

CMA magazine

THE VOICE OF MANAGEMENT ACCOUNTING
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SEPTEMBER/OCTOBER 2013

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VOLUME 87 NUMBER 5

SEPTEMBER/OCTOBER 2013

CICA and CMA Canada joined together on Jan. 1, 2013, to create CPA Canada as the national organization that supports unification of the Canadian accounting profession under the CPA banner.

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Are you sitting? This issue of *CMA magazine* invites you to stand up!

During the summer, I spent a ridiculous amount of time driving back and forth between summer camps. But while sitting at the wheel for long periods seems excruciating, pecking away at our computers for more hours than we sleep is considered normal (and is, in fact, a fact).

What's up with that?

Over the past year, numerous studies have pointed to the downside of our 21st-century sedentary lifestyle. They say "sitting is the new smoking," but sitting is a hard habit to break.

Jane Langille's "Let Your People Move" (p. 18) is as much a must-do as a must-read. We hope her story inspires you to get moving during Healthy Workplace Month in October. (See <http://healthyworkplacemonth.ca/en>.)

We look at personal development from another angle in "International Exposure" (p. 33) where **Jennifer Dawson** examines the importance of having work experience beyond Canada's borders. Her insights are backed by a recent Robert Half study that finds accountants' need for international experience is on the rise in an increasingly interconnected global village. (See <http://bit.ly/12PrwTm>.)

Do you have what it takes?

In "Foreign Assignment" (p. 40), Dawson catches up with five CMAs who have worked, collectively, on every continent except Antarctica. Their recollections may whet your desire to travel.

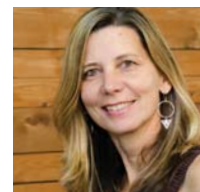
Finally, we're hard at work on the final issue of *CMA magazine*, coming in November/December 2013. To share any final adieus and thoughts about the magazine, please drop us a line at letters.editor@cma-canada.org.

We'd also love to hear what you'd like to see in the merged CPA profession's new magazine, which launches in January 2014. Please send us your thoughts.

Enjoy the read!

Mara Gulens

Editor-in-Chief
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Shifting gears

Autumn's colourful leaves signify a time of innovation and creativity. As we move from summer hours back into a full-throttle schedule, we anticipate the year ahead. What changes can you make in your work routine? How will you make the most of it?

I'm a CPA (former CA) and have just received my first issue of *CMA magazine*. Congratulations! The style is engaging, highly readable and relevant. I hope it's onside to say it's kind of fun, too.

— Marilyn Osborne, CPA, CA
Toronto, Ont.

I suggest *CMA magazine* make the publication available only online to save costs and go green. A notification email with a web link to members when the latest issue is released should suffice.

— Ron Simmons, CMA
Victoria, B.C.



Tweets

Great job on this month's (July/August 2013) magazine. It was very easy to read. Seemed weird to be done in such a short time. #enjoyedit
— @K_macd11

The entire issue was well done, but especially the piece on launching a business. So relevant today.
— @becomeacma

What do you think? What has remained unchanged since you started working as a CMA?

- a) the tools I need to get the job done
- b) my vision of how I spend my days
- c) the advice that got me here in the first place

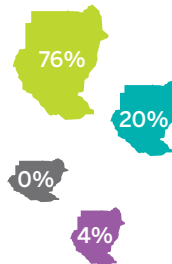
Respond online at www.cmamagazine.ca



International resumé

You said the biggest attractions to working abroad are

- 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



For more on the benefits of global work experiences, turn to page 32.

And in your words:

- "Working abroad expands our outlook on life... You learn valuable lessons about diversity. You realize there's so much more to learn."
- "Experience outside Canada is not highly prized except in larger metropolitan areas."
- "I worked overseas for six years. It made my resumé impressive, but local employers still wanted local experience."
- "The world has become a global village, so the vast experience enlarges your potential."

Celebrating 87 years

We'll be closing the book on *CMA magazine* with the November/December 2013 issue. What has management accounting meant to you? Where will it take you in the future?

Stay tuned for a special collector's issue of nearly a century of stories, images and memories. We'll be capturing highlights from CMA's history, taking a peek into the future of work and having a go at what the future might hold in our "Report from 2063."



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News and numbers



SUSTAINABILITY

It's time to give back to the planet

Businesses across the globe must rethink their one-sided relationship with the natural world.

This “act now” message comes through loud and clear in a special issue of the Professional Accountants in Business Committee’s eNews, published in June 2013 by the International Federation of Accountants.

To minimize the financial risks presented by natural resource depletion and climate change and to maximize opportunity, businesses need to measure and value natural capital as part of their business models, identifying costs and benefits that traditional financial analyses usually miss.

Businesses in the primary production and processing sectors, particularly fossil fuel companies, have the largest natural capital risks.

The full eNews is packed with links to useful online resources. Read about the evidence, the role of accountants, decision-making tools and innovative examples at <http://bit.ly/16UkYAL>.

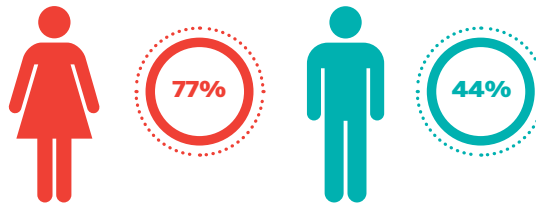
WOMEN AT WORK

Opinion divided on need for more women in senior ranks

Senior executives who agree organizations need more women executives



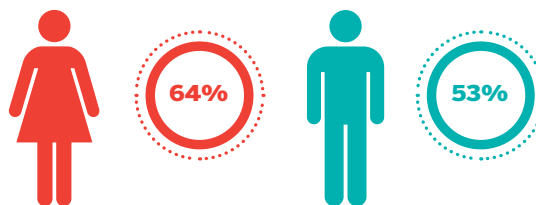
Executives who agree organizations need more women executives



Middle managers who agree organizations need more women executives



First-level managers who agree organizations need more women executives



Source: The Conference Board of Canada, *Women in Leadership: Perceptions and Priorities for Change*, May 2013.

TECH TALK

Canada's anti-spam law could affect you

Unwanted electronic communication, also known as spam, has a new enemy: the Canadian government. But the tough legislation, which has been passed but is not yet in force, may affect any business that does electronic marketing, either in house or through third parties.

According to Pallett Valo, a law firm based in Mississauga, Ont., the new law will require “opt-in” consent by recipients for almost every commercial electronic message, including email marketing, newsletters and other routine paperless communications. Non-profits and businesses of all sizes will be affected. Now’s the time to take stock of your electronic communication methods, the firm advises.

The new rules take effect in early 2014. For more information, visit www.fightspam.gc.ca.



Left: © kemalbas / iStockphoto. Right: © Squaredpixels / iStockphoto

CMA NEWSMAKERS

Student team takes top prize

CMA Ontario member Aristotle Solomon is a winner.

As part of a four-person team from the Morning MBA program at the University of Toronto's Rotman School of Management, Solomon took home first prize — and his share of \$100,000 — in the Manulife Entry into Asia Challenge.

The competition asked undergrad and grad students at Canadian business schools to create a business plan for the expansion of a Canadian small or medium-sized enterprise (SME) into Asia. Solomon's team addressed Japan's pressing energy problem with its plan for solar-based community energy storage.

"Our project won because we had a compelling value proposition for a Canadian SME to enter Japan," said Solomon. "We were able to quantify and clearly articulate this value proposition from both the customer and company perspectives."

Solomon will graduate from the part-time Rotman program in 2015.

THINK GLOBAL

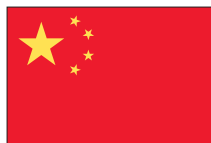
Emerging markets: Ready, set, grow

Senior financial execs who say their country's economy will expand this year



Brazil

100%



China

94%



Mexico

81%



India

78%

Source: American Express and CFO Research's *Global Business & Spending Monitor*, June 2013.



VIEW FROM THE C-SUITE

Paying the high price of CEO turnover

Twenty-one of Canada's largest 100 companies saw a new face in the top job in 2012.

The statistic, revealed in a *Globe and Mail Report on Business* review of CEO compensation published in May 2013, showed the trend was particularly marked in the natural resources sector.

The costs are in the millions. The money is paid to sever ties with the outgoing CEO as well as attract a replacement.

Barrick Gold Corp., for example, paid US\$12 million to former CEO Aaron Regent, including severance of \$11 million, and then paid another Cdn\$11 million to incoming CEO Jamie Sokalsky.

Thomson Reuters Corp. CEO Thomas Glocer made US\$19.9 million in 2012, when he was replaced by newbie CEO James Smith, whose compensation — including share- and option-based awards — totalled Cdn\$18.8 million.

View *The Globe's* full report at <http://bit.ly/12eJrF1>.

HR MATTERS

Social media: The new hiring tool?

37% of employers are using social networks to research job candidates

37%



65% use Facebook



63% use LinkedIn



16% use Twitter



17% use other sites

Source: Harris Interactive survey for CareerBuilder of 2,303 U.S. HR professionals, April 2012.

ACCOUNTING WORLDWIDE

Mergers not just in Canada, eh?

Accounting bodies around the world are thinking of joining forces, sometimes across borders.

The New Zealand Institute of Chartered Accountants and the Institute of Chartered Accountants Australia are in talks. A member vote is planned in late 2013.

Three of the U.K.'s largest accountancy bodies — ICAEW, CIMA and CIPFA — pondered the merger question in 2004 but weren't able to find common ground. There may be some appetite to return to the table, however. A poll conducted by U.K. accounting magazine *Accountancy Age*, published in June 2013, showed 65 per cent of the 119 readers who responded favoured a merger among the U.K.'s accounting institutes.

BOOK REVIEW

It's all in the relationships

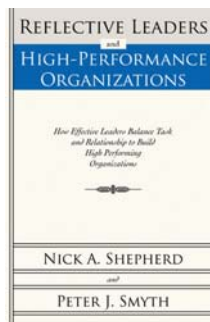
While North American teams typically score high on task execution, surveys suggest that their success at building human relationships is much lower. And that imbalance leads to less effective, less successful businesses, argue Nick Shepherd and Peter Smyth in *Reflective Leaders and High-Performance Organizations: How Effective Leaders Balance Task and Relationship to Build High Performing Organizations*.

Reflective leaders build successful teams by including relationship objectives in each phase of their teams' lives. The initial stage of team formation includes actions such as asking questions that build on the commonality of members and acknowledge everyone's presence. This stage is followed by other stages: deliberation, amalgamation, consolidation, summation, and evaluation.

In the amalgamation stage, the task objectives are achieved by overcoming any actual or perceived obstacles hindering the team; relationship objectives are attained by showing empathy and respect for every team member. Other stages are similarly enhanced.

Reflective Leaders and High-Performance Organizations concludes with detailed examples that demonstrate how Shepherd and Smyth's methods lead to positive results. These include satisfied employees, excellent relationships with clients and customers, and improved planning and change.

Authors: **Nick A. Shepherd** and **Peter J. Smyth**
 Publisher: **iUniverse Inc.**
 Reviewer: **Patrick Buckley**, CMA, PhD



BOOK REVIEW

Do they really like you?

