

# CMA magazine

THE VOICE OF MANAGEMENT ACCOUNTING  
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MAY/JUNE 2013

Down with bank shares  
Planning like a pilot  
Blending IT systems  
Four tech predictions

A vibrant, comic book-style graphic. A large white speech bubble with a thick black outline is the central focus, containing the text 'THE CHANGE ISSUE!!!'. The background is a teal color with a pattern of small yellow and purple dots. To the right, there are jagged, purple and black shapes resembling sound effects or action lines. The overall aesthetic is energetic and attention-grabbing.

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CHANGE  
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# CMA magazine



VOLUME 87 NUMBER 3

MAY/JUNE 2013

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## On the eve of putting this issue to bed, I attended a workshop on experiencing and creating change.

Constant change may be the new normal, but it's still something that keeps us up at night. I took part in the workshop as much to take this issue of the magazine full circle as to pick up some tips for myself.

It's no secret that this is a time of massive change for Canada's accounting profession. On April 1, we became the Chartered Professional Accountants of Canada. What does that look like? What's in store on this next leg of the unification journey?

But that's just one of many transformations tick-tocking us through life. If you're not feeling change in your professional or personal life, then consider the weather, the economy and technology. Change is everywhere.

And managing change can be tricky.

Hence the workshop. At the beginning of the session, each of the group's participants selected an image of a gateway. Then, over a few hours, we explored what that gateway might symbolize, what might lie beyond it, and how it might feel crossing to the other side.

By the end of the exercise, we had changed our perceptions. In my case, a big daunting door became a tiny one. I was oversized Alice, taking it all in stride.

And I couldn't get the word "gratitude" out of my mind! I had this profound understanding that when we're present and strive toward our goals, we can arrive at a new threshold, be thankful, and proceed to the next challenge.

That was my insight; other participants deconstructed their experience in different ways. Some named their fears. Others discovered that their focus was misplaced.

And that's the thing about change: we each bring our own lens to the experience.

What's your lens? Whether you're managing your career or making it through a merger, we hope this issue will inspire and inform you. We want to help you look at change in ways that allow you to make the most of the experience.

Enjoy the issue, and please let us know what you think!

## Mara Gulens

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# Will that be for here or to go?

The demand for electronic versions of printed publications is increasing. Reading information while you're on the go is convenient, but there's still something to be said for a good, slow read of a book or magazine. Which method do you prefer?

Are there any plans to make *CMA magazine* available via Apple's Newsstand application? I find reading materials on the iPad easier than reading them in print. And is there a timelier way to get the PDF version of the magazine, such as when I get the print version?

— **David Rostoker**, CMA  
Maple, Ont.



## What do you think? What are the biggest attractions of working abroad?

- a) experiencing work and life in a new place
- b) finding opportunities unavailable elsewhere
- c) establishing valuable connections
- d) returning home with a competitive resumé

Respond online at [www.cmamagazine.ca](http://www.cmamagazine.ca)

## CMA welcomes letters to the editor

Contact us at [letters.editor@cma-canada.org](mailto:letters.editor@cma-canada.org) or [www.twitter.com/cmamagazine](http://www.twitter.com/cmamagazine). Join us in the LinkedIn group named **Certified Management Accountants of Canada**.

Letters may be edited for clarity and brevity.

**Our response:** A few days after it's mailed out, CMA magazine can be downloaded in iBooks. Subscribe to e-alerts on the CMA magazine site for timelier access.

You present a succinct article ("A Path of Its Own: The New CPA Competency Map," March/April 2013) that highlights the coming transition. I'd be interested in knowing more about what the transition looks and feels like for existing and soon-to-be CMAs and how the educational systems are changing to support the transition to a single designation.  
— **Barry Kent**, CMA, Ancaster, Ont.

Richard Fontaine and Mara Gulens provided a good overview of the CPA Competency Map and certification process ("A Path of Its Own," March/April 2013). Highlighting the similarities between the new CPA qualification process and the existing CMA process made the new qualification more relevant to current CMAs. It's also useful to non-CMAs as we focus more on our professional similarities.

It will be interesting to see how the details work themselves out and how everyone adapts to changes in the training process.  
— **Andrea Lee**, CPA, CA, Toronto, Ont.

**Note:** On page 3 of the January/February issue of CMA magazine, the CPA designation is misidentified. The initialism stands for Chartered Professional Accountant.

## Be prepared

You said effective and efficient organizational transitions require

- a) smooth coordination by all departments involved. 60%
- b) being mentally prepared for the necessary change. 20%
- c) quickly establishing an identity within the new role. 10%
- d) Organizational transitions are never easy. 10%

### Here's what you had to say:

\* "A, B and C are all required. However, an effective change management strategy is necessary for a successful transition within the organization."



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# News and numbers

**WOMEN AT WORK**

## Women missing from corner office, board room

Thirty per cent of Canadian companies have no women in senior officer roles, says a study released in February by Catalyst, a women's advocacy group.

Crown corporations have the highest proportion of women officers and top earners (27.0 per cent), followed by private companies (20.6 per cent), publicly traded companies (15.0 per cent) and credit unions (11.3 per cent). The results represent a marginal improvement since Catalyst's last report appeared, in 2010.

A similar story is told in a TD Economics Special Report, released in March 2013. It reveals that only 11 per cent of board members of firms on the S&P/TSX Composite Index in 2011 were women. Forty-three per cent of firms had no women board members at all.

Read TD's report at <http://bit.ly/XYbHUt> and Catalyst's report at <http://bit.ly/YZoOHi>.

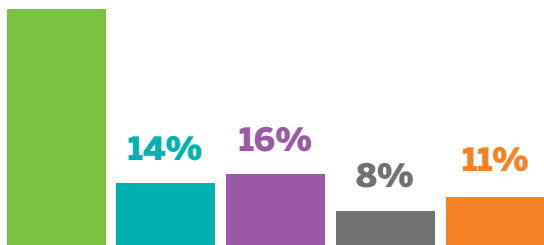
**VIEW FROM THE C-SUITE**

## Nearly 4 in 10 CFOs rethinking retirement

How, if at all, have your retirement plans changed in the last five years?

- Not at all.
- I have more uncertainty and can't predict when I'll retire.
- I plan to spend more years working than I had intended five years ago.
- I plan to spend fewer years working than I had intended five years ago.
- Don't know/No answer

51%



Source: Robert Half Management Resources survey of 270 Canadian CFOs, March 2013.



**TECH TALK**

## 3-D printing will make its mark

Replace toner with plastic resin, add sophisticated software, enter your design specs, and you can create objects on demand and on the spot.

Mass application of the technology is a while off, but Richard D'Aveni's piece in the *Harvard Business Review*, published online in March 2013, offers an exciting look at the impact 3-D printing will have on business locally and around the world.

D'Aveni predicts a time when factories will make their own parts instead of relying on external suppliers, products will be customized with a quick tweak of software and every city will boast a car manufacturing plant. Even if the unit costs are higher, these locally produced goods will be cheaper in the long run because they will be made when required.

"China will have to give up on being the mass-manufacturing powerhouse of the world," D'Aveni says. Its factories will not be able to compete on price because of high shipping costs, and won't have the flexibility and consumer instincts to compete on customization.

Read the full article at <http://bit.ly/12JQmVa>.

**PROFESSIONAL RESOURCES**

## Agility 101

According to a McKinsey Quarterly survey, 9 in 10 executives say agility is a key to success. But what does that statement mean? And how do you do it?

Sign up for "Organizational Agility and Resilience," a free webinar presented by Brett Knowles. You'll learn about the three types of agility (strategic, portfolio and operational), the impact of turbulence and the influence of the environment.

The webinar itself is agile; watch it at your convenience at <http://bit.ly/YtRHIB>.



**FED FILES**

## Dear government: Bring dead cash back to life

Canadian corporations are sitting on an all-time-high level of cash and cash equivalents — as much as \$45 billion, says the Institute for Competitiveness & Prosperity.

The institute's March 2013 white paper, *Bringing "Dead Cash" Back to Life*, decries this situation as a lost economic opportunity. The institute asks the Canadian government to offer tax credits that will encourage companies to spend the excess cash in productivity-enhancing investments such as machinery and equipment or software. But the institute argues strongly against a "dead cash tax."

Download the white paper at <http://bit.ly/YqyFTk>.



## CONSUMER TRENDS

### We'd rather save for a holiday

Unretired Canadians who fear financial hardship in retirement



Unretired Canadians who prioritize saving for a holiday over saving for retirement



Source: HSBC, *The Future of Retirement: A New Reality*, February 2013. Download the study at <http://bit.ly/YqJchx>.

## ACCOUNTING WORLDWIDE

### IFAC surveys reveal top issues for accountants

The International Federation of Accountants (IFAC) has its finger on the pulse of the accountancy profession, and it's beating fast when it comes to the economy.

