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Gone are the days when being a good corporate citizen meant contributing to your charity and treating your employees well.

With the depletion of our natural resources, pressure from the green movement, and the speed of change in the technology sector, organizations are now “on stage” for everyone to watch. The notion of sustainability no longer applies only to environmental organizations or public utilities: it’s slowly becoming an expectation for all organizations. The truth is, sustainability is a complex and global issue.

One of our features, “Non-financial reporting – A tale of three companies” reveals how three different organizations are accounting for the environment, and how North Americans are slowly following in the footsteps of our European colleagues.

In “Capital Health: Enabling right decisions today, for tomorrow,” we’ll meet Amanda Whitewood, FCMA, the chief financial officer and vice-president of sustainability at Nova Scotia’s Capital District Health Authority. We’ll learn about the organization’s mission (“to become a world-leading haven for people-centred health, healing and learning”) and its sharply focused plan for achieving that: putting the patient first, engaging the community and doing things big and small in an innovative, sustainable way.

We’ll also take a peek at CMA Canada’s efforts with the Prince of Wales Accounting for Sustainability Project in the Viewpoint section.

In one of our regular sections, Spotlight, we’ll meet Dave Lafleur, CMA. As the CFO of Golf Canada, Lafleur leads the organization’s internal departments – finance, human resources, legal, insurance and administration – which leaves him little time to improve his own game on the links. He does have time, however, to contribute to the Viewpoint section.

And last, but certainly not least, it’s my pleasure to announce that Mara Gulens has joined us as our new editor-in-chief. She is a seasoned editor, writer, television spokesperson and communications specialist with over 20 years experience and will lead our efforts for the magazine going forward. Welcome, Mara!
CMA Members can now attend over 20 of CPA’s seminar programs (including web seminars) at the member rate.

Payroll compliance is more crucial than ever as there are over 185 provincial and federal acts, regulations and policies to consider and they are constantly changing. With over 30 years of experience, the CPA is the authoritative source of Canadian payroll knowledge and education for payroll professionals, payroll service providers and other business professionals who have a functional responsibility for payroll.

**Documenting Your Payroll Policies & Procedures (Web Seminar) – April 13, 2011**

**Payroll Essentials for Accounting Professionals** has been designed for accounting and human resource professionals who have a functional responsibility to oversee the payroll function, but who are not processing an actual payroll. This seminar provides an overall introduction and overview perspective of the payroll function where participants learn about processing and reporting requirements and the responsibilities of payroll practitioners’ in government statutory withholding and remittance.

- April 15, 2011 – Vaughan, ON
- June 1, 2011 – Edmonton, AB
- June 2, 2011 – Calgary, AB
- June 16, 2001 – Barrie, ON
- June 17, 2001 – Mississauga, ON
- June 17, 2011 – St. John’s, NL
- June 22, 2011 – Kitchener, ON
- June 23, 2011 – Belleville, ON
- August 12, 2011 – Toronto, ON
- September 21, 2011 – London, ON
- September 22, 2011 – Ottawa, ON
- September 22, 2011 – Thunder Bay, ON
- September 23, 2011 – Halifax, NS
- September 23, 2011 – Vancouver, BC
- October 6, 2011 – Sudbury, ON

**Employment Standards** is a comprehensive introduction to the standards of employment across the country, including a jurisdiction-by-jurisdiction review of: hours of work; statutory/public holidays; paid and unpaid leaves; vacation; pay frequency and statement of wages.

- April 6, 2011 – Toronto, ON
- April 14, 2011 – Edmonton, AB
- April 14, 2011 – Winnipeg, MB
- April 15, 2011 – Calgary, AB
- April 15, 2011 – Red Deer, AB
- April 15, 2011 – Whitehorse, YT
- April 29, 2011 – Richmond, BC
- May 5, 2011 – Nanaimo, BC
- May 11, 2001 – Kitchener, ON
- May 12, 2011 – Moncton, NB
- May 19, 2011 – Kamloops, BC
- June 22, 2011 – Montreal, QC (English)
- June 23, 2011 – Mississauga, ON
- July 27, 2011 – Markham, ON
- August 11, 2001 – Surrey, BC
- August 19, 2011 – Calgary, AB
- September 30, 2011 – St. John’s, NL
- October 14, 2011 – Halifax, NS

**Taxable Benefits and Allowances** is designed to provide you with a comprehensive overview of the payroll implications for a full range of taxable and non-taxable benefits and allowances. The program provides legislative details on a number of common benefits and allowances, their statutory withholding treatment, and year-end reporting requirements.

- April 1, 2011 – Saint John, NB
- April 14, 2011 – Toronto, ON
- May 5, 2011 – Sudbury, ON
- May 12, 2011 – Timmins, ON
- May 19, 2011 – Richmond Hill, ON
- June 16, 2001 – Burlington, ON
- June 21, 2011 – Montreal, QC (English)
- June 23, 2011 – London, ON
- August 18, 2011 – Calgary, AB
- September 22, 2011 – Richmond, BC

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Contents

FEATURES

22 Non-financial reporting: A tale of three companies looks at the evolution of non-financial reports. Although they’re more common in Europe, North American companies are noticing the value.
By Oliver Bertin

26 Taking a lead role in sustainability explains how CMAs, leaders of change and influence, can integrate sustainability issues in their strategic formulation, implementation, and evaluation and control processes.
By Todd Scaletta, FCMA, and Stathis Gould

30 Capital Health: Enabling right decisions for tomorrow, today is all about putting the patient first, engaging the community and doing things big and small in an innovative, sustainable way.
By John DeMont

DEPARTMENTS

8 VIEWPOINT
12 RADAR
14 NOTEWORTHY

COLUMNS

10 RESEARCH
Supporting business R&D

17 HUMAN CAPITAL
Intelligence and leadership

19 STRATEGY
Comptrollership management

34 LEGAL
Deal mediation

37 TECHNOLOGY
Demystifying the cloud

39 CONVERSATION
Questions for Al Rosen, FCMA

40 UNPLUGGED
Risk management

42 SPOTLIGHT
Staying on course: Dave Lafleur

Cover illustration: Michael Austin, theiSpot.com
Sustainability: Embedding it in organizations’ DNA

By Todd Scaletta, FCMA

SUSTAINABILITY IS A COMPLEX and global issue involving a wide variety of organizations (government, regulators, businesses, non-governmental agencies, investors, professional bodies, etc). These various organizations often have conflicting views on how to best address sustainability issues.

However, His Royal Highness Prince Charles, who has been a long-time environmentalist and through his Prince of Wales Accounting for Sustainability Project (A4S), has been able to bring together a diverse group of key stakeholders to discuss and determine an optimal way for organizations to properly account for the environment.

CMA Canada was among the invited guests from across the globe for an event hosted by Prince Charles at his London residence (St. James Castle). At this event, His Royal Highness The Prince of Wales explained that the purpose is “to help ensure that we are not battling to meet 21st century challenges with, at best, 20th century decision making and reporting systems.” The book Accounting for Sustainability presents a series of case studies that provide practical insights on how leading private and public sector organizations applied the guidance developed by his Accounting for Sustainability Project.

With leading minds from organizations around the world around one table, this brings together different points of view, and not just from an accounting perspective. Representing CMA Canada, I participated in the discussions on some of the challenges and benefits to developing an integrated reporting framework for organizations. There is not a simple solution, but in this forum, businesses, professional bodies, regulators, investors and non-governmental agencies are working together to understand each others’ perspectives to develop a best practice for an integrated reporting framework.

CMA Canada is also involved in two other strategic alliances including working with the Consortium for Advanced Management - International (CAM-I) to develop a deeper understanding on how performance management techniques, such as activity-based costing, target costing and process-based management can be adapted to incorporate a sustainability perspective and assist organizations in improving their overall performance. As well, CMA Canada is working collaboratively with the International Institute for Sustainable Development (IISD) on understanding the challenges on a global basis for a public sector perspective. CMA Canada is proud to be part of all these projects that are still at the embryonic stages. Right now, we have more questions than answers, but it’s a journey we are helping to map.

Right now, we have more questions than answers, but it’s a journey we are helping to map.

Todd Scaletta, FCMA, is the vice-president of research and innovation, CMA Canada.
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Supporting business R&D: Federal expert panel set to investigate

Over the next year, the Research and Development (R&D) Review Expert Panel, launched in October by Industry Canada, will seek to answer the following questions: How much innovation is enough to boost an industry’s fortunes? What investments should government make in business research and development? Which sectors should benefit?

The group of six leading Canadians, chosen for their experience in business, academia, R&D and government, will provide recommendations to boost Canadian business, create jobs and generate marketable ideas. Before it reports to the minister of state (science and technology) in October 2011, the panel will solicit the advice of Canadians and business leaders and conduct a review of federal support to see how it can be enhanced to ensure that investments bring maximum returns.

Canada has a first-place position in the G7 for supporting science and research at universities and colleges, and the federal government spends more than $7 billion annually to encourage business R&D. Despite this, Canadian business spends less per capita on R&D, innovation and commercialization than other industrialized nations. In 2008, Canada ranked second among Organisation for Economic Co-operation and Development (OECD) countries in the total value of tax incentives and direct (provincial and federal) support for business R&D as a percentage of gross domestic product (GDP). Nevertheless, for business expenditures on R&D as a percentage of GDP, Canada ranks 16th.