Dave Kerpen is CEO of Likeable Media, a social-media marketing firm. In *Likeable Business*, Kerpen lays out the goals that organizations should strive toward in a social media world.

The 11 goals are more listening, better storytelling, authenticity, transparency, team playing, responsiveness, adaptability, passion, surprise and delight, simplicity, and gratefulness.

Pictures and videos create buzz; employees' tales of joining a firm or stories of customer satisfaction humanize the storytelling. The best tales evolve through an interaction of customers and employees, and go viral.

Evidence shows that authentic conversations build trust and sales. Users of social media want to know about the people behind products and services, contends Kerpen. They're looking for genuine people who project the same images in their personal and working lives. Author: **Dave Kerpen** Publisher: **McGraw-Hill** Reviewer: **Patrick Buckley**, CMA, PhD

WATERCOOLER WISDOM

Getting the skinny on workplace nutrition

Sixty-five per cent of workplaces offer workplace nutrition programs and healthy food options, but only 41 per cent measure their success.

Other highlights of the Conference Board of Canada survey, published in May 2013, include the following:

- Private sector orgs are more likely than public sector orgs to have nutrition programs and measure their success.
- Most nutrition programs are no more than five years old.
- Most programs cost \$5,000 a year; their costs range from \$0 to \$50,000.
- Interesting and fun programs that build camaraderie are the most successful at engaging employees.

Access the full report at <http://bit.ly/1dS9hhF>.

BOOK REVIEW

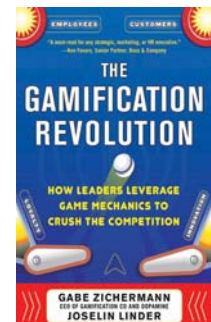
The gamers in our offices

Multi-tasking and information overload have led to shortened attention spans. As a result, many employees give priority to activities that have games embedded in them, say Gabe Zichermann and Joselin Linder in *The Gamification Revolution: How Leaders Leverage Game Mechanics to Crush the Competition*.

One focus of the book is stimulation of innovative thinking. According to the authors, competitive games that solicit employee suggestions lead to more innovative thoughts. When social media are involved as well, speedy, immediate feedback and networking can occur. Innovative ideas are also triggered by scenario games; a series of fast-moving questions gradually put players into complex situations. Diversions such as foosball appear to be merely play, but in some situations do encourage people to come up with original ideas while helping them to recharge, refocus and connect.

The Gamification Revolution looks into many other areas where games enhance organizational welfare. Games are a necessary marketing tool because they cut through the fog of endless promotions and help firms engage the same customers for many years.

Zichermann and Linder show how games can be used to improve strategy determination, employee motivation, reorganization, and recruitment and training. Authors: **Gabe Zichermann** and **Joselin Linder**
 Publisher: **McGraw-Hill**
 Reviewer: **Patrick Buckley**, CMA, PhD



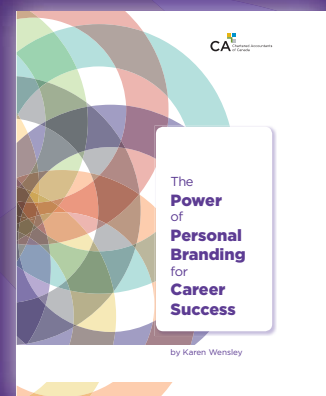
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UNIFICATION

Up, up and away

The Chartered Professional Accountant (CPA) brand is off to an exciting start with a national advertising campaign set to launch on September 17.

“The advertising uses a clever play on the ‘Pro’ in Chartered Professional Accountant to talk about the attributes of the CPA designation and to emphasize that CPAs have broad business skills including, and not limited to, accounting,” says Kevin Dancey, president and CEO, CPA Canada.

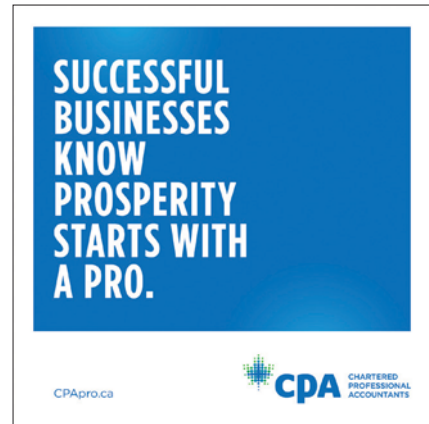
Since January, a working group of marketers and communicators from the accounting profession’s legacy bodies has been preparing to launch the campaign. Strategic guidance and creative expertise came from Toronto-based One Advertising and its partner agency, Reservoir, in Montreal.

Member and business community focus groups held in St. John’s, Montreal, Toronto and Vancouver helped refine the advertising approach. “Members told us the campaign elements are entertaining and effectively communicate how CPAs add value,” says Heather Whyte, vice-president, strategic communications, branding and public affairs, CPA Canada.

Focus group participants said the campaign left them thinking of CPAs as “accomplished, competitive, confident, energetic, cream of the crop, winners, ‘with it’ and cool.” The campaign is expected to effectively launch the CPA brand and begin realizing the vision for the CPA designation.

Creating brand awareness

“The unification framework includes a commitment to promote the CPA brand and we’re delivering on that promise,” says Joy Thomas, executive



CPA talking points

Here are some key facts about the profession.

- The CPA designation has grown out of the belief that Canada needs a single, unified accounting profession.
- CPA Canada was established by the Canadian Institute of Chartered Accountants (CICA) and the Society of Management Accountants of Canada (CMA Canada) to represent and support members of all Canadian accounting bodies participating in unification under the CPA banner.
- The membership is large and growing. CPA Quebec and the Institute of Chartered Accountants of Ontario (ICAO) became the first organizations to join CPA Canada earlier this year. Many more provincial organizations are preparing to make the transition.
- Currently almost 90 per cent of Canada’s 175,000 professional accountants are committed to unification or have already merged under the CPA banner.
- CPA’s values, qualities and capabilities represent the best of Canada’s three accounting designations: CA, CMA and CGA. This legacy establishes CPA as the pre-eminent accounting and business credential that sets the standard for the profession in Canada.
- As part of a unified professional body, CPAs will serve the public interest across all sectors of the economy with integrity, sound ethical practices, advanced education, disciplined regulation, and proven strategic management and financial expertise — qualities that Canadians have always valued as the hallmarks of our country’s accounting profession.
- Since the profession is provincially regulated, mergers will occur at different times, and the timing for use of the CPA designation will vary from province to province.

vice-president, CPA Canada. The carefully timed campaign will reach people after the vacation season, thereby avoiding back-to-school advertising clutter as well as associated higher costs.

The CPA has grown out of the CA, CMA and CGA legacy designations, but it's still a new accounting designation in Canada, so creating brand awareness is critical. "Increasing recognition of the CPA brand has been identified as one of three key priorities for CPA Canada this year," says Thomas.

The ad campaign is aimed at the business community and will be seen in media such as television, newspapers, billboards and online.

John Carpenter, chief executive officer, Alberta Accountants Unification Agency, says the CPA brand campaign will support recruitment efforts for the CPA Professional Education Program at post-secondary institutions across Canada. The recruitment campaign is integrated with the brand campaign, inviting prospects to "join the pros." "It's a highly efficient and effective marketing strategy," he says.

Members get a sneak peek

Members will receive links to the TV advertising before it airs. To respond to questions about the CPA designation that might arise after the ad campaign launches, please see the sidebar (p. 14).

Members will receive a link to the ads and background information about the campaign. The information should help answer any questions from family, friends and colleagues about the CPA designation when the campaign gets underway.

"We hope members will be excited by the campaign and take pride in being part of these historic developments," says Thomas.

CROSS-COUNTRY NEWS

To read news and information about CPA Canada, please visit www.cpacanada.ca/blog/category/news/.

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



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Economist **Rufus Pollock** says shared knowledge equals power

By **Gabrielle Bauer**



Q: What is open knowledge and why is it important?

A: The idea is simply to share information voluntarily: everything from government budgets and spending to corporate tax returns, economic market trends and research data. Here's an example: How much carbon dioxide is in the environment? This type of information is currently not accessible, or you have to pay to access it.

Q: Do you think technology and open sharing could erode the concept of intellectual property?

A: I don't think the point of technology or open sharing is to remove intellectual property rights. At the same time, granting monopoly rights in relation to copying content doesn't work too well anymore.

We have to find different ways to compensate people for their creations. Research suggests that providing a free online edition of a publication doesn't harm — and may even boost — sales of the print edition.

Q: You've criticized governments for not being transparent about their spending. How big a problem is this, and do you think it can change?

A: It's very difficult to get the type of information from governments that we've come to expect from corporations. Even when the information is available, it's often presented in a roundabout way, so the average citizen can't really interpret it.

We [at the Open Knowledge Foundation] seek to build open databases on public sector spending, from the local to the national level. I call it radical transparency. When you don't have this, one generation ends up paying for the previous generation's profligacy.

Q: What do you think about governments imposing austerity measures when facing huge deficits or debt?

A: While some countries may need the "shock therapy" of austerity, I think you shouldn't overdo it. You have to limit spending but also stimulate growth. It can be a tricky balance. In the long term, governments get the greatest

bang by investing in infrastructure and other commodities that have inherent value, such as green energy.

Q: How do you see the future of the eurozone?

A: While the creation of a monetary union was a bold and ambitious move, a European Union (EU) without monetary integration may have worked out better. A monetary union generally leads to tight political integration, which can have a detrimental effect on democracy and accountability. That said, I don't think the EU is going away. There's still a deep political commitment to the vision.

Q: The wealth of nations may be greater than ever, but what about individuals? Are we getting richer, happier, both or neither?

A: In the 1950s, social and economic policies mostly benefited the poor. That started to change in the 1980s, and the gap between rich and poor has been growing since.

Technological change has probably contributed to the disparity: if you're a lawyer, your computers and smartphone enable you to be more productive, so you become richer. If you work at McDonald's, technology doesn't help you get ahead to the same extent.

As for happiness, we know that money can't guarantee it. What's ultimately most satisfying to humans is creating things. That's why I'm such an advocate of open knowledge: it allows me to access my culture and engage in it, not just as a passive consumer but as a co-creator. So I think it's fair to say that open knowledge contributes to human happiness. ■

Dr. Rufus Pollock is a founder and co-director of the Open Knowledge Foundation in Cambridge in the United Kingdom. He advises governments on knowledge sharing and is an associate of the Centre for Intellectual Property and Information Law at the University of Cambridge. Pollock is also an economist and formerly held the Mead Research Fellowship in Economics at Emmanuel College in Cambridge.