IFAC surveyed 113 accountancy leaders from 72 countries in its *2012 Sixth Annual Global Leadership Survey*, published in February.

Respondents identified their top five concerns:

- the needs of small and medium-sized practices
- the reputation and credibility of the profession
- issues related to the European Union draft legislation
- public sector financial management and sovereign debt
- the difficult financial climate

Practitioners of small and medium-sized companies spoke for themselves in an IFAC poll in late 2012. Their top four issues?

- keeping up with new regulations and standards
- attracting and retaining clients
- the pressure to lower fees
- rising costs

View the *IFAC SMP Quick Poll* at <http://bit.ly/12KrV5I>. Check out the global leadership survey at <http://bit.ly/XqIPd4>.

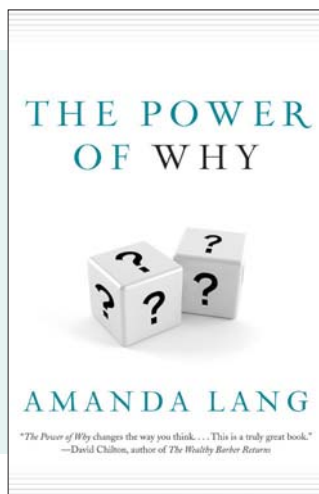
## WATERCOOLER WISDOM

### New tools for mental health in the workplace

One in five Canadians will experience a mental illness at some point. The Mental Health Commission of Canada (MHCC) predicts this fact will cost Canadian businesses \$198 billion in lost productivity over the next 30 years.

A new national standard for psychological health and safety in the workplace provides program and policy tools to identify psychological hazards in the workplace, assess and control those that can't be eliminated, implement practices that support mental health and measure progress.

The standard was developed by the MHCC, the Canadian Standards Association and Bureau de normalisation du Québec. Access the free download at <http://bit.ly/WIY047>.



## BOOK REVIEW

### Dare to ask

As toddlers, we ask why. As we grow up, we focus more on answers. Amanda Lang, senior business correspondent for the CBC and co-host of *The Lang & O'Leary Exchange*, has experience asking tough questions. In her book *The Power of Why*, she promotes asking why, just as we did when we were children.

Lang explains how asking questions — without worrying about the outcome — promotes innovation and leads to success.

For example, when Canadian Tire noticed a decline in the number of male shoppers, the company didn't ask why men were not coming into the store. Instead, the company asked, "What is a man, anyway?" Canadian Tire explored what men wanted and addressed the cause of the problem, instead of the symptom.

Lang also discusses how some of the best products come from incremental improvements to existing products. She mentions Sean Moore who created the curved shower rod. Although Moore set out to market the rod to people who owned round bathtubs, he succeeded because he understood the benefit of keeping the curtain away from people regardless of the curve of the tub.

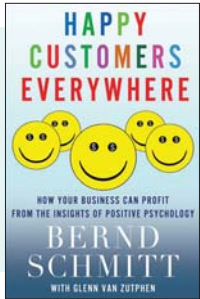
Lang thinks most of us have a "status quo bias" and are set in our ways. She believes we sometimes need to hit Ctrl-Alt-Delete. By rebooting our brains and erasing what we think we know, we can better understand and analyze situations to determine the reasons behind different outcomes.

While reading through these and other cases, readers will become motivated and begin asking why.

Author: **Amanda Lang**

Publisher: **HarperCollins**

Reviewer: **Lindsay Hay**, CMA



**BOOK REVIEW**

**Making happy**

One way to communicate your corporate commitment to happiness is to include the word “happy” in the name of your company, products or services. Bernd Schmitt points out several examples, but recommends a more enlightened path to pleasure in *Happy Customers Everywhere*.

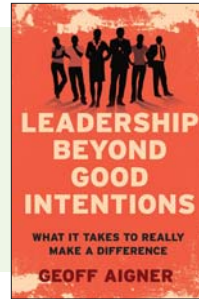
Schmitt’s three approaches are highlighted in the PME (pleasure, meaning, experience) model of happiness which is based on findings from the rapidly growing field of positive psychology.

- **Pleasure:** immediate satisfaction derived from eating candy or impulsively buying a new gadget
- **Meaning:** living in accordance with one’s values by purchasing “green” products or gaining personal insight and fulfillment by doing yoga
- **Experience:** becoming absorbed by playing a video game, or cooperating with others so that your team can scramble over a high wall in an urban race

Each concept is well explained and linked to case studies, many of which Schmitt wrote as a business professor at Columbia University and based on his studies in evolving Asian markets.

In the later chapters of *Happy Customers Everywhere*, Schmitt expands his initial focus on B2B and B2C relationships to include the happiness of employees in “authentizotic” organizations which promote feelings of enjoyment, meaning and belonging.

Author: **Bernd Schmitt**  
 Publisher: **Palgrave Macmillan**  
 Reviewer: **Patrick Buckley**, CMA, PhD



**BOOK REVIEW**

**Forward through change**

Most organizational changes are technical and can be handled by experienced leaders who apply existing skills and processes. Geoff Aigner’s *Leadership Beyond Good Intentions: What It Takes to Really Make a Difference* looks at the more

challenging process of adaptive change.

*Leadership Beyond Good Intentions* presents a world where leaders need to come out of their comfort zones, be humble and admit to not knowing what they’re doing.

Aigner, who is director of Social Leadership Australia and teaches change and leadership at the Australian Graduate School of Management, divides the study of adaptive change into three parts:

- **leaders**
- **other people**
- **the system in which they work**

The system is a conservative, inhibiting force when it slows down real change and supports fantasies such as the promotion of “saviors” and promises of quick fixes. More effective leaders work for adaptive change by being non-judgmental and neutral, but also by retaining their passion. Effective leaders collaborate with “other people” whom the leaders realize may betray them.

In *Leadership Beyond Good Intentions*, Aigner describes the highs and lows of adaptive change and urges leaders to move forward.

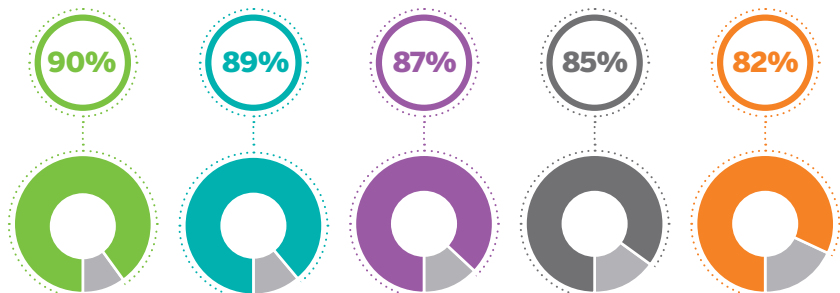
Author: **Geoff Aigner**  
 Publisher: **Allen & Unwin**  
 Reviewer: **Patrick Buckley**, CMA, PhD

**HR MATTERS**

**CFOs hot on temps**

Percentage of CFOs who say temporary professionals are “somewhat” or “very” beneficial in these instances

- To maintain productivity when we’re not ready to hire full time
- To evaluate prospective full-time employees firsthand
- To fill in during employee absences
- To lessen the workload of full-time staff
- To access specialized skills as needed



Source: Accountemps survey of 116 Canadian CFOs who use temporary workers, February 2013.



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**CPA CANADA**

UNIFICATION

All together now

April 1, 2013, was the big day. It marked the beginning of the first fiscal year of the Chartered Professional Accountants of Canada (CPA Canada) and the official launch of the national CPA organization.

Unification buzz is building with announcements of specific branding and communication initiatives. They'll make it easier for you to stay informed and start benefiting from unification.

A strategic initiative of the Canadian Institute of Chartered Accountants (CICA) and CMA Canada, CPA Canada is the new, national organization representing chartered professional accountants (CPAs) in Canada. It also provides services to legacy CAs and CMAs.

Now that the operations and assets of CICA and CMA Canada have been transferred to CPA Canada, it's time to focus on creating an identity and spreading the word. First up is CPA Canada's new logo which represents the strength, prestige, trust and authority of Canadian professional accountants.

CPA Canada also has a new website landing page; a new, fully functional member website will launch in January 2014. CMA Canada's e-newsletter, *CMA Canada News*, has been relaunched as *CPA Today* and is distributed to all CPA Canada members.

Cross-country roundup

Here's a roundup of news items that have appeared since the publication of our last issue:

- Saskatchewan's CMAs and CAs issued a report to government that details the results of their merger consultations and recommendations. Soon afterward they signed a unification agreement.
- In late March, Nova Scotia's CMAs and CAs announced that their respective board and council had voted to pursue a merger agreement and adopt the new CPA certification program.
- Manitoba's CMAs and CAs signed an agreement to pursue a merger and establish CPA Manitoba.
- CGA-BC's board of governors announced that they were re-entering merger discussions with B.C.'s CMAs and CAs.
- Newfoundland and Labrador's CGAs voted for a merger proposal.
- The new CPA Canada bylaws were released. They include Article 4 — Protection of Legacy Rights. See <http://bit.ly/102REaB>.