Gilles Rhéaume, vice-president, public policy at the Conference Board of Canada, says that while the panel’s announcement follows a pattern of periodic reviews of R&D/innovation policies and programs and will likely come up with useful recommendations, “the question is whether the federal government will follow through.” Previous exercises like the Prosperity Initiative, S&T (science & technology) Review, and Innovation Strategy, brought forth “a lot of recommendations … but few were implemented. It could be the bureaucratic resistance to change.”

A major challenge continues to be commercializing business R&D. “What policies and programs will correct this?” Rhéaume asks. “This is the most critical question for government to answer. Second, the R&D tax credit needs to be reviewed to cover innovation-related activities including prototype development and market testing, provide more of an incentive for foreign-owned Canadian companies to do R&D in Canada rather than in other countries, and make it

Six leading Canadians will provide recommendations to boost Canadian business and create jobs.

By John Cooper
It should be essential to adjust the rules for university-related funding, to ensure that academic R&D is done in tandem with business to create more commercialization opportunities.

“It should be essential to adjust the rules for university-related funding, to ensure that academic R&D is done in tandem with business to create more commercialization opportunities.”

we have a successful aerospace support program,” Rhéaume says. “This has led us to be one of the world’s key players in that industry. The panel could identify other niche high-tech areas in which Canada competes globally and initiate similar programs,” such as the National Research Council-Industrial Research Assistance Program (NRC-IRAP). The NRC-IRAP is a model of success, but “unfortunately, the federal government has not provided enough support for that program.”

John Cooper is a Whitby-based freelance writer.

says. Often there are benefits when “imitative business practices” are applied, for instance, where the R&D investment is low and businesses create wealth (as long as intellectual property is not being infringed) by modelling themselves after successful companies.

Lévesque says R&D support may be beneficial when a region’s firms have a cost advantage to innovate, for instance, due to the right talents provided in the surrounding universities (like Research in Motion and Waterloo Region’s technology triangle of industry-plus-academia).

There, government support has allowed for “the development of a university-based incubator, which has helped firms reduce their cost of innovation,” Lévesque says. “[But] the wisdom that for economic growth one needs R&D spending—without which no technological change can take place—might be put to the test by a country like China, which has experienced significant growth rates without significant R&D expenditures. Although one may be tempted to think that the ‘Chinese miracle’ is due to the large quantity of cheaper labour, I would like to argue that its growth is due to the presence of many imitative entrepreneurs or ... a large amount of imitative business activities.”

It’s also important to recognize and build on past successes. For example, easier for small enterprise to apply for the credit.”

And it should be essential to adjust the rules for university-related funding, to ensure that academic R&D is done in tandem with business to create more commercialization opportunities, Rthéaume adds. The current system of big investments for low returns is unworkable. “The federal government has substantially increased its funding for university R&D over the last decade. What has been its return? This is very questionable, but no one has dared so far to provide an honest answer.”

The creation of the panel follows a commitment to respond to reports from the Science, Technology and Innovation Council and the Council of Canadian Academies, outlining Canada’s productivity and innovation challenges. It will examine three types of support: tax incentive programs, sector-specific and general support for business R&D, and support through federal granting councils and departments, including R&D at universities and colleges (such as Centres of Excellence for Commercialization and Research).

Innovation need not necessarily be an investment-heavy endeavour, Moren Lévesque, associate professor of operations management and information systems at York University, says. Often there are benefits when “imitative business practices” are applied, for instance, where the R&D investment is low and businesses create wealth (as long as intellectual property is not being infringed) by modelling themselves after successful companies.

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PC dead? Not yet, but it has competition

As Canadian consumers and enterprises enter a new decade, they will continue to move away from a predictable, but narrow, world of standardized computing devices like the PC and favour devices such as tablets and smartphones, suggests a global survey by Deloitte’s technology, media and telecommunications (TMT) group.

“Like kids in a candy store, consumers and enterprises will be excited, yet overwhelmed, by the sheer variety of options available to them,” says Duncan Stewart, director, Deloitte Canada Research and co-author of TMT Predictions 2011. “With PCs, netbooks, tablets and smartphones, buyers must choose among a wide array of functionalities, platforms, operating systems, sizes, features and price points.”

This new computing world offers Canadians many things the “one size fits all” PC-dominated world did not, including computing choices that can be more affordable, connected, mobile, pervasive, reliable, useful and fun, and that can be used in many different environments by both adults and children. On the other hand, with a more varied device environment, enterprises and consumers will need to seek optimum solutions for buying, replacing, managing and supporting these new tools.

“Probably the biggest change for this year for consumers is the need to choose which device to buy. For enterprises, the question is which devices to support,” says Richard Lee, Deloitte Canada’s national TMT leader. “Should we buy a tablet? If so, which tablet? Should we standardize on a smartphone or support multiple devices? It’s an utterly different computing world from only two years ago.”

According to Deloitte Canada’s TMT leadership, the most significant TMT trends that will impact Canada in 2011 are:

- Smartphones and tablets
- Tablets in the enterprise
- Operating system diversity
- Social network advertising
- Television’s “super media” status
- Strengthening PVRs
- Push beats pull in the battle for the television viewer
- Wi-Fi for retailers encouraging in-store shopping
- Wi-Fi complementing cellular broadband

Oops! Career-crushing blunders

Regret sending that text message to your boss? Three out of four (76 per cent) human resources (HR) managers polled by Robert Half said technology etiquette breaches can affect a person’s career prospects.

To prevent professionals from falling victim to online gaffes, Robert Half has released Business Etiquette: The New Rules in a Digital Age, a guide filled with tips on how to mind your manners when using professional networking sites, social media, email, instant messaging, mobile devices and more.

“Etiquette breaches, such as paying more attention to your smartphone than the people you’re meeting with, can make others feel less important and cause you to miss information,” says Brett Good, senior district president of Robert Half International. “Other mistakes, such as sending a confidential email to the wrong person or impulsively posting an offensive comment on Facebook or Twitter, can have more serious, career-impacting consequences.”

Top five technology etiquette breachers

1. The venter. This indiscreet individual never misses an opportunity to document a bad work situation. Job-related gripes and groans get splashed across Facebook, Twitter and her personal blog. Email, too, takes a decidedly negative tone.

2. The noise polluter. This person’s phone seems to lack a silent mode or an off button. Whether in a meeting or at a colleague’s desk, he freely takes and makes calls, oblivious to his surroundings.

3. The cryptic communicator. This person relies on texting shorthand for every type of correspondence. Odd or informal abbreviations, poor punctuation, and spelling and grammatical errors leave people shaking their heads.

4. The pop-up artist. While you’re trying to complete assignments, this chat fanatic insists on sending you a flurry of instant messages.

5. The conference call con. This multitasker pretends to pay attention during teleconferences, but is so busy checking email he has no clue what’s being discussed. It’s not an unusual problem: 45 per cent of executives confessed to frequently doing other things while in these meetings, according to another Robert Half survey.
Wanted: Change

Whether you’re trying to climb the corporate ladder, get your personal finances in order, lose weight, beat an addiction or save a relationship, the authors of Change Anything (Business Plus, 2011) have identified the best practices that will keep you on course without falling back to your old ways.

By studying the latest psychological and medical research of more than 5,000 everyday people working to overcome challenges, the authors identified four proven change strategies: identify crucial moments, create vital behaviours, engage all six sources of influence, and turn bad days into good data.

Why is change so hard? Research shows that lack of will is not the problem: it’s the lack of skill in understanding what keeps us stuck in our habits versus what can change us for good.

Part wake-up call, part action plan, and a marketer’s guide to Web 2.0, Wikibrands explains what businesses need to do now to embrace the power of p-2-p technologies and engage and enlist customers in brand building and value-enhancement.

In Wikibrands (McGraw-Hill, 2011) media marketing experts and authors Sean Moffitt and Mike Dover show how business leaders, brand owners, and startups can take advantage of new business models and technologies one click at a time. The authors suggest that, in a connected world and cluttered marketplace, brands should be tapping into the instinctual human need for genuine participation, peer-to-peer dialogue and shared media to survive and thrive. Word-of-mouth. User generated content. Social media. Microblogging. Prosumerism. Online communities. Crowdsourcing. Customer-driven experience. Customer rating systems and forums. It’s all powerful, exciting and new.

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Wikibrands includes:
- Case studies from Nike, Frito-Lay, Johnson & Johnson and Procter & Gamble, to digital enterprises Cisco, Microsoft and Sun, to customer experience experts Westjet, Best Buy and Starbucks
- An online toolkit including a Wikibrand Hall of Fame, video blog, and Wikibrand guidebook
- A foreword by bestselling author and business strategist Don Tapscott.

Brand power

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Why is change so hard? Research shows that lack of will is not the problem: it’s the lack of skill in understanding what keeps us stuck in our habits versus what can change us for good.

The authors share six proven career tips to make you 10 times more successful: 1) Visualize what you want; 2) Take time for professional development; 3) Associate with hard workers; 4) Find a trusted mentor; 5) Put money at risk by rewarding yourself, for example, if you reach your goal by your next performance review; 6) Control your workspace.

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EMPLOYEE BENEFITS:
An investment worth making
As many organizations cut back on employee benefits, New Brunswick-based Irving Oil, which operates Canada’s largest refinery, is investing in its people. In keeping with its strong commitment to its employees and education, Irving Oil partnered with the University of New Brunswick - Saint John (UNB Saint John) in a joint executive masters of business administration (EMBA) program. The joint EMBA program offers Irving Oil’s full-time employees the opportunity to earn a fully accredited degree over two years through UNB Saint John.

