

Author: **Howard E. Johnson**
Publisher: **Chartered Accountants of Canada**
Reviewer: **Patrick Buckley**, CMA, PhD



BOOK REVIEW

Inspiring rallying cries

An effective rally cry conveys, in very few words, the unique and powerful forces driving an organization. Think Nike's "just do it" or Apple's "think different." *Leading the High-Energy Culture* claims that a rally cry is essential if a firm is to become a high-performing organization and that firms are driven to greater heights when their leaders tell engaging tales that transmit energy by enlivening that cry.

Before working at his current post at Bates Communication, author David Casullo was the leading executive of the Leadership Development Institute of a growing firm, Raymour & Flanigan. The most successful students rated high on the five C's of character, commitment, competence, courage and communication, and learned to create atmospheres that inspired employee engagement.

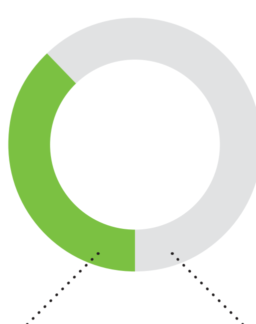
Leading the High-Energy Culture ties the composing of a rally cry into a leadership development program. First, candidates determine their personal truths and values. Second, they discover their organization's rally cry by studying the organization's history, determining its movers and shakers, and querying key players. Participants round off their training to discover the secret sauce that drives their organization. *Leading the High-Energy Culture* is written in a gruff, no-secrets, from-the-heart style.

Author: **David Casullo**
Publisher: **McGraw Hill**
Reviewer: **Patrick Buckley**, CMA, PhD

NON-PROFIT NOTES

Making non-profit board members pay

38%



62%

Non-profits that require board members to give money to the organization: 38%

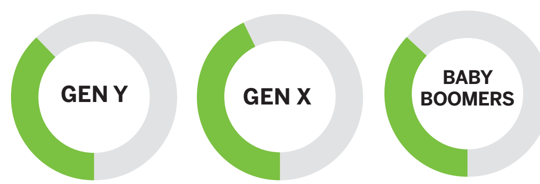
Non-profits that let board members off the cash donation hook: 62%

Source: Nonprofit Research Collaborative, *Canadian Nonprofit Fundraising Study*, April 2012.

WATER COOLER WISDOM

Gen X has job jitters

"Do you frequently think about quitting your job and leaving your current employer?"



38% said yes **43%** said yes **37%** said yes

Read the full report at bit.ly/HQBS9D.

Source: Kelly Services, *Kelly Global Workforce Index*, April 2012.

Work-home line blurs

51%	handle work-related matters during private time
46%	handle private matters during work hours
44%	receive calls or email while on holiday
29%	are expected to be available 24-7
43%	feel they've fallen short if they don't respond immediately

Source: Randstad Canada, *Workmonitor* survey, April 2012.

UNIFICATION

First through the gate

The unification of Canada's accounting profession took a giant step forward on May 16, when the Province of Quebec passed Bill 61, the Chartered Professional Accountants Act, to create the Ordre des comptables professionnels agréés (CPA) du Québec. The historic move positions the accounting profession in Quebec as the first to unite under the Chartered Professional Accountant (CPA) designation.

Quebec is aligned with the *Unification Framework* which is being used to guide discussions in other provinces. Quebec's legislation shows that unification can be accomplished at the provincial level, and the approach adopted in Quebec fully respects provincial rights, responsibilities and authority while providing a model framework for the other provinces.

To read about the new Ordre des CPA du Québec, visit http://cpa-quebec.com/home.

The journey

CMA Canada and the Canadian Institute of Chartered Accountants (CICA) remain fully committed to unification despite the withdrawal of CGA-Canada, a number of their provincial bodies and CMA Ontario from the discussions. Both national organizations maintain that uniting Canada's three accounting designations would best protect the public by creating a common set of high ethical and practice standards and strengthen the profession's influence and value both at home and internationally.

Here's an update on milestones at the time of writing:

- British Columbia's CMAs and CAs have received a clear mandate to continue unification discussions as part of a national initiative.

  Of the 33 per cent of CMA BC members who completed the member survey, 66 per cent strongly favour and 25 per cent somewhat favour the merger proposal.

  Preliminary results show that of the 43 per cent of B.C. CAs who took part in the member vote, 52 per cent support unification, 9 per cent believe elected council should decide, and 39 per cent do not support unification.

- In May, the CMA and CGA bodies in Alberta released their provincial merger proposal. Read *Strength in Numbers: Alberta Accounting Body Merger Plan* at http://bit.ly/JFVPy5.

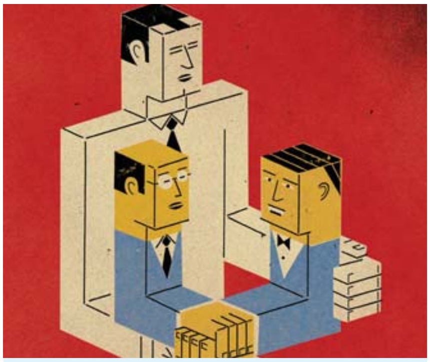
- Sign up for e-alerts to receive updates on the progress of CPA unification. Go to http://cpacanada.ca/ealert.

More reading

The unification of Canada's accounting bodies is documented online:

- A comprehensive survey of Canadian business and thought leaders reveals strong support for a unified accounting profession in Canada. Read the full report at http://bit.ly/M2sULP.

- An academic paper by William Lahey, associate professor at the Schulich School of Law, Dalhousie University, concludes that unification could improve the profession's self-regulatory function. See http:// bit.ly/Lc19uU. — *M.G.*



THE STATS

4

professional accounting designations exist in Canada as of May 16, 2012.

40

professional accounting bodies existed before the passage of Bill 61. Twelve of Canada's provinces and territories and three national jurisdictions form 39 separate bodies; Bermuda's CAs are also part of the total CICA group.

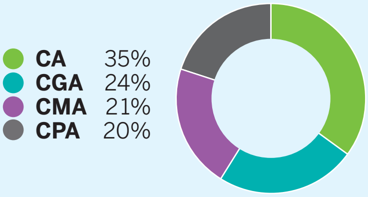
170,000

professional accountants work in Canada.

35,000

of Canada's 170,000 professional accountants are now members of the Ordre des CPA du Québec.

The Canadian accounting pie



Noteworthy is compiled by Jennifer Dawson with assistance from Patrick Buckley, CMA, Mara Gulens (M.G.) and Cindy Ruocco (C.R.).

Introvert **Susan Cain** extols the virtues of staying quiet in an in-your-face culture

By **Gabrielle Bauer**

Q: How do you define introversion?

A: People often confuse the term with shyness, which is fear of social judgment. Introversion is more about how you respond to stimulation. Introverts prefer quieter, low-key environments while extroverts thrive on group energy.

Q: Can people move along the introversion/extroversion spectrum throughout their lives or in different settings, or does one inclination predominate throughout a life?
A: People can definitely become less shy as they develop social skills, but they generally don't change their underlying temperament. In other words, Bill Gates could never become Bill Clinton. A socially adept introvert might still want to leave the party after an hour.

Q: In your book *Quiet: The Power of Introverts in a World That Can't Stop Talking*, you argue that North American corporations tend to place disproportionate value on extroverts. How can we ensure introverts are valued and appropriately managed?
A: We need to design offices so that introverts get more solitude and space, and to rethink our approach to meetings. As a rule, introverts don't think well on their feet. They need to know the agenda in advance so they can prepare. They also need time for "post-mortem" reflection because they might get their best ideas *after* the meeting.

By the same token, organizations would do well to consider alternatives to traditional meetings, such as online discussions or suggestion boxes.

Q: Conversely, what can introverted employees do to create a more suitable working environment for themselves?
A: I'm not sure we're at a point where we can ask our employer to accommodate our introversion, but I've seen people get the same result with a more subtle approach. For example, an analyst who worked in finance was overwhelmed with the flow of people in and out of her office. She asked for permission to work from home three days a week, arguing it would increase her efficiency, and her employer granted her request.

Q: What are the benefits of having both introverts and extroverts on corporate teams?
A: Each group brings different strengths to the table. Extroverts can infect a team with their excitement but may take excessive business risks. Introverts tend to be more cautious. It doesn't mean they don't take risks, but they always evaluate the downside. Warren Buffett comes to mind.

Q: What are the dangers of insisting that people work in groups?
A: Not getting the best of people's brains. If you're not providing enough time for solitary work, you're losing a fount of creativity. We need to broaden our definition of teamwork so that introverts can go off and work independently on their piece of a larger puzzle.

Q: Can an introvert be an effective leader?
A: The idea that you have to be bold and charismatic to be a leader is a myth. When managing proactive employees, introverts actually outperform extroverts. They're less inclined to micromanage and more apt to listen.