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

KEY LINKS

To see the new CPA landing page, visit [www.cpacanada.ca](http://www.cpacanada.ca).

To understand what unification means to you personally, visit [www.cpaone.ca](http://www.cpaone.ca).



CPA Canada's new logo incorporates the iconic maple leaf.

Membership has benefits



**More letters after your name.** As provincial governments pass CPA legislation, members may use the letters CPA, CMA. Check with your provincial body for more information.

**More CPLD.** You'll eventually have access to post-designation specialty programs.

**More recognition.** You'll maintain the benefits of CMA Canada's three existing mutual recognition agreements and benefit from new agreements with CA, CPA and other professional accounting bodies around the world.

**More connections.** You'll increase your opportunities to network with accounting professionals across the country.

**More clarity.** When you have a CPA designation, your clients, partners and other stakeholders will find it easier to understand what you do and how you add value.

**More protection.** It's a competitive world. The CPA designation is your best way to enhance and protect your value as an accountant.

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

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## Economic strategist **Barry Ritholtz** explains why his clients don't own bank shares

By **Gabrielle Bauer**



# Q: What did you think of all the hoopla surrounding the fiscal cliff?

**A:** That was the biggest piece of media hype since Y2K, and pure silliness. There was no such thing as the fiscal cliff. Even if the so-called cliff hadn't been "averted," it would have eroded only 0.25 to 0.75 per cent of GDP — a minor sting, but not a catastrophe.

### Q: How has the banking landscape changed since the meltdown of 2008 – 09?

**A:** We now have a much greater concentration of assets — over 50 per cent — in large banks. That's not healthy. You can't be so gargantuan and expect to manage risk properly. Some guy sitting at a trading desk in London can make you lose \$7 billion dollars in one shot.

The bailouts didn't change the banks. Transparency of accounting is worse than ever, so none of my clients own bank shares. The solution is to create more small banks rather than bail out the larger institutions.

### Q: Is there a real risk the massive U.S. debt will lead the nation to bankruptcy?

**A:** I've been hearing this my entire adult life, and I'm 51. If people are really afraid the country is going bankrupt, why are they lending money to the U.S. treasury at 1.7 per cent interest? The Constitution guarantees full faith and credit with the U.S. dollar. We have a printing press and our own currency, and can pay our bills that way. It's true that the dollar may go the same route as the peso did — that's the fallout from not treating revenue versus expenditures responsibly — but we won't go bankrupt.

### Q: What do you think about implementing austerity measures to rebalance government budgets?

**A:** It's counterproductive to tell people that they're not bringing enough tax revenue, so bring in even less revenue. Bush had it backwards. He cut taxes and increased spending during an economic expansion. We're supposed to do this during a contraction. Policy-makers need to go back to basic economic principles.

### Q: How should the United States approach its debt?

**A:** You can't credibly tackle the debt without reducing deficit spending and increasing taxes. This means reducing entitlements. Social security is a necessary service, but eventually the retirement age will kick up. We also need broad-stroke measures to keep health costs down. It's clear that health care doesn't lend itself to market forces. We need to learn from countries such as Germany, England and Japan which have managed to get better results at less cost with efficient single-payer systems.

### Q: Will commodity trading be a good source of investment in the next five to 10 years?

**A:** Emerging markets are interesting right now, and dividend-paying assets are very big overseas. I'm looking for a vehicle for jumping into China.

### Q: How would you describe housing in the United States, almost four years after the mortgage crisis?

**A:** The "recovery" is an artificial boom driven by abnormally low interest rates. You can still get a 30-year mortgage for under 3.5 per cent. If interest rates were normal — that is, around 4 per cent — mortgages would be at 6.5 or 7 per cent. The boom would go south.

### Q: If you were in charge today, what would you do?

**A:** I would take advantage of today's low interest rates and invest in infrastructure. The U.S. road and airport system is a national embarrassment. I would also reissue a 30-year treasury bill, so the debt could be financed at the cheapest level and longest possible term. Finally, I would invest in long-term research and development that is too time consuming and expensive for the private sector. ■

**Barry Ritholtz** is CEO and director of equity research at *Fusion IQ*, an online quantitative research firm. A former lawyer, Ritholtz writes a column on investing for *The Washington Post*.



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**THE  
CHANGE  
ISSUE!**

**WHAT**

**POW**

**!!**



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**CHANGE IS EVERYWHERE: IN OUR PROFESSIONAL AND PERSONAL LIVES, IN THE TECHNOLOGIES WE USE, AND IN THE SYSTEMS THAT DEFINE US!**

**AT WORK IT CAN BE AS SIMPLE AS A SMALL CHANGE IN PROCESS – AND AS BIG AS A PROMOTION OR A MERGER!**

**CHANGE CAN BE FRIGHTENING AND EXHILARATING. IT CAN KICK-START OUR “FIGHT OR FLIGHT” SYSTEMS. IT CAN LEAD US TO GREATNESS!**

# CULTURE CLASH

**Y**OUR MERGER LOOKS GOOD ON PAPER.  
BUT WILL THE MARRIAGE WORK?

BY JOHN LORINC

**M&A teams tend to focus on the numbers, but the real work comes in merging different corporate cultures**



In early 2006, Ryerson University marketing professor Brynn Winegard found herself caught up in one of the largest merger deals of the economic boom. In the \$16.6 billion

deal, pharmaceutical giant Pfizer unloaded its vast consumer products division (including brands such as Roloids and Listerine) to Johnson & Johnson. The deal, which created a new consumer health care division, capped a competitive auction with a hefty selling price.

Winegard was a brand manager for Pfizer. After the deal closed, she and a thousand other managers in the new company's combined marketing division were sent to New Jersey for a team-building session.

Over the course of a day, those marketing executives devised new logos, taglines, mantras and even stationery for the firm's marketing division. The process, Winegard says, was entirely internal, and the branding was solely for the department, not for J&J's stable of consumer products.

"That's one way of bridging the

tribalism that happens" in a merger, she observes. But while Winegard stuck it out at the new firm for two years following the merger, she found that the two companies didn't really mesh.

"There was a remnant of tribalism in everything we did," she says, noting that employees and managers continued to identify with their legacy companies. "I thought, 'I'm not sure this suits me.'"

## MEGA DEALS

The story of unsuccessful or only partially completed mergers is hardly unusual, and it underscores the profound challenge of combining two or more organizations whose businesses may look highly compatible on paper, if not in practice.

Historically, between 70 and 90 per cent of mergers fail, according to a recent *Harvard Business Review* study on mergers-and-acquisitions (M&A) strategy. "The biggest stumbling block is the cultural clash," says Winegard.

Despite those grim statistics, the appetite for large dollar deals has surged in the past year or two following a sharp decline in the wake of the 2008 credit crunch.

A PricewaterhouseCoopers (PwC) report on 2012 Canadian M&A activity found more than 2,800 deals worth a total of \$210 billion. Although the number of mergers fell slightly after 2011, the dollar value grew to its highest level since 2007. Meanwhile in the United States, according to *The New*

*York Times*, the early weeks of 2013 have seen a surge of multi-billion-dollar mergers, including Berkshire Hathaway's \$23 billion bid for H.J. Heinz, and the \$11 billion combination of U.S. Airways and American Airlines.

Most of the Canadian activity entails large energy plays, but also includes mergers in financial services, retail, mining and real estate. PwC found plenty of M&A activity in the middle-market range (\$100 million to \$500 million). Indeed, after the market peaked in 2007, the proportion of cancelled or withdrawn deals fell 88 per cent.

The service sector, which includes professional services such as accounting, has seen a wave of mergers and consolidation in recent years. For example, Montreal's RSM Richter, an accounting and advisory consultancy, last year re-branded and merged with a smaller Toronto-based practice, SBLR, to form Richter LLP, a 450-employee practice that promises to provide a more client-focused approach. "The financial piece was only a small piece of a greater puzzle," says managing partner Tasso Lagios.

Having provided advice about numerous M&As, the leaders of both companies decided to avoid the cultural pitfalls that can derail mergers, says Lagios. "We decided to look at all the systems and processes of both firms and adapt the best practices. It won't be Goliath swallowing the smaller firm."



## TIPS FOR SUCCESS

**T**HE ESSENCE OF MERGING IS FOLLOWING THROUGH, BUT PAYING ATTENTION TO ORGANIZATIONAL DETAILS CAN'T START TOO SOON. MANAGEMENT CONSULTANT JONATHAN STEARN COUNSELS CLIENTS TO FOCUS ON THREE KEY APPROACHES TO ACCELERATE INTEGRATION AND REDUCE BRAIN DRAIN.