“By partnering with UNB Saint John, we are enabling our employees, our most important asset, to advance their education as well as enhance their business capabilities,” Mike Ashar, president, Irving Oil, says. “That’s a three-way win: for our people, for our business, and for our community.”

Alex Coles, senior manager, execution and integration office, is among a class of over 50 employees who began their first semester in October 2010 with tuition costs fully covered by the company. “The executive MBA program consists of students that are from across Irving Oil so we have the opportunity to interact with others on the team that we might not otherwise interface with. This allows us to build stronger relationships across the organization which we can leverage to make a more effective company.”

In addition to the EMBA program, Irving Oil provides full support to employees through executive team mentoring, coaching, time management and personal organization workshops, periodic tutoring, and wellness programming, as well as support for their families. “Mike Ashar believes that people who are physically and mentally well have more capacity to be more productive and more fulfilled. Through [the EMBA program], Irving Oil is supporting employee wellness and providing educational opportunities that allow us to build more capability within the organization. Most importantly, they’re providing a competitive advantage in today’s tough economic climate,” Coles says.

Employees can appreciate the importance of working for a company that understands the value of investing in employee benefits. “It’s rewarding to work for a company that invests so much in its people. Participating in the EMBA program itself is the opportunity of a lifetime, but the company has gone even further in its support by offering us state-of-the-art facilities and the tools we need to be successful,” adds Lesley MacLeod Dickson, public affairs, Irving Oil.

By Cindy Mantione

Promote innovation:
Companies in key Canadian manufacturing sectors are waiting for customers—notably other manufacturers and the construction industry—to fully recover from the recession before consistent profit growth resumes, according to the winter 2011 edition of the Canadian Industrial Profile Service.

Published by The Conference Board of Canada in collaboration with the Business Development Bank of Canada (BDC), the winter 2011 edition provides a five-year (2011-2015) forecast of production, employment, revenues, costs and profitability for five Canadian industries: chemicals, computer and electronic products, non-metallic mineral products, plastic and rubber products and pharmaceuticals.

“Many manufacturing industries such as these are deeply integrated into national and global supply chains,” Michael Burt, associate director, Industrial Economic Trends, says. “The recession ended more than a year ago, but the global recovery has been slow. As such, in terms of production, profitability and employment, it will take several years for most of these industries to recover fully from the effects of the recession.”

There are still challenges for Canada’s manufacturing industries. “They need to maintain market share and margins and move up the value chain,” Jérôme Nycz, senior vice-president, strategy and corporate development, BDC, says. “One way for companies to improve operational efficiency and product development is to make innovation an integral part of their strategies. As an example, managers need to promote innovative thinking at all levels of their organizations.”
WEAK OUTLOOK:
Europe to slow down global economy
According to the Conference Board of Canada’s World Outlook: Global Economic Trends and Prospects: Winter 2011, Europe is a key factor in slowing global growth to 3.4 per cent (almost 4 per cent last year).

“Wealth in the United States expected to accelerate this year, Europe remains the weak link in the global economy,” Kip Beckman, principal economist, says. “European governments are under increasing pressure to deal with soaring fiscal deficits and debt, even though private sector activity remains muted in most EU countries.”

Following a less-than-stellar gain of 1.6 per cent last year, real gross domestic product (GDP) growth in the European Union (EU) is expected to be even weaker in 2011, at 1.4 per cent. The combination of austerity fiscal policy, sluggish private sector demand and limits on credit from financial institutions could possibly push parts of the EU back into recession this year, although the winter 2011 outlook does not call for it.

In Latin America, weaker global trade and a leveling off in some commodity prices will result in slower growth of around four per cent this year. Brazil, the region’s largest economy, will increase interest rates to contain inflation.

2011 RISKS:
Cost-cutting and pricing pressures
What will be major concerns for Canadian businesses in 2011? According to Ernst & Young’s annual Global Business Risk Report, cost-cutting and pricing pressures sit amongst eight other risks.

“We’re seeing intense competition in the global marketplace that only looks set to escalate,” says Anne-Marie Hubert, Ernst & Young’s Advisory practice leader in Canada. “As Canadian companies fight for market share against a backdrop of slow growth in developed countries and a land-grab in emerging markets, it’s no surprise that pricing pressure is the biggest climber this year and, in order to price right, companies need to optimize costs.”

In light of current and forecasted growth rates, emerging market demand growth was cited as the top business opportunity for 2011. The report pinpoints excellence in investor relations as a top 10 opportunity, which is significant for Canada as public companies complete the transition to IFRS and look for ways to be more transparent and win the confidence of investors.

Top 10 global business risks for 2011:
(2010 ranking in brackets)
1. Regulation and compliance (1)
2. Cost-cutting (6)
3. Slow recovery/double-dip recession (3)
4. Market risks (new)
5. Pricing pressures (15)
6. Managing talent (4)
7. Access to credit (2)
8. Social acceptance risk/corporate social responsibility (9)
9. Expansion of government’s role (new)
10. Emerging technologies (13)

Top 10 global business opportunities:
1. Emerging market demand growth
2. Innovation in products, services and operations
3. Improving execution of strategy across business functions
4. Investing in IT
5. Investing in cleantech
6. Investing in process, tools and training to achieve greater productivity
7. Mergers and acquisitions
8. New marketing channels
9. Public–private partnerships
10. Excellence in investor relations
Being creative is not just about being original, innovative and imaginative. It’s about employing blue-sky thinking to ensure that organizations remain relevant and competitive in today’s economic environment. CMAs create possibilities in diverse and exciting industries using their unique skill set of accounting, management and strategy.

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Intelligence and leadership: Climbing the corporate ladder

Studies suggest emotional intelligence matters just as much as intellectual ability when it comes to success. By Ash Bisaria, CMA

Generally, there are three levels to achieve success and full potential in our careers: improved intelligence (IQ), improved emotional intelligence (EQ) and improved leadership (LQ).

The common notion that a better IQ will lead to a path of success is generally not true. According to a study by psychologist Daniel Goleman, a person’s EQ is more important. His research suggests that intuition is more important than brain power and having people skills is more significant than book learning for success, particularly more so in our role as managing people. EQ is the ability to understand emotions (for the self and others) and skills needed to work cooperatively with others.

EQ consists of four core abilities:

Self-awareness: The ability to recognize your own emotions and how they affect your thoughts and behaviour;

Self-management: The ability to control impulsive feelings and behaviours and manage emotions in healthy ways;

Social awareness: The ability to understand emotions, needs, and concerns of other people; manage their emotions in a productive way; recognize power dynamics in a group or organization;

Relationship management: The ability to develop and maintain good relationships, manage conflict and improve bonding.

Psychologists now agree that to achieve success, IQ accounts for 10 per cent; the rest is everything else including EQ. Unlike IQ, EQ manifests in behaviour. Managers with high EQ listen to others rather than talk, they focus on their employees’ strengths instead of criticizing them for their mistakes, and spend more time recognizing achievements. They energize people and “lift their moods” during times of significant change and uncertainty such as mergers, downturns, etc.

As CMAs, why is EQ important for our success? We live in a global world. More companies have found that outsourcing has shifted from a management option to a management necessity. The ability to work collaboratively with people from different cultures, backgrounds and countries makes it important to improve EQ. Finally, it is the stepping stone for you to be a successful leader later in your career.

Here are a few tips on how to improve EQ in your daily work life:

Understand your strengths and vulnerabilities. Find work with a mentor or coach to improve your EQ.
Be aware of your emotional style. Find ways to avoid discomfort and manage emotions during conflict.

Acquire skills. Increase your optimism and energy levels.

Listen to your feelings. Turn mistakes into energy. Share your human side with your team, suppliers and customers.

Develop listening skills. Good listening skills are the best way to connect with others and build relations.

Increase positive feedback. Show your appreciation to others on your team.

Although most of us will strive to become a CFO or CEO, not everyone makes it to the top. Reaching a leadership position is not a matter of luck or chance; it’s having an important skill set, LQ. LQ is all about your leadership performance and effectiveness. It is your ability to inspire and influence others (your colleagues, subordinates, etc.), through communication and positive energy. Leadership skills are driven by your physical intelligence, mental intelligence, emotional intelligence and even your spiritual intelligence (spiritual intelligence is your selfless ability to set aside your personal ego and put the needs of others first).

Here are ways to increase your personal LQ:

Know and convey the purpose: A leader with a higher LQ infuses a sense of meaning, conveys goals clearly and transparently so people can work with passion and enthusiasm to achieve them.

Foster communication: Allow people to contribute freely, share their ideas and wisdom to foster creativity and problem solving.

Learn to stay positive: See opportunity in times of change and uncertainty, build your competency to act and lead in times of change.

Unleash potential: Good leaders are surrounded by extraordinary people. High LQ leaders are good at identifying and developing high performers, they help their people to act, allow them to take risks and unleash their true potential.

Max energy: Learn how to develop a culture of “unrelenting enthusiasm” to sustain and restore energy and commitment in the organization.

Both EQ and LQ are closely interrelated; a slight improvement in your EQ and LQ will lead to marked improvement in your personal and professional effectiveness as a manager and leader. This in turn will significantly improve your chances to maximize your potential, and achieve the top position in your organization.

There is no secret recipe or magic solution to success. The real key is to understand yourself and constantly strive to work on your strengths and intelligence at all three levels, IQ, EQ and LQ. All these competencies should be an integral part of your personality tool kit, and depending on your career phase, one may be more relevant than the others. To unleash your full potential, you will need to internalize these intelligence skills with practice and build them over time so that they become second nature.  

