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FEATURES

22 | Unbroken

My depression was so acute I tried to resign. Eleven years later, I became KPMG’s first-ever chief mental health officer.

BY DENIS TROTTIER

28 | Magazine article. May contain sentences.

No Frills’ cheeky new ad campaign captures the budget grocer’s enduring appeal. How the business built an iconic brand.

BY SHAWN MICALLEF

34 | The influencer

Jodi Kovitz, founder and CEO of Move the Dial, has signed up for the hardest job in the tech industry: closing the gender gap.

BY LAUREN MCKEON

40 | True north

Can sustainable mining practices finally unlock the economic potential of Canada’s Arctic? Sean Boyd thinks so.

BY PETER SHAWN TAYLOR

PHOTOGRAPH BY DANIEL NEUHAUS



ON THE COVER

Denis Trottier, KPMG Canada’s chief mental health officer
PHOTOGRAPH BY ALEXI HOBBS

4 | From the CEO

FIRST IN

6 | Falafels and philanthropy.

8 | Reduce, reuse—and restructure Canada’s patchwork recycling system.

12 | Don’t cry over spilt milk. Make vodka instead.

14 | Snail mail’s revival.

16 | Disney + industry consolidation = doom.

18 | Streamlining the CRA’s tax incentive programs.

19 | A thriving underground economy.

20 | Put your money where your mouth is.

21 | A catalogue of outlandish cons.

LAST OUT

47 | A Winnipeg architecture firm gives itself a makeover.

50 | Less stock, more Spock.

52 | Bloom times for eco-friendly outerwear.

53 | If you build it, they will gram.

54 | Best bets for books, podcasts and TV shows.

58 | Audits and arias.

THE NEW BOTTOM LINE

Why CPAs should be champions of a better kind of capitalism **BY JOY THOMAS**



Every few years, the Business Roundtable—a group of 181 CEOs from America’s most powerful companies, including banks, airlines and the Big Four—issues a document outlining the purpose of a corporation. For decades, that purpose has remained the same: serve shareholders, primarily by maximizing profits and share prices.

But in August 2019, the Roundtable changed its tune. In a statement, member CEOs committed to serving not only shareholders, but customers, employees, suppliers and the public at large. “It affirms the essential role corporations can play in improving our society when CEOs are truly committed to meeting the needs of all stakeholders,” said Alex Gorsky, chairman of the Roundtable and CEO of Johnson & Johnson. The statement continued: “If companies fail to recognize that the success of our system

is dependent on inclusive long-term growth, many will raise legitimate questions about the role of large employers in our society.”

This about-face marks a paradigm shift from *shareholder* capitalism to *stakeholder* capitalism—a change of just two letters that amounts to a world of difference. In a system of stakeholder capitalism, corporations strive to promote long-term societal welfare rather than simply enrich their short-term bottom line. In Canada, where corporate boards act in the best interest of the organizations they serve, this is less of a leap than it is for American CEOs, but there is still plenty of work to be done. If Roundtable CEOs abide by their promise, they will have to take into account the effects that their business decisions have on the environment, public health, income inequality and more. They will need to act as if their corporations are more than mere machines made to turn a profit.

Canadian CPAs and other business leaders should take note, as these principles transcend national boundaries. In fact, research by CPA Canada shows that traditional corporate reporting simply doesn’t capture all sources of value generation, including intangibles

health officer—he shares his story with *Pivot* on page 22. This system of capitalism proposes finding operational efficiencies and business models that improve carbon performance and reduce harmful emissions. Purposeful corporations are also familiar with the growing body of research showing that gender and cultural diversity in a company’s board, management and workforce make a difference to the bottom line.

Our profession should be at the forefront of the effort to build a broader constituency for stakeholder-driven management. CPAs’ proven ability to find efficiencies and mitigate risk makes us the right professionals to drive corporate efforts to, for example, reduce emissions and prepare for technological disruption. CPAs also have a role to play ensuring that the data driving corporate decision-making is accurate and trustworthy.

The profession must begin to broaden its role beyond delivering traditional financial management, auditing and assurance services. In this age, we have to find ways to measure intangibles, such as workplace mental health and wellbeing, and then use those insights to build better companies.

THIS ABOUT-FACE MARKS A PARADIGM SHIFT FROM SHAREHOLDER CAPITALISM TO STAKEHOLDER CAPITALISM

like people, corporate culture and trust. Foresight, our project to reimagine the profession, calls on accountants to identify, measure and report on these factors as a means of creating value. When companies consider their impact more broadly, they create wider benefits while improving their own performance. It’s a classic win-win.

What does all this mean in practice? Purpose-driven capitalism can entail creating healthy workplaces that prioritize employees’ physical and emotional well-being, as KPMG has done by hiring CPA Denis Trottier as Canada’s first ever chief mental

In this issue, you will find a variety of stories about CPAs and Canadian business leaders who are embracing purpose-driven capitalism. As Peter Shawn Taylor reports on page 40, Sean Boyd, a CPA and the long-time CEO of Agnico Eagle Mines, has been living these principles for over a quarter of a century. “Yes, you have to make money,” Boyd tells *Pivot*. “But our goal is not *just* to create long-term value for our shareholders. It’s also to be a great place to work and to make a big contribution to the communities in which we operate,” he says. “It’s all about building trust.” ♦

PHOTOGRAPH BY MATT BARNES; HAIR AND MAKEUP BY CLAUDINE BALTARZAR/PLUTINO GROUP; SHOT AT KÖST AT BISHA HOTEL, TORONTO

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PURPOSE DRIVER

THE GIVER

How Mohamad Fakh worked his way up from the night shift at Coffee Time to become the philanthropic-minded CEO of the Paramount restaurant empire **BY REBECCA FLEMING**

Mohamad Fakh fled war-torn Lebanon at age 16. He lived and worked for a while as a licensed gemologist in Italy before arriving in Canada in 1999, with only \$1,200 to his name. Lacking Canadian work experience, Fakh was working for free at a jewellery store, pulling night shifts at Coffee Time to afford a shared basement apartment, and teaching his landlord's daughter French to offset the rent. Today, he owns Paramount Fine Foods, a fast-casual Middle Eastern restaurant chain with 70 locations worldwide and counting. In 2018, Fakh bought the naming rights to Mississauga, Ont.'s Hershey Centre stadium, which is now called the Paramount Fine Foods Centre.

Fakh knows that he wouldn't be where he is now had it not been for some help along the way, and he continues to pay it forward. To date, the Fakh Foundation has supported numerous causes, including the UN Refugee Agency. He has hired more than 150 Syrian refugees, paid for the funerals of victims of 2017's Quebec City mosque shooting and launched a fundraiser for the family members of Canadians who died in the Tehran plane crash. "I wanted to change the world one piece of jewellery at a time, and now I'm changing it one plate of shawarma at a time," says Fakh, who has no plans to stop.

Your restaurant empire was built on baklava. Tell me about that.

My wife asked me to pick up a kilo of baklava one day. I went to this place in Mississauga called Paramount, which was nothing like its name suggested. The owner recognized me as I had been in the newspaper for helping my dad's friend build a house. He told me his business was struggling and,

thinking I was rich, asked me to lend him \$250,000. I gave him my card, hoping he would lose it. But when I left, I thought about how that was me once, and how people helped me. I realized if his business closed, a lot of people would lose their jobs and maybe even their visas. So I called him.

How did you turn an almost bankrupt business into a success story?

What made us who we are today is that we admitted what we didn't know and we got experienced people to help us build a company that represented Middle Eastern food and culture in a better way. I think what got the buy-in from all the executives and consultants was our culture of giving back to the community. We donated to churches, mosques and families in need. I believe it brought us more customers and more talent. And it made the company profitable by purpose.

Did you ever imagine one restaurant would turn into 70?

My first location was a success, but the second one was a mess. Many people have one restaurant and they're successful, but can they repeat it? I realized I didn't have the formula to do that, so I had to bring in consultants. But when I design a store today, for me, that store is already open, and I'm already designing the next one in my head and thinking about the one after that.

How did you feel about trading precious stones for shawarma plates?

I never thought I would become a restaurateur—I don't even know how to fry an egg! But what took over was my sense of community. I think I actually

Fakih at a Paramount restaurant in Mississauga, Ont.



found myself when I went to buy that baklava. I was brought up in a house where we believed that the more you give voluntarily, the more you make. So I changed diamonds into shawarma, and shawarma into a movement.

What do you mean by “movement”?

A movement is when people start looking up to and emulating you. Even if that means customers pay money for our services because they see what we’re doing with that money and they want to support us. It’s Gino’s Pizza giving away slices to the homeless because they were inspired by Paramount paying for Toronto’s homeless to stay in hotels in the winter of 2018. That’s a movement.

“I CHANGED DIAMONDS INTO SHAWARMA, AND SHAWARMA INTO A MOVEMENT”

Do you consider yourself successful?

I can’t say I’m successful—I think I’m on the way. But we can’t just live our lives enjoying what we have while ignoring the people who need help the most. I always say if you want to make a real difference, commit to something and do it until it hurts.

What about “me time”?

I have a very supportive wife and children. I get them involved in my work and they love what we do together. It’s the Ikea syndrome: they make you build the furniture yourself, and you love it more because of that.

What’s your proudest achievement?

Getting the key to the city of Mississauga—the city where I lived, the city where I put my first restaurant, and the city that let me put our company’s name on the Paramount Fine Foods Centre—was a beautiful moment. For the city to do that means, “We love you, we trust you, we appreciate you and everyone else who came to Canada like you.” Not like me in name or religion, but like me in general, with the circumstances that brought me here. It means good people really can finish ahead.

Any advice for aspiring restaurateurs?

It’s not for everyone. Unless you’re ready to carve out a good portion of your personal life, a restaurant is not for you. If you enjoy a 40-hour workweek, maybe think about a restaurant, or drive by a restaurant or go to a restaurant—just don’t open one. ♦

BURNING ISSUE

ONE BIN TO RULE THEM ALL

When China closed its doors to plastic from the western world, it gave Canada an opportunity to consolidate its piecemeal recycling program **BY MATTHEW HALLIDAY**

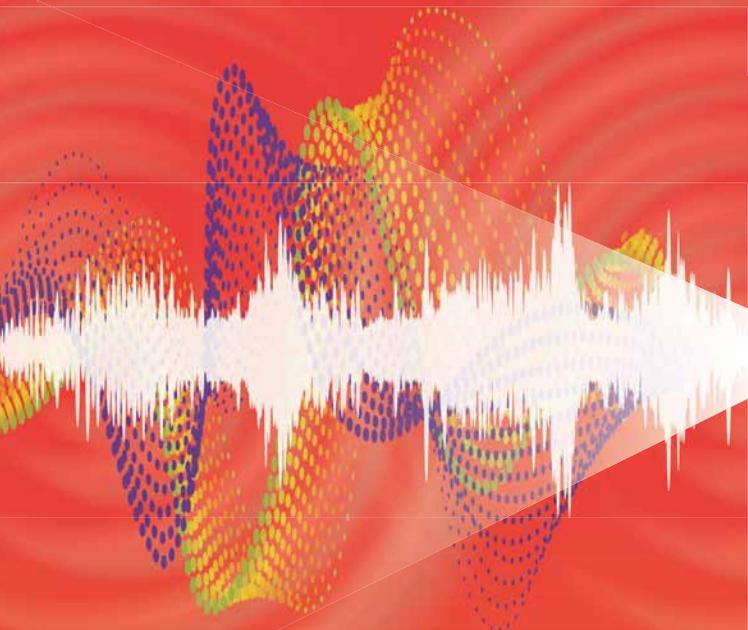
It’s been two years since China, fed up with being the dumping ground for the western world’s low-quality recyclables, brought down what it called Operation National Sword. On Jan. 1, 2018, the country closed its doors to two dozen types of recyclable materials. Canada, which for years shipped vast quantities of waste to China—much of it near-useless, marred with food and other contamination—very quickly had to find a new way to deal with a lot of grimy coffee cups and dirty plastic wrappers.

In the past 24 months, Canadians have heard plenty about paper and plastics landfilled and incinerated, and ballooning recycling costs to municipalities. But there’s a silver lining: the crisis may slowly be planting the seeds of a new recycling infrastructure in our own country—especially if our unwieldy, coast-to-coast patchwork of municipal recycling regimes can be made to work better together.

Canada’s recycling system wasn’t exactly in tip-top shape before National Sword. Ever since the

PHOTOGRAPH BY LUIS MORA

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first blue boxes hit Ontario streets in the early 1980s, recycling has primarily been a commodities market, with the content of Canadian blue boxes, bags and carts all vying for willing buyers, or “end markets,” in industry parlance. The idea was that an open market in recyclables would generate enough profit to pay for pick up, processing, sorting and recycling. In practice, recycling has always been a business of razor-thin margins, and Canadian municipalities have always subsidized it with taxpayer dollars. So when China implemented its ban in 2018, the system was already vulnerable.

“When Canada started relying so heavily on China and other international markets years ago, we undermined our domestic recycling,” says Christina Seidel, executive director of the Recycling Council of Alberta. “China closed its doors, and we didn’t have the capacity to deal with our own waste anymore. Now we need to rebuild that.”

Today, the situation across the country is mixed. But there are plenty of green shoots—no pun intended—in the domestic recycling space.

Calgary made headlines in 2018 after it stored huge reserves of suddenly un-recyclable clamshell plastics (think berry containers). Between September 2017 and April 2019, the city spent more than \$330,000 storing 2,000 tonnes of them—all of which ended up in a landfill. It finally found a buyer in April 2019, when local recycler Merlin Plastics improved its facilities in response to new supply.

Similarly, Halifax was forced to seek a special exemption from the Nova Scotia government to bury plastics otherwise prohibited in landfills, and has had to truck some decayed plastics to a cement

kiln to be burned as fuel. Recently, however, it found a local company that has taken its plastic to make new products, including “poly” lumber.

Toronto never relied on China, but still saw its recyclables’ value plummet in a tighter market. Low-value contaminated material, like unrinsed peanut butter jars or newspapers covered in coffee grinds, may be altogether un-recyclable, so the city responded with an aggressive citizen-education campaign, even sending inspectors out to audit people’s blue boxes for incorrect sorting, which exacerbates contamination problems.

THE ONE GREAT GREEN HOPE ON THE HORIZON IS EXTENDED PRODUCER RESPONSIBILITY

Elsewhere, however, the problem has worsened—especially in smaller communities. In 2018, St. Albert, Alta., stopped accepting clamshell containers, glass bottles and certain kinds of cardboard. Stratford, Ont., has banned milk cartons, aluminum foil and paint cans, and has seen recycling costs more than double, from \$90 per tonne to \$185. Lacombe, Alta., discontinued curbside recycling entirely last May, unable to find new end markets.

There is one great green hope on the horizon, however, and any conversation with a Canadian waste expert will eventually get to it: extended producer responsibility, a system in which companies that generate consumer waste bear the full expense of dealing with its end-of-life management. British Columbia currently has the most producer-

responsibility programs of any province—and also generates the second-lowest waste per capita of all provinces, behind only Nova Scotia, which has an aggressive series of landfill bans.

Recycling advocacy groups and waste managers in other provinces have long pushed for similar systems nationwide, and the country's largest provincial economy has finally followed suit. Last August, Ontario announced a move to a system of full producer responsibility, meaning the blue box system will be replaced with a new one entirely paid for by industry and regulated by the province. Unlike other government services, residential recycling was always supposed to be revenue neutral to the public, and paid for by industry and the sale of recyclables on commodities markets. The move to producer responsibility makes good on that original concept. The idea is that companies will be incentivized to reduce waste, find cost-effective end markets and, ultimately, design less wasteful packaging in the first place.

The plan will also standardize what goes into blue boxes. Matt Keliher, Toronto's general manager of solid waste management services, hopes that in itself will eliminate the piecemeal province-wide system that can lower recycling rates. "What we have now is a fragmented system where you might live in Toronto, work in Durham and have a cottage somewhere nearby, and it's three different rules for how to recycle," says Keliher. "Some people just throw it all in the garbage can rather than try to figure out, 'Wait, where am I today?'"

Ultimately, many in the industry hope to see producer responsibility usher in a harmonized national market for recyclables, with similar standards and regulations from coast to coast.

"I really think harmonization would be amazing," says Harvinder Aujala, director of policy and communications with the Recycling Council of B.C. "If provinces approach this together, you could drive national producers to design reduced-waste packaging and make more readily recyclable material."

Ontario and B.C. together already make up more than half of Canada's population. There is hope that even without other provinces on board, that could be enough to kickstart a move to low-waste products. Think of vehicle emission standards—when California sets a new standard, automakers follow, even if smaller states have less stringent regulations.

The details of Ontario's system are still murky, however, and the transition isn't anticipated until the middle of this decade. In the meantime, keep rinsing those peanut butter jars. ♦

There is hope that Ontario and B.C., which account for more than

50%

of Canada's population, can lead a nationwide shift to low-waste products

Waste watchers

How three Canadian companies are doing their part to rebuild our recycling infrastructure



From bottles to houses

Travellers passing through Meteghan, N.S., now have a unique overnight option: a three-bedroom, ocean-view Airbnb

constructed from 600,000 plastic bottles. The house was built last year by Joel German and David Saulnier, the co-founders of **JD Composites Inc.** They source their materials from an Ontario company that turns bottles into panels of polyethylene terephthalate (PET). "As far as I know, we're the only people doing this in the world," says Saulnier.



Upcycling plastic

Rather than "down-cycling" recovered plastics into low-quality materials, Brantford, Ont.-based **GreenMantra** developed a patented process to convert

bottles, straws and grocery bags into synthetic waxes, inks, plastic-composite lumber and chemicals for industrial applications, such as strengthening road and roofing asphalt. "We see China's new legislation as an opportunity instead of a problem," says vice president Domenic Di Mondo. "We were squandering this material by allowing it to be mixed together and shipped away. Plastic is a resource, and we should treat it that way."



The chopstick revolution

In 2016, entrepreneur Felix Böck estimated that about 100,000 pairs of chopsticks were thrown out in Metro Vancouver every day.

So he founded **ChopValue**, which today collects nearly 1.2 million chopsticks every month from hundreds of partnering businesses in Vancouver, Victoria, Montreal and Los Angeles. In its Vancouver production facility, the chopsticks are turned into coasters, wall tiles and even tables. As the company grows, Böck plans to mitigate its environmental and transportation footprint by building "micro-factories" in other cities.

—Matthew Halliday

PICTURE THIS

MILKING IT FOR ALL IT'S WORTH

How a small distillery outside Ottawa turns excess milk by-products into a smooth-drinking spirit **BY SIMON GARDNER**

When **Omid McDonald** tells people he makes vodka from milk, they often ask the same question: How is that possible? “They think it’s pretty crazy,” he says. “Then they taste it.”

McDonald, 47, is the founder of Dairy Distillery, a three-year-old business in Almonte, Ont., that produces a spirit called Vodkow. It’s smooth and easy to drink straight, with a slight vanilla note—and no indication that cows were involved in its creation.

In 2016, McDonald—who has worked in the healthcare and software industries—learned from a cousin that the dairy industry dumps vast amounts of milk permeate, the lactose-rich component that’s left over when milk is forced through a membrane to make a high-protein, low-sugar type of milk used in the production of cheese and yogurt. Alcohol is produced by fermenting sugar—typically from potatoes or grains in vodka’s case, but McDonald reasoned that milk permeate would work, too. “I was always fascinated with craft distilling and moonshining in my basement,” he says.

It takes about a week for McDonald and his team of six full-time staff to make a batch of Vodkow. Every Friday, a truck from a large dairy arrives at the distillery with 20,000 litres of milk permeate. The permeate is placed into fermenter vessels, where it is introduced to a special kind of yeast developed by a biology team at the University of Ottawa. “Most yeast won’t touch lactose—they are lactose intolerant, as it were—but our yeast loves it,” says McDonald.

Next, the fermented permeate is triple-distilled in two custom-built copper stills. The rising vapour condenses into almost pure alcohol, more than 96 per cent. To reach the 40 per cent alcohol content of vodka, the alcohol is blended with distilled water and then given a final carbon-filtration treatment. Because of the fermentation process, no milk by-product actually ends up in Vodkow, which is sugar-, lactose- and gluten-free.

The Dairy Distillery and others like it—a similar business, Black Cow Vodka, operates in the U.K.—aren’t just a savvy business idea. They also address



1



2



3

a pressing environmental problem. McDonald says that the dairy he deals with, Canada’s largest, produces 150,000 litres of milk permeate every day. Disposing of that permeate safely is costly, and just dumping it down the drain can harm local ecosystems and kill marine life. “We are using something that would otherwise be wasted,” says McDonald. “The environmental aspect of our story is what really gets people excited.” ♦

PHOTOGRAPH BY ALEXI HOBBS



4

1. Omid McDonald, the founder and CEO of Dairy Distillery.

2. The distillery produces about **5,000 bottles** of Vodkow a week. The company hires part-time staff to help with bottling, which is done by hand, during busy periods like the holidays.

3. Milk permeate converts into alcohol in the distillery's **fermentation vessels**.

4. The distillery welcomes **visitors** for sampling and tours.

5. A 750-millilitre bottle of **Vodkow** costs \$36. The spirit—along with **Vodkow Cream**, a liqueur with cream and added sugar—is sold in Alberta, Ontario and Nova Scotia.

6. The distillery's **copper stills** were custom-made in Germany.

20,000

litres of milk permeate arrive at the distillery every Friday. The permeate is placed into fermenter vessels and converted into alcohol over the course of three days.

6



5



BY THE NUMBERS

WHERE IS SNAIL MAIL GOING?

For years, it looked like the internet would kill the post office. In 2018, Canada Post delivered 2.4 billion fewer pieces of lettermail—letters, bills, invoices, statements and so on—than it did in 2006. Yet the internet may also be mail’s messiah. More consumers are shopping online, meaning that billions of parcels need delivering every year: Canada Post handled 296 million of them in 2018, almost double the volume in 2008. Here, a look at how the e-commerce explosion has reshaped the postal service. —*Steve Brearton*

Canada Post profit



Canada Post pays about **\$1 million** in parking tickets every year



2003

57%

18%

25%

OTHER
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International postal services profit, 2018

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 **-US\$3.9 BILLION**
UNITED STATES POSTAL SERVICE