### **START EARLY**

While most mergers focus on legal and financing questions, firms should use an "expanded due diligence process" that also looks at talent pools, internal processes and culture. Stearn says the combined leadership should look at anything that will offer clues about potential integration challenges.

### **COLLABORATE**

Mergers succeed when the employees see a purpose to the process beyond just reducing costs. Stearn tells of a recent project involving the merger of two insurance claims firms, one of which had developed innovative service offerings.

After the members of the combined sales team had met to learn the new products, Stearn's group proposed that they set hard targets for additional growth. "Have [those sessions] be bottom line and results focused, not just about education."

### **COMMUNICATE**

Managers must make every effort to share information about the merger; mass emails and bulletins alone won't cut it. He suggests creating a variety of materials, including internal websites, newsletters, townhall meetings and surveys. Information about merger-related success stories should be stressed.

## MERGER MILESTONES

### FORMING

In the early stages, leadership teams combine divisions and try to eliminate duplication. They also search for new ways to leverage the combined heft of two organizations.

### STORMING

Facing downsized responsibilities, employees in the target outfit may rail against orders to do things differently. "Tribalism" can take hold as employees side with managers from their predecessor companies.

### NORMING

After a period of mutual suspicion, members of merged divisions start to cooperate. Departments develop consensus about new protocols and systems.

### PERFORMING

The financial and organizational promise of the merger begins to deliver. Complementary product lines are now supported by unified teams, and gains come from not just cost cutting but also new growth.

### MESHING CULTURES

While there's no shortage of advice on how to finance takeovers, management experts say the leaders of both organizations must focus not just on slashing costs but also on quickly identifying strategies for melding their respective cultures into something new.

*More than 2,800 M&A deals worth a total of \$210 billion occurred in Canada in 2012.*

In fact, management consultant Jonathan Stearn, a partner at Schaffer Consulting LLC in Stamford, Conn., and co-author of a study published in 2011 in the University of Western Ontario's *Ivey Business Journal*, says the cost of a poorly executed merger can be an exodus of talent, especially from the target company.

Early in the merger, the leadership team of the combined organization, with representatives from both legacy companies, should hammer out a "merger intent," says Stearn. The idea is to precisely set down the goals of the combined organization to prevent

mission creep and a loss of focus.

The process "shouldn't take too long," he adds. In one case, Stearn's company provided advice in a multi-billion-dollar deal in which the executives managed to work out the mission in a couple of sessions. "It shouldn't be something that drags on for months and months."

### SHARE THE VISION

Will Mitchell, an M&A expert at the University of Toronto's Rotman School of Management, says that advisers need to push their clients to come up with a shared vision. "If you don't know what you're trying to accomplish with the acquisition, you're going to go all over the place."

He adds that leaders should make sure they establish clear milestones for the new organization such as a new approach to sales, new product launches or entry into new geographic markets.

Mitchell points out that the merger will invariably include cost cutting, layoffs and changes in job descriptions. He stresses that it's better for the leadership to be forthright about such changes. "If you lie about it, people will know you're lying."

But the uncertainty associated with cost cutting can be tempered if the milestones include growth-oriented goals. "You hope and want people to view this as an opportunity rather than a threat," he says.

An important way to redirect employee attention is to establish small operational teams with a mandate to look for what Mitchell calls "quick wins." Initially, they will likely eliminate overlap, but he says the more exciting successes will focus on revenue growth. Such wins "create excitement about the differentiation of the new business," he says.

### THE REAL FUTURE

Yet such forward-looking efforts may not be as straightforward as the consultants let on. Brynn Winegard points out that every company has its own protocols — ways of managing accounts or deploying a sales team.

At the outset of a merger, neither side will know, understand or even accept the other partner's established ways of doing day-to-day operational tasks. "You have to outline processes and protocols almost before day one," she says.

For example, before Pfizer and Johnson & Johnson merged, Pfizer's local brand managers had a lot of autonomy to develop advertising campaigns and used local agencies. J&J, for its part, maintained tight centralized control over such campaigns. After the merger, Pfizer's brand managers had much less authority and more dealings with head office.

Winegard says companies seeking to acquire competitors should take stock of these cultural differences before they make the leap. "The work you do at the

front end can save a lot of issues at the back end.”

“For a while,” explains Winegard, “there’s usually a lack of productivity.” She points out that every company is different, and there’s no set timetable for a merged organization to move from one stage to the next. (See “Merger Milestones,” p. 21.) Some, indeed, never make it.

Jonathan Stearn recalls providing advice for a takeover. As the acquiring corporation began to assess what needed to be done, its leadership team realized the target company was actually two divisions that had never melded well after a previous merger.

To keep the process moving forward, experts advise companies to establish milestones and then monitor progress. That’s how Richter and SBLR are going about their merger, says Tasso Lagios in Montreal.

After the two practices formally merged, the management team came up with a five-year plan and a series of quantitative and qualitative metrics for assessing progress. The team included a plan to conduct periodic surveys of the mood of the firm’s partners and employees.

“That’s especially important for our firm’s success,” Lagios says. ■

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

## COMBINING ACCOUNTING SYSTEMS

**WHEN TWO ORGANIZATIONS MERGE, THEY HAVE TO COMBINE NUMEROUS INTERNAL SYSTEMS, INCLUDING FINANCIAL CONTROL AND ACCOUNTING PROCESSES. FINDING COMMON INFORMATION TECHNOLOGY SOLUTIONS IS LESS IMPORTANT THAN BUILDING SOLID INTERFACES TO OTHER CORPORATE SYSTEMS SUCH AS HUMAN RESOURCES AND CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS, SAYS RICHTER'S TASSO LAGIOS.**

In fact, with most systems integrations, the technical tasks are straightforward, but user experience can turn out to be a minefield, adds Jonathan Stearn, a partner at Schaffer Consulting LLC. “There are risks related to

missing functionality, resistance to change, and lost productivity.”

Stearn suggests avoiding a “big bang” rollout of a major system in favour of iterative, pilot-tested changes. “When people have good experiences, they can become advocates for the changes and help enlist other users to embrace the system.”

In Richter’s case, the combined company adopted that advice with a long-term IT review that will include accounting as well as all other internal information systems and could take two years.

“We’ve taken the opportunity of the merger to redefine how we continue to support the rest of the business,” says Richter CFO Sharka Hamet. “I’m trying not to have a big bang approach. I don’t want to change things if I don’t have to.”

# TWO TO ONE

## **H**OW OUR COMPANY SURVIVED AND THRIVED AFTER A MERGER

AS TOLD TO **SHARON ASCHAIK**



**Glen LeBlanc, FCMA, is no stranger to business mergers. In his 20-year career in the telecommunication industry, the Halifax executive has twice helped companies unite into a new enterprise.**

**In 1999, LeBlanc helped bring together four telecoms in Eastern Canada to form Aliant Inc. Then in 2006, as the company's senior vice-president and chief financial officer, he assisted a merger with Bell, which owned landline operations in Ontario and Quebec. Today, Bell Aliant is one of North America's largest regional telecommunication providers.**

**LeBlanc, now executive vice-president and CFO of Bell Aliant, and chair of CMA Nova Scotia's board of directors, discusses here what he learned from his company's merger in 2006.**



When a company goes through a massive change, there are numerous challenges and a ton of information to digest. Beyond learning the details of the business, market-

place, customers and operations, there's the huge challenge of understanding life during and after the merger.

It was only a few days after publicly announcing our merger that we rolled out our detailed strategy. We believe this early vision contributed substantially to our success. Our employees told us it took some time to see beyond

the synergy savings and truly understand the tremendous potential.

### **CULTURAL ROADMAP**

One of the biggest challenges was merging business cultures. Financially, it's easy finding reasons to bring companies together. But can you bring customers and employees with you to the end of the journey?

You have to develop a common culture that everyone signs up for, and get people to see that the future can be brighter by showing progress in your new strategy.

Some employees can't leave the



past behind. Others may think that the new way is better and that they need to evolve to compete.

Every day the transition drags on, you lose money and your shareholders lose value. Worse, you risk losing good people and good customers, and damaging your brand. The competition starts eating your lunch. The more quickly you can get from here to there, the more quickly you can deliver the benefits that brought you together in first place.

#### **ALL IN**

Organizations will execute consistently only if leaders invest their heart and soul in achieving the desired end state. You can't have people who are halfway in, avoid tough conversations or shrug when asked for the reasoning behind the merger. As leaders, we all have to trust one another and believe in the destination. It's our responsibility to get our employees on board.

We had to ask ourselves two questions: How much value will this merger add for our shareholders, employees and customers? And does it have a good chance of early success? Our organization's leadership needed to agree on those priorities and be ruthless.

Communication is one of the most important elements of success. If we don't have answers during a transition, we tend to go silent. You've got to fight that urge.

Talk to your employees often and be honest, even if you don't have answers.