Managers with high EQ listen to others rather than talk, they focus on their employees’ strengths instead of criticizing them for their mistakes, and spend more time recognizing achievements.

*From the book Emotional Intelligence by Daniel Goleman.

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ORGANIZATIONAL TRANSFORMATION can be daunting. Yet, transformation is indeed reachable if an organization remains guided by a clear sense of purpose, designs and executes a suitable process and takes the journey in stages.

Over the last several years, accounting standards have become increasingly complex to ensure that financial statement information is completely reliable. Consequently, comptrollership expectations have increased, as have the competency requirements of financial positions within government. These new realities are being faced against a backdrop of several inter-related challenges: approximately half of the executive finance officers (EFOs) within the Manitoba public service are eligible to retire in the next five years; the standardization of systems and processes across departments for the preparation of budgets and financial reports; and difficulties in recruitment and retention of qualified financial staff.

To address these closely related issues across departments and bring about transformation in comptrollership, the Comptrollership Change Management Initiative (CCMI) was launched in September 2008.

CCMI operates under the leadership of a nine-person steering committee consisting of a cross section of executive level departmental and central agency representatives. It meets monthly to consider recommendations from four CCMI working committees comprised of representation from departments and central agencies. With one exception, all participants in CCMI are contributing their time as an add-on to their daily responsibilities. Only the CCMI director who provides overall project management is a full-time dedicated resource to the initiative.

The key features of CCMI recognize that success in transformations depends equally on the content of change and attention to facilitating change.

Champions: Traditional wisdom holds that there should be a visible leader to lead a reform undertaking. CCMI has four executive sponsors who spearheaded the initiative. Having a broader base of support is particularly important in the context of a horizontal undertaking. As well, having more than one champion ensures the sustainability of CCMI in the face of retirements, re-deployments and other circumstances.

Clarity: The steering committee adopted terms of reference that identify the expected outcome, objectives and outputs of CCMI.

Consultation: Since CCMI is intended to benefit all departments, user involvement has been a crucial feature with input sought from...
Overview of CCMI

What is comptrollership?
Comptrollership is about ensuring appropriate processes and controls are in place in support of an organization’s mandate and program objectives. As such, comptrollership is the responsibility of both financial and program staff.

What does effective comptrollership look like?
Enhanced ability of organizations to generate information that is accurate, relevant, clear and timely about their:
• Financial situation;
• Results achieved relative to costs incurred;
• Mitigation strategies relative to financial and operational risks.

What types of tools/outputs are expected from working committees?
• Policies and procedures;
• Guidelines and templates;
• Information technology resources;
• Training and education.

Financial reporting and management tools working committee
Nine projects pertaining to:
• Budgeting and related reporting;
• Clarifying and updating policies and procedures;
• Reducing manual processes.

Position competencies working committee
Five projects pertaining to:
• Technical competencies and qualifications;
• Clarifying financial responsibilities between central government and departments.

Enterprise risk management working committee
One project pertaining to:
• A framework for risk assessment and mitigation.

Capacity building working committee
• Recruitment and retention of financial staff;
• Succession planning;
• Raising awareness and building knowledge.

Collaboration: A guiding principle of CCMI is that comptrollership is everybody’s business and, as such, its success depends on the willingness of central government and departments to work together to develop comptrollership approaches/tools for use across the public sector and staff participation on CCMI committees/project teams.

Capacity building: CCMI working committees/projects provide participants with developmental opportunities, awareness-raising on issues and solutions, and help foster a financial community of practice. This has the further important benefit of building a base of informed support and champions within departments.

Communication: Strategies are in place for coordination between CCMI committees, keeping central government agencies apprised of developments, and departmental executive management committees aware of CCMI outputs as they become available for use.

Contemplation: An annual strategic review is held by the steering committee to take stock of progress and performance relative to the expected outcome, objectives and outputs, and to identify any adjustments to process or activities that may be required.

Celebration: Finding ways to acknowledge milestones helps to sustain the momentum of participants. An appreciation event was held in 2010 for CCMI participants and we plan to hold another in 2011.

The road to organizational change does have its rough patches, therefore, it is also important to bear in mind during the design and implementation strategies that the evolution of change is gradual and set apart by three successive stages:
• Collaboration on which tools to use;
• How the tools influence behavioural change;
• Cultural change in the organization once the tools become part of day-to-day practices.

Marianne Farag is the director, CCMI, at the Government of Manitoba.
Professional and Executive Development from Cornell University.

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When I first read about Mastering the Time Value of Money I asked some fellow CMAs for a recommendation and received positive glowing responses. I must say the course was clear and concise and confirmed everything I was hoping it would be. It focused on areas that were applicable to both my job and personal life. Wonderful course. Can’t wait to recommend it!

Joddi Goertzen, CMA
Accounting Manager, DynaVenture Corporation

To view eCornell’s offerings and to enrol please visit:
www.cma-canada.org/ecornell
The role of non-financial reporting has evolved since its inception in the late 90s.

Approximately 3,000 major companies in Europe have bowed to pressure from the green movement and report on their environmental policies. An increasing number of Canadian companies – including Barrick Gold Corp., Canadian Tire Corp. Ltd., and Toronto Hydro-Electric System Ltd. – are producing non-financial reports on the web and in print to transparently communicate aspects of management, performance and corporate sustainability.
When Barrick Gold Corp. had its annual meeting in Toronto last spring, it met a chorus of opposition. Nuns, Chilean miners and Papua-New Guinean protesters marched outside the meeting hall loudly protesting what they saw as Barrick’s anti-environmental policies. Protests are a perennial risk for mining companies, and especially for companies such as Barrick, the largest gold company in the world and one of Canada’s bluest of blue-chip miners. After all, Barrick is an easy target. It digs huge holes in the ground in some of the poorest countries in the world. It disrupts the local economy for a generation and then, when all the gold is gone, it packs up the mine, leaves the country and goes somewhere else. No wonder environmental groups are angry.

But that protest was quickly forgotten because Barrick has done its environmental homework. As one of the most highly regarded corporate citizens in the industry, Barrick has banked a lot of good will on its side. Barrick works with foreign governments to lessen the impact of its mines. It injects millions of dollars into local economies. It trains and hires 15,000 local workers, sponsors local businesses, purchases its goods through local supply chains, builds schoolhouses and hospitals, and cleans up the mess before it leaves.

Barrick also tells the world about the good work it does. Never shy, Barrick has taken non-financial reporting to a new high with an active publishing program that includes a colourful magazine, a detailed corporate website, reams of online quantitative data and, perhaps its most valuable vehicle for the investment and accounting community, an annual Responsibility Report.

It’s clear that Barrick takes its non-financial reports seriously. As manager of corporate social responsibility, Caroline Rossignol heads a staff of more than 200 people in Canada and around the world who carefully tend Barrick’s image. The reasons are profound and subtle, self-serving yet altruistic. Barrick needs to maintain good relations with its investors and critics, with national governments at home and abroad, with local communities, with local staff and their families. If those relationships sour, Barrick would not last long in the countries where it operates.

Barrick’s publications—and its stakeholders—have changed markedly since the days when it got by with an expensive public relations campaign and lots of big-budget philanthropy. Governments and NGOs are still key stakeholders, of course, but modern regulators and equity analysts now demand large volumes of environmental and social data, and independent audits to certify the numbers are accurate.

Environmental risk became a major component of these reports after the grounding of the Exxon Valdez in 1989. The BP Plc oil spill in the Gulf of Mexico last year raised the ante by several notches, and placed even greater pressure on Barrick to produce a satisfactory non-financial report.

“We get inundated by profiles by financial analysts and environmental and social rating agencies ... They are very educated, very informed. But they are also very subjective. It’s a learning curve for us.”
“We’re a monopoly in a developing energy market. We feel it is right to show some degree of transparency about management.”

And then there are the environmental and social rating groups, a veritable cottage industry of bloggers and website writers that has sprung up in recent years, with its incessant rankings and opinions. Yue Li, associate professor of accounting at the Joseph L. Rotman School of Management at the University of Toronto mentions CSRwire, a website that labels itself as “the leading global source of corporate social responsibility (CSR) and sustainability news.” It is also a goad that keeps Barrick on its metaphorical toes. “Socially responsible investing is huge,” Li says, pointing to the large number of ethical mutual funds that scrutinize non-financial reports before investing and to the many pension funds that shy away from any investment that has a taint of controversy. “We operate in an incredibly complex environment,” Rossignol says. “We get inundated by profiles by financial analysts and environmental and social rating agencies ... They are very educated, very informed. But they are also very subjective. It’s a learning curve for us.” Barrick has found the best way to handle environmental concerns—whether from protestors or investors—is to prepare detailed non-financial reports that open the window on Barrick’s environmental and social progress. Then Barrick hires independent third parties, such as French consultancy, Bureau Veritas SA, to audit and certify its reports. Assurance is so important in the hyper-critical world in which Barrick operates that it conforms to many independent, non-financial rating agencies. The grandfather of all agencies—and the current world standard—is the Global Reporting Initiative’s (GRI) G3 Sustainability Reporting Guidelines and the associated GRI Mining and Metals Sector Supplement.

Barrick puts a lot of effort into its non-financial report because its business is so controversial. Retail giant Canadian Tire Corp. Ltd. produces a different kind of report for different reasons. “It’s good for business,” Tyler Elm, Canadian Tire’s vice-president of business sustainability says. “Our objective is to go after the economic and environmental benefits [that come with the report].” Elm adds that “shareholder communication is secondary.”