Q: Any tips on how to help introverts make good first impressions when networking?
A: If conversation stalls, think about topics that might be useful such as popular books or movies you've seen. Even if you don't feel like it, be prepared to smile. If all else fails, you can ask questions. That's a conversational style that comes naturally to many introverts. ▣

A former corporate lawyer, **Susan Cain** *has married her two passions — writing and psychology — in her book and magazine articles about introversion and shyness. An honours graduate of Princeton and Harvard Law School, she lives with her husband and two sons in New York State's Hudson River Valley.*

Aaron Fedor

Congratulations to the recipients of the 2012 *Award of Excellence for Comptrollership in the Public Sector!*

Agriculture and Agri-Food Canada (AAFC) & Natural Resources Canada (NRCAN)

JOINT TEAM NOMINATION

AAFC

Erna Burns
Design Team Advisor

Paul Drolet
Director, Financial Management Application

Gord Godfrey
Chief Technical Infrastructure

Angus Howieson
Director General, Application Development

Georgina Karlis
Interface Team Manager

Catherine West
SAP Security Manager

NRCAN

Mary Bond
Training and Technology Manager

Sylvie Letellier
Director General, Corporate Renewal Office

Michel Nault
Director Business Design

Nathalie Paradis
Project Delivery Manager

Marie-Claude Pilon
Design Team Manager

Marc Primeau
Director, Change Management

Joanne Tubman
Conversion and Interfaces Manager

www.comptrollershipaward.com

CMA Certified Management Accountants™

CIPFA The Chartered Institute of Public Finance & Accountancy

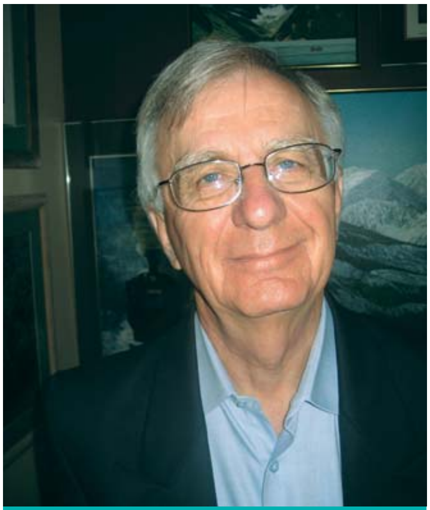
SPONSORED BY ACFO–ACAF pwc

Inside out or outside in?
Choose the process that suits your style

Two competency experts weigh in on determining organizational strategy

By **Andrea Civichino**

INSIDE-OUT STRATEGY
Norman Sheehan, CMA, PhD, CGA, *is an associate professor in the Department of Accounting at the University of Saskatchewan's Edwards School of Business.*



OUTSIDE-IN STRATEGY
Gord Cummings, FCMA, *is a retired CEO who spent almost 20 years running Canada's then-largest seafood company, National Sea Products Ltd., among other companies and organizations. He is a past chairman of CMA Québec and of CMA Canada and remains active in CMA activities.*

STRATEGIC PLANNING DETERMINES the direction an organization needs to take to achieve a desired future, not to mention a competitive advantage.

But what's the best approach? Is it better for organizations to have an outside-in strategy that focuses on the customer? Or is it better to have an inside-out strategy that focuses on organizational strengths and weaknesses?

Critics say organizations that adopt an inside-out strategy are too slow to respond to major changes in the marketplace. But an outside-in strategy can be too focused on delivering results to shareholders.

In this first in a series of columns exploring options on high-level issues, we pose the question to two CMA competency experts. They are not debating. Instead, we're providing a peek into two ends of the spectrum to help readers formulate their own analyses to make appropriate organizational decisions.

THE QUESTION ?

We asked members of the Pulse, a core group of volunteer CMAs, which approach is better for formulating an organization's strategy.

Inside-out strategy 56%
Outside-in strategy 44%

If you'd like to help out with future Research Foundation surveys, please email thepulse@cma-canada.org.

MORE ON STRATEGY *

To read more about strategy, check out the following journal articles in the CMA Online Library at www.ManagementAccounting.org:

- "Blue Ocean Strategy"
- "Can You Say What Your Strategy Is?"
- "Developing the Strategy: Vision, Value Gap, and Analysis"
- "The Fall and Rise of Strategic Planning"

FOR THE INSIDE-OUT STRATEGY

Norman Sheehan, CMA

In today's business environment, it's not good enough to be just as good as the competition; organizations need to be significantly better than their competitors.

Organizations that adopt an inside-out strategy need to examine their strengths and weaknesses by asking, what are we good at making and selling? Once these strengths are identified, the organization makes these products and uses heavy marketing to convince users to buy them.

An inside-out strategy works well in fairly well-developed markets where the customers' needs and wants slowly change. Take companies that produce the majority of the foods we eat, including poultry, beef, sugar and flour. Given that market shifts for these items are slower, firms such as Tyson and Maple Leaf primarily focus on applying new technologies that allow them to safely manufacture these foods faster and/or cheaper.

While an inside-out strategy generally works well, it may fail if organizations become so internally focused that they overestimate what they're good at, underestimate the offerings of their rivals or miss changes in the external market.

Take RIM and Nokia. Both organizations were so focused on improving the functionality of their phones that they failed to see the changing needs of their customers and to respond to new offerings by their main rivals, Samsung, HTC and Apple.

Inside-out strategies involve identifying a firm's capabilities and then creating and selling offerings that use these capabilities in ways other firms cannot match. Once they've produced these offerings, firms then engage their marketing staff to find customers who will buy the offerings.

Apple might be the best example. Apple doesn't use customer surveys to develop products, and Steve Jobs once said that Alexander Bell did not do customer focus groups before he invented the telephone.

FOR THE OUTSIDE-IN STRATEGY

Gord Cummings, FCMA

Organizations need to begin by looking at the bigger picture. And the bigger picture includes the competition and the customers.

One of the best examples of an organization that uses an outside-in strategy is Johnson & Johnson. As part of the company's planning process, each division has to prepare a strategic plan of its competitors. Who are our competitors? That's a really important question to ask.

Competitors are not just the organization's current competition; they're also the emerging competitors. For example, organizations in the grocery industry should have predicted that Walmart or Target would eventually enter the market to compete with existing chains.

What happens outside always drives how an organization reacts inside. If you look at the technology sector, most of the players that dominated in the past barely survive today. New organizations are entering the marketplace. Organizations need to know what their competitors are doing to determine their next move.

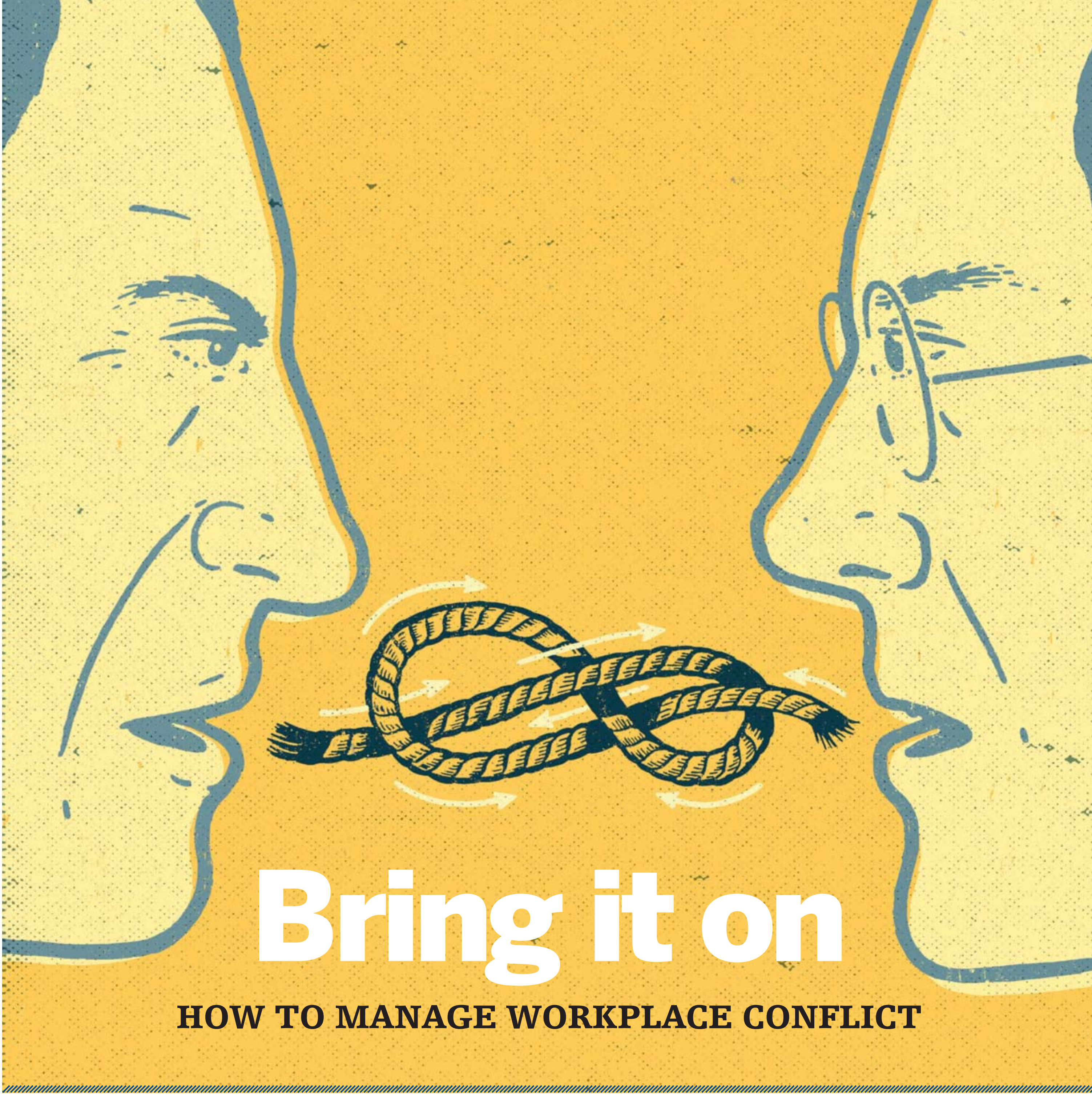
An outside-in strategist asks, how much risk does the organization want to take? Every risk is a potential opportunity.