We had regular conversations with employees, town halls and email communication. You'd be surprised at how much comfort and confidence people take from open dialogue.

The truth is that an organization continues to go through changes and adjustments. The critical skill we all need to master isn't how to manage a transition, but to manage the assumption that the journey will be full of roadblocks and challenges along the way.

#### **POST-MERGER**

I would be kidding you if I pretended that post-merger life at Bell Aliant has been nothing but smooth sailing. Or that we've done everything right.

What I can tell you is that we remain optimistic. Our post-merger performance has met the majority of our promises and set the foundation for future growth. Our employees are innovative and highly skilled leaders in the industry and have seized new opportunities for professional growth.

While it has taken some time for our key messages to be fully understood, we believe our shareholders, our customers and the investment community see what we see, and understand our strategy for successful growth in the coming years. We knew then and we know now that maintaining the status quo is not an option. ■

**Sharon Aschaiek** is a Toronto-based freelance writer. See [www.cocoamedia.ca](http://www.cocoamedia.ca).

**Managing change is part of being a leader. We've found four great reads that help foster a workplace culture that thrives on change.**

#### **MANAGER'S GUIDE TO NAVIGATING CHANGE**

Author: **Stephen Rock**

Publisher: **McGraw-Hill**

Today's unforgiving business environment demands that organizations change or be changed, and Stephen Rock offers tactics and strategies for managers caught in the maelstrom.

Learn how to lead your department through upheavals triggered by internal or external events. Rock's advice will help you define your vision, communicate it to staff and get buy-in, make large-scale changes sustainable, put your plan into action and take stock of the results.

One of the latest titles in McGraw-Hill's Briefcase Books series, this guide also



# CHANGE IT UP!

## EXPERT ADVICE FOR MANAGING TRANSITIONS

BY JACLYN LAW



features handy checklists and sidebars to help you handle common workplace situations.

### **LEADERSHIP TRANSITIONS: HOW BUSINESS LEADERS TAKE CHARGE IN NEW ROLES**

Authors: **Richard Elsner** and **Bridget Farrands**  
 Publisher: **Kogan Page**

You've been promoted to management. Now what? Avoid pitfalls with this in-depth guide to the stages of leadership transitions: arriving, surviving and thriving.

Using case studies, Elsner and Farrands examine the myths and realities, explore the reasons for failure and break through the secrecy that typically surrounds the



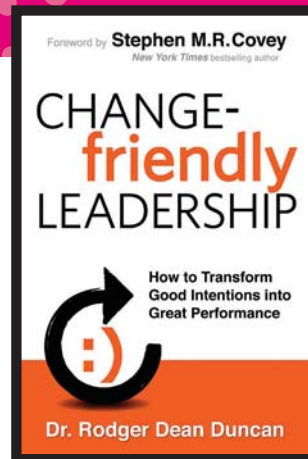
transition. The book's practical tools help managers cultivate their inner qualities and more confidently handle what is often "a time of struggle ... and search for mastery and personal coherence."

### **CHANGE-FRIENDLY LEADERSHIP: HOW TO TRANSFORM GOOD INTENTIONS INTO GREAT PERFORMANCE**

Author: **Rodger Dean Duncan**  
 Publisher: **Maxwell Stone Publishing**

Change is a necessary but scary thing. Too often, we stick to the status quo out of fear and anxiety and face potentially disastrous results.

The strategies in this

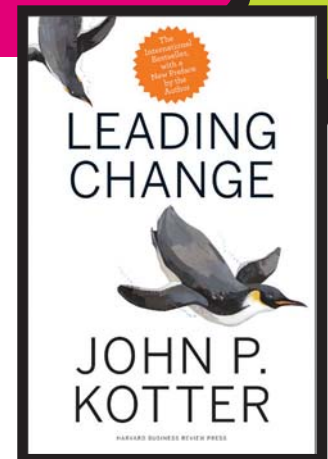


accessible guide will help you better handle the challenges of change — such as managing emotional factors and dealing with opposition — in the workplace and in your personal life.

An in-demand executive coach, trainer and speaker, Duncan has provided expertise on the strategic management of change to corporations such as IBM, American Airlines and Sprint.

**LEADING CHANGE**  
 Author: **John P. Kotter**  
 Publisher: **Harvard Business Review Press**

Kotter, a professor at Harvard Business School and an authority on leadership, offers practical advice to cope with the business



world's ever-increasing pace of change and take advantage of windows of opportunity.

The heart of this influential book, first published in 1996 and re-issued with a new preface in late 2012, is Kotter's holistic eight-step process for leading — not just managing — change. Taken together, the steps shake up a company's status quo, introduce new practices and make the changes stick.

With the help of real-world examples, Kotter also scrutinizes the errors that can derail positive transformation. ■

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

Find her on the web at <http://about.me/jaclynlaw>.

# PACK YOUR OWN PARACHUTE

## LAND A JOB YOU'LL LOVE

BY ANNE BOKMA

Looking for your best job is a never-ending endeavour



Richard Nelson Bolles is the most recognized job-hunting authority on the planet. The 85-year-old author of the bestselling *What Color Is Your Parachute?* (there are more than nine million copies in print) hasn't wavered from the premise he's maintained since the annual guide was first published in 1970: Answering help-wanted ads won't get you a job. Instead, you need to figure out what you really want to do and then find the best place to do it.

"Always define what you want to do with your life and *what* you have to offer to the world in terms of your favorite talents/gifts/skills — not in terms of a job title," Bolles says.

That's sound advice for any CMA anticipating a job transition or in the midst of one. We turned to job-hunting pros for strategies to help you land a job you'll love. Here are their top tips.

**1. HAVE A PLAN.** Cheryl Breukelman, a partner at Epiphany Coaches in Hamilton, Ont., echoes the tried-and-true advice of Bolles: know what you want.

Start with a plan, she says. "You need to be intentional about your career. Really think about your strengths, skills and passion. You need to have a clear sense of where you want to go."

**2. WORK ON SOFT SKILLS.** You've heard it before: EQ (emotional intelligence quotient) is just as

important as IQ. Don't underestimate the importance of personality traits such as friendliness and optimism.

"Everybody is looking for people who are confident and comfortable in their own skin," says Jill Birch, a vice-president at OCAD University in Toronto and a frequent speaker on leadership development and organizational change.

Birch acknowledges this task can be a challenge for introverts. "You need to be an effective communicator, whether [you're] in a job interview, presenting financials to a board of directors or displaying expertise at a conference. It's all about the power of presentation."

**3. GO PUBLIC.** Talk to people who have the kind of jobs you envy. Ask your manager what you need to do to move ahead in your organization.

"Find a senior person in your firm to act as a mentor or seek out an assignment that would allow you to partner with someone you want to work with," says Breukelman. Taking on a new responsibility will give you the chance to learn new skills and gain greater visibility.

**4. KEEP YOUR NETWORK ALIVE.** "If you were sacked tomorrow, would people return your call if you haven't been in touch in five years?" asks Birch. She encourages CMAs to get out of the office to meet key contacts a couple of times a year.



## “If you were sacked tomorrow, would people return your call?”

Invite experts in your field to lunch. Join your professional association and be strategic about the events you attend. “Annual events are good because you can connect with 15 people instead of just one.”

**5. NETWORK YOUR WAY.** “Not everyone does well at the wine-and-cheese gathering,” acknowledges Karen Graham, a success coach at Panacea Canada in Orillia, Ont. “You need to put yourself in a position where you feel comfortable shining.” That might mean attending a continuing education event rather than another cocktail party.

Graham’s advice to introverts: “Instead of worrying about selling yourself, show an interest in the people who can help you. It’s easier for introverts to ask other people about themselves.”

**6. PROMOTE YOURSELF.** “It’s a myth that your work will speak for itself. In a

perfect world it should, but you can’t rely on that,” says Breukelman. She advises CMAs to find ways to be acknowledged for their accomplishments. Possibilities include posting comments on Facebook, communicating regularly with a manager, being active on LinkedIn groups and becoming known as an expert by writing articles or giving presentations.

Adds Graham: “Get yourself in front of decision makers in any way you can.”

**7. FIGURE OUT WHAT YOU NEED TO IMPROVE.** “It’s easy to figure out what you’re good at, but you also need to be able to go deep to figure out what you need to enhance in your skill set,” says Birch. A coach or mentor can help provide honest feedback.

**8. DEFINE YOUR BRAND.** Figure out what makes you unique, and sell it. What are your most compelling key attributes? “Perhaps you have amazing analytical skills or are a master collaborator or know how to rally a team. Be super clear about the value you bring,” says Breukelman.

**9. BOOST YOUR CREDENTIALS.** Getting her master’s degree (on how CEOs learn to lead) “was a game changer,” says Birch, who is now working on a PhD in leadership development. “All of a sudden I had a large body of work and was a credible expert in leadership.”