Canadian Tire has discovered that green is good because green is low cost. Green policies save diesel fuel, electricity and the cost of excess packaging. That raises profits and makes Canadian Tire a stronger company. The company completed 203 sustainability projects in the first nine months of 2010, saving 71,400 gigajoules of energy, 3,700 tonnes of greenhouse gas emissions and $3 million in costs. Elm sounds truly excited by the money that he saved. “Three million in avoided costs is equivalent to 15 million in additional sales,” he says. “That’s equivalent to adding one new store” to the company’s national chain.

Canadian Tire likes to brag about its green policies, and the perfect vehicle is the non-financial report. Elm moved much of the material into an expanded annual report this year and then published a plethora of detailed press releases and supplementary reports online on the corporate website. The website has many pages of non-financial material on the retailer’s community relations, green products, employee relations and general good works. It also publishes a code of business conduct that clearly bans the use of child labour and minority and sexual discrimination by foreign suppliers. Canadian Tire hires independent assessors who make surprise spot checks on its suppliers in China and elsewhere to make sure they follow the rules on child labour and minority hiring. But, just in case something is missed, the company promotes its Business Conduct Compliance Office where whistleblowers can report any infraction.

Elm is proud of his “dynamic, evolving website. The website is very much part of the business strategy. It has evolved tremendously over the years.” Canadian Tire is considered one of the leaders in non-financial reporting, but Elm says that it is simply a matter of good business, not good report writing. “A good reputation is like money in the bank,” he says. “It gives a cushion when bad things happen.”
Toronto Hydro-Electric System Ltd. is neither a Third World miner nor a busy retailer. It has one shareholder, a monopoly business, thousands of dependent consumers and a list of stakeholders as long as its arm. It also publishes a highly respected non-financial report. “It’s the right thing to do,” Blair Peberdy, vice-president, community and public affairs and the executive in charge of corporate sustainability for the city-owned utility, says. “We’re a monopoly in a developing energy market. We feel it is right to show some degree of transparency about management.”

There are many other reasons why a public utility would go to the expense and bother of publishing such a report every year. Employee culture is front and centre, he said, noting that 40 per cent of the company workforce will retire and be replaced in the next five or 10 years. Toronto Hydro wants the right sort of people to apply for the jobs, people who understand and approve of its culture. Risk analysis is also key. Toronto Hydro borrows money, so it wants to keep credit rating agencies and banks informed and happy. And it spends a lot of money on infrastructure, so wants the financial community, consumers and governments fully aware of its progress.

Preparing the first non-financial report was a long and involved process that took Peberdy 18 months of intense work to get right. But with four reports under his belt, the process is becoming routine and relatively inexpensive. The first report took a lot of effort because non-financial reports were in their infancy and Peberdy was stepping into unknown territory. He talked to all the major auditing firms, trying to find the best partner for what he hoped would be a long-term relationship.

That partner turned out to be Mel Wilson, an environmental PhD and leader of the Pricewaterhouse-Coopers LLP’s sustainable business solutions practice. Peberdy checked with other companies and other utilities to see what worked and what didn’t. He compared the pros and cons of auditing and assurance, and opted for assurance because it suited the informal nature of the early non-financial reports. Then he spent a considerable time choosing the best parameters for his report, ones that would offer the best view of corporate responsibility at Toronto Hydro, that would be meaningful for readers, easy to measure and easy to check. Above all, these performance indicators had to withstand the scrutiny of a critical audience. “We spent a lot of time deciding what we would report on,” Peberdy said. “We came up with 44 indicators to measure our business and pruned them down to 20. Then we went through them again to make sure the company had a proper methodology, and came up with six or seven or 10 measures that we could assure.” When the 2007 report was finished and in the bin, Toronto Hydro drew up a template and added another level of assurance every year, improved the report where it could and added more details and more parameters.

Peberdy makes the process sound routine. He has one staff member who updates the figures every year, one consultant who comes on board for three months and a web advisor who makes it all look nice. The resulting report is considered one of the best, and one of the most innovative, in the business. Peberdy’s latest brainwave actually saved Toronto Hydro a lot of money. He took the non-financial report online, saving a ton of printing costs. Then he pruned the annual report down to the minimum and moved most of the non-financial data into the lower-cost online report. The result: Toronto Hydro now issues two reports—the printed annual report and the online non-financial report—for less than the cost of printing one old-style annual report.

Oliver Bertin is a veteran business reporter in Toronto.
Taking a lead role in Sustainability

How to incorporate sustainable development into strategic planning

By Todd Scaletta, FCMA, and Stathis Gould

CMAs are well positioned to take a lead role within their organization to integrate sustainability issues in their strategic formulation, strategic implementation, and evaluation and control processes. The CMA Competency Map coupled with the International Federation of Accountants’ (IFAC) Sustainability Framework provides CMAs with the tools on how to be influencers of change in their organization.

Sustainability involves three key issues: economic, environmental and social.

The strength and focus of a sustainable development business case will vary across organizations. Approaches depend on the business operations that are pursued, the markets in which an organization is active, the country of origin, and the size of an organization. For example, the oil industry has a different set of sustainability issues and potential responses to deal with than the financial services industry.

Organizations need to consider five key questions on how to make sustainability part of their strategic formulation, strategic implementation, and evaluation and control process. Each response to
CMAs have the opportunity to use their leadership skills in their organization to collaborate, influence, convince and lead change.

the five key questions will include a demonstration on how CMAs’ competencies can help address the specific question as well as how the IFAC Sustainability Framework can be used as a resource.

**Strategic formulation**

1. **How is the organization integrating sustainability in its strategic management?**

   **Identify the business case:** The strength and focus of a sustainable development business case will vary across organizations. The business case can cover the three key areas of sustainability: (a) depleting natural resources (energy and water) and the need to demonstrate that the business is responding to changes in customer expectations on the environment, and the need to consider reducing energy consumption; (b) social issues influence both the organization’s ability to attract talent, and social performance directly contributes to customer perceptions and satisfaction, and productivity; and (c) investors (particularly institutional investors) are increasingly including environmental and social performance (and governance) factors in their financial assessment of a company’s current and potential performance.

   **Relate the business case to stakeholder engagement and risk management activities:** Evaluate the organization’s strategies from a risk management perspective. Establishing a coherent business case depends on identifying the key sustainability related pressures and expectations on an organization; considering the sustainability issues created by the way an organization operates, and the benefits of dealing with these issues and the risks of failure.
Analyze any strategic trade-offs presented by sustainability issues: Some companies will have a conflict between the pressure of short-term business performance and sustainability. For example, for Kingfisher plc, tropical timber products from sustainable sources can be more expensive than those from non-sustainable sources. Well managed forests harvest fewer trees each year which can reduce their income so there are only limited supplies of Forest Stewardship Council certified timber. This can then translate into higher prices. Therefore, it is important to consider how to differentiate products, and whether their sustainability can command a higher consumer pricing.

Strategic implementation

2. Have we visibly demonstrated the leadership required to integrate sustainability in the way we do business and to deal with any attitudinal and cultural barriers?

Develop policies that support the integration of sustainability initiatives: An example is both leadership and the ability to envision organizational sustainability policies as a mechanism for embedding sustainability values and principles, and integrating these at a strategic and operational level. An environmental policy could detail (a) the organization’s compliance with laws and regulation, (b) its own view on the importance of environmental performance to its business operations, and (c) its environmental impacts and initiatives to reduce it, such as investing in renewable energy, modifying product design, or improving manufacturing.

Engage ownership at the top to integrate sustainability: CMAs have the opportunity to use their leadership skills in their organization to collaborate, influence, convince and lead change. Integration of sustainable development into the way an organization manages itself requires ownership at the governing body level (the board). Ideally, the chief executive officer champions (a) the integration of sustainability into strategic discussions and subsequent follow-up; and (b) specific sustainability initiatives. This helps ensure that sustainable development is approached from a performance-based perspective rather than (only) a compliance-based perspective and properly treated as an important strategic issue that forms an integral part of the board’s efforts to secure long-term value generation for stakeholders.

Understand how values guide behaviours and decisions: CMAs must adhere to the CMA Code of Conduct and the highest ethical standards. Leading by example positions CMAs to be effective in evaluating and recommending a values-based program and code of conduct to promote (a) an organization’s underlying values, (b) commitment to employees, (c) standards for doing business, and (d) its relationship with wider society.

3. Has sustainability been incorporated into discussions around the organization’s competitive positioning in the market so to identify (a) the potential revenue growth from new or differentiated products and services and (b) cost reduction and efficiency improvements?

Change risk to opportunity: CMAs can assist in the management of the revenue stream, including the use of internal and external sources of information in order to achieve the organization’s chosen value proposition. In addition to securing the trust of society and customers, sustainability issues often present opportunities. Therefore, planning discussions at board and senior management level should involve considering the upside of improving sustainability performance with new products and services. For example, General Electric generated revenues of around $17 billion in 2008 from products and services relating to its Ecomagination initiative. Cutting costs through better resource efficiency and minimizing waste can also be immediate performance enhancing activities.

Identify a range of competitive strategies: CMAs have the training and ability to analyze financial risk to maximize opportunities and mitigate threats by assessing financial risk in the external environment, identifying and evaluating operational funding requirements, and developing and recommending strategic financial plans and forecasts. Can we collaborate in partnership with NGOs, supply chain partners, competitors, distributors to develop opportunities for improving sustainability performance and enhancing customer satisfaction? Collaboration can work well for retailers and their supply chain partners. For example, Marks and Spencer, GAP, Nike and Victoria’s Secret are (partly) supplied by the garment manufacturer MAS in Sri Lanka. MAS is recognized for working with its retail partners to establish factories in rural communities and to invest in their social development. Organizations can also collaborate
Recognizing and measuring the external impact of environmental and social costs and benefits can help to manage an organization’s wider impact on society and the environment.

at an industry level to establish voluntary codes of conduct (effectively self-regulation on sustainability issues).