Organizations want to adopt an outside-in strategy because they want to grow, survive and prosper. Things are changing all the time, and organizations need to keep reinventing themselves. Look at how many times McDonald's has transformed itself. Some organizations see the changes, look at the needs of their customers, and adapt.

Social media are also playing a role in outside-in strategy. Organizations monitor social media and pick up trends. That's a new way of finding out customers' likes and dislikes. While that information can be fragmented, organizations that understand the importance of that analysis engage internal employees who can interpret the information accurately.

It's important to understand the customers' wants and needs and to determine whether there's something the organization can do to meet them. Top executives and CFOs may not want to adopt an outside-in strategy because they're not worried about what happens to the organization five years from now. They're interested in what happens today. ▣

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



© Dan Page Collection / theispot.com

Bring it on

HOW TO MANAGE WORKPLACE CONFLICT

Diversity and disagreement are hallmarks of high-performing teams

By **Anne Bokma**

"Conflict is inevitable, but combat is optional," says the bestselling American author Max Lucado. Indeed, since business involves dealing with people with diverse values, needs and expectations, it's natural that conflict will occur. And not all conflict is bad.

"Conflict is a necessary component of a high-performing team," says Simon Geoghegan, a partner and coach at Epiphany, a business coaching agency based in Hamilton, Ont. "You need a diversity of ideas when you're solving business problems, and when we encourage these different ideas there's bound to be disagreement."

Still, these disagreements can turn toxic, resulting in defensiveness, blaming, stonewalling and contempt. Then smart people with potential can get tied up in cafeteria bun fights instead of doing the great work they were brought in to do, says Geoghegan.

Unresolved conflict causes a host of problems at work: absenteeism, employee turnover, loss of productivity, increased client complaints, disability claims and sick leaves. In fact, unresolved

Unresolved conflict is considered the largest reducible cost in many businesses.

conflict is considered the largest reducible cost in many businesses.

So how can we prevent conflict from making us resentful of our co-workers and managers and escalating into all-out war in the workplace? Here are nine ways to manage conflict and improve your workplace karma.

1. Create guidelines for disagreement. Teams should develop contracts to deal with conflict in a productive way. They should agree upon rules such as not interrupting one another, listening carefully and assuming good intent. Geoghegan worked with a trucking company where the team even agreed in advance that it was acceptable to swear if things got heated.

2. Understand the different styles of the people you work with. "The typical accountant and sales rep may complement each other in a business sense, but they tend to have the opposite wiring," says Else Pedersen, president of Perceptive Edge, a Toronto-based human resources consulting firm. "It's important to learn to embrace those who are different from you and remember that they're likely to be good at the things you aren't good at."

3. Intervene early. If it's not dealt with, a minor disagreement between two employees can prompt them to avoid one another for weeks. "People think if they don't engage, the conflict will just blow over," says Geoghegan. "But those negative feelings under the surface are still there."

4. Just listen. Managers often jump into solution mode too fast and think they have to fix a problem. Often, all the employee needs is the opportunity to be heard.

5. Raise your EQ. Emotional intelligence includes qualities such as self-awareness, empathy, confidence and maturity — soft skills that lessen divisiveness. "Research shows that 10 per cent of one's success at work is based on IQ and the other 90 per cent is based on EQ," says Pedersen.

6. Resolve things face to face. Trying to manage conflict by email can be disastrous because there's too much room for misinterpretation of tone and intent. When face-to-face conflict resolution isn't possible, talk by phone.

7. Avoid favouritism. Remember how much you hated your little brother when your mom cut him a bigger slice of cake? The same holds true in the workplace. Managers must make every attempt to treat all employees as fairly as possible to avoid bickering and backbiting.

8. Be careful about how you interpret things. "We tend to ascribe the behaviour of others to their characters and we ascribe our own behaviour to our circumstances," explains Katherine Popaleni, a senior consultant at Respectful Directions, a coaching and training firm based in Dundas, Ont. You might excuse yourself for cutting off someone in midsentence because you feel what you have to say is urgent. But if another person cuts you off, you'll think he's just plain rude.

9. Accept that not all conflicts can be resolved. Pedersen recalls working with one female executive who constantly got into fights with her employees. When Pedersen tried to get the woman to understand the negative effect she was having on her team, the executive said, "I'm a negative person; that's just who I am and I can't change." The woman was eventually fired. "Some situations can't be resolved, and no matter how brilliant the employee might be, you might be better off without her," says Pedersen.

Although it may be true that some people just like to fight, the vast majority of employees yearn for a peaceful productive workplace. But when conflict does happen, consider the above strategies to sort it out. ▣

Anne Bokma *is a freelance writer and editor in Hamilton, Ont. See www.annebokma.com.*

THE COST OF CONFLICT

- The total value of lost work time due to stress in Canada is approximately $1.7 billion per year, according to a 2005 study by Warren Shepell, an employee assistance program provider.
- A Health Canada study of 50,000 Canadian employees found that when the number of sources of stress reported in the social environment at work increases, the likelihood that employees report more than 10 days off work because of ill health also increases.
- Among managers, 78 per cent suffer from work-related stress, 52 per cent have experienced harassment, and 46 per cent have seen an increase in conflict at work, says a 2005 study by Roffey Park, a U.K.-based leadership institute.
- A U.S. study of 5,000 people in nine countries revealed that the average employee spends 2.1 hours per week dealing with conflict.

Lessons learned from basketball

By **Ajay M. Pangarkar**, CMA

MANAGERS: HIRE WISELY AND GIVE PLAYERS A CHANCE
EMPLOYEES: PERSIST LIKE THE NBA'S JEREMY LIN AND YOU MAY END UP A STAR PLAYER

I don't closely follow basketball or other sports, but you had to be living on another planet not to hear about the recent feats of the New York Knicks' Jeremy Lin. He went from being a bench-warming third-string point guard to being a household name and an international star within weeks.

The overnight success of an unknown and initially undervalued NBA player is an incredible Cinderella story. But it also raises questions for both managers and employees. Do you recognize the Jeremy Lins in your workplace? Are you a third-string benchwarmer or are you able to make a difference?

Jeremy Lin's story has takeaways for both managers and employees. It also underscores how some employees are undervalued and don't receive recognition. From what I've learned, Lin didn't receive any academic basketball scholarship and didn't decide to play basketball because a scout recognized a unique talent. He just loved to play and pursued his passion.

Like many employees' abilities, Jeremy Lin's remained unrecognized and often ignored, even though he worked hard to perform well. Team after team overlooked his abilities, placing him on "waivers" twice before the Knicks considered hiring him as a backup point guard.

Within an organization, putting an employee on waiver is equivalent to not providing an employee with direction or, worse, laying one off for no reason. But your competitor — like an NBA team — eventually discovers how to hire and harness the value of your cast-off employees.

LIN LESSONS LEARNED

Let's look at the lessons employees can take away from Lin's experience.

Have clear personal and professional goals. Jeremy Lin is more than an overnight story. His professional goal was to become a pro basketball player, and he knew what he needed to do to get to the NBA and survive. His personal goal, in the event the NBA route didn't pan out, was to

© Zack Blanton / iStockphoto

seek quality education (he's a Harvard grad) and find other interests to support himself.

Focus on what you do well; then do it better. Lin constantly worked on his basketball skills and focused on areas to improve. He then recognized the opportunity when his coach threw him in as a backup. Surprising everyone, Lin went on to score 25 points.

In business as in sports, people recognize tangible results: not what you say you can do, but what you actually do. Be prepared for opportunities to prove yourself.

Be persistent. Throughout Lin's high school and college basketball days, talent scouts didn't notice Lin. Even when he was benchwarming in the NBA, Lin was cut by two teams before the Knicks offered him a one-year contract as a backup point guard.

But Lin persisted and learned from failure, regardless of whether people were watching. Determination, patience, consistency and focus helped him capitalize when the opportunity presented itself.

Stay fresh and add value. Lin practised every aspect of the game. As an aspiring professional athlete, he studied how others played. His philosophy of continual improvement related not only to his current role, but also for any role.

Staying fresh doesn't mean resting on what you know; it means discovering what you don't know. Push yourself to learn more about your role, organization and industry. Then take what you've gained and find how it can be used to add value.

Lin realized he had to demonstrate his value before any team would reward him. The workplace is the same. Demonstrate what you're worth and what you can contribute to gain the attention of others.

In the words of Jack Welch, "Give your bench a chance!"

TAKEAWAYS FOR MANAGERS

So, what are the lessons for managers? In the words of Jack Welch, "Give your bench a chance!"

Managers and NBA coaches have something in common: They play it safe. They play what they know works. The Knicks' coach didn't put Lin in the game because Lin was a sure thing. The coach was stuck and had to throw in the backup guard. If the situation had not arisen, the coach probably would have played it safe and used his starting point guards. Lin would have remained in anonymity.

Are the risks too high? Isn't the risk of playing it safe too high? It's true that using inexperienced employees is not the wisest move. But use your judgment. If managers aren't comfortable placing employees in positions they can't handle, then perhaps employee management is poorer than the ability of the employees themselves.

There's a significant upside to offering the right opportunity to the right person at the right time. The Knicks believed that Lin had the skills they required and that he would develop over time. For Lin, patience paid off, and he proved his passion through results.

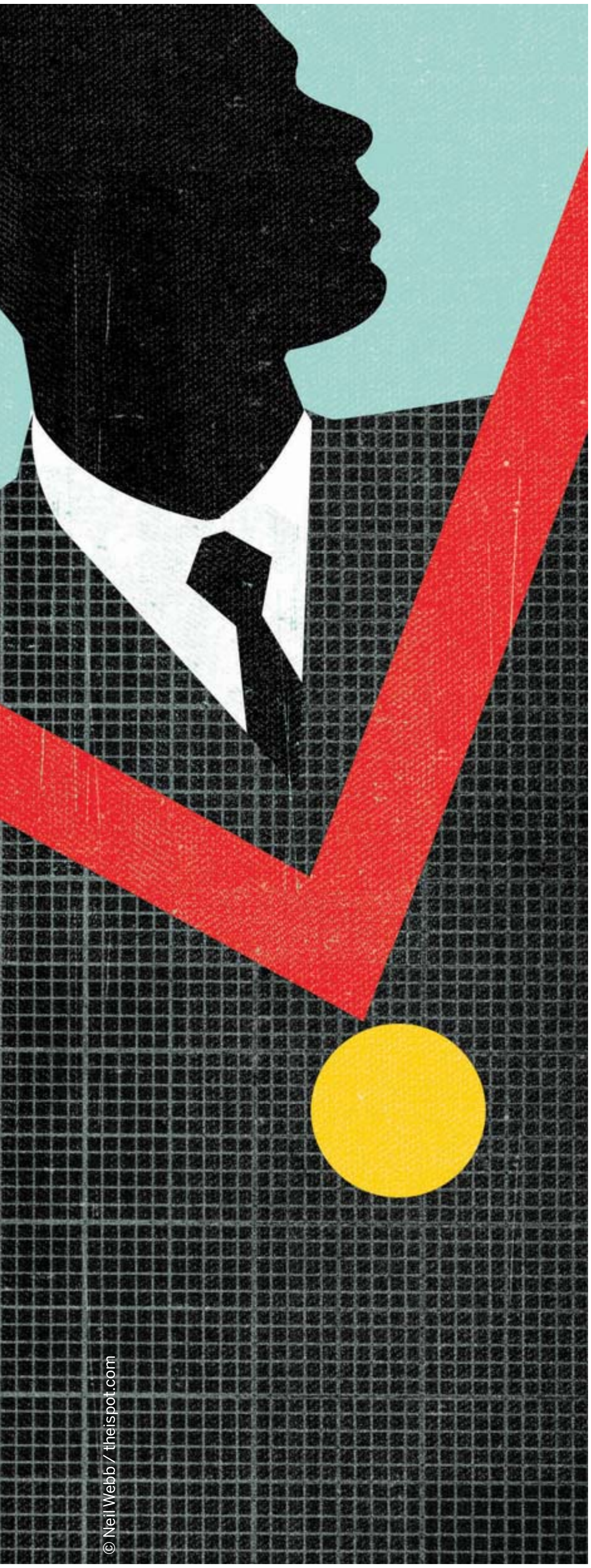
If your hiring practices are solid, then rest assured your bench is ready for the coach to put players in the game. Your employees want to prove themselves and want to do well. Your downside risk is, perhaps, smaller than you think. The upside might be much greater than you expect.

While some employees are ready when called upon, others may need more time, and some may never answer the call. Those who impress quickly must demonstrate that they can meet the challenge.

But it's a two-way relationship. Employees need to persist and work hard to gain recognition. Managers must calculate the opportunities needed for their team to succeed. We know what Jeremy Lin can do, but now the Knicks' coaching team will have to support his efforts and growth if both are to succeed. ▣

Ajay M. Pangarkar, CTDP, CMA, *is president of CentralKnowledge.com and LearningSourceOnline.com. A performance management expert, Pangarkar recently published his third book,* The Trainer's Balanced Scorecard: A Complete Resource for Linking Learning to Organizational Strategy.


90
80
70
60
50
40
30
10
$$


© Neil Webb / theispot.com

Making it right

Steering change in the public sector

Celebrating innovation in the financial heart of the Canadian government

By **Jennifer Campbell**

Rarely has there been such a significant time for financial management. Governments worldwide are facing massive financial fallout from the global financial crisis. As political leaders grapple with sovereign debt difficulties and put in place austerity programs, financial managers are the ones who have to take the plans and put them into action.

"If we're going to overcome those difficulties and get government finances on an even keel again, we need experts and specialists to work alongside politicians to make the right decisions and judgments, and choose the right policies," says Steve Freer, chief executive of the U.K.-based Chartered Institute of Public Finance and Accountancy (CIPFA).

The desire to foster and recognize those specialists is at the heart of the Award of Excellence for Comptrollership in the Public Sector, now in its fourth year. Co-sponsored by CMA Canada and CIPFA, the awards ceremony was held at Ottawa's Fairmont Château Laurier in May.

The awards are useful in two respects, says Freer. First, comptrollers can see how their colleagues innovate, which can stimulate their own new thinking. Second, "seeing people who've been innovative being celebrated inspires all and, in a way, reminds us that if we can draw out reserves of innovation, we can stand on the platform in due course and be celebrated too," says Freer.

James Ralston, comptroller general of Canada, also lauds the awards for which he sits on the selection committee.

"There wasn't anything like it before," Ralston says. "There was a CFO-of-the-year award that was geared toward the private sector. I guess there's been inspiration taken from that award for these."

Another world

While public and private-sector comptrollers have different roles and goals, Ralston says public comptrollers can still be innovative. "It's a totally different world and there are different challenges," Ralston says.

THE HONOUR ROLL

The 2012 Award of Excellence for Comptrollership in the Public Sector was presented in Ottawa in May.

INNOVATION AWARD RECIPIENT

Agriculture and Agri-Food Canada (AAFC) and Natural Resources Canada (NRCan): The two departments established a new financial, material and project-management system for NRCan by adopting AAFC's SAP software system. It saved $15 million.

AAFC and NRCan received $1,000 to donate to their chosen charity, United Way Ottawa.

INNOVATION AWARD FINALISTS

Canadian International Development Agency: The team developed and implemented its own risk-management tools.

Department of Justice Canada: The Financial Officer Development Program was designed to let financial officers identify career needs, create objectives and upgrade skills. It now has 20 participating government departments on board.

Group of departments/agencies (Canadian Environment Assessment Agency, Canadian Intergovernmental Conference Secretariat, Canadian International Development Agency, Canada Revenue Agency, Community of Federal Agencies, Immigration and Refugee Board of Canada, Public Works and Government Services Canada, and Treasury Board of Canada): The Small Departments and Agencies (SDA) united to create a single financial-management strategy featuring common processes and data standards.

LIFETIME ACHIEVEMENT AWARDS

Rod Monette: This former comptroller general of Canada began his career in 1981 as a policy analyst in the office he would one day run. He held positions in Indian Affairs and Northern Development Canada and in Western Economic Diversification Canada. He worked at the assistant deputy minister level for Western Economic Diversification Canada, Revenue Canada, Environment Canada and National Defence. In 2007, he was promoted to deputy minister and became associate deputy minister of National Defence and then comptroller general of Canada.

Ron Thompson: Thompson, who died last year in an accident, served in the Office of the Auditor General of Canada (OAG) for 31 years. Thompson, who was first assistant auditor general, became interim commissioner of the environment and sustainable development in 2007 before his retirement from the OAG in 2008.

He says the overriding difference is the way things are structured.

Ralston says, "We deal with different bankers. They (the private sector) deal with private finance, banks and bankers, share issues. In the public sector, all the finance emanates through Parliament, through the budget."

The players are different too. For the public-sector CFOs, they are Parliament, the Treasury Board, a committee of ministers. There's also a real emphasis on accountability in government.

More than just bean counters

But one thing remains the same in the two spheres: the need to innovate. To that end, the federal government began an initiative to see its comptrollers and financial managers less as bean counters and more as critical players in the overall picture.

"The [CMA Canada – CIPFA] award is very complementary to that (initiative)," Ralston says. "I think CFOs are viewed differently these days. They're not viewed as transaction processors. I think they're viewed as advisers, and their analytic value is felt much more than just their ability to pump out transactions."

Freer agrees. "Financial controls are now centre stage in a way that hasn't been the case very often," he says. He adds that in the past, comptrollership was more of a backroom vocation that wasn't particularly visible. Today, however, it's at the heart of the challenges that organizations need to address because of the current world economy.

Within those new roles, innovation is critical.

"This is most obvious (when it comes to) making sure the resources that are available to us are used as effectively as possible," Freer says. He notes that having financial managers do what they've always done isn't going to be the best policy in the future. Comptrollership needs people who can think unconventionally and move away from traditional systems to more modern approaches.

The awards encourage that kind of behaviour and, as they enter their fourth year, Ralston is encouraged by the nominees. But most of them, he says, concentrate on transforming current systems into ones that already exist in the private sector instead of coming up with completely new ideas.

"At this stage, there's such a great opportunity for transformation that we've seen a lot of that," he says.

As the transformational wave matures, he notes, we'll likely start seeing more creative ideas come to the fore. "For the time being, both [transformational and innovative ideas] are really good because they're still both yielding results," he says.

For its part, CMA Canada is just pleased to be able to offer the important award, says Rick Monk, a member of the selection committee and CMA Canada's adviser, national affairs.

"Creating long-term value means having a vibrant, motivated, talented public service," Monk says. "This is the essence of the award itself and why we're so pleased to present it." ■

Jennifer Campbell *is an Ottawa-based freelance writer.*

MATCH THAT!
No matter how you look at it, the federal government is a behemoth: 175 departments and Crown corporations, approximately 420,000 employees and a budget of more than $270 billion.

To manage the finances that go along with these numbers takes a raft of talented people. Their work was celebrated for the fourth time at the Award of Excellence for Comptrollership in the Public Sector in Ottawa.

Of the four finalists, one joint team was selected as recipient of the Innovation Award, and two individuals received CMA – CIPFA Lifetime Achievement Awards.

Criteria include the following:

- **Performance metrics:** Managers are required to define results, measure performance and adjust to improve efficiency and effectiveness.
- **Risk management:** Managers are asked to make decisions based on calculated risks while also encouraging innovation. They must consult and communicate with all stakeholders, including the public.
- **Management control framework:** Managers look for innovative ways to deliver programs and services.
- **Values and ethics:** Managers ensure decisions are grounded in a system that incorporates values and ethics.


SASKATCHEWAN
LONDON
PARIS
TORONTO
VANCOUVER
BOSTON
PORTLAND
DALLAS
SÃO PAULO

DUBAI

CORPOR-ATE SOCIAL RE-SPONSI-BILITY

© Kaan Tanman / iStockphoto

WAVING THE GREEN FLAG

SUSTAINABILITY AT THE LONDON OLYMPICS

What was once all about sports is now as much about saving the planet

By **Oliver Bertin**

© Paul McKinnon / Bigstock.com

When the Olympic cheering dies down, the lights dim and the athletes pack their bags, the world will be left with a host of sporting memories. But the real legacy of the London Olympics will be something that lasts far into the future and is only tangentially related to sports. Organizers hope the London 2012 Olympic and Paralympic Games will be remembered as the greenest in history and the first-ever sustainable games, a model for future sporting and other major events.

Sustainability — a flame that was ignited in Vancouver two years ago — is a central theme of London 2012. A concept that's often considered synonymous with corporate social responsibility (CSR), non-financial reporting and environmentalism took a giant step forward in Vancouver before the eyes of the entire world.

Vancouver put real effort into long-term community relations, a nice change from the days when Olympic Games left behind a wasteland of empty buildings and a pile of unpaid bills. And the Vancouver Olympic Winter Games of 2010 was the first in history that really tried to cut its carbon footprint and recycle its waste.

"London 2012 has clearly raised the bar with its One Planet Olympics concept, not only for the 2012 Games, but for all future games," says David W. Crawford, CMA, director of finance and operations at Grant Thornton LLP in Vancouver and a sustainability adviser for both the Vancouver and London Olympics.

GOING GREEN

Sustainability is slowly creeping into the CMA framework. It's a fuzzy New Age term for concepts that are so important for the modern corporation: community and employee relations, health, energy and the environment. Such concepts can no longer be ignored; in Europe, close to 100 per cent of all companies now produce some form of CSR report every year.

Vancouver faced a lot of opposition from local communities during the bidding process, and efforts to paint the games green helped swing the deal. The city "would not have got public support (for the bid) if the games had not been based on sustainability," says Ann Duffy, president of a Vancouver consulting firm, the Ann Duffy Group, which developed sustainable solutions for both the Vancouver and London winning teams.

Crawford says it was similar in London, which won the games because members of the bid committee included specific plans to address carbon emissions, climate change, waste disposal and water management. They also promised to right-size capital projects so the city would not be left with expensive white elephants after the games were over. And they vowed to involve local youth in sports and local development projects, a boon for a shabby section of East London.

THE BIG SPEND

Given the billions of dollars being spent on sustainability at the London Olympics, it's only natural to ask why. The answer goes back to 1992 when the United Nations Conference on Environment and Development

TORONTO 2015

The organizers of the Toronto 2015 Pan/Parapan American Games are following closely in the footsteps of the organizers of the Vancouver and London Olympics. Sustainability was "a core requirement of bidding for the games," says Allen Vansen, senior vice-president of operations for the Toronto 2015 Games.

The PanAm athletes' village will include a much-needed student residence for a nearby community college, a YMCA, and mixed-use housing that will combine subsidized and market-value rentals. Sitting in a desolate area at the mouth of Toronto's Don River, the building site has already undergone a massive environmental cleanup to erase all traces of the tannery that poisoned the soil for generations.

As for corporate sponsors, CIBC has already signed on, while Chevrolet plans to ferry thousands of people around Toronto with its fleet of electric vehicles. The games themselves will build on the "unbelievable benefits" that come with Toronto's diverse and sophisticated communities, Mr. Vansen adds.

(UNCED) approved Agenda 21, a comprehensive plan to promote sustainable development.

"The IOC was watching," Duffy says, referring to the International Olympic Committee, which adopted Agenda 21 as a good cause. More cynically, the IOC believed it would help offset criticism that the Olympics had become too big, too wasteful and too invasive of local communities.

"There's lots of controversy about the Olympics, drugs and cost overruns," explains Alan Middleton, executive director of the Executive Education Centre at York University's Schulich School of Business in Toronto. "People ask what they sacrifice to get the Olympics (in their city). CSR became part of the corporate strategic thinking."

Major corporate sponsors also want to better their images. With an estimated four billion people in two hundred countries watching the games on television, the Olympics is the biggest marketing event in the world — bigger than FIFA World Cup or the Super Bowl. And it's associated with all the classic good qualities: health, vitality, purity, volunteerism, athletic achievement, greenness and wholesomeness.

"Green is the new mainstream," Middleton explains. "CSR is central to the way that corporations think."

But Middleton sees other reasons to get involved. Some companies — such as John Lewis department stores, Waitrose supermarkets and BMW AG cars — have been green marketers for years and want to give their green images an extra polish before a receptive audience.

WAYS TO MEASURE

With major sponsors providing upward of $3.2 billion to the London Olympics, it's natural that they want to measure the benefits. But the task is sometimes difficult when sponsors deal with fuzzy, non-financial concepts.

Fortunately, there are ways to handle the problem.

Middleton refers to the social audit. "You do good and you put a value on it," he says. An Olympic sponsor that has a good showing at the games will impress global consumers, thereby improving the value of the brand and sometimes the value of goodwill on the corporate balance sheet.

And the most important stakeholders, ethical consumers, can no longer be ignored, says Crawford. They can account for 30 per cent of all North American consumers, and that fact can have a huge impact on the value of a brand, corporate revenue and the bottom line.

IOC organizers hope the visibility of the London Olympics will make sustainability familiar around the globe. With a boost like that, CSR reporting may become universal for Canadian companies and a routine part of the job for CMAs. ◼

Oliver Bertin *is a veteran business reporter in Toronto.*

WHO'S IN?

Sponsors of London 2012 include some of the world's largest and most media-savvy marketers.

Coca-Cola Co. is putting a huge effort into waste reduction, bottle recycling and water management.

BP PLC is supplying ultra-clean fuel to five thousand Olympic vehicles, sponsoring a four-year Cultural Olympiad and working with disadvantaged children.

General Electric Co. is offering a wide range of high-tech Imagination brand products to conserve energy and improve health care in the hospitals of depressed East London.

McDonald's Corp. is feeding athletes, volunteers and spectators in huge restaurants, counting on the wholesome aura of the Olympics to offset potential criticism and possible regulatory action by health authorities, Middleton says.

Dow Chemical Co. is installing an $11-million "fabric wrap" around the Olympic stadium. The stadium will be the lightest and most carbon efficient of its kind, helping the games cut carbon emissions by an estimated 100,000 tonnes.

Top to bottom: © Stephen Krow, © Aydin Mutlu, © Wilson Valentin, © Brandon Alms, © Günay Mutlu; all iStockphoto

THE SUSTAIN-ABILITY EDGE

GOING GREEN IS GOOD FOR BUSINESS

Business as usual is becoming bad for the bottom line, says sustainability expert Bob Willard

By **Sharon Aschaiek**

Companies that embrace sustainability will increase their revenues, cut costs, attract the best talent and outperform their competitors. It's an argument that corporate sustainability guru Bob Willard makes in a clear and compelling way in *The New Sustainability Advantage: Seven Business Case Benefits of a Triple Bottom Line* (New Society Publishers, 2012). Willard's update to his 2002 book explains the benefits of operating in ways that are good for profits, people and the planet.

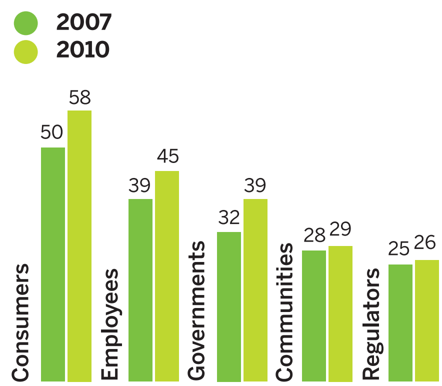
We asked Willard to comment on a recent survey of CEOs on the subject of sustainability.* Here's his take on the results.

Sustainability has evolved from a buzzword to a business imperative as forward-thinking corporate leaders seek to integrate the approach into every aspect of their operations. And for good reason, writes Willard:

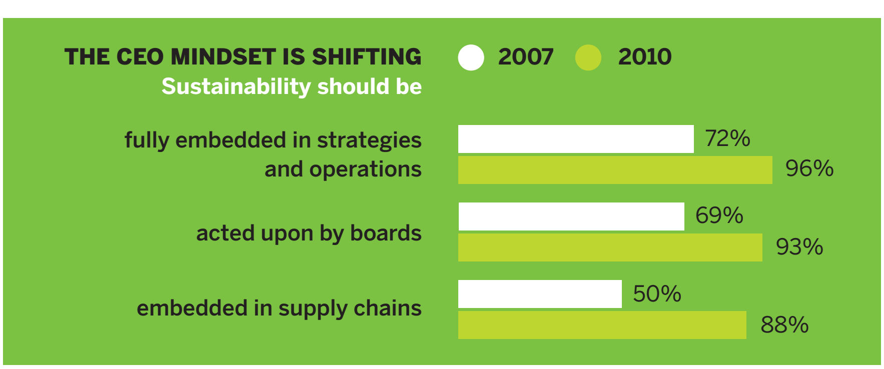
"Addressing environmental and sustainability issues in a systematic way provides new opportunities to focus on core business objectives such as reducing hiring and retention costs, improving productivity, reducing expenses at manufacturing and commercial sites, increasing revenue and market share, reducing risk, and increasing profit … It is smart business."

Several large companies are innovating their operations to become more sustainable: Walmart, for example, uses a Supplier Sustainability Index to gauge whether its suppliers meet certain standards of energy, material and natural resources efficiency, and social compliance. Chrysler, meanwhile, has implemented a Pay-As-Painted program that pays paint suppliers based on the number of vehicles painted. The program has significantly reduced paint waste.

STAKEHOLDERS WHO INFLUENCE CEOS
(measured in percentages)



The growing influence of employees is noteworthy, Willard says, and has implications for the ongoing and intensifying war for talent. "It's good to be known as a company that cares about people in the office, supply chain



© Shaun Lowe / iStockphoto

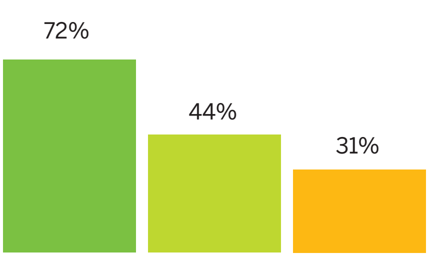
Companies now recognize the business value of doing the right thing.

and community, and cares about the environment, and has the evidence to prove it. The best talent can afford to be choosy. Many are looking for an alignment between their values and the company's values," he says.

In his book, Willard cites research published in the *Harvard Business Review* that indicates 75 per cent of U.S. workforce entrants view social responsibility and environmental commitment as important criteria in selecting employers. Corporate social responsibility can help strengthen employee engagement, writes Willard. Companies such as LoyaltyOne, which runs Air Miles, was voted a Best Employer in Canada in 2011 in part because of its emphasis on employee engagement, which helps reduce turnover and saves time and money associated with recruiting and training new employees.

CEO'S SUSTAINABILITY DRIVERS

- Brand/reputation
- Revenue growth/cost reduction
- Employee recruitment and engagement



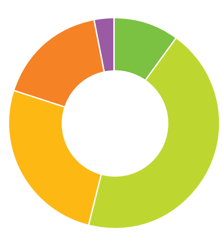
"Companies now recognize the business value of doing the right thing," says Willard. "They understand it can improve their brand image, grow revenues, reduce costs and make them a talent magnet. At the same time, it's good for the cause."

In *The New Sustainability Advantage,* Willard writes about GE's Ecomagination division of green products and services, which, when it launched in 2005, contributed to 6.4 per cent, or US$10.1 billion, of the company's overall sales. Four years later, that number grew to 10 per cent, or US$18 billion.

When it comes to reducing expenses, Willard reports on how centralized PC-management tools — which prevent office computers from being left on all the time — are helping Dell save US$1.8 million per year. As for employee productivity, he points to a study by the World Business Council for Sustainable Development, which found that companies with engaged workforces grow profits three times faster than competitors, have 20 per cent better performance and experience 87 per cent less staff turnover.

HOW LONG WILL IT BE BEFORE WE REACH THE SUSTAINABILITY TIPPING POINT IN THE BUSINESS COMMUNITY?

0 to 5 years	10%
5 to 10 years	44%
10 to 15 years	26%
More than 15 years	17%
Never	3%



The largest group of CEOs surveyed said it will take five to 10 years to reach the sustainability tipping point — the point at which green business practices will truly go mainstream — and those who act now will be poised to excel.

"Executives who devote serious attention to using sustainability performance as a competitive weapon are well positioned to financially outperform their competitors in the 21st century," writes Willard. "Smart executives grab the benefits before their competitors do. Companies that lag will be history, trapped in the hoax of an unsustainable business model. Companies that lead have the sustainability advantage."

© John Wohlfeil / iStockphoto

As more companies take steps to become responsible corporate citizens, Willard predicts that the next big frontier for sustainable change will be the supply chain. Progressive companies will seek out manufacturers and distributors that likewise respect their labour forces, local communities and the environment. ▣

Sharon Aschaiek *is a Toronto-based freelance writer. See www.cocoamedia.ca.*

* All survey results are taken from *A New Era of Sustainability*, a June 2010 U.N. Global Compact and Accenture study that features a survey of 766 CEOs worldwide.

ZOOMING IN

DISCLOSURE EXPERTS PUSH ISSUERS TO TELL THE WHOLE STORY

PotashCorp and the evolution of integrated reporting

By **John Lorinc**

PotashCorp realized that quality is more important than quantity when the firm started corporate sustainability reporting in 2002.

Integrated reporting (IR) in many ways represents the next stage in the evolution of sustainability reporting.

When PotashCorp made its first foray into corporate sustainability reporting (CSR) back in 2002, the Saskatchewan natural resource giant released an ambitious but unwieldy 103-page document that contained a small mountain of statistics and assessments of the company's approach to everything from charitable giving to local economic development and its environmental performance.

Almost a decade later, the company's sustainability report is more streamlined (36 pages) and accessible, with crisp descriptions about the targets it has met and those it hasn't. But the report is still just one piece of a bevy of disclosure documents and websites that together provide the typically kaleidoscopic image of publicly traded corporations.

Earlier this year, Potash officials decided to see if they could wrestle the story of a vast and complicated enterprise into something more, well, comprehensive: a soup-to-nuts narrative that folds together the CSR and the company's financial data.

According to CMA Denis Sirois, Potash's vice-president and corporate controller, the organizing principle is to focus intently on risk and materiality. "[It's] a more pervasive view of the company and not just [of] our financials," he says. "We're trying to promote the idea that it's a living and breathing company."

NEW PHILOSOPHY

As it turns out, the process is hardly straightforward. A corporate leader, Potash is trying its hand at "integrated reporting," an emerging philosophy of disclosure that attempts to account for the sort of factors that play an important role in a company's financial well-being but can be exceedingly difficult to quantify. Many of these factors involve generally unacknow-

Field, mine and sky: corporate leaders such as PotashCorp are pushing the debate about integrated reporting.

ledged environmental benefits (natural capital) as well as understated risks related to emissions and pollution.

The company is taking its cues from the U.K.-based International Integrated Reporting Council (IIRC), which last year pushed to develop a broad-based consensus on integrated reporting guidelines by releasing a discussion paper and calling for feedback. The council's most visible patron is Prince Charles, an outspoken environmentalist who established the Accounting for Sustainability (A4S) Project in 2004 "to ensure we are measuring what matters and counting what counts."

As Prince Charles said in a recent speech, "It is clearly a daunting task to create a measurement framework which incorporates economic growth, social equity and wealth, and environmental sustainability while at the same time providing a common set of goals for action by business and government at the location, national and international level."

According to Yue Li, an associate professor of accounting at the University of Toronto's Rotman School of Management, the quantity of CSR has been increasing steadily. A growing number of companies now report not just their own environmental performance, but also how climate change affects their operations and finances.

"I have also seen firms that discuss their environmental strategies by publicizing their future environmental performance targets and goals," says Li. He adds that some empirical research now shows a connection between CSR and cost of capital.

Integrated reporting (IR) in many ways represents the next stage in the evolution of sustainability reporting. The first-pass principles in a discussion paper released last fall, Sirois says, "are fairly abstract. We're struggling with the absence of a prescribed alternative. It's going to have to evolve over a bit of time."

IIRC DISCUSSION PAPER

That analytical process now seems well underway. The IIRC discussion paper, and the associated call for responses, noted that the traditional method of reporting "was developed for an industrial world" and tends to stress "relatively narrow accounts of historical financial performance." Studies done for the IIRC note that among S&P 500 companies, physical and financial assets represented 83 per cent of capital value in 1975, but today account for less than a fifth. "The remainder represents intangible factors, some of which are explained within the financial statements but many of which are not."

With the growing complexity of many globalized businesses and sectors, the reporting gaps have become more problematic. Over time, the advent of disclosure practices — such as publishing management discussion and analysis reports (MD&As) and corporate social responsibility reports — has sought to address the blind spots. Still, the problem is that different types of information remain compartmentalized and fail to tell the whole story of an organization in a single narrative.

Todd Scaletta, CMA Canada's vice-president of research and innovation, points out that the various

Dusk near Vancouver, B.C.: gillnetters fish for salmon on the Fraser River.

disclosure elements are subject to very different regulatory systems, which may account for the lack of integration. "Some of the challenges will be getting some regulation on what is integrated reporting."

The IIRC's discussion paper identifies five principles: strategic focus; connectivity of information; future orientation; responsiveness; and content that is concise, reliable and material. It also stresses that organizations should seek to fully account for all the types of capital they rely on: financial, manufactured, human, intellectual, natural and social.

The wine is the product, but what about the winery and the area surrounding it?

CMA Canada, however, warns that organizations may not comply with voluntary guidelines unless there's a balanced approach. Any proposal for IR guidelines must also acknowledge that most organizations have strategic secrets they don't want to include in their public reporting.

And IR advocates also have to come to grips with the problem of non-compliance, CMA Canada's official response to the IIRC discussion paper noted. "What happens if IR is adopted but compliance is not met? What happens to non-compliant entities?" As Scaletta adds, "We recognize there is still a lot of work ahead."

START SECTOR-SPECIFIC

In its response to the IIRC, CMA Canada proposed that any international effort should begin with pilot projects involving larger, globally minded companies from a range of sectors. Armed with information on organization and market response, the IIRC can begin creating sector-specific frameworks for small and medium-sized enterprises and non-profits.

Such projects "will have a trickle down effect," predicts Coro Strandberg, a Vancouver sustainability consultant. She cites the example of Puma, which produced an environmental profit and loss (EP&L) statement last year as part of its annual report. The document assigned an economic value to the company's overall use of water and the greenhouse gas emissions (GHG) generated by manufacturing. "They got right into the supply chain," says Strandberg.

Indeed, the company succeeded in estimating that water use and GHG emissions cost €94 million, with Puma responsible for €7.2 million and its suppliers generating the rest. As Jochen Zeitz, chairman and CEO of Puma and chief sustainability officer, said in a press release, "The EP&L is

Top, © Max Lindenthaler; bottom, © Carmina Jinga; both iStockphoto

Most organizations have strategic secrets they don't want to include in their public reporting.

an essential tool and a shift in how companies can and should account for and, ultimately, integrate into business models the true costs of their reliance on ecosystem services."

Those sorts of calculations, however, are notoriously difficult, especially when they involve natural systems that may be indirectly involved in, or affected by, a company's operations. In recent years, a growing number of economists has developed techniques for the valuation of "natural capital" as a means of demonstrating the importance of ecological features such as wetlands.

Todd Scaletta cites the example of the trade winds that carry vapour from Brazil's Amazon rainforest across the Andes and deposit all that water, in the form of rain, on crops raised along South America's Pacific coastal region. Over time, deforestation in Brazil could force Chilean or Peruvian wine producers to spend more on irrigation. "But," he says, "there's no valuation on anyone's balance sheet for that."

A 2007 economic analysis commissioned by the Canada/British Columbia Oceans Coordinating Committee on the "services" provided by B.C. marine resources noted that the economic viability of the province's salmon fishery is directly linked to the health of the habitats in the coastal region.

Those estimates, the report noted, are "complex and not subject to market institutions directly." Consequently, the value of those services tends to be "underestimated." Scaletta agrees, but points out that private firms to date have difficulty figuring out how to place a financial value on those kinds of assets and risks. "We're looking to other disciplines to help shape some of our thinking (about natural capital valuation)," he says. "We're not anywhere near where we can provide guidance at this point."

Indeed, Darren Swanson, deputy director of the Natural and Social Capital program at the International Institute for Sustainable Development, says that this kind of analysis, because it is so involved, has to date tended to be undertaken by government agencies. "It's still mostly in the context of the management of a broader region," he says. Companies have evolved techniques for measuring the financial impact of effluent, for example, but most don't have the resources or, as yet, the incentive to do a wider analysis of the natural capital on which they depend.

At companies such as PotashCorp, the task in coming years will be transforming all these abstractions and policy debates into hard information that shareholders and stakeholders can use to help them understand performance in the broadest way.

"Generally, we're in agreement with the idea of integrated reporting," says Sirois. "We need to take our materiality and risk and goals and targets and link them up so we deliver comprehensive information." ▣

John Lorinc *is a Toronto journalist who writes regularly about business and politics for* The Globe and Mail, The Walrus *and other publications.*

Beyond the norm

Six steps to sustainability

Benefit your company, society and the environment

By **Hank Thiel**

THE MULTIPLYING EFFECTS OF sputtering economies, together with symptoms of climate change and flaring social tensions, are having consequences in practically every business arena. Heightened public awareness and growing expectations for corporate responsibility are affecting the views of consumers, employees, board members and lawmakers.

The message is clear: financial and other measures of success increasingly depend upon balancing the needs of stakeholder groups, including shareholders, customers, employees, regulatory agencies, communities and environmental interest groups. Leaders must now ask this big question: how can my organization effectively address the expanding needs and expectations of multiple stakeholders while also meeting financial performance objectives?

To pursue sustainability, an enterprise seeks to achieve profitability in ways that do not compromise the well-being of the social and ecological systems in which it operates. By viewing all aspects of the organization from a sustainability perspective, businesses can discover significant opportunities for innovation, efficiency and growth.

Although each organization has unique motives, interest in sustainability is typically driven by a combination of risks and opportunities. They include the following:

- market trends and customer preferences for more sustainable products and services
- operational risks and costs associated with natural resource depletion and climate change, along with the price volatility of energy and commodities
- emerging standards and regulations that focus on the environmental and social impact of businesses
- global competition and market demands for continuous innovation and efficiency improvement
- increased public scrutiny of corporate social responsibility

Sustainability interests touch upon nearly every aspect of the business value chain from raw material sourcing to end-customer usage. Consequently, the leadership's response must not be limited to specific divisions, products or functional groups within an organization.

The goal is to make sustainable business the way of daily operations throughout the value stream. Sustainability objectives need to be directly integrated with core business strategy, performance measurement and operational management routines.

The six steps

Most companies begin their sustainability journey by applying green best practices and philanthropic contributions. While these can be appropriate steps, many opportunities to create value for the business and its stakeholders lie outside the domain of energy management, waste reduction and charitable giving.

Since both the opportunities and risks associated with sustainability are so pervasive, they need to be given attention during strategic planning. The following six steps will help your organization develop and deploy a sustainable business strategy.

1/ *Define your organization's values.*

Many businesses now publish their values or guiding principles to serve as a point of reference for decision making and public relations.

What you can do: The definition of your organization's values should address business-relevant views on sustainability, including fair labour practices, environmental responsibility and other forms of service relevant to stakeholders. Formalizing commitments to building value for key stakeholders will help you do the right thing and maintain financial viability.

2/ *Understand stakeholder needs.*

When setting strategy, businesses traditionally focused on two groups: shareholders and customers. Today, deliberately assessing the needs of all primary stakeholder groups, including social and environmental advocates, can save costs, mitigate risks and open new market opportunities.

What you can do: Sound business strategies are facilitated by an understanding of what is critical to each stakeholder group and how these concerns are affected by the business.

Strategies that serve the priorities for employees, suppliers, the community and the environment typically complement strategies for improving the customer experience and the bottom line.

3/ *Develop a vision of mutual success.*

Organizations and their stakeholder groups are highly interdependent. Indeed, it's virtually impossible to envision a future of profitability and success that does not include the well-being of customers, employees, suppliers, society and the environment.

What you can do: A vision of mutual and sustained success needs to be developed for both the company and its stakeholders. The vision should be rooted in the organization's values and informed by an understanding of critical stakeholder needs. A supplementary statement about the organization's mission can be used to describe its specific role in bringing about the vision within a competitive marketplace.

4/ *Define stakeholder-centred strategies.*

Each stakeholder group needs a strategy that describes how the organization intends to drive business results by addressing critical stakeholder needs.

What you can do: A fact-based understanding of the gaps between stakeholder expectations and the company's current level of performance is essential. Priority will be given to opportunities and risks that are of competitive relevance. Of course, sustained financial returns are the lifeblood of any enterprise and the means to creating value for all stakeholders. Therefore, the first priority in developing sustainable business strategy is to ensure continued profitability.

5/ *Establish stakeholder success measures.*

Stakeholder strategies need to have quantifiable objectives that align with specific scorecard performance metrics and goals.

What you can do: Developing a balanced scorecard with dedicated metrics for each stakeholder group will add focus to reporting and management routines. These metrics should be derived from a thorough understanding of what stakeholders require of the business and how they measure success.

The goal is to make sustainable business the way of daily operations throughout the value stream.

6/ *Implement process-based management routines.*

Since business processes represent how the organization delivers value to stakeholders, a process-based approach to establishing performance targets, accountabilities and management routines is invaluable.

What you can do: Defining, measuring and managing the business from a process perspective provides a framework for more effective deployment of strategy and execution of improvement plans. The performance of strategically critical processes must be clearly owned and managed to meet goals for each stakeholder group.

Bottom-line benefit

Current trends indicate that organizations will find it increasingly difficult to deliver on financial objectives unless their strategies and operations are aligned with environmental and social responsibilities. Deliberately focusing on sustainability concerns when setting business strategy and establishing operational performance objectives will provide the greatest opportunities to benefit the company, the environment and society. ▣

Hank Thiel *is a business leader and Six Sigma master black belt who has more than 20 years of experience in several industries. He founded Sustainable Business Management LLC to provide effective tools, facilitation and training for building more sustainable organizations. See www.sustainablebusinessmanagement.com.*

Making numbers make sense

Tips for creating career-boosting presentations

Technology can be a CMA's best friend — and worst enemy

By **Jacob Stoller**

SOME PRESENTATIONS ARE memorable for the wrong reasons. "It was boredom, sheer boredom," says Mark Morpurgo, FCMA, accounting instructor at Northern Alberta Institute of Technology in Edmonton, recalling an engineer's 100-slide marathon featuring table after table of tiny illegible numbers. "Audience members were looking at each other, painfully waiting for the end."

Technology has made it easy to draw information from a variety of data sources; sort it; calculate ratios, trends and indicators; and present the information in easy-to-read charts, graphs and tables, annotated by text and colourful graphics. But ensuring that the numbers properly convey the message requires that the presenter take control of the technology — not vice versa.

Here are some essential guidelines for using tools such as PowerPoint to present numbers in a way that ensures their meaning is properly understood.

Know your audience

Audiences look for the numbers that affect them personally, and it's important for the presenter to identify and prepare the right data. Showing trends in return on equity, for example, may not be directly relevant to a manufacturing executive whose primary concern is productivity. When in doubt, make a few phone calls to avoid giving a presentation that leaves the listeners full of unanswered questions or makes them wonder why they're even in the room.

"CMAs have to determine what it is that they think their audience *needs* to know," says Morpurgo. "What you *want* them to know is not necessarily what they *should* know."

It's also important to put supporting points in the proper context so that audience members can grasp the numbers. A presentation on productivity gains, for example, should be backed up by several years of data to clearly demonstrate any trends.

Say more with less

Attention spans for any kind of numerical information are limited, so brevity is essential, particularly when the audience will be viewing a series of slides. Weed out any non-essential information beforehand, and avoid the temptation to use PowerPoint as an outline tool. That approach tends to result in too many slides or a "canned" presentation not suitably matched to the materials.

Establish your presentation goals first. Then use the technology.

Provide structure

People absorb and remember financial information best when it's presented in a logical sequence. Cliff Atkinson, a consultant based in Washington, D.C., and the author of *Beyond Bullet Points*, recommends a hierarchical, pyramid

structure. The most important point comes first and is followed by two or three supporting points. Each supporting point is then elucidated with two or three points.

This approach ensures that the key message will stand out instead of getting buried in details. "Your three most important points are what people will really walk away with," says Atkinson.

Present consolidated numbers

One of the keys to creating a simple presentation is providing numbers that summarize a trend or concept. "People typically relate more to percentages than raw numbers without context," says Morpurgo. "If you're presenting financial information with a few years of data, showing it on a graph or pie chart will speak better to people. People like pictures."

Spreadsheeting skills are essential here. According to Brett Purcell, president of Nevada Learning Series, a Toronto-based online course developer, the most frequently undeveloped skill is a knowledge of pivot tables. "It's a way to simplify the data so that, instead of having six different charts, you can actually combine the tables and charts into one," he says.

Use the right format

Audiences are strongly influenced by a visual format, which is largely determined by style sheets and templates. A common mistake is to assemble the content on any available template and treat the formatting as an afterthought. The result is often a hodgepodge.

A financial presentation should be built on a format that is appropriate for financial data. A template from the marketing department may look attractive, but if the audience doesn't get the numbers right, there could be dire consequences.

Presenters should be comfortable working with slide masters and other formatting tools to ensure that key information can be easily read. Slides should use simple fonts, such as Arial or Times, at a minimum size of 36 points for titles and 22 points for main text. A larger font will limit how many numbers or words fit on a slide, but from the audience's perspective, that's a good thing.

Avoid clutter

Programs such as PowerPoint include 3-D effects and other gimmicks, but using them tends to be counterproductive.

"Keep the charts simple," says trainer Michael Belfry, president of Michael Belfry & Associates, a Toronto-based Microsoft Office training company. "Avoid using any elaborate formatting such as textures or gradients. If you make the chart look busy, it's just going to make it distracting and hard to interpret the data."

Clutter can also be caused by using too many data labels on a pie chart or by using confusing legends.

Make statements

Numbers make the most sense when they support a verbal statement that's easy to grasp. Atkinson suggests that instead of using titles, the presenter should use the heading box for a complete sentence that covers the main point in the slide. Statements should be bold — such as "here's what really costs us" — to grab the viewer's attention.

"On the top level, it's making an emotional connection," says Atkinson. "Once you've got them engaged, they'll listen very intently to what you're going to say." But you don't want to bore them with something clinical such as "here's what I found, and here's my methodology."

Fulfilling the consulting role

The job of an accounting professional is to present financial numbers truthfully and to offer insight and guidance about the figures' meaning. Presenters should think of themselves as providing the audience with a professional service, Atkinson suggests.

"You're adding the most value when you're not just doing the analysis, but presenting it in a way that's going to help the audience make sense out of it. That's when you get hired again and that's when you'll get promoted." ▣

Jacob Stoller *is a Toronto-based writer and researcher. See www.jacobstoller.com.*

Northern exposure

Joanne Van Nostrand strikes gold in her adopted hometown

By **Jaclyn Law**

Employer: City of Dawson, Yukon
Role: Senior Finance Officer
Most valuable piece of advice: "Be aware of changes, adapt to them, even predict them, and find opportunity for continued success."
Website: www.cityofdawson.ca

Photograph: Dick Van Nostrand

WHEN JOANNE VAN NOSTRAND ISN'T MANAGING Dawson City's money, she teaches yoga to her neighbours. "Everybody up here offers the community something other than a job," she explains. "That's part of why it's so fun to live up here!"

There are many quirks to life in Dawson City, perhaps best known for its role in the Klondike gold rush. Its isolated location (Yukon's capital, Whitehorse, is 500 kilometres away) is a big factor in Van Nostrand's work. She sees extreme weather (average –27°C in January), sky-high transportation costs and a short tourism season. Businesses lose money half the year.

"You need predicting and cash-flow skills to stay on top of that and help businesses make sure they can pay their bills," she says.

The city also has a troubled fiscal history. It went bankrupt in 2004 and was under financial supervision until 2007. Van Nostrand joined the staff in 2010 and quickly started upgrading the accounting process.

"We're overhauling the system and doing audits," she says. "Being such a small community — about 1,800 people live here year-round — we can actually compare a map to the database and do a property-by-property audit."

Van Nostrand, originally from B.C., came to Dawson City with her husband in 1995 to run a hotel, which they sold in 2008. She came out of retirement to work for the city.

"Being a CMA has provided me with the knowledge to evaluate a situation and make changes to operate more efficiently and effectively," she says. "I love my job, and I'm confident I've got the skills to tackle the challenges." ▣

Jaclyn Law *is a Toronto-based writer and editor.*

PROFESSIONAL & EXECUTIVE DEVELOPMENT

from Cornell University

CMA Canada is pleased to continue its partnership with EarningThroughLearning.com, Canada's eCornell affiliate. For time-stretched, career-oriented people, eCornell offers:

- Internationally recognised credentials from Cornell University
- Best-in-class, award-winning, online leadership courses
- Accelerated career advancement
- 7 CPLD credits per course or 42 CPLD credits per certificate with successful completion
- Bilingual French offerings in the most popular courses
- A price you can afford: at a time you control

20% OFF for CMAs

COURSE EXAMPLES

- Developing an Agenda for Change
- Introduction to Project Leadership
- Strategic Thinking
- The Coaching Mindset
- Executive Decision Making
- Establishing Momentum: Managing Structure, Resources, and Performance

CERTIFICATE EXAMPLES

- Executive Leadership
- Change Leadership
- Managing for Execution
- Project Leadership

CMA graduates of eCornell have scored their overall learning experience 4 out of 5. Here is what one member had to say:

I found the discussions, collaboration and participation to be excellent. I appreciate learning from the examples brought forth from our diverse group. It was very helpful how the instructor prompted dialogue in the discussion forum as well as providing positive feedback to the assignments. The Executive Leadership program was a positive rewarding experience and I am so glad I had the opportunity to take it.

Brenda Yackle, CMA
Corporate Controller
United Safety Ltd., Alberta
Executive Leadership Certificate Graduate

CMA Certified Management Accountants™

eCornell

To view eCornell's offerings and to enrol please visit

www.cma-canada.org/ecornell