Advanced education also presents

networking opportunities. “If you’re in a room with 40 other people at Rotman [the University of Toronto’s school of management], everyone’s trading business cards like crazy.”

**10. GOOD DEEDS COUNT.** Volunteer experience can help give job hunters the boost they need to get promoted or hired. Look for volunteer opportunities that will enhance your skills and knowledge in a particular field.

“If you want to work in accounting in a hospital, volunteer at one so you’ll have a better understanding of how the organization works,” says Graham.

Michelle Bernardo is an HR professional who recently completed her CMA designation and is looking for a job. “Right now I’m overqualified for entry-level positions because of my HR background, but I don’t have the finance and accounting experience for a more senior position,” she says. She’s taken on the role of secretary-treasurer for two local non-profit organizations to gain much-needed experience.

**11. BE PERSISTENT.** It’s easy to get discouraged, but it’s important to maintain a positive belief that you will find the right job, says Graham. “Winston Churchill said ‘never give up’ and that’s good advice for job seekers.” ■

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**Anne Bokma** is a freelance writer and editor in Hamilton, Ont. See [www.annebokma.com](http://www.annebokma.com).

# GAME CHANGERS

## **F**OUR BIG ISSUES CMAs CAN'T AFFORD TO IGNORE

BY JENNIFER DAWSON

**Big data.  
Crowdsourcing.  
Talent  
management.  
Federated  
networks.**



Today, the phrase “business as usual” could be code for “left behind.” But with so much change on the horizon, where’s a CMA to look to stay ahead? We asked four

influential business thinkers, including two CMAs, to pick their game-changing issue. Then we asked for the nitty-gritty: why it’s important, where to go for more information and how to incorporate it into your work. Here’s what we found out.

### **WHAT**

Big data, says **Bernard Marr**, founder and CEO, the Advanced Performance Institute

### **WHY**

Our ability to collect and analyze big data — large amounts of information, especially the unstructured kind that doesn’t play well with a spreadsheet — will inform decision making. According to Marr, the data explosion is already upon us and will revolutionize the way we live and do business.

In health care, we’re now able to decode DNA sequences simply and cheaply. Twitter and Google can track flu outbreaks in real time, helping hospitals predict and plan for emergency room visits. CMAs will feel the impact as well.

“Big data will completely transform

how accountants do their jobs,” says Marr. “Companies are already using technology to detect internal fraud, make market cap predictions, forecast profit margins and much more. Soon we’ll be able to make financial forecasts that take into account trends such as weather data.”

### **HOW**

“Start learning about it,” says Marr. “Listen to what others are doing and experiment with big data analytics.”

Big data tools are readily accessible and sometimes free. Think Google Trends, Social Mention, Google Analytics and industry-specific tools such as TripAdvisor. Hadoop software helps manage massive volumes of fast-moving, unstructured data by distributing the analysis to different computers.

The technology is available to small and medium-sized companies as well as the big guys. Avoid analysis paralysis by following these tried-and-true principles: ask smart questions and know how you’re going to use the answers.

### **INSIGHT**

“Think about all the data humans generated from the beginning of time until 2003,” says Marr. “We were producing that amount of data every two years in 2011, and it’s every 10 minutes in 2013. What could you do with all that information?”



### **FIND OUT MORE**

Marr tweets and blogs on the topic regularly; follow him on Twitter @BernardMarr. Visit [www.smartdatacollective.com](http://www.smartdatacollective.com) for the latest trends in business intelligence and data management. Read about big data in more detail in the September/October 2013 issue of *CMA magazine*.

### **WHAT**

Crowdsourcing, says **Sharon McIntyre**, CMO of Chaordix

### **WHY**

Crowdsourcing means something different to everyone, says McIntyre. Examples of crowdsourced sites include Wikipedia and iStockphoto; crowdsourcing also includes open source technology such as Linux. Ideas, labour and content can come from people outside your company — and are often free.

According to McIntyre, Sun Microsystems co-founder Bill Joy put it best: “No matter who you are, most of the smartest people work for someone else.” With crowdsourcing, you can put other people’s brains on your project. And when you do, the results can be impressive.

A few years ago, the CEO of Procter & Gamble said that 50 per cent of new product innovation would come from outside the company. Today, because

of P&G’s Connect + Develop crowdsourcing initiative, we have Swiffer dusters, Mr. Clean Magic Erasers, Tide Pods and Olay Regenerist.

Crowdsourcing has implications in every area of business from funding to intellectual property to human relations. According to McIntyre, CMAs need to pay attention to crowdsourcing to stay relevant as advisers.

### **HOW**

CMAs affect so many areas of an organization that they’re in a good position to lead the crowdsourcing charge. “Look at your key business drivers and think of how you could leverage different constituents to achieve your goals,” says McIntyre. Crowdsourcing can help you reduce costs, extend your global reach or collaborate with your supply chain.

First-timers can take a project that’s already underway but needs greater insight for successful implementation. Go to the crowd — employees, suppliers or customers — to learn what to do next. Newbies can also start a new project using crowdsourcing principles. “You can blue-sky your way to increase your reach or do more with a smaller budget,” she says.

### **INSIGHT**

“We’re not talking about a digital suggestion box,” says McIntyre. “There are a lot of quick-win technical crowdsourcing solutions out there.

You need to look at the technology and process as you would any other core function in your enterprise.”

### **FIND OUT MORE**

Visit [www.crowdsourcing.org](http://www.crowdsourcing.org), the resource for everything on the topic. Crowdsourcing Week, a large international conference held every spring, educates decision makers about the power of the crowd to transform business. Book lovers can curl up with *Design-Driven Innovation* by Roberto Verganti.

### **WHAT**

Talent management, says **Victoria Davies**, CMA, CFO of Knightsbridge Human Capital Solutions

### **WHY**

Many industries are experiencing or forecasting a talent shortage because of skills gaps and demographics. Recent studies by FEI Canada and PwC show the situation is a major concern for Canadian execs. “If the CEO is worried about it,” says Davies, “you should be too.”

Fortunately, human resources is finally getting some strategic focus, thanks to HR analytics, great software tools and an emphasis on productivity, says Davies. Thinking strategically about talent will give your organization a competitive advantage.



#### HOW

CMAs, because of their strategic approach to business challenges, can be HR change agents. But they must have the right mindset. “Performance management is not just filling in forms when the HR person asks us,” says Davies.

Start by linking your business strategy to your talent needs. Companies that want to be acquired, for example, need people who can increase value. Companies that want to grow aggressively need people who are comfortable with ambiguity and taking risks.

Then take a hard look at your HR function. Is your current talent achieving your strategic goals? Do you have a robust employee-engagement, performance-management, compensation, career-planning and succession-planning process? Think of how you can walk the talk to demonstrate strategic HR practices and influence the behaviour of C-suite colleagues and the departments that report to you.

#### INSIGHT

“If you’re rolling your eyes or checking your emails when HR topics come up at a meeting, then you need to change your thinking,” says Davies. “Technology and great data and analysis freed accountants to become more strategic. Look at us now: we’re the value-added advisers. The same thing happened to sales and marketing. Now it’s HR’s turn.”

#### FIND OUT MORE

Next time you’re at a conference, sit in on sessions that focus on talent, HR or leadership. Read *The Leadership Gap* by David S. Weiss and Vince Molinaro and the follow-up *Leadership Solutions* by David S. Weiss, Vince Molinaro and Liane Davey. Visit [changeyourteam.com](http://changeyourteam.com) and [thecommunityofleaders.com](http://thecommunityofleaders.com).

#### WHAT

Federated networks, says **Lally Rementilla**, CMA, VP of Finance at **Nulogy Corporation**

#### WHY

A federated network is a group of customers and vendors who make their systems “talk” to each other to quickly and easily share information and send electronic transactions. Notable examples are American Airlines’ Sabre system and Canada’s Descartes Global Logistics Network. And while they’re talked about a lot in the supply chain industry, Rementilla sees the value of federated networks in any industry with multiple customers and vendors.

If you’re not in the network and your competition is, you’re out of the game. But if you are in the network, the more you compete and learn. “The value and productivity of the whole network increases because of information sharing,” says Rementilla. “If you’re in, you’ve met a level of excellence, but

you’re only as good as the last RFP or tender. It forces the whole network to be more competitive.”

Low-priced technology and a mobile workforce make the price of entry as low as a software subscription on a tablet device. “With a small investment, a \$10-million supplier can play in the same league as a \$100-million supplier,” she says. “Both can serve a \$1-billion customer.”

#### HOW

CMAs can help their companies identify opportunities to participate in a federated network. Then they can help navigate decisions to standardize data, integrate and align business processes, select IT infrastructure and develop an open and flexible workforce, she says.

#### INSIGHT

“More and more, customers will do business with suppliers based on ‘apples-to-apples’ comparisons,” says Rementilla. “Entry into a federated network is the price you pay to be considered an apple. Companies who don’t join these networks risk being called an orange.”