How do we respond to emerging trends and pressures on our business and to emerging and new legislation, including the development of market mechanisms such as emissions trading schemes? Some pressures and environmental shifts occur through supply chains. For example, some suppliers to food retailers are being challenged to provide new forms of packaging that are more sustainable (but can be more expensive to produce).

**Evaluation and control**

1. Does the existing performance measurement framework, or KPIs used to measure organizational performance include measures to indicate achievement against sustainability objectives and therefore wider sustainability performance?

**Identify a broader set of measures of performance:** The essence of being a CMA is having the ability to establish appropriate financial and non-financial performance metrics in relation to the organization’s strategic and operational goals. Sustainability performance measures and KPIs help organizations ensure that they have considered their environmental, social, and economic impacts. There are many useful sources of guidance on how to select and use performance measures and KPIs. Before settling on metrics and KPIs, it is necessary to understand how they are best used and incorporated into internal management, and therefore how they can help to support better external reporting.

**Deal and measure sustainability issues where they have been identified as an important driver of strategy:** Another key component of the CMA competency set is the ability to align the organization’s resources and success factors to ensure the chosen strategy is accomplished. Some organizations have modified their performance measurement frameworks to include sustainability performance indicators. However, accountability for performance against strategic objectives, including sustainable performance, requires an understanding of the causal relationships between the various actions that can be taken, and their impact on financial and non-financial performance. Organizations making a specific business case for a sustainability strategy and objectives will also rely on effective measurement to understand the resulting impact on the organization and society. Therefore, measures and KPIs and the way they are presented can be used to internally and externally report on those strategies and objectives.

5 Has the organization got in place appropriate management system(s) to support the delivery of sustainability objectives?

**Consider a sustainability or (environmental) management system to complement an internal control system:** The CMA Competency Map refers to a CMA’s ability to evaluate and implement internal controls from a risk management perspective. Developing such a system can help an organization define its sustainability objectives, identify sustainability challenges, risks, and opportunities, and ensure that management and operational practices respond to these challenges, risks, and opportunities.

**Move from a conformance- to performance-based view of accounting for sustainability impacts:** A key functional competency for a CMA is the ability to evaluate their organization’s financial reporting system and assess improvement strategies. Recognizing and measuring the external impact of environmental and social costs and benefits can help to manage an organization’s wider impact on society and the environment. A conventional accounting system will typically recognize direct social and environmental liabilities that usually arise from legal and regulatory requirements (such as disability and flexible working time requirements, landfill costs, and other environmental levies, legal and due diligence fees, and any fines and remediation costs), because these costs need to be measured for external reporting and compliance purposes (and therefore will be reflected in company accounts). However, sustainability accounting calls for organizations to consider the cost or benefit of its products, services, and operations (which are not mandated by law or regulation) outside the boundaries of the organization.

Todd Scaletta, FCMA, is the vice-president, research and innovation, CMA Canada. Stathis Gould is the senior technical manager, professional accountants in business committee, International Federation of Accountants.
Capital Health: Enabling right decisions for tomorrow, today

The leadership team at Capital Health has a plan – put the patient first, engage the community and do things in a sustainable way.

By John DeMont

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omprehending a balance sheet is one thing. A first-class accountant, in the view of Amanda Whitewood, also needs to be able to channel Persian heroine Scheherazade when the moment arises. “A CMA,” the chief financial officer and vice-president of sustainability at Nova Scotia’s Capital District Health Authority likes to say, “has to make numbers come to life through the art of storytelling.” Early 2009 was one of those times, when the best storytelling skills of the One Thousand and One Nights protagonist were badly needed. Whitewood had recently begun the biggest challenge of her career: helping to transform the corporate culture at the largest provider of health services in Nova Scotia. Talk about impeccable timing: Capital Health was again running a deficit; an annual one-week slowdown in surgeries during March Break was extended to reduce expenses; the planet was in the midst of the worst economic downturn since the Great Depression. No wonder disbelieving laughter erupted the first time Whitewood stood up at a staff brainstorming session and spoke of a business plan that focused on goals three years out—instead of year-to-year—while still finding a way for Capital Health to live within its means.

That’s where the storytelling came in. The next time she stood before staff, she invoked the spirit of Dr. Johnny Fever (the burned-out DJ from the ’70s–’80s sitcom WKRP in Cincinnati) to illustrate how Capital Health had caught the “FEVR” (fixed expenses variable revenues) by mistakenly basing its spending on uncertain government funding levels. When opening later staff forums, Whitewood would ask the crowd about the state of their personal financial plans. That helped Capital Health employees make an important link in their minds: sometimes, with a crisis directly before you, it can be hard to see immediate opportunities; look further into the future, though, and perspective changes and solutions become possible. “You could see the light go on in people’s eyes,” says Whitewood, a CMA who sings in Capital Health’s choir and makes ornate cakes for friends, family and community organizations in her spare time. “Health care solutions take a long time. You can’t turn things around in 12 months. From that point on, the groundswell of understanding and acceptance just grew.”

It had to. Even with the worst of the economic downturn over, the problems Capital Health faced are myriad: one of the oldest, sickest patient populations in the country; declining funding from a cash-strapped provincial government; a care delivery system that, even with 12,000 employees—who themselves are aging—
Capital Health struggles to meet patients’ needs. Capital Health is responsible for the health of 40 per cent of the province’s population and provides specialist care to residents of all three Maritime Provinces. At issue is the sustainability of the health care system: will it be there for future citizens?

The good news is that Capital Health now has a clear mission (“to become a world-leading haven for people-centred health, healing and learning”) along with a sharply focused plan for achieving it: putting the patient first, engaging the community and doing things big and small in an innovative, sustainable way. And perhaps most of all, Capital Health is counting on a business plan based on long-term strategic goals to get where it wants to go, rather than hasty, short-term planning shaped by the funds available. “Multi-year business planning,” Whitewood says, “is about enabling people to make the right decision for tomorrow, today.”

This renewed vision originated with Chris Power, CEO, Capital Health, who joined the organization five years ago and almost immediately launched a strategic planning process that involved thousands from inside and outside the organization. She was convinced that things had to change if safe, quality health care was to continue to be provided to future generations. The result was an unconventional strategic plan titled Our Promise that became a rallying cry for many who shared Power’s commitment to change and improved care. That transformation included a revamped business planning process and an organizational commitment to living within budget.

Whitewood, a veteran of several multi-year business plans while vice-president at Halifax’s Mount St. Vincent University, and the rest of the Capital Health leadership have turned the new thinking into a tangible plan. It’s a bold move: in most provinces, governments are driving multi-year planning in the health-care sector. Capital Health, on the other hand, has willingly adopted a policy-driven action strategy with a three-year horizon. That means viewing every corporate decision through a new lens, what the organization calls its “three Es”: Is it ethical? Does the evidence show it improves health outcomes for patients and citizens? In terms of economics, is it a responsible use of public funds?

These are more than theoretical questions. For Capital Health, dollars are scarce; the provincial government may need to cut five per cent of its budget by 2014. At the same time, Nova Scotia’s rapidly aging population is placing increased demands
upon the care system. “The three Es (ethics, evidence and economics) are at the forefront of every choice we make about using our limited resources,” Cecil Snow, Capital Health’s director of finance and decision support explains.

The economic criteria are cut-and-dried: new initiatives have to save money, increase efficiencies or lead to some other positive financial outcome. When Capital Health folks talk about evidence, they mean that programs have to be backed by good research and grounded in sound principles. Meeting the ethical standard means in part ensuring that everyone affected by a potential change—patients, clinical staff, administration—is consulted and has input, and that the decision reflects what the organization values, as stated in its declaration of health: “Our decisions and actions must be just, equitable and for our greater good.”

Not being hemmed in by 12-month budgets has been liberating. Leadership cast a wide net in search of ideas; hundreds of Capital Health employees were consulted, as well as physicians, learners and volunteers. But it didn’t stop there. Four thousand community members were polled about their health care priorities and concerns.

With that input, the Capital Health leadership team was asked to gaze into the crystal ball and define what they wanted the organization and the state of health care in Nova Scotia to look like in 2020. From there, they reduced the process to bite-sized portions. Then they backtracked to determine what had to be happening in 2013—year three of the planning exercise—to meet those goals.

Some of the ambitions for 2013, known internally as milestones, are easily quantifiable: eliminating shadow medical charts, cutting surgical wait times, trimming employee absentee rates, increasing the adoption of technology. Others—improved self-confidence in managing chronic conditions, for example—are less so.

Achieving those milestones won’t happen by accident. All told, Capital Health’s business planning team considered 250 proposals—a total of four shopping carts worth of reading material—before choosing 106 initiatives with the best chance of making their vision reality. They run the gamut: $500,000 for a new electronic health charting system (matched by an equal amount shifted over from Capital Health’s IT budget); another $500,000 on community-based primary care initiatives; $45,000 for a housekeeping bed-tracking project to help improve patient flow; and $6,600 to set up a nurse-run foot-care clinic in the community, to name just a few.