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LET YOUR PEOPLE MOVE

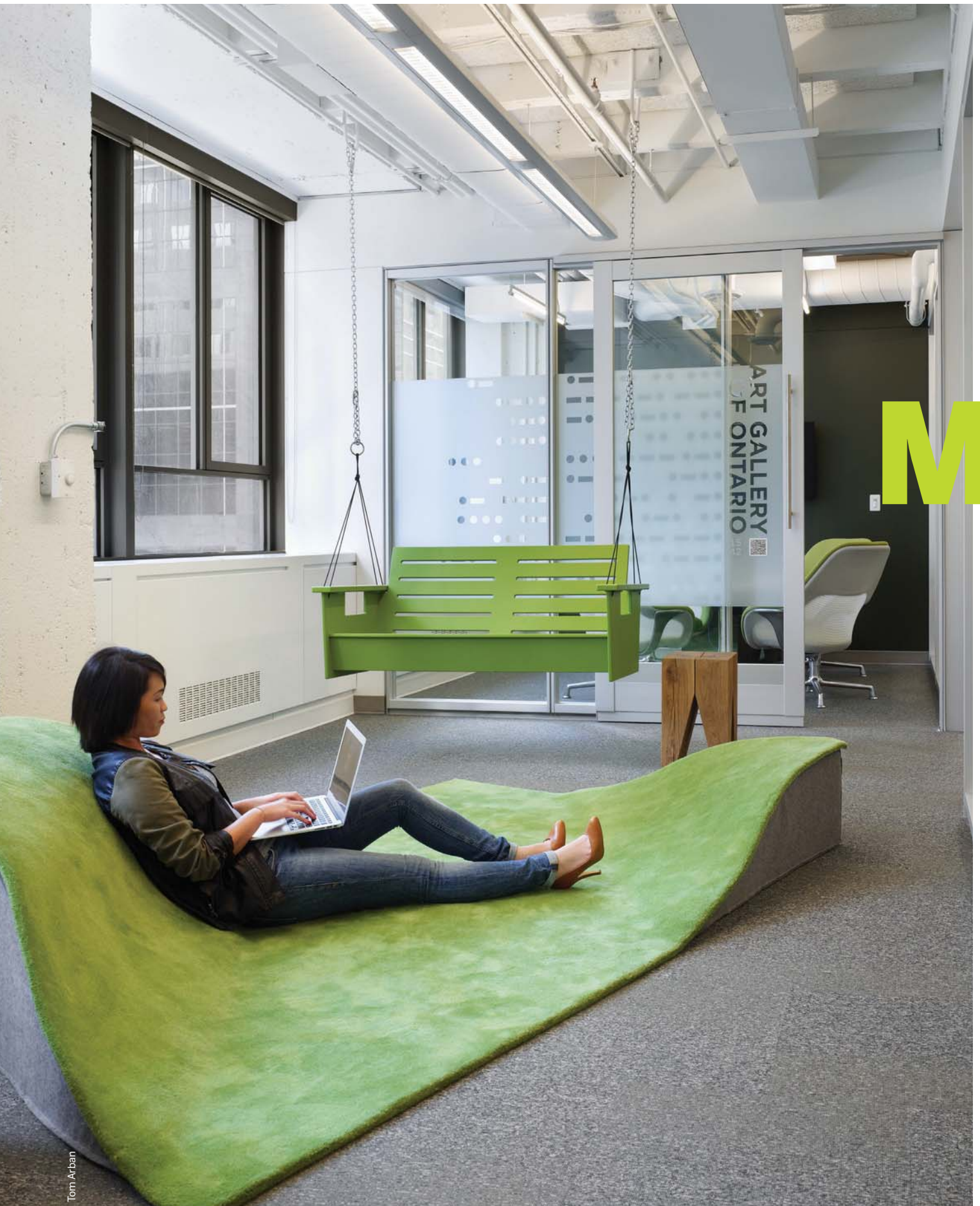
TAKE A STAND ON CREATING
A HEALTHY WORKSPACE

*Incorporate daily
movement to boost health
and productivity*

By **Jane Langille**

Productive employees don't have to be chained to desks anymore.





MO

SITTING IS THE NEW SMOKING. Too much time chained to a chair leads to a host of health risks, including doubling the risk of heart disease, diabetes and death, even if you meet Canada's physical activity guidelines. Sadly, the average Canadian adult sits for 9.5 hours a day, about 70 per cent of his or her waking hours.

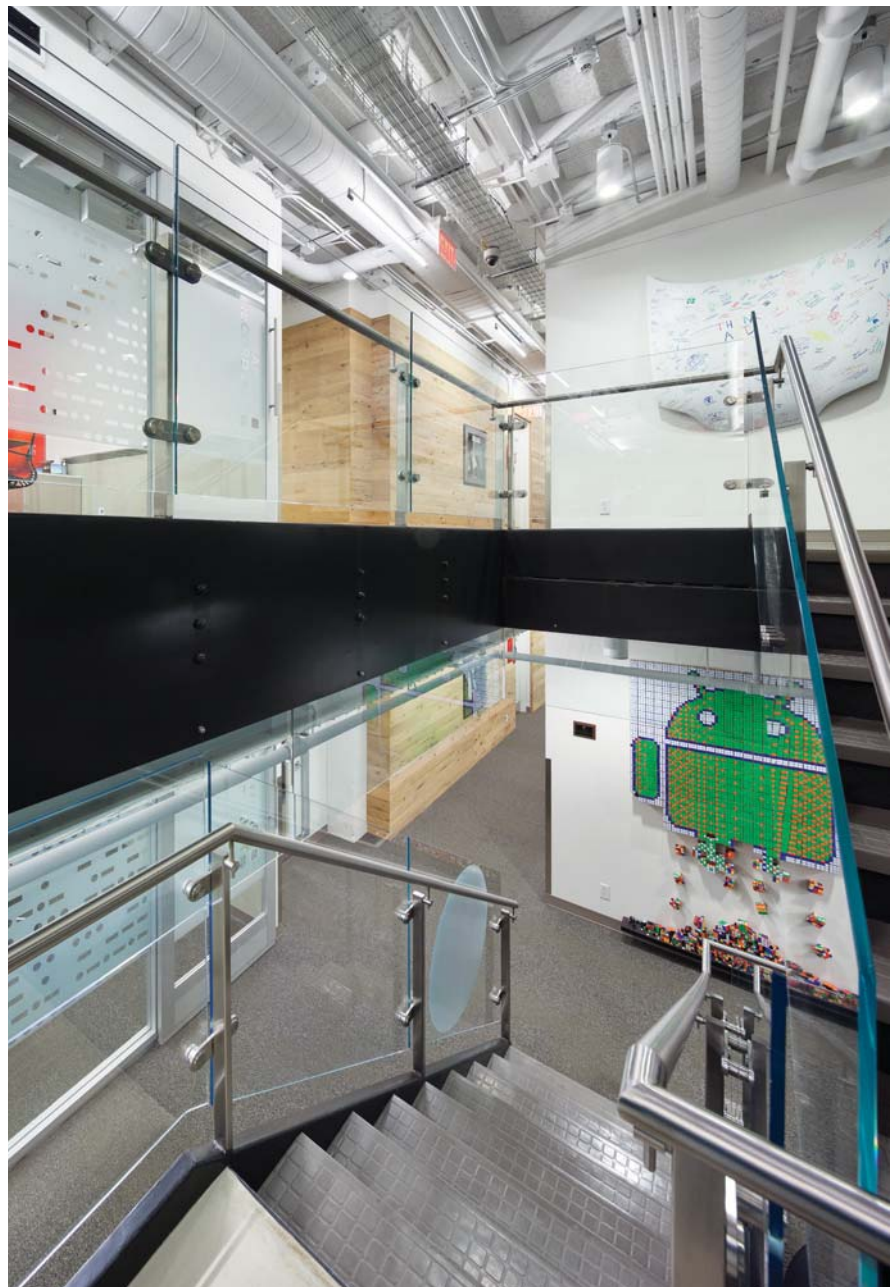
But savvy employers are waking up to the risks and making sure workplaces provide opportunities for people to get up and move. The obvious benefit is improved health and wellness. Even better, people who are more active throughout the day are more alert, focused and energetic, resulting in increased productivity and collaboration.

Take a visual tour of the ideal healthy office and read what our three experts have to say. Andrea Janus, facilities manager at Google Canada, Pat Jacklin, CMA, CFO, at GoodLife Fitness Canada and Kathy Smythe, workplace consultant at Steelcase Canada share their best tips about how smart office spaces can incorporate movement into daily work life.

Why wait for an elevator? Open staircases invite people to walk instead.

Bypass the elevator.

"We worked really hard to incorporate interior staircases so that people don't have to use elevators to move between floors," says Janus. The open staircase at Google's Toronto office lets people walk between six floors while they enjoy an expansive wall mural depicting travel throughout Canada. GoodLife Fitness also redesigned its office space to include open interior staircases connecting four floors.



ADVISERS



Andrea Janus
Facilities Manager
Google Canada



Pat Jacklin
CMA, CFO
GoodLife Fitness Canada



Kathy Smythe
Workplace Consultant
Steelcase Canada



Walk while you work.

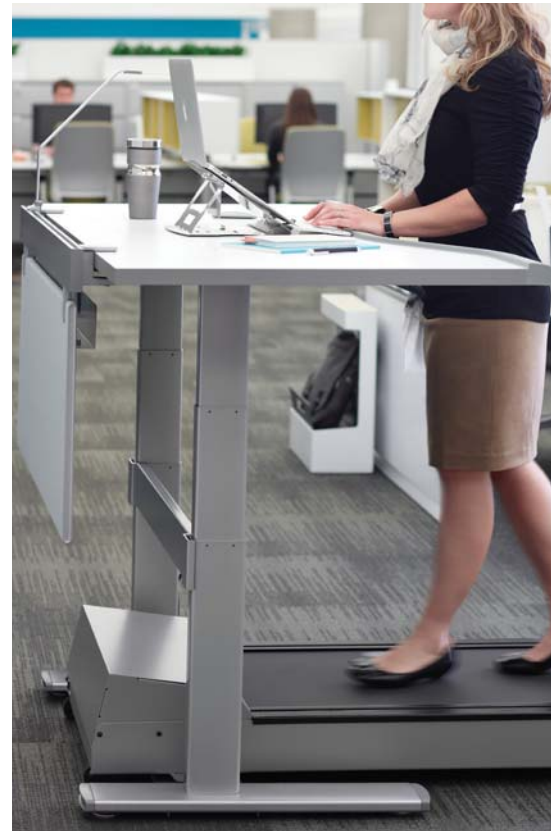
A walkstation or treadmill desk lets people walk slowly while working on a computer or taking phone calls. Invented by the Mayo Clinic's James A. Levine, MD, PhD, in collaboration with Steelcase, a walkstation can help burn up to 2,100 calories a week. It can also cut fatigue by two-thirds and improve mental clarity.

Steelcase Canada reports that sales of walkstations are up 50 per cent over last year. "What's so nice about the walkstation is that you only go 1.5 to 2.0 mph and can use it inside no matter the weather. That's why it has become such a hit," says Kathy Smythe.

Walkstations were such a hit with employees in a recent year-long pilot study by Niagara Region Public Health that the institution is leaving them where they are. An earlier study from Tel Aviv University found that treadmill desk walking provided both prevention and a possible cure for back pain at a much lower cost than physical therapy.

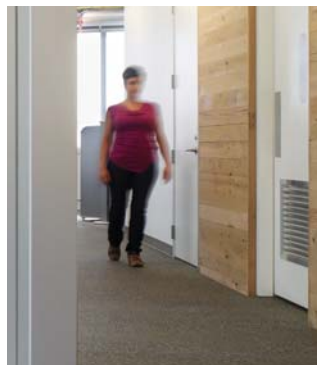
Take a stand.

Standing burns three times as many calories as sitting. But standing all day is not healthy either. The best approach is to mix it up with a variety of movements and postures. An adjustable sit/stand desk lets people stand when they want to. About 70 per cent of "Googlers" in Toronto have adjustable sit/stand desks and anyone who wants one can order one, says Janus.



Take microwalks.

Take advantage of mobile technology by walking during phone calls. A large Australian study found that people who alternated sitting for 20 minutes with two-minute breaks of light walking lowered their levels of glucose and insulin by 20 per cent compared to those who sat all day with no breaks.





“If the meeting is an hour or less, my team knows we’ll be standing.”

Mix it up with different design options for standing or sitting meeting spaces.

Sit active.

Stability balls are better than standard chairs because they activate core muscles for balance, encouraging optimal posture. Jacklin switched to sitting on a stability ball seven years ago and hasn’t looked back. She also offers stability ball chairs in her office for visitors.



Meet on the go.

“Having a meeting doesn’t necessarily mean sitting in a boardroom anymore,” says Janus, who suggests bringing a laptop to a stand-up counter to meet with a colleague. Jacklin has been conducting standing meetings with her team for years. “If the meeting is an hour or less, my team knows we’ll be standing. Certainly there are health benefits, but the meetings are also more productive. The act of standing keeps people energized and on task.”



Bring activity in house.

Many employers offer discounted gym memberships, but it can be difficult to schedule gym time during the workday. Bring activity in house instead.

Google's Toronto office has a mini-putt golf course and the Montreal office has a climbing wall. "The golf course is great for holding meetings and getting some exercise and fresh air at the same time," says Janus.

If that's too leading edge for your workplace, consider bringing in a yoga instructor or holding boot-camp classes in a conference room.



Place food smartly.

"We intentionally put our lunchroom in the basement, so people have to walk down rather than stay on their own floor," says Jacklin. Google takes another tack, but also encourages movement by intentionally placing different microkitchens on different floors. "If you want a particular snack or specialty coffee, you have to get up and go to a certain floor," says Janus.



Remind yourself.

Get off your duff with reminder apps. Try www.StandingClock.com for any desktop, www.BreakTimeApp.com or www.Dejal.com/timeout for Macs, or www.BreakTaker.en.softonic.com for PCs. ■

Jane Langille is a Toronto-area freelance writer. See janelangille.com.

There's still time for CPLD in 2013

Compiled by **Jennifer Dawson**

There are four months left in the year, plenty of time to take in a conference, attend a symposium or register for a certificate program. We've got you covered from Whitehorse to Washington.

Conference calendar: **fall lineup**

Got a yearning for learning? Check out the choices below.

Sept. 23 – 27, Toronto, Ont.

Master CFO Certificate Program (CMA Ontario)

Five days will transform you into the financial leader and right hand needed by today's CEO. Learn from CMAs who've been there with a combination of lively discussions, case work and a simulation.

<http://bit.ly/12dS4Kj>

Oct. 7 – 10, Ottawa, Ont.

Agile Government: Open, Collaborative, Mobile • Government Technology Exhibition and Conference 2013 (GTEC)

Get connected at Canada's premier public sector tech conference and exhibition. GTEC features dynamic sessions and a who's who of keynote speakers. www.gtec.ca

Oct. 15 – 17, Whitehorse, Y.T.

Canada's North Summit 2013 (The Conference Board of Canada)

Interactive discussions and the unique Northern Networking Exchange will get people talking about connections, community and commerce. Solve problems using lessons from Northern success stories. <http://bit.ly/ZLCGIE>

Oct. 21 – 25, Toronto, Ont.

Certificate Program in Enterprise Risk Management Fundamentals (CMA Ontario)

Knowledge equals power. Get the tools and know-how to predict and manage threats, protect your organization from surprises and communicate effectively. Learn from the best in the risk business and earn up to 43 CPLD credits!

<http://bit.ly/12jfOQW>

Oct. 24, Toronto, Ont.

Manufacturing Symposium (CMA Ontario)

Save the date and check CMA Ontario's website for the details. www.pdi-cma.com

Oct. 24 – 25, Washington, D.C.

AICPA Women's Global Leadership Summit (AICPA with CPA Canada)

Lean into your future at this career-enhancing conference. Attend interactive workshops and inspiring keynotes, including "Womenomics" with Katty Kay, BBC World News lead anchor. <http://bit.ly/KARn9y>

Nov. 6, Montreal, Que.

Symposium on Information Technologies: Organizational Performance (CPA Quebec)

What technologies do you really need? What are the benefits and costs? Learn best practices in IT from a panel of experts and network with peers who face similar challenges. In French only.

www.cpa-quebec.com

Nov. 15, Calgary, Alta.

Disability Management and Benefits 2013: Driving Productivity with Effective Workplace Practices (The Conference Board of Canada)

Learn how to make your employees want to come to work every day! Find out what's hot and what's not in benefits management, what to do about rising prescription costs, the link between employee engagement, health and work absence, and how to measure the impact of your efforts. <http://bit.ly/11yzIOM>

Nov. 20, Montreal, Que.

Annual Meeting of CPAs Working in the Franchise Sector (CPA Quebec)

Need-to-knows for CPAs working in the rapidly changing franchise sector. Learn about evolution in operations, HR, business development, and legal and financial matters. In French only. www.cpa-quebec.com

Nov. 26 – 29, Ottawa, Ont.

Transformation through Innovation: PD Week 2013 (FMI Canada)

Join 3,500 of your public sector accounting colleagues for four jam-packed days of learning and networking. Registration opens Sept. 26. www.fmi.ca

Dec. 4, Toronto, Ont.

2013 Corporate Reporting Awards Gala (CPA Canada)

Cheer on the best in corporate and financial reporting at this event, a Canadian tradition for more than 60 years. <http://bit.ly/12TwwGf>

Dec. 11 – 12, Toronto, Ont.

Women in Business Symposium (CMA Ontario)

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www.pdi-cma.com

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This year's FCMAs

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Chief Financial Officer
HSBC Bank Canada



DIANE KERLEY
National Practice Leader,
Accounting and Finance
David Aplin Group



DAVID KRUYT
Chief Financial Officer
*Vancouver Island
InsuranceCentres*



SING CHUNG MATTHIAS LI
Deputy Chief Executive
Ocean Park Corporation



LYNDON PETERSON
Director, Leasing and
Property Services
Northern Health



MICHAEL THIESSEN
Director, Consulting Services
WAMH Services (New York)

SASKATCHEWAN



GAYLE HOLMAN
Chief Financial Officer
North West Terminal Ltd.



MARTIN MCINNIS
Chief Operating Officer
McDougall Gauley LLP



KERRY TARASOFF
Finance Manager
City of Saskatoon

ALBERTA



JEFF BROWN
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Insurance*



KARA CLAYPOOL
Chief Operating Officer and
Chief Financial Officer
Vintage Group



JAMES FRANCE
President
Kestral Consulting



DARRELL JONES
Senior Vice-President and
Chief Information Officer
Canadian Western Bank

MANITOBA



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Director of Ministry
Support Services/
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Eastern Ontario Operations
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THE

GREEN

HEDGE



Accounting for environmental risks, now and in the future

Shadow carbon pricing and other triple-bottom-line accounting practices are becoming the norm

By **John Lorinc**

Earlier this year, Sustainable Prosperity, an Ottawa think tank, released a report with a bombshell revelation.


According to the commonly held stereotype, energy giants such as Shell, Nexen and Suncor have invested billions in oil sands projects, environment be damned. But according to the report's interviews with senior executives in 10 firms, including some of Canada's largest and most controversial energy companies, these giant companies have begun to use voluntary "shadow carbon pricing."

The implication? Organizations base financial projections relating to long-term capital investments on a best guess of yet-to-be-imposed taxes on carbon emissions. The firms surveyed added between \$15 and \$68 per tonne of anticipated emissions to account for future carbon taxes.

This accounting practice, explains Sustainable Prosperity's senior director of policy and markets Alex Wood, originated with Shell about a decade ago when Scandinavian countries made early attempts to tax carbon. But the practice, which Wood describes as primarily a risk management tool, has become increasingly widespread among global energy players, including Canadian firms such as Nexen.

Shadow pricing pushes companies to explore greener technologies because it takes into account the projected costs of environmental surcharges and risks, even if those surcharges are not currently in place, says Wood.

This management tool represents a kind of green hedge, says the report. If in the future Canada adopts carbon pricing as a carbon reduction policy (Alberta already does), these firms will experience "minimal disruption."



The broader point, however, is that environmental management accounting isn't justified merely by a corporate desire to do the right thing. Evidence is mounting that the costs of environmental risk — in the form of man-made ecological catastrophes, such as the explosion of BP's Deepwater Horizon in the Gulf of Mexico in 2010, as well as natural ones, such as Hurricane Sandy or this spring's torrential rains in Alberta — can result in huge losses for corporations that haven't taken the necessary preventative steps.

And as national governments and international bodies focus more intently on environmental regulation and carbon reduction goals, companies that adopt these and other triple-bottom-line practices will be better positioned to compete internationally, as investors and consumers gravitate toward products and services with smaller ecological footprints.

NOT JUST AN ENERGY SECTOR ISSUE

Internal accounting changes that reflect corporate concern about rising carbon taxes represent a noteworthy shift in the way large energy firms regard their exposure to regulatory risk. Yet such policies fall well short of the sort of public reporting that capital markets will increasingly demand from a wide range of companies, including consumer products firms, says Bob Willard, a consultant based in Durham, Ont.

Willard helps companies implement environmental, governance and social tracking systems. "Accountants are going to have to help companies report on this stuff in a useful and consistent way," he notes. "That's still a work in progress."

In a forthcoming study on improved environmental reporting standards, Willard says:

Current benchmarks are weak and misleading. The usual three benchmarks for company progress on sustainability are their own goals, their performance in past years, or



the performance of other companies in their sector. Unfortunately, the unintended consequence of these benchmarks may be celebration of companies with anemic goals; celebration of laggards who can easily make big improvements because they were slow to take action before; or celebration of the best of a bad lot.

NEW REPORTING STANDARDS

Despite those shortcomings, the evolution of environmental reporting is proceeding very quickly. While the ISO 14001 standard for environmental management systems has been around for over 15 years, it's being augmented by newer and more demanding approaches.

For example, the Global Reporting Initiative (GRI) in June released fourth-generation guidelines that include the most up-to-date listing of material environmental metrics. They include everything from familiar metrics such as energy, water use and biodiversity impact to newer expect-

ations such as the sustainability of supply chains.

What's more, a handful of multinational firms have pushed headlong into sustainability reporting. In 2011, for example, footwear giant Puma released an environmental profit-and-loss statement (P&L) that sought to tally up the financial exposure associated with the company's sustainability performance. The bottom line: US\$195 million in environmental costs, including water use, air pollution, and waste management outlays associated with the disposal of used shoes. The lion's share of these costs accrued to Puma's global supply chain. "The boundaries [of environmental accounting] are expanding significantly," says Willard, "which makes it way, way more challenging."

But sustainability accounting expert Julie Desjardins, principal of Desjardins & Associates Consulting in Mississauga, Ont., notes that North American companies remain "far behind" leading firms in Europe and Asia in this kind of analysis and disclosure. "We're not seeing a whole lot of environmental reporting in North America," she says, but adds that Nexen has been a leader.

Desjardins thinks that external cost drivers relating to environmental effects, which can end up costing the company millions, need to be incorporated into accounting. "We have to start factoring these externalities into our decision making."

ENVIRONMENTAL MANAGEMENT 2.0

Only a handful of multinational firms have made a concerted effort to publicly account for their environmental footprints in ways that go beyond feel-good, and invariably qualitative, content in corporate social responsibility (CSR) reports. But the act of trying to tally up the cost for shareholders is a management gamechanger.

Indeed, when Puma released its environmental P&L, the company wasn't merely putting a number to its waste-related costs. As accountants have long understood, firms can't

manage something unless they first measure it.

Cathy Cobey, assurance market leader for Ernst & Young's climate change and sustainability services group, says that the evolution of environmental reporting, however imperfect, has brought about the emergence of what she calls "environmental management 2.0."

For several years larger firms, especially in regulated industries, have developed sustainability reporting systems as part of their corporate social

"The stock markets are going to start asking for information they've never asked for before."

responsibility efforts. The data, however, has been difficult to gather because much of it was compiled manually. "A lot of the internal attention has been on feeding those reports," Cobey says. She adds that most came out annually or even every other year.

Environmental management expert and CMA Vanessa Magness, an associate professor of accounting at Ryerson University in Toronto, has investigated whether this tracking and reporting to capital markets or other stakeholders has actually led to operational changes.

She points to earlier research that shows when governments published lists of firms that emitted or spilled contaminants, the disclosure didn't necessarily prompt changes in operations. "A hundred companies might say they have environmental policies," she says, "but only 20 have implemented them."

Yet Cobey says that a growing number of firms have begun to make that very transition. They now have enough annual CSR reporting data to predict changes in factors such as water usage and to manage operations to achieve results.

Best practice, Cobey says, involves the establishment of executive steering committees that include senior managers from both the CSR and operational teams. They can develop goals and accountabilities to implement sustainability targets.

"Once they've set the project, you get into more mainstream project management," says Cobey. "You can replicate that kind of scenario across the organization."

HIGHER STANDARDS

Tracking that data can be challenging. But Cobey notes that there's a growing market for enterprise resource planning (ERP) software that can take environmental reporting data and plug it into company-wide systems. She

adds that Oracle and SAP both provide modules for environmental, social and governance tracking. The data can be added to company-wide ERPs and will provide streams of live data that can be compiled in "dashboards," internal web pages that display the information.

By accessing environmental data as it comes in, Cobey says, managers responsible for implementing energy efficiency or emission reduction strategies can closely monitor the progress of such projects rather than rely on year-end reports.

While Desjardins says companies won't adopt such changes unless boards and CEOs show leadership on driving environmental management, the true incentive to accelerate such investments increasingly comes from global capital markets. Indeed, recent shareholder resolutions that came to the boards of ExxonMobil and ConocoPhillips demanded that the companies disclose financial estimates on environmental damage associated with expanded oil sands operations.

"The stock markets are going to start asking for information they've never asked for before," predicts Willard. ■

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



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Global

reach

International exposure

What you need to know about global work experience



Work overseas gets you out of your comfort zone

By **Jennifer Dawson**

From the conference podiums and the business pages, the message comes through loud and clear: if you want to add value to your company and move up the corporate ladder, get yourself some international experience.

New grads seeking to kick-start their careers are applying directly for overseas positions and getting global exposure through international work placement programs. Seasoned leaders are signing up for international business travel and short- and long-term overseas assignments.

“The world is just too small to stay put,” says Lorraine Wiseman, CMA, an executive who has worked in England, Sweden, the Czech Republic and Switzerland. “You’re global whether you like it or not.”

Global experience is a tremendous opportunity for CMAs, says Ken Biggs, a retired FCMA who volunteered

on international committees with the International Federation of Accountants (IFAC) for more than a dozen years.

“Getting yourself out of your comfort zone is important,” he says. “People in the accounting profession tend to be a bit on the timid side, a bit conservative. [International experience] is good for us. You’ll be less likely to back away from opportunities, particularly those that require you to go into areas where you’ve not yet proven your competency.”

A changing landscape

But going global is not without its challenges for both individuals and their employers.

According to Brookfield Global Relocation Services’ *Global Relocation Trends* (2013), as the number of international assignments increases, organizations must balance conflicting pressures to reduce costs and maintain the kind of robust international assignment programs — many of them in emerging markets — that will attract the best and brightest.

One way companies save money is by reducing the length of expat assignments, says Mila Lazarova, Canada research chair in global workforce management at Simon Fraser University’s Beedie School of

Business. Assignments that used to be three-to-five years long and involved relocating the whole family now last six months or a year, and may be taken by consultants rather than employees. Or the assignments are devised as global commuter gigs; employees (usually execs) rack up astronomical numbers of air miles rather than move to another country.

Shorter assignments may be more popular with employees, too. “Think back to 1975,” says Lazarova. “The man picks up and goes to Paris, so his wife picks up and goes to Paris, no questions asked. Today, companies are reporting that it’s very difficult to find candidates for assignments, and it’s because we have dual-career couples.”

Cheaper travel and technology have made global commuting and short-term international assignments possible, says Lazarova. But neither she nor Wiseman can foresee a day when virtual teams will take the place of going abroad.

“Before expat assignments, it was impossible to create a global mindset,” says Wiseman, who feels face-to-face contact is needed to make meaningful cross-cultural connections. Biggs agrees. “You get things done through mutual trust, really, and you have to have a setting for that to build. I think it would build slowly without having the opportunity to be physically together.”

Top destinations for international assignments



Source: Brookfield Global Relocation Services, *Global Relocation Trends: 2013 Survey Report*.

“If you don’t immerse, you’ll always be an outsider and people won’t feel you understand them.”

Bypassing barriers

When Wiseman arrived in Sweden in 2009 for a two-year assignment, the first thing she did was sign up for private Swedish lessons. But she didn’t wait to become fluent before she tried wrapping her tongue around the language on the job, and her efforts paid off. “They’d have a good laugh at me. They realized I was a human being, that I was one of them.”

Biggs’s best advice for a CMA who wants to work internationally is to learn another language. IFAC conducts its business in English and Biggs was almost always surrounded by colleagues who spoke his first language — at least to some degree. “You learn that

their understanding of the language isn’t quite the same as yours so you take extra care to communicate carefully.”

There can also be a language — and cultural — barrier between native English speakers. During her first three months in England, Wiseman found herself translating “British” into “Canadian” to ease the kinks in the supply chain relationships between the English hub and the plant in Mississauga. “The whole thing was broken,” she says. “They tried to communicate but didn’t understand each other.”

“Fluency in the language does not mean fluency in the culture,” says Lazarova, whose research on language and adjustment showed expats who spoke the language experienced more challenges than those who didn’t. “Our interpretation was that those who spoke the language assumed they knew the culture. If you don’t know the language, you don’t expect things to be the same.”

Be where you are

Cultural fluency comes with immersion: living like a local in terms of accommodation, food, social activities and, as much as possible, language.

“You can’t just go somewhere as a Canadian and be a Canadian,” says Wiseman. “You can’t pack your Kraft Dinner in your suitcase and go

home for your first Christmas. If you don’t immerse, you’ll always be an outsider and people won’t feel you understand them.”

You’ll also be limiting your potential for personal and professional growth, says Lazarova, citing research that has shown expats develop new skills and abilities only when they’re exposed to the local culture. “If you live in an expat compound surrounded by Coca Cola machines and have dinners at the expat club, you’re limiting your exposure to the outside world. That’s not the same assignment as living in a regular apartment and having true interactions with the local community.”

Lazarova cautions organizations to be careful about the kind of support they provide to expats. Better to find them a local champion and link them to a local support system than to create an artificial buffer between the expat and the world outside.

Immersion is important, but a structured orientation has its place too, particularly when the expat needs to hit the ground running and can’t afford a damaging faux pas. More than eight in 10 international companies offer cross-cultural training courses, according to *Global Relocation Trends*.

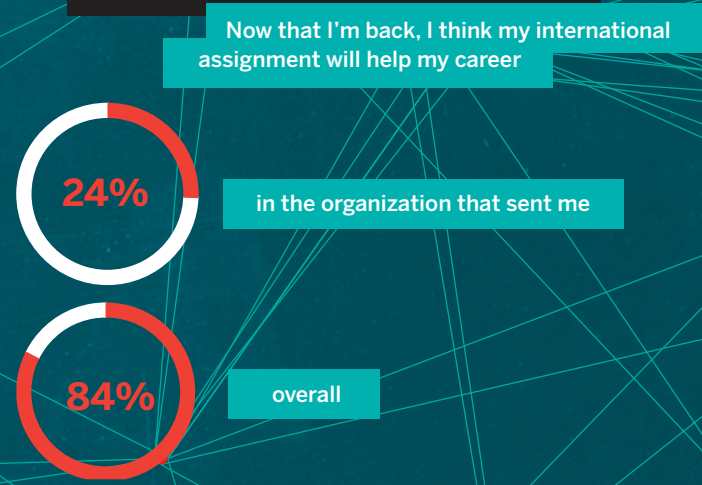
Unfortunately, prep for the job ahead can be quickly overtaken by more pressing priorities: packing up the

Learning the ropes



Source: Brookfield Global Relocation Services, *Global Relocation Trends: 2013 Survey Report*.

Measuring career impact



Source: Lazarova, Mila B., and Jean-Luc Cerdin. "Revisiting Repatriation Concerns: Organizational Support versus Career and Contextual Influences." *Journal of International Business Studies* 38 (May 2007): 404–29.

house, finding a place to live overseas and wrapping up existing work projects. The corporate timeline may not leave room for much preparation, either. When Wiseman did her two-year stint in Sweden, she was told on a Friday that she was leaving on Monday.

A best practice would be to offer sequential cross-cultural training, says Lazarova. "Organizations could offer a session before you go but then, once you're there and you've hit the wall, offer some support. That's when you'll really be paying attention."

Wiseman agrees. She recommends that HR departments in large corporations train themselves in the cultural ins and outs of the countries in which they do business. "That way they can do the coaching piece," she says.

Rediscovering home

Much of Lazarova's research has focused on the post-repatriation period: the year or two after the expat returns to his or her home country and company. What she's uncovered isn't pretty. There's the immediate experience of reverse culture shock as expats realize that what they'd expected to be familiar (their workplace, their friends, even themselves) has become strangely foreign.

"Re-immersion is more challenging because you don't plan for it," agrees Wiseman, who felt like a stranger in her

own house until she repainted every wall and replaced all the furniture with European designs. "You just think you're home and nothing should've changed. But everything changed. It moved on."

Professionally, expats are keen to share their new knowledge, skills and international perspective with colleagues and bosses, but many soon realize their counsel isn't being sought and their skills aren't being used. Some decide to leave.

It's hard to pinpoint exact numbers because of widely varying research studies, says Lazarova, but there's agreement that the turnover is higher than normal. Wiseman's experience is true to type: she left the job that took her overseas and started her own business. "Going anywhere else within my organization wasn't going to happen," she says. "You know when it's time. It's just having the courage to take the step."

Taking matters into your own hands is typical of the trend toward self-managed careers that started in the mid-1990s, says Lazarova. "Very few people will say their international experience is beneficial to their career within their company. But ask them if it's useful to their career in general, overwhelmingly they agree," she says. "It's good for the individual but sad for the organization, because there's

essentially no return on investment for that person."

And what of the promised leg up on the corporate ladder? It turns out that international experience may get you further — research shows it's associated with early career responsibility, promotions and selection for the CEO role — but not necessarily faster.

A 2011 study published in *The International Journal of Human Resource Management* looked at the relationship between international assignment experience and career advancement in 1,001 chief executives in 23 countries. "They found assignments actually slowed you down," says Lazarova. Longer and more frequent assignments taken later in the individual's career had the most drag on ascent to the top.

But perhaps focusing on career advancement as the reason for taking an international assignment misses the point. More than three-quarters of respondents to the May/June *CMA magazine* poll said the biggest attraction of working abroad was experiencing work and life in a new place. Only 5 per cent said that they wanted to return home with a competitive resumé. ■

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Jennifer Dawson is a freelance writer who specializes in business, health and the environment. See www.plaidpencil.com.

CPA

Without Borders

CPA Without Borders — also known as CPA Sans Frontières and CPA Sin Fronteras — is a new organization connecting chartered professional accountants who want to share their expertise with volunteers who will foster sustainable development, particularly outside Canada.

The organization is based in Montreal and boasts members from the three legacy accounting orders in Quebec, but the plan is to invite CPA members from across Canada to join, says chair Rosalba Monti, CPA.

The non-profit launched on May 14, 2013, at Robin des Bois (i.e., Robin Hood), a hip Montreal eatery that's staffed almost exclusively by volunteers and distributes its profits to local charities. Fifteen days later, a small group of CPAs left on a seven-day "exploratory mission" to Haiti. They visited an orphanage, schools and a hospital to learn more about the country and potential projects. A return trip is planned for the fall.

For more details visit www.cpasansfrontieres.ca.

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Expand your mind

Boost your global literacy



7 ways to raise your international awareness

By **Anne Bokma**

Management accounting is increasingly influenced by global trends that accountants can't afford to ignore.

"There's no question that accounting is becoming more globalized and competitive. You can have an accountant in Canada competing to get the same work as an accountant in India," says Bruce Pounder, a director of professional programs for Loscalzo Associates. The company, which is based in New Jersey, offers continuing education programs for accountants.

To be one up on the competition, CMAs need to be aware of global trends, and the Internet makes it easy to do that, says Pounder. Here are seven ways to increase your global awareness.

1. Stay on top of international business. Subscribe to publications such as *The Economist* (www.economist.com), *The Financial Times* (www.ft.com) and *International Business Times* (www.ibtimes.com). Much of their perspective is from outside North America.

2. Play your part in professional organizations. The International Federation of Accountants (www.ifac.org), which represents accounting organizations in 129 countries, has a website full of information on accounting practices and global issues. The new Chartered Professional Accountant (CPA) designation (www.cpacanada.ca) is also strength-

ening Canada's accounting profession in an increasingly global environment.

3. Check out websites with a global focus. Learn more about major world organizations that focus on global challenges. Oxfam (www.Oxfam.ca) works with partners around the world to find solutions to poverty and injustice. The World Bank (www.worldbank.org) is a vital source of financial and technical assistance for developing countries. The International Monetary Fund (www.imf.org) assists global monetary cooperation and stability, sustainable economic growth and the reduction of poverty.

4. Brush up on your reading. Globalization is a hot topic and there are plenty of tomes to choose from. See our sidebar.

5. Connect with foreign peers. LinkedIn's group discussions enable online conversations with international colleagues. "There are more similarities among accounting professionals around the world than you might imagine," says Pounder. In addition, barriers fall away quickly when there are professional ties.

6. Learn a foreign language. You will not only communicate in another language, but also learn more about a particular country, its culture and people.

7. Hire international talent. Increase the global education of your team by hiring employees or identifying partners to help you compete on the global stage.

Staying on top of international trends may seem like an overwhelming task, but it's never been easier to follow what's going on around the world in

general and in accounting in particular, says Pounder. Go global by broadening your horizons. ■

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

THINK YOU KNOW THE WORLD?

The Institute of International Education offers a 20-question quiz to test your global knowledge. See www.iie.org/Students/Tabs/US/Global-Knowledge-Quiz.

INTERNATIONAL READINGS

- **Doing Business Anywhere: The Essential Guide to Going Global** by Tom Travis outlines the building blocks for global business.
- **The World Is Flat** by Thomas Friedman examines the changing nature of doing business and collaborating around the world.
- **Managing across Cultures: The Seven Keys to Doing Business with a Global Mindset** by Charlene Solomon and Michael Schell is filled with case studies that illustrate the importance of understanding and dealing with cultural differences in all aspects of business.
- **Global Trends: Facing Up to a Changing World** by Adrian Done assesses the global events and developments that will have the greatest impact.
- **2052: A Global Forecast for the Next Forty Years** by Jorgen Randers includes interviews with experts who predict how the world will take shape.

Well cultured



One Canadian's advice on navigating Asia's business cultures

Respect, trust and openness are key

By **Marshall Pyatt, CMA**

After working as finance director for the Canadian arm of a multinational firm, Marshall Pyatt, CMA, was sent to Asia on what was to be a two-year contract. Over the next 15 years, Pyatt oversaw operations in Japan, China, South Korea, Taiwan, Hong Kong, Macau, Mongolia, North Korea and the Philippines. Combined revenue grew to exceed US\$1 billion.

Pyatt once heard a prominent accountant in Hong Kong say, "Canadians do not travel well." Not true, Pyatt says. "Our temperament is tailored to overseas work and we do it very well. However, experience and knowledge are everything."

Here are Pyatt's seven tips for working in Asia. Many also apply to other international settings.

1. Develop and maintain trust. Most people enjoy doing business with friends, but while friendship is good, respect is better. The key to strong business relationships is trust. Do what you say you'll do, when you say you'll do it, within the agreed-upon terms each and every time.

2. Beware of the culture trap. What's seen as normal in Canada may be considered an insult elsewhere (and the other way around). You don't have to adopt every local custom and habit. For example, I wouldn't attempt a Japanese bow, for I wouldn't be able to do it correctly and I'd look silly. But don't expect our version of a nice firm handshake. Respect and enjoy local culture.

3. Don't forget your business cards. Business cards don't take up much room and are very important in many cultures. In some areas of the Far East, they're called "name cards" and are considered very personal. Watch how they're presented and received, and try to copy the actions. Take a moment to look at and comment on the card that's being presented to you.

Don't just stick a card away for safekeeping. Place cards on the table in front of you, possibly in the order people are seated. You'll remind yourself of unfamiliar names and demonstrate your continued interest in new acquaintances.

4. Etiquette trumps language.

Language isn't nearly as important as etiquette, so be aware of how the people you meet act. Respect that.

English is the global language of business. Be glad that's the case. Of course, learning a few basic words in the language of your host country won't hurt you. Handy and endearing phrases

include "good morning," "thank you" and "where's the washroom?"

5. Know if yes means no. I've been told that there's no word for "no" in the Japanese language, only varying degrees of "yes." They range from "yes, I totally agree with you" to "yes, I think you're a complete idiot." I'm not sure how true this is, but since I first did business in Japan 20-odd years ago, I've believed it.

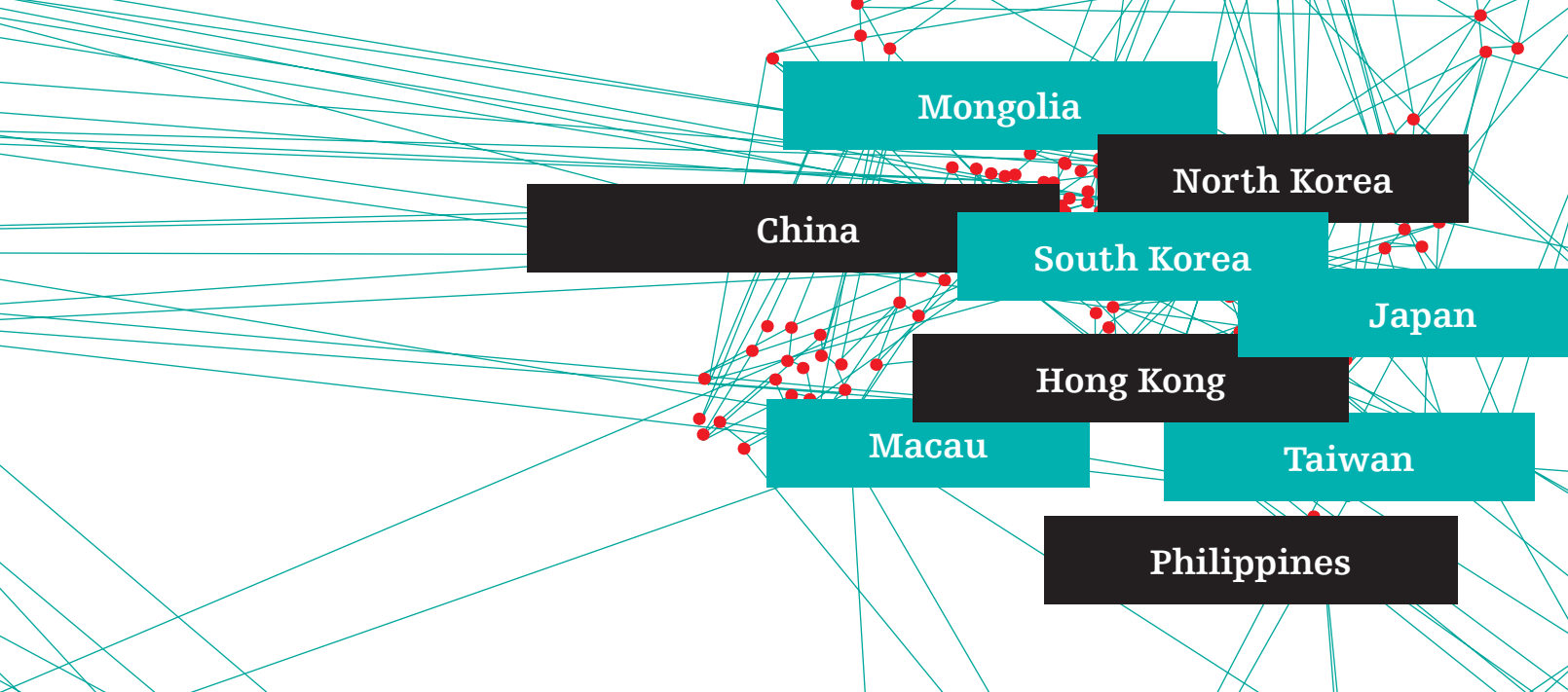
The secret is to probe and ask related questions to get a feeling for the level of genuine agreement as well as areas of discomfort. Sometimes what's not said in the office can be addressed over a social drink in the evening.

6. Set limits on evening entertainment.

An evening meal in Asia is frequently followed by a sauna and massage, something not everyone may be comfortable with. Since your host is only trying to make you feel comfortable, don't be afraid to ask about the services and politely let your host know if you'd prefer not to take part. Plans can be quickly changed (and often are), and there are many alternative entertainments available.

7. Booze and business.

The evening's entertainment often includes a drink or two, but you don't have to prove yourself as the best drinker in the world. Flattering other people's drinking ability can often deflect pressure. You don't want to go into



the following morning's meeting, or board an international flight, with a bad hangover.

Doing business internationally should be enjoyable and can result in long-term friendships. The history, culture

and geography of other countries can lead to amazing experiences that will create lifelong memories. Embrace them. ■

Marshall Pyatt, CMA, sits on the volunteer board of directors for

South Lake Community Futures Development Corporation. He operates a one-man consulting practice to help promote Canadian business overseas. Living by Lake Simcoe, he restores 1950s-era boats and motors.

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CATHY LOGUE, SHERIZA PERABTANI & JOANNE ELEK

Foreign assignment



Five CMA culture-hoppers share the dos and don'ts of international assignments

By **Jennifer Dawson**

International business travel and foreign assignments are proof that it truly is a small world after all. But there are still big differences from country to country and culture to culture. What inspires CMAs to take to the skies? What do they learn? And what wisdom do they have to share? We got the lowdown from five high flyers who've worked, collectively, on every continent except Antarctica.

NAME

STEVE SOUSA, CMA

Chief Commercial Officer, SaskPower. Frequent flyer to Africa, Asia, South America, Central America, Australia, United States

THE BACK STORY: I did most of my travelling with SaskTel International. I jumped at the job because I've always been intrigued by how business is done differently across borders.

BIZ TIP: Move beyond thinking that they've got a problem and you're there to fix it. Understand the challenges from their perspective and work on solutions that align with their values; otherwise you'll cut a deal but it won't have staying power.

WE'RE NOT IN KANSAS ANYMORE: I've eaten some strange cultural delicacies over the years, including goat brains. Leaving a little on the plate won't offend most people, but refusing to try is a real faux pas. The little things take the relationship to the next level.

BIGGEST BENEFIT: It's one thing to say "I've seen the pyramids." But to say you learned to do business in Egypt? That's priceless. My global experiences have helped me find creative solutions to business problems back home. And that's what got me where I am today.

ADVICE FOR A NEWBIE: Show you're willing to learn about how people live and what matters to them, and they'll embrace you. You can't build trust if you're looking through the window from the outside.

NAME

JOHN W BABIAK, FCPA, FCMA

President, PaXent Inc. Frequent flyer to Spain, France, Poland, Ukraine, Mexico, United States, China, Chile, Russia

THE BACK STORY: Our company was acquired by a U.S. firm that knew I had a European background, was multilingual and would get a better reception overseas than an American. It was a great opportunity. Starting up, buying and integrating companies is fun, and you can't always do it in your own backyard.

BIZ TIP: Machinery and buildings are largely the same the world over. It's the people that are different. When you arrive in a country, observe and learn first; make decisions later.

WE'RE NOT IN KANSAS ANYMORE: We were looking at buying a company in Eastern Europe. Because of generous vacation and excessive sick leave, they needed quadruple the employees of a similarly sized North American plant. That was an eye-opener.

BIGGEST BENEFIT: Because so much international work is done by phone and email, I can work from my condo in Florida, a sailboat in the British Virgin Islands or my home north of Montreal. Time zones can be a challenge, though. China is 12 hours ahead, so Monday's email start coming in at 9 p.m. on Sunday night.

ADVICE FOR A NEWBIE: Cultures and customs differ greatly. Don't judge others by your measures. When you're on their turf, they're not the ones who are wrong. You are.



NAME
GUYLAINE TREMBLAY, CMA
 Volunteer, Canadian Executive Service Organization (CESO). Hopped a plane to Haiti

THE BACK STORY: Two years ago, I realized that I wanted to use my professional skills to help others, so I sent an email to CESO with my CV. I got a call the next day and four months later I was in Gonaïves, helping to set up a network of school cooperatives.

BIZ TIP: The culture is very hierarchical so decision making is slow. Your local colleagues will often have two or three jobs so their time is divided. All the accounting is done by hand. It's really important to be comfortable working in slow motion.

WE'RE NOT IN KANSAS ANYMORE: We held an information evening for parents, and 200 crammed into a classroom that normally holds 50 students. Even though it was unbelievably hot, they stood together quietly listening and asking questions. No one complained.

BIGGEST BENEFIT: Being in Haiti showed me that relationships and work-life balance are more important than lots of money and big challenges. Back in Montreal, I've taken a very different kind of job.

ADVICE FOR A NEWBIE: Live one day at a time. It's easy to become discouraged because you don't think you'll meet your volunteer objectives. But the relationships are the most important.

NAME
BALA PUVITHARAN, CMA
 Vice-President, Technology Solutions, TD Bank Group. Frequent flyer to United Kingdom, Mexico, China, India, Southeast Asia, South America, United States

THE BACK STORY: I was young, naïve and working at Boeing when I did a presentation in Singapore on productivity improvements. Afterward a gentleman told me that a lot of what I had talked about was already part of their DNA, which piqued my curiosity about other cultures.

BIZ TIP: Don't generalize: every city has its own flavour. Bangalore, Chennai and Delhi are all different. There are 20-plus provinces in China, and each has its own cuisine. In the United States, the Midwest is very different from the east and west coasts.

WE'RE NOT IN KANSAS ANYMORE: I was touring a plant we'd opened in Shanghai and casually commented that red paint might look nice. The next time I visited, they made a point of showing me the new red walls. I was shocked. I didn't even remember the conversation, but they thought I'd given an order in my role as CIO.

BIGGEST BENEFIT: In the beginning, I used my experience as the lens for understanding others. Now I'm careful to always listen and not judge people too quickly. It helps even in Canada.

ADVICE FOR A NEWBIE: Work on your emotional intelligence and soft skills. They'll take you far.

NAME
LARRY ST. DENIS, CPA, CMA
 Senior Financial Analyst, Johnson & Johnson. Relocated to California

THE BACK STORY: I'd been working at J&J in Markham for almost two years when I accepted a transfer to California, sight unseen.

BIZ TIP: The West Coast mentality is really different from Toronto's. If we can't get something done today, we'll do it tomorrow.

WE'RE NOT IN KANSAS ANYMORE: I had to go through a difficult hour-long interview with a U.S. border guard to prove that there was a good reason for me to take an American's job. Otherwise they'd deny my visa.

BIGGEST BENEFIT: I have a much better understanding of how J&J operates. The whole finance team is quite young, and I've loved meeting new people, travelling and experiencing a new culture.

ADVICE FOR A NEWBIE: Carefully research where you're going, especially cost of living, and include that in your salary negotiations. You'll need six to eight weeks to complete all the paperwork and get your visa, so factor that into your start date. Be prepared to educate your bosses and peers about your CMA designation. Many U.S. companies don't look at your Canadian credit history; I had a \$300 limit on my first U.S. credit card. ■

Jennifer Dawson is a freelance writer who specializes in business, health and the environment. See www.plaidpencil.com.



Be social

Jump into the exploding world of social media

Network, share information and do your job better by talking online

By **Diane Peters**

Many professionals have a regular routine — perhaps it's first thing in the morning — for updating their social media profiles and checking sites such as LinkedIn and Twitter. Not Deborah Clarke. The director of business

development for CMA Ontario is on social media throughout the day recruiting new accountants. "I don't treat this as an extra," she says. "It's part of what I do."

Social media diehards find they can't live without going online to gauge opinions, promote products and events, and search for staff and suppliers. Social media are also an irreplaceable tool for keeping in touch with colleagues, networking for career advancement and sharing information and tips.

Indeed, having your various social media handles (names) included in your electronic signature is now just plain expected. "If you're a professional and you don't have a digital footprint,

you could lose opportunities," says Eden Spodek, a digital communications strategist based in Toronto.

So what happens if you're not on social media yet? Or you are but you're bad at it? Here are some tips on maximizing your presence.

► **Back to basics**

Whatever social media portals you use (see sidebar on p. 44), follow some basic ground rules.

First, make sure you properly fill out your profiles. "Many people have only filled in very basic information. That's not the image you want to project," says Shawn Casemore, a management consultant and president and founder

MAX OUT YOUR SOCIAL MEDIA



► **Here are some tips** for making your online time worthwhile.

▼ **Ask.**

Questions trigger conversations more often than statements.

▼ **Set aside time.**

If you're not in the routine of using social media regularly, set aside 15 minutes in the morning or an hour on Friday afternoon. Once you build a routine, social media will eventually fit into your day naturally. Consider it a must-do, just like keeping an appointment.

▼ **Toy with boundaries.**

If you don't want to post comments about politics or offer strong opinions, you can still let your personality and ideas shine through. Eden Spodek, a digital communications strategist based in Toronto, suggests posting articles that generate the debate on your behalf. "You can post things without entirely giving your position away," she says.

▼ **Start a blog.**

If you have a lot to say, consider blogging. Then use social media to link to your blog every time you post an entry.

▼ **Don't overdo it.**

There are no set rules for how often you should post, but uploading several articles a day on LinkedIn could clog up a group. Twitter, however, handles frequent posting.

of Casemore & Company in Owen Sound, Ont. Upload a current photo of yourself *without* a kid or a pet in sight — at least for your professional-facing profiles.

► **Post with care**

What you whip off as a status update can easily change into public fodder for debate or more. If you work for a large organization, there's probably a social media policy that governs what you can and can't say. Familiarize yourself with that document.

As a rule, read your words twice before hitting send. You don't want to accidentally upset a colleague or trigger an argument. "Don't react with

emotion. Social media can feed our need for instant relief," says Casemore.

Set personal rules for what you will and won't post. Political opinions? Personal anecdotes? Pictures of cats? For Clarke, sites reserved for business require a professional tone at all times. Use appropriate language and ideas.

► **Give and take**

Those who thrive on social media are able to strike a balance between asking for help and offering it up. "It can't be all about you," says Spodek.

Posting relevant articles, linking to job postings, live-tweeting events, and talking about tips and tricks you've discovered about Excel, taxes or new

reporting laws help others and contribute to your online reputation as a thought leader. When you're known as a giving member of the community, others will respond generously to your requests for opinions, job leads and introductions.

Yes, you should dive into social media as part of your job, to engage more fully with the profession as well as to enjoy yourself. But dive in with care, and put the same kind of careful strategy into your online social life as you put into your work life. ■

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



WHERE TO BE

► Here are the top sites for accounting professionals.

▼ LinkedIn

Over the last two years, this group-driven site has exploded in popularity. "LinkedIn has become a really important place for document sharing and chatting," says Eden Spodek, a digital communications strategist based in Toronto.

Deborah Clarke, director of business development for CMA Ontario, calls LinkedIn her "living Rolodex."

If you join the right groups — the certified management accountants' group, of course, but also others related to your sector — you can find interesting conversations and get links to useful articles. Shawn Casemore, a management consultant and president and founder of Casemore & Company, says LinkedIn is a great place to crowdsource ideas because you're getting wise advice from your peers.

LinkedIn tips: "Put it on your calendar once a month to review your profile and get it up to date," says Spodek. Add high-profile projects, volunteer work and awards; upload white papers and presentations.

If you have a special

interest, consider launching a group. "If you start your own and draw in members, you can really be seen as a leader," says Casemore.

Casemore also suggests taking your networking on LinkedIn into the real world. If one of your groups has a face-to-face event, go!

▼ Twitter

This status-update-driven portal allows users to post statements in 140 characters or less. For accounting professionals, it's a tool for seeing what's going on in the world and sending messages out to a larger group.

"It's like a microphone that amplifies everything you're saying," says Casemore. Clarke uses Twitter as a customized newsfeed: she checks it frequently in the morning to get the news from the broadcasters and newspapers she follows.

Twitter tips: If you're putting on a seminar or have written an article that might appeal to a wide audience, Twitter is a great place to trumpet the message. This is the place to be if you want to build your personal brand beyond your profession.

▼ Facebook

While it may be the largest social media site in the world, its benefit for professionals is limited. "From a professional standpoint, I don't think it's a working tool," says Casemore.

Clarke has a Facebook profile, but she only accepts friends who are actually friends or family. She reserves all her private postings for the site but still thinks carefully before posting. "I even tell my kids: you have to remember your grandpa is going to see this."

Facebook tips: If you have your own consumer-facing company, Facebook may have some value. It's an excellent tool for keeping clients up to date on news, deals and events.

event or seminar to promote. Younger generations respond well to videos.

YouTube tip: Draw viewers to your channel by posting links on Twitter, Facebook or LinkedIn.

▼ SlideShare

This growing site lets you upload your presentation in PowerPoint or other file formats and link them easily to portals such as LinkedIn. The one Clarke recently posted was viewed by 100 people in just two days.

SlideShare tip: Be sure to upload the SlideShare app on LinkedIn (and Facebook too if it makes sense) so your contacts will see your work.

▼ YouTube

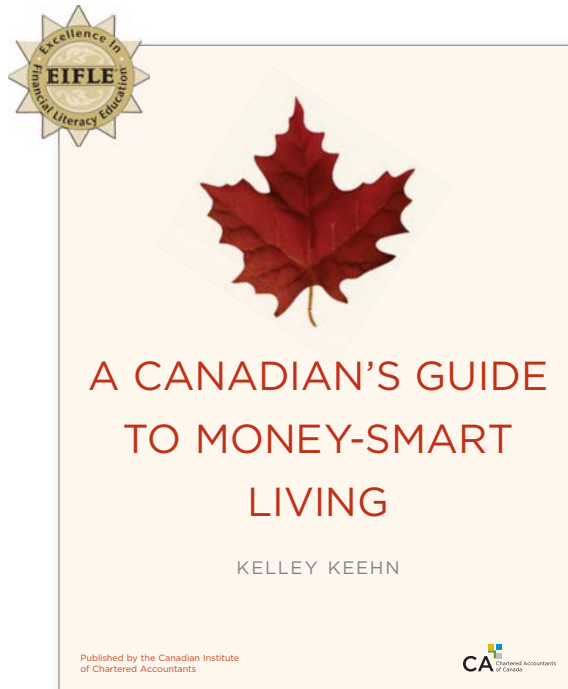
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Personal Finance Columnist,
The Globe & Mail

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IT outsourcing: The real story

Cheap labour isn't the only incentive

Don't hire someone else to repeat your mistakes

By **Jacob Stoller**

LAST APRIL, PUBLIC CRITICISM OF the Royal Bank of Canada's decision to displace employees in favour of foreign workers brought information technology (IT) outsourcing into the spotlight. The ensuing conversation, however, addressed only one aspect of outsourcing: the use of cheaper labour from overseas to reduce costs.

There are many other business reasons to seek help from outsourcers. In fact, for all but the largest organizations, cost is rarely the sole determinant.

"It's not just about the money," says Andy Woyzbun, executive adviser for Info-Tech Research Group, a firm based in London, Ont. "Surveys tell us that organizations rate quality of service and proactive strategic positioning as equally important."

Today's outsourcers, many of whom operate in Canada, allow companies to meet these broader objectives through a wide range of services. You might not find them on Google under "outsourcing," though. Many avoid the term lest they be shunned as conniving job stealers by IT departments.

Whatever one chooses to call these companies, they allow organizations to find solutions that tightly match their business objectives. We'll let cost speak for itself, and discuss four additional business drivers that affect the decision.

1. Risk management

IT draws businesses away from their areas of expertise, making them susceptible to risk. But outsourcers can reduce risk exposure in these five areas.

Uptime: Organizations with a significant online presence can be devastated by a major crash. Examples include BlackBerry and Yahoo. Outsourced hosting facilities guarantee high availability through enforceable contracts.

Staffing: Hiring the wrong kind of programmer could leave a company in a tough spot. Outsourcers allow companies to avoid costly staffing errors.

Security: Tighter regulation, employee-owned devices and smarter cybercriminals all make it tougher to protect organizations against security and privacy risks. Outsourcers often have substantial investments in security expertise, process and infrastructure.

Capital: A company heavily invested in a particular platform could be in a bind if the industry moves in another direction. Outsourcing lets

companies reduce their capital investment and makes them more flexible.

New technology: Undertaking a project with an experienced outsourcer reduces the chance of project failure, and provides an easier exit strategy if the project doesn't go as intended.

2. Resource and cost transparency

While tracking costs and benefits might appear easier with in-house resources, the opposite is true. "With outsourcers, you know exactly what you're spending, and what service levels you're delivering to your users," says Rob Bracey, president of Quartet Service Inc., a Toronto-based IT service provider. "With in-house resources, it can be hard to determine what you're getting for your money."

Providers such as Quartet use monitoring tools and service management methodologies to generate uptime reports, utilization stats and a host of other intelligence that goes far beyond what all but the largest companies can provide in house.

3. Scalability

Technology resources, particularly skills and infrastructure, can't always be acquired in the desired increments.

A small company with a complex IT environment might need one-third of a database specialist, one-quarter of a programmer and half of an application manager. Outsourcers can make a wide



range of skills available as needed. “You can buy fractional persons, so to speak, from an outsourcer,” says Ron Babin, professor of IT management at Ryerson University in Toronto.

Storage infrastructure, server capacity and other assets often come in large packages; they force organizations to choose between too much or too little capacity. A problem often occurs when a system’s expandability is “maxed out.” Outsourcers now have the technology to provide capacity on demand. This service is especially useful for companies that have seasonal require-

ments, such as the retailer whose requirements in December are triple what they are for the rest of the year.

4. Focus

The classic “stick to the knitting” argument is one of the best justifications for outsourcing, even if the cost is higher. “Allow outsourcers to bring in their expertise, their skill set and their investment in technology to do a good job. This is what they do for a living,” says Babin. “So if you’re a banker, focus on customer service. Focus on product innovation. But

don’t focus on running data centres because you’re never going to be the best in the world at it.”

Today’s IT outsourcing vendors offer far more choice than they did a decade ago, and are also far more flexible. They give organizations many new opportunities to apply IT to gain business advantages. The key is understanding where those opportunities are. ■

Jacob Stoller is a writer and researcher in Toronto. He tweets @jacobstoller. See www.jacobstoller.com.

PRACTICAL STEPS

When you strategically outsource information technology (IT), you involve outside parties — often intimately — in your organization’s business processes. Follow these four steps to do the job well.

Be 100 per cent clear about desired outcomes. When you outsource work but have only a vague idea of the purported benefits, you risk hiring others to replicate your mistakes. “Make sure the particular service level that you want to achieve is fairly well defined and readily measurable and that the vendor can deliver the objective,” says Andy Woyzbun, executive adviser for Info-Tech Research Group, a firm based in London, Ont. “The fuzzier the description, the more likely you’ll be disappointed.”

Get the timing right. Outsourcing is more likely to succeed when change is already in the works, and making that change requires resources. “When there’s a new project or a new data centre, there’s a real choice to be made,” says Woyzbun.

“If you outsource at this point, you avoid the disruption of taking something that already exists and putting it into a different form.”

Mind the fine print. Outsourcers are far more flexible now than they were a few years ago, and organizations can cherry-pick the needed resources to complement their operations. The trick is to avoid penalty clauses and other restrictions that might hamper the business.

Let your vendor do the job. After the agreement has been signed and the lawyers have gone home, back off and let the outsourcer do the job. “You have to let your outsourcer handle the solution,” says Woyzbun. “Let them run their own black box.”

Trust is probably the most essential ingredient of any outsourcing arrangement. “We talk a lot about technology, but at the end of the day our business is really about people and relationships,” says Rob Bracey, president of Quartet Service Inc., a Toronto-based IT service provider.

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Change agent

Bartholomew Huizinga, CMA, on business for a better planet

By **Jaclyn Law**

“I WANTED TO MAKE A DIFFERENCE IN OUR country and in my city of Hamilton,” says Bartholomew Huizinga, founder and director of w5th Equity Management Inc., an enterprise based in Ontario. “I believe we can use business and business principles to alleviate some of our social and environmental ills.”

w5th Equity, launched in 2011, provides loans and advice to clients whom banks often consider too risky: small businesses that aim to change the world. w5th Equity uses metrics similar to those of traditional lenders, but also requires clients to have tangible, measurable social or environmental impact goals.

Its first client, a “human-powered” delivery service, for example, sets CO₂ reduction targets. Clients who achieve goals get lower interest rates. “The more impact they make, the more money they save,” says Huizinga.

Huizinga completed a business administration degree at Wilfrid Laurier University in 2005, and then earned his CMA and CA designations. He worked at Patheon and Voortman Cookies before switching to public accounting in 2007.

Huizinga also works as a senior accountant at BDFP & Associates LLP in Burlington, Ont. “The two are mutually reinforcing,” he says. BDFP provides the consulting services to w5th Equity’s clients, except when a conflict of interest might arise.

“Management accounting is integral to w5th Equity’s success,” says Huizinga. “Starting a business is a boatload of work. But when it’s something you’re truly passionate about, it’s not as daunting. And if it’s what you’re meant to be doing, then it could be the most fulfilling thing you’ll ever do.” ■

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

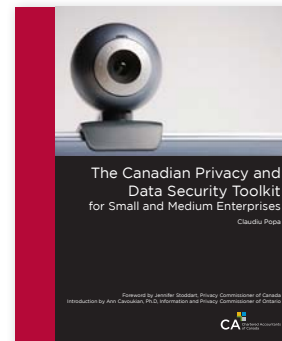
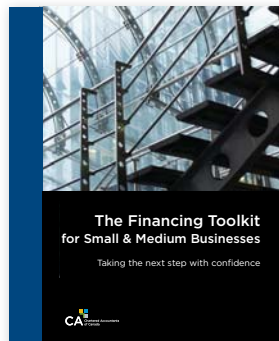
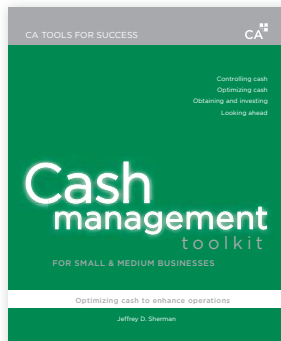
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