#### FIND OUT MORE

Visit [www.supplychainbrain.com](http://www.supplychainbrain.com) and read *The Intimate Supply Chain* by David Frederick Ross. ■

.....  
**Jennifer Dawson** writes about business, health and the environment. See [www.plaidpencil.com](http://www.plaidpencil.com).

# FOUR WARNED

## **F**OUR TECH PREDICTIONS FROM DELOITTE

BY **DUNCAN STEWART**

**Password-only protection? Useless. 4G = speed? A myth. PCs and mobile ads? Read on.**



assword-only protection is obsolete. Fourth generation (4G) network speeds may be slower than you expect, at least in cities. But PCs? Maybe they have a future

after all. And smartphone ads? Let's hope they generate revenue tomorrow because despite the hype, they're not quite delivering yet.

Duncan Stewart, co-author of Deloitte's annual *Technology, Media & Telecommunications Predictions* (or *TMT*) report, offers a sneak peek at the technology issues that CMAs need to watch in 2013.

For the past two decades, online accounts that were protected by a user name and an eight-character password composed of capital and lower-case letters, numbers and symbols were highly secure. It wasn't perfect, but it was good enough to protect even high-value information such as health and bank records.

But that's so last year. Now, because of online password dictionaries, criminal "crowdhacking" and new hardware tools, password-only accounts can be cracked in hours or even seconds.

In response, protectors of high-value accounts will need to move rapidly toward better solutions such as multifactor authentication. Additional checkpoints such as biometrics or sending text messages to cellphones will be needed to verify that we really are whom we claim to be.

### **HIGH-SPEED GRIDLOCK**

After 50 years of technology innovation, we now transmit one million times more bits of data per hertz of radio spectrum than we used to. But our bag of tech tricks has run out. The result is like a highway during rush hour: you can still get on the network, but you don't go very fast.

The 4G network that allowed downloads of more than 50 megabits per second when it was first built (and had only a few users) slows down as more people sign up to watch videos. A recent speed test in the United States during a techie trade show had wireless data rates of not 50 megabytes per second but 50 kilobytes per second. Welcome back to dial-up!

As demand for cellular connectivity exceeds supply, two things will happen: speeds will drop in urban areas, and prices will rise. What will happen to enterprise use of mobile data and the move to put everything in the cloud?

### **THE PC-PLUS ERA**

The smartphone and tablet revolutions have created what some call the post-PC era. Studies show that there will be almost twice as many mobile devices as personal computers worldwide by the end of the year.

But despite last year's decline in new PC sales, we need to remember a few things. The PC industry continues to sell almost a million computers *per day*.



There are more than 1.5 billion personal computers in use. Although we glance at our smartphones 50 times a day, we don't use them as intensely as we use our PCs.

In 2013, more than 80 per cent of all web traffic still comes from computers. Young people aren't abandoning the PC in the same way that they stopped reading newspapers or paying for CDs. Only 8 per cent of 18- to 24-year-olds prefer a tablet to a PC. By comparison, 40 per cent of people over age 65 prefer a tablet to a PC.

It makes more sense to think of today as the "PC-plus era" when all three device types happily co-exist. Smartphones and tablets are great, but a keyboard and mouse is superior for some tasks, and screen size still matters.

Did you know that the area of a 14-inch laptop screen is 16 times the area of a smartphone? Or that a desktop monitor is 10 times bigger than a 7-inch tablet? Such real estate is much better for working on spreadsheets with multiple tabs, gaming or watching video at home.

#### **NO MONEY MOBILE**

Finally, a lot of people got excited when mobile advertising grew by more than 100 per cent in 2012. Figuring out how to monetize the mobile screen, especially for display advertising, had been a challenge.

But hold on.

Although the total number of dollars spent on mobile ads did double in the last 12 months, almost all of the growth occurred in the tablet market.

## *The PC industry still sells almost a million computers per day.*

Tablets have screens that are big enough for banner ads and videos and are attractive to both advertisers and consumers.

Each tablet generates about \$7.00 in display ad revenue per year. Not as much as with a PC, but decent. However, tiny smartphone screens produce only \$0.60 in display ad revenue per year. The monetization problem hasn't been licked yet.

Dealing with change has always been a challenge. While some things are changing faster than ever before, other things are changing slower. Getting both kinds of change right will be crucial for decision makers in 2013 and beyond.

To get the whole story, read *Technology, Media & Telecommunications Predictions* at <http://ow.ly/inNsk>. ■

**Duncan Stewart** is the director of research for TMT for Deloitte Canada and co-author of *Predictions*.



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Brenda Yackle, CMA  
Corporate Controller  
United Safety Ltd., Alberta  
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# WHAT I'VE LEARNED ABOUT CHANGE

## FIVE CMAs SHARE STORIES ABOUT THEIR JOURNEYS

By Michelle Singerman

**M**ajor transitions affect people's personal and professional lives. Staying positive, focusing on the goal and taking advantage of resources assist successful change. Five CMAs tell us how they've successfully navigated transitions in their careers.

**NAME**  
**MIRA SIROTIC, CMA**  
Regional Director, Marketing and Communications, CMA Ontario, Toronto, Ont.

### **WHAT HAS BEEN YOUR EXPERIENCE WITH TRANSITIONS?**

I held eight positions in six different business units during my 10-year career at Imperial Oil Ltd. My biggest transition was relocating away from Imperial Oil's Calgary office. My husband was in Toronto and had plans to move, but couldn't because of work. I tendered my resignation and was back in Toronto within four weeks.

### **WHAT WAS YOUR APPROACH TO THE CHANGE?**

While change may not be something you control, you can control your response to it. I have always seen change as an opportunity to learn and grow and experience something new.

### **WHY IS CHANGE SOMETIMES NECESSARY?**

The only thing that stays the same in life is that life is always changing! Change is necessary in a complex world. It reflects the dynamic nature of life and allows us, as humans, to maximize our potential.

**NAME**  
**KIRK SIEVERT, CMA**  
President, AdPro Change Systems Inc., Head of St. Margarets Bay, N.S.

### **WHAT'S BEEN YOUR BIGGEST TRANSITION?**

I left the corporate world as an executive to pursue a dream of working independently. Starting my own company and having to invest capital, hire staff and make longer-term contractual commitments was my biggest transition and learning experience.

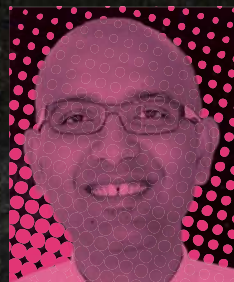
### **HOW DID YOUR TRANSITION AFFECT YOU?**

Starting a small business with my own capital brought a new focus and level of commitment. Personally, travelling has probably affected me the most. I once saw a familiar face in Newark Airport, but couldn't remember the person's name. I went over to say hi and confessed to not remembering when we had met. He said, "I'm your U.S. customs clearance officer normally stationed in Halifax." I thought, "I'm spending too much time in airports."

### **WHAT DID YOU LEARN FROM YOUR TRANSITION?**

Change isn't easy and can be disruptive. But change also presents a myriad of opportunities. When confronted with change, it's important to build awareness of why the change is necessary and the consequences of not changing.

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



**NAME**  
**LYNN TRAVERS, CMA**  
 Consultant, Self-employed,  
 Toronto, Ont.

**WHAT'S BEEN YOUR BIGGEST CHANGE?**

I left a marriage of 18 years. Two months prior, I had finished a 14-month contract in financial planning. I only wanted to return to the workforce to work in a start-up, on a special project, in the financial planning or administration departments of an enterprising organization. I was very specific.

I accepted an opportunity as accounting manager for a start-up in the entertainment sector. Three months in, it was clear it was a poor fit. I left the role knowing it was time to pursue my passion: to help women be financially independent with confidence.

**WHAT DID YOU LEARN FROM THAT EXPERIENCE?**

To pursue my passion and mentor others to do the same. Also to network and learn from others, and return to school if necessary. You're never too old to do something that you love and makes you truly happy.

**HOW DID YOU ADAPT TO ALL THESE TRANSITIONS?**

With the help and guidance of a life coach (also a close friend), a network coach, family members and good friends. In some relationships, significant change is often required if you cannot visualize improvement in the future.

**NAME**  
**ASH BISARIA, CMA**  
 Vice-President, Financial Accounting,  
 Credit Suisse, Toronto, Ont.

**WHAT'S YOUR BIGGEST TRANSITION TO DATE?**

In 2009, I went to manage and expand Credit Suisse's finance and accounting outsourcing centre in India. It was my first time managing a large team, and it [involved] different time zones and cross-functional teams. It was also a big personal transition: I was a Canadian living in a new country with my family.

**WHAT MAKES A TRANSITION SMOOTH?**

A smooth transition requires detailed planning, positive thinking and perseverance. Transitions have their own challenges. Plan and prepare well, think through all available options and provide for contingencies. Always have a Plan B if things don't work out.