By the third quarter, Capital Health was halfway to its goal of cutting back on patient and preventable surgical no-shows and cancellations. Its overtime bill was reduced by 30 per cent in certain clinical areas. Money saved was used elsewhere. Similarly, Capital Health was 40 per cent there in terms of synching actual versus expected lengths of stay in hospital as well as closing alternate level of care beds (patients waiting for nursing home care). Other savings and improved care came from reducing admissions of nursing home residents who could be better treated outside hospital.

There’s incentive to be on target: 32 of the 106 approved initiatives receive new funding from within the Capital Health budget, reallocated from different areas. But that was contingent upon providing clear criteria for measuring the program’s progress. Failure to live up to that promise means funding may not be extended beyond year one. As well, all of the costs associated with new initiatives have to be variable; White-wood doesn’t want Capital Health to catch that FEVR again.

What resources are responsible for which services? Are resources being fully utilized? Are patients getting what they need from available resources?
This past fall, Accreditation Canada, an independent national organization that reviews care standards and accredits hospitals, offered reassurance to Capital Health that it was on the right track with multi-year business planning: “The organization is commended for taking this initiative... While this is also recognized as a challenge because of the province’s financial situation, it is hailed by the organization and its community partners as vital to ensuring the movement toward health promotion and wellness and the eventual sustainability of the system.”

The tough choices may be just the beginning. If the focus of the first year of Capital Health’s multi-year plan was investment, years two and three will be about where to find the savings mandated by the provincial government. “We have to look deeper and do different things,” says Whitewood. Touching efficient and effective care delivery is out of the question. Instead, the focus is on making strategic investments that have a payback. Increased use of technology—via Capital Health’s information management strategic plan—is one obvious way to make things run more smoothly. So, too, is Capital Health’s plan to play a bigger role in primary care, where most Nova Scotians make first contact with the health care system. (Preventing people from getting sick in the first place is dramatically cheaper than treating them in a hospital once they get ill.)

To support the decisions ahead, Whitewood has taken the organization into yet more new territory: case costing. The accounting method aims to capture the real cost of health services—how much does a knee replacement really cost?—by adding up all direct and indirect costs. Several health care organizations in the country have been using various case-costing methodologies, and with the guidance of the Canadian Institute of Health Information, Capital Health is learning from them as it works to become the first one east of Ontario to use the ambitious costing approach.

Back in the days when Capital Health planned year-to-year, the leadership would have just thrown up their hands and considered stuff like that too ambitious to take on. Now, even though finding money to fund big new initiatives is sure to be a challenge, there’s a new attitude toward the future to go with the new directions to live by: let decisions and actions be ruled by long-term strategic objectives rather than short-term budgets. Figure out a way to move forward, not why you have to stay put. “There has always been this passion to put patients first,” says Whitewood. “But you can’t do that without a sustainable system, and that’s where sound financial planning and costing are so critical.”

\[\text{John DeMont is a Halifax-based writer.}\]
OVER THE PAST TWO DECADES, business people and their professional advisers have come to appreciate the merits of alternative dispute resolution, mediation in particular, as an effective and efficient way of settling commercial disputes. Anecdotal evidence suggests that when parties come to the mediation table voluntarily, 80 to 90 per cent of those cases are resolved without further litigation. Why then restrict such an effective tool to resolve litigious disputes?

Although most complex commercial transactions such as mergers, acquisitions, distribution agreements, long-term leases, etc., are successfully completed, many fall apart for the wrong reasons. While in some cases irreconcilable differences arise during the negotiation, due diligence, or closing phases of the transaction, often, the deal collapses because the parties lack the necessary skills to creatively resolve issues as they arise. In other cases, deals do eventually close, but only after months of unnecessary delay, with all of the attendant additional costs. It is in these situations that the involvement of a capable mediator can keep the deal on course by facilitating constructive discussions and by crafting creative solutions.

Few complex transactions come off without a hitch. At every stage, issues arise. Disagreements frequently arise concerning matters such as asset or inventory valuations, environmental contamination, responsibility for past service obligations, union agreements, or contingent liabilities, to name a few. In relation to the overall benefits of the deal, the financial implications of these issues may be relatively small, but they can easily escalate if not handled sensitively. The front line players in these transactions, being the lawyers for each side, are naturally inclined to try to get the best deal for their own client. While some lawyers are temperamentally well-suited to the negotiation process, there are many sad tales of deals falling apart because the lawyers’ egos got in the way. Similarly, the parties’ investment bankers are financially motivated to see the deal completed, and this may impair their judgment in the eyes of their own client and the other party.

A deal mediator is a neutral party retained at the early stages of a potential transaction and is paid equally by both sides, to ensure continued neutrality. Probably, but not necessarily, a lawyer with training and experience as a mediator, this person will have a background in transactional work and in business. Early on in the process, the deal mediator will meet with the parties and their lawyers to establish a timetable for the various stages of the process and set the ground rules for dealing with disputes as they arise. The lawyers will agree to bring any significant issues to the
attention of the mediator as soon as it becomes apparent that disagreement exists. In other words, the mediator’s services will be engaged before the issue has a chance to escalate. By prior agreement, the mediator will have access to the lawyers or the party representatives without restriction.

In addition to facilitating the resolution of disputes, the mediator will meet periodically with the party representatives and their lawyers to ensure that the timetable is being respected. In addition to resolving disputes, once familiar with the transaction, the mediator can also play a role in facilitating discussions between one or more of the parties and outside third parties such as auditors, investment bankers, securities regulators, commercial lenders, union representatives, and even significant customers; while retaining a neutral stance between the contracting parties.

There is precedent for this in the world of large construction projects, where mediators are often appointed at the beginning of a project to ensure that disputes are quickly resolved, so that construction and cash flow continues without interruption. While the appointment of a deal mediator in large commercial transactions will add another cost to the process, it will be insignificant in relation to the dollar value of most transactions and may pay for itself many times over.

Stephen Morrison is a partner at the law firm of Cassels Brock & Blackwell LLP.

While some lawyers are temperamentally well-suited to the negotiation process, there are many sad tales of deals falling apart because the lawyers’ egos got in the way.
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<table>
<thead>
<tr>
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<th>Date Published</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenario Planning: Plotting a Course Through an Uncertain World</td>
<td>May 2010</td>
</tr>
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<td>Divestitures</td>
<td>July 2009</td>
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</tr>
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<td>June 2008</td>
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<td>July 2007</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RISK MANAGEMENT AND GOVERNANCE</th>
<th>Date Published</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Risk Management for Management Accountants</td>
<td>February 2009</td>
</tr>
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<td>March 2008</td>
</tr>
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<td>Integrating Social and Political Risk into Management Decision Making</td>
<td>July 2007</td>
</tr>
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<td>The Reporting of Organizational Risks for Internal and External Decision Making</td>
<td>December 2006</td>
</tr>
<tr>
<td>Business Continuity Management</td>
<td>November 2006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERFORMANCE MANAGEMENT</th>
<th>Date Published</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Performance Management Maturity Framework</td>
<td>January 2011</td>
</tr>
<tr>
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<td>February 2010</td>
</tr>
<tr>
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<td>August 2009</td>
</tr>
<tr>
<td>Impacting Future Value: How to Manage Your Intellectual Capital</td>
<td>July 2008</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERFORMANCE MEASUREMENT</th>
<th>Date Published</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designing and Implementing a Performance Measurement System</td>
<td>April 2010</td>
</tr>
<tr>
<td>Performance Measurement of Not-For-Profit Organizations</td>
<td>May 2009</td>
</tr>
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<td>Evaluating the Effectiveness of Internet Marketing Initiatives</td>
<td>May 2007</td>
</tr>
<tr>
<td>Evaluating Performance in Information Technology</td>
<td>January 2005</td>
</tr>
<tr>
<td>Customer Profitability Analysis</td>
<td>January 2000</td>
</tr>
</tbody>
</table>

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

www.cma-canada.org/foundation
Demystifying the cloud: Complexities of online asset protection

Cloud computing reduces costs and offers flexibility in the way companies manage information.

By Jacob Stoller

THE ISSUE IS NOT THAT CLOUD computing is leading edge—the technology has been around for at least a decade—but that it marks an acceleration of a number of data management practices that are not yet widely understood. “When I look at 2011, I think it’s the year of demystifying the cloud,” John Weigelt, national technology officer, Microsoft Canada, says.

The common characterization of “the cloud” as some ubiquitous entity can be particularly misleading. “I think the first myth that needs to be dispelled is that the cloud is one thing. It’s a broad term for a wide range of solutions. To use a metaphor, when you look up in the sky there are clouds, but there are all sorts of them.”

Cloud computing can find its way into an organization through a variety of arrangements, often unbeknownst to IT and senior management. Software as a Service (SaaS), in which an application is hosted over the web, is rapidly becoming the default delivery method for enterprise software. At the desktop, cloud computing abounds—Google Apps, Microsoft SharePoint Online, and yes, even Facebook—are cloud applications. Then there are online backups, drop box utilities for sending large files, and other services.

This diversity means there is no standard playbook for protecting information assets in the cloud. Managers should focus both on cloud vendors and on internal policies.

Vendor selection and management

Physical security
Some of the largest data breaches in history are the result of entire facilities being compromised. Suitable data centres should have security certification from organizations such as ISO, and should be equipped with access control systems, intrusion detection, and other technology.
Backup media, if transported, should travel in armoured vehicles.

**Vendor viability**
Assurance has to be provided that any vendor hosting data will not disappear tomorrow.

**Third party relationships**
These are common in cloud computing, and have to be tracked.

**Transport of data**
A number of options are available for transporting data over the Internet or through private telecommunications infrastructure. They should be weighed from both a security and a bandwidth perspective.