**WHY IS CHANGE SOMETIMES NECESSARY?**

Change is not just necessary but essential. Acquiring international experience is vital, and all CMAs should aim for it in their careers. Most global corporations look for people who have worked in domestic and overseas markets to fill senior management roles.

**NAME**  
**CATHY MCLAY, CMA**  
 Chief Financial Officer and Executive  
 Vice-President, Finance and Corporate  
 Services, TransLink, South Surrey, B.C.

**WHAT HAS BEEN YOUR EXPERIENCE WITH TRANSITIONS?**

I worked in the private sector before joining TransLink, a public sector organization. I joined as TransLink was reviewing how it does business and finding ways to maximize value for its shareholders: the taxpayers. We really focused on making the organization streamlined and efficient. It required a shift across the entire enterprise.

**WHAT MAKES A TRANSITION SMOOTH?**

As a leader, you have to believe in the change. It's important to be clear to all involved about why the change is happening, what the desired outcome is and how you're going to get there. You also have to be clear about who is accountable.

**HOW ARE TRANSITIONS BENEFICIAL TO A CAREER?**

With the transition I made from the private to the public sector, I became CFO and executive VP in a large, regionally significant organization. My portfolio expanded to include legal, real estate, strategic sourcing and even IT. I've expanded my knowledge and experience.

The public sector also opened my eyes because I've had more exposure to public policy and the politics around it. I feel enriched by the experience. ■

*Michelle Singerman is a freelance writer, editor and photographer in Toronto. See [www.michellesingerman.com](http://www.michellesingerman.com).*

# Merging information assets

## What's your day one strategy?

Think beyond numbers to improve your chance of success

By **Jacob Stoller**

**SUCCESSFUL MERGERS** and acquisitions (M&As) appear to beat the odds. Studies place the failure rate as high as 90 per cent and, according to a KPMG report, “83 per cent of all M&As failed to produce any benefit for the shareholders, and over half actually destroyed value.”

The culprit, we're told, is widespread neglect of the so-called soft assets — knowledge and culture — that may be essential to the value of the organizations being merged.

Information technology (IT) presents both a challenge and an opportunity. On the one hand, combining IT assets can be a tedious undertaking fraught with unexpected costs and delays. On the other, IT can be a powerful tool for disseminating knowledge and culture. As such, IT can help ensure that an M&A doesn't cause vital knowledge assets to disappear, or high-value employees to head for the exits.

“There's a whole new dimension in the information age,” says Eugene Roman, CMA, senior vice-president of information technology and chief technology officer at Canadian Tire Corporation. “A lot of the social tools that are available today were not there even five years ago.”

Employee information systems, workflow programs, collaboration tools and internal social media pages can all be used to bring workforces together. Conversely, removing these tools from an acquired organization, as often happens, can destroy a working culture.

“You can create a social community effect if you plan for it,” says Roman. “If you don't, the clock's working against you.”

### Finding a strategy

IT, however, is rarely called upon to play a strategic role in M&As.

“Typically the last person to get a phone call when an acquisition happens is the IT person,” says Roman.

This oversight is, according to Alan Middleton, executive director of the Schulich Executive Education Centre at York University, part of a much larger problem: the M&A teams' lack of vision.

“They'll talk synergies until they're blue in the face,” says Middleton, “but what they mean is cost cutting as fast as possible.” Instead of merging operations haphazardly, they need to ask what they want this newly merged organization to accomplish.

Roman has developed guidelines for IT's role in M&As. The guidelines are based on his experience with more than a dozen mergers, including Canadian Tire's recent acquisition of sports retailer Pro Hockey Life Sporting Goods Inc. His first piece of advice: “Get the technology people in early and come up with a road map.”

The digital infrastructure of the respective companies can be expected to be different, he says. Depending on the complexity, the consequent integration typically takes from 6 to 18 months.



Team members should be prepared for a demanding interaction: they must assess knowledge assets in both companies in terms of their potential value in the new organization. Essentially, planners need to establish what employees on both sides of the merger need to know to do their jobs and how information systems can help them acquire that knowledge.

There are aspects of integration that must be addressed as soon as employees begin work in the merged organization. “You have to have a day one process,” says Roman. “When a company is acquired, what happens on day one creates the first impression for employees on both sides of the acquisition.”

Special websites, for example, can give employees a virtual “hotline” into the changes that are taking place in their workplace. This hotline can prevent employee confusion and rumour mills, and increase confidence in the future of the new organization. Having a combined email system and intranet on day one can speed vital communication and give employees a feeling that matters are under control.

### Meeting technical challenges

To take advantage of potential synergies, planners must be prepared to go far beyond the “hard core” functions such as financials, employee records and payroll.

“The transactional stuff that we’ve historically focused on is important,

but it only represents 10 to 15 per cent of the opportunity,” says Roman.

As the plan moves beyond the financials, integration tasks get more complicated, says Rennie Fisher, managing director of the Toronto-based Inflection Group and a frequent adviser on the technology aspects of M&As.

“The financials are easy,” he says. “The trick is really when you’re affecting targets, sales, and other areas where you’re changing some of the metrics. Those are the tougher ones.”

## “What happens on day one creates the first impression for employees on both sides of the acquisition.”

The systems are usually merged in stages: financials are merged first; the logistics chain is merged later. Each newly-combined system is tested live in the workplace before the merger team moves on to the next stage. “It’s never a big bang,” says Fisher.

Of course, merging technical assets isn’t just about hardware and software. The employees in the respective IT organizations may have significantly different work cultures. “Larger

organizations might have to follow standards, and have established change procedures that people in a small shop would consider cumbersome,” says Fisher. Bridging these differences through a give-and-take process can ensure that the strengths of both organizations are incorporated in the new entity.

All this takes time and patience. “IT is full of the promise of instant magic,” says Middleton, “but we know it always takes longer than we expect.”

His advice: “Go for small wins. Try to accomplish things that you can talk about that are better than what either side has experienced in the past.”

### Back to basics

Improving the prospect of a successful M&A is perhaps the ultimate test for a management accountant’s ability to identify and preserve value. Even after many years as a technology officer, Roman calls on his training as a CMA. “Once you understand the numbers, you can start thinking beyond the numbers,” he says. “The numbers are simply a mirror.”

“You don’t see the critical information assets of the company on the balance sheet,” he adds. “The role of the CMA here is to help the corporation see things that [it] may not have realized.” ■

**Jacob Stoller** is a Toronto-based writer and researcher. See [www.jacobstoller.com](http://www.jacobstoller.com).

# Life support

## Mark Grunert, CMA, combines management skills and aviation know-how

By **Jaclyn Law**

### MARK GRUNERT STARTS EACH WORKDAY

with a long walk. The base director in Calgary for STARS, the Prairie provinces' air ambulance service, Grunert treads up and down the hallways and hangars of the 34,000-square-foot facility, checking in with various crews: engineering, operations, medical and aviation. "Our base has over 150 employees," he says. "I'm the communicator who brings things together."

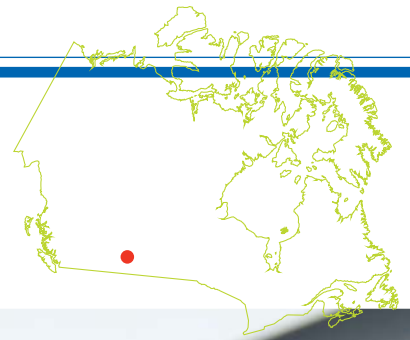
Established in 1985, STARS helps people who are critically ill or hurt. Medical teams at each of its six bases handle everything from car crashes and work accidents to life-threatening pneumonia. Available 24 hours a day, they fly to the rescue in STARS's cherry-red helicopters. Grunert and his fellow base directors ensure operations run smoothly.

In addition, Grunert handles budgeting, finances and strategic planning. STARS is growing quickly, and he drives efficiencies and manages change. "The best way is good communication and ensuring everyone's in the loop with what we're planning," he says. "If we get buy-in, we'll be more successful."

Grunert received his commercial pilot's licence in 2000. He worked as a flight instructor while earning his management degree at the University of Lethbridge. He joined AirSprint Private Aviation as a corporate pilot and trainer in 2005. He graduated from CMA Alberta's Executive Program in 2010.

STARS is the perfect fit for Grunert's skills. "There are many similarities between being a pilot and being a CMA: planning, strategy, following a process," he says. "CMA opened doors that wouldn't have opened with only an undergraduate degree. It's a tremendous advantage." ■

**Jaclyn Law** is a Toronto-based freelance writer. See <http://about.me/jaclynlaw>.



**Employer:** STARS  
**Role:** Base Director, Calgary Operations  
**Most valuable piece of advice:** "You don't need to know everything. Ask the appropriate expert."  
**Website:** [www.stars.ca](http://www.stars.ca)



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