**Encryption**
Placing data in a remote facility may call for the extra precaution of encrypting the data. This has a significant impact on the host’s computing resources, and vendor support for this practice must be clearly established at the outset.

**Ownership of data**
Asserting ownership rights over data hosted by another party requires vigilance. “When your contract with your cloud vendor runs out, how do you get your intellectual property back, and who’s going to pay for it?” Charles Cooper, senior product manager, Atria Networks, says.

Without the physical boundaries of a data centre or personal relationships with people who manage the data, rules about how data is protected have to be explicitly defined.

**Access management**
Cloud computing raises the bar around password protection, especially if additional security measures such as encryption are being added. A specific policy that addresses everything from password complexity to the frequency of password changes is essential.

**Consumer cloud applications**
Millions of employees engage in cloud computing through sites like Google apps, Facebook, and iTunes, often under the radar screen of IT. Written policies governing these activities are essential.

Cloud computing, whether by design or default, is changing the business landscape of IT, and this calls for added attention to data privacy and security. In assessing the approach, it is essential for organizations to factor in the added costs of vendor management, revised employee policies, regulatory compliance preparation, and the potential use of outside security and privacy consultants.

*Jacob Stoller is a Toronto-based writer and researcher.*

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**Up in the sky**

**How companies are treating cloud computing**

Cloud computing hasn’t really gained much traction with the financial firms of Wall Street and security might be one big reason. There are so many privacy issues around the data that is handled by these organizations. One can imagine the scenario and fallout if data related to trading and institution positions got into the wrong hands. Private clouds might be an option in the foreseeable future, but for now most firms are content managing their own data centres with standard capacity planning.

— **Prasad Gaitonde**
*Vice-president, global markets & investment banking technology*
*Merrill Lynch, New York*

Cloud computing is a key part of future IT service delivery and of our strategy for rationalizing IT resources. On Nov. 1, 2010, the Ontario Realty Corporation (ORC) launched Ontario GeoPortal (www.ontariogeoportal.com) as a “spatial cloud computing” solution for the Ontario government. By implementing the Ontario GeoPortal, we’re moving down that path to better deliver services and reduce costs. And, the benefits extend beyond ORC, since we can now give other government entities the ability to take advantage of what we built.

— **James Storozuk**
*Chief information officer, Ontario Realty Corporation, Toronto*

Compiled by Sri Prakash
Questions for Al Rosen, FCMA

**Q:** Canada is running full tilt towards IFRS adoption. Why should business be concerned?

**A:** Many nations are re-regulating or tightening up requirements as a result of the 2007–2010 world financial meltdown, caused in significant part by de-regulation. In adopting IFRS, Canada is doing the opposite. IFRS gives unchecked power to executives to report their viewpoint, be it reasonable or wildly optimistic. Often, yet-to-be bargained (unrealized) transactions are reported based on executives’ hopes, instead of enforceable contracts. IFRS is founded on a false concept that all “executives know their company best,” and will report fully and honestly.

**Q:** What should a Canadian CEO of a publicly traded corporation know about the consequences of the pending IFRS standards?

**A:** IFRS has all the inherent ingredients to carry out a massive Ponzi. People can easily be given back their own money and have it called “income” or “yield.” Clear separations of investors’ capital from earned income are few in IFRS. A CEO requiring new debt or equity has to be concerned that a competitor will use IFRS to extensively create fake revenue and income. Burned Canadian investors could again walk away from financial markets, as they did in the 1950s and 1960s. IFRS was designed in Europe in a rush, using a “lowest common denominator” approach to satisfy all European countries. In significant respects, IFRS is not suitable for Canadian industries, laws and customs. CEOs should seriously consider adopting U.S. accounting and reporting standards to avoid being designated as a potential manipulator.

**Q:** What comment might you make about the “cost” of regulating IFRS?

**A:** Canadian courts typically demand specific identification of departures from concrete rules or laws in order to declare negligence or fraud. Otherwise, the financial tricksters walk away with your money. IFRS will be exceedingly difficult to monitor/police because extensive alternatives exist. Contrary to promoters’ exaggerated claims, comparisons from company to company can become close to impossible to make; acceptable alternative choices obviously prevent comparisons.

**Q:** In light of IFRS, what career advice would you give a Canadian student entering the CMA program?

**A:** Deregulation has been a repeated failure for Canadian savers; decade after decade has produced a new batch of financial collapses, often caused by some form of “cooking the books.” Prospective CMAs have no choice, but to deeply analyze Canadian and U.S. rules, identifying where they are weak. Memorization of rules is career-limiting. The very fact that IFRS was brought into Canada shows that the country is desperately short of analytical accountants.

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*Al Rosen, FCMA,* is the principal of Rosen & Associates; a litigation and investigative accounting firm. He recently co-authored the book *Swindlers* with his son Mark Rosen.
Risk management: Cloud computing considerations

By Sri Prakash

IN A TROUBLED ECONOMY, CLOUD computing is a great cost saving alternative. Google, Microsoft, IBM provide today's CIO with an array of cloud services as a major cost saving alternative to the traditional data centre and IT department. The temptation to “put it on the cloud” and sit back can be extremely compelling. But like everything that’s “too good to be true,” cloud computing comes with its own set of risks that today’s CIO or CTO needs to understand before taking the plunge.

Information Systems Audit and Control Association’s (ISACA) 2010 survey on cloud computing adoption presents some interesting findings. Forty-five per cent of IT professionals think the risks far outweigh the benefits and only ten per cent said they’d consider moving mission critical applications to the cloud. Published statistics around cloud adoption indicate that cloud computing is a mainstream choice, but definitely not the primary choice. While some organizations have successfully moved part or all of their information assets into some form of cloud computing infrastructure, the large majority still haven’t done much. Is it premature for organizations to have a cloud computing strategy?

In most organizations, there are definitely some areas that could be safely and profitably moved to the cloud. The extent to which an organization should move its information assets to the cloud and take advantage of the benefits is determined by the application of a risk assessment framework to all candidate information assets. It’s essential to understand the risks and have a mitigation strategy for each.

A/ Sensitive data: The physical, logical and personnel controls that you put in place when your data was inside your organization’s data centre are no longer under your control when you move your organization’s information on the cloud. The cloud provider maintains his own hiring practices, rotation of individuals, and access control procedures. It’s important you ask and understand the data management and hiring practices in place with your cloud provider.

B/ Regulatory compliance: You, the client, are not off the hook just because your data is now residing on your provider’s cloud; you are still answerable to your customers for any security and integrity issues that may affect your data. The ability of the cloud provider to mitigate your risk is typically done through a process of regular external audits, PEN tests, compliance with PCI standards, ensuring SAS 70 Type II standards, etc.

C/ Geographical spread: Your data may not reside in the same city, state or country as your organization. While the service provider may be contractually obliged to ensure the privacy of your data, it may be even more obliged to abide by the laws of the state, and or country in which your data resides. Your organization’s rights may get marginalized. Ask the question and weigh the risk.

D/ Data loss/recovery: Data on the cloud is almost always encrypted; this is to ensure security of the data. However, this comes with a price: corrupted encrypted data is always harder to recover than unencrypted data. It’s important to know how your provider plans to recover your data in a disaster scenario.

E/ Merger/acquisition: A seamless merger/acquisition on the part of your cloud provider is not always business as usual for client. The provider should address this in their contract with you.

F/ Data availability: The cloud provider relies on a combination of network, equipment, application, and storage components to provide the cloud service. If one of these components goes down, you won’t be able to access your information. Given such a scenario, it is important to understand how much you can do without a certain kind of information before you make a decision to put it on the cloud.

Although cloud computing is relatively new in its current form, it can be applied to specific low- to medium-risk business areas. Picking a cloud provider requires more due diligence than routine IT procurement. There is no clear cut template for success. You can only minimize your risk.

Sri Prakash is a technology risk management consultant at E-Com Canada Inc.
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Golf can easily become a passion, even an obsession, but for Dave Lafleur, CMA, golf is part of his daily life.

As the CFO of Golf Canada, a non-profit organization representing more than 350,000 golfers at 1,600 member clubs across the country, Lafleur looks after internal departments such as finance, human resources, legal, insurance and administration. He also helps manage two national open golf championships: the CN Canadian Women’s Open and the RBC Canadian Open. The demands of his day-to-day responsibilities leave him little time to improve his own game on the “green.”

Lafleur credits the CMA accreditation process for giving him the tools to contribute to various projects throughout his career as a CMA. When he worked as a junior accountant with Lennox Heating & Air Conditioning, he conducted a process-flow analysis of an air conditioner and participated in an activity-based cost analysis of the company’s different customer groups. “These opportunities were only available to me because of my enrolment in the CMA program.”

“These types of experiences have provided me with a core knowledge base that not only helped me earn the position at Golf Canada, but also allow me to play a key role in our organizational strategic planning process.” Lafleur also credits his mentors as invaluable to his personal and professional development.

Lafleur has played on some of Canada’s finest golf courses including St. George’s in Etobicoke, Ont., and Shaughnessy in Vancouver, B.C. The perks don’t end there.

“For the last few years, I have attended the British Open to co-ordinate a private charter that brings PGA Tour stars such as Mike Weir, Stephen Ames, Luke Donald and Camilo Villegas back to Canada to play in the RBC Canadian Open. I’m sure that not a lot of CFOs are tasked with that sort of activity among their many responsibilities.”

Arda Ocal is a Mississauga, Ont.-based freelance writer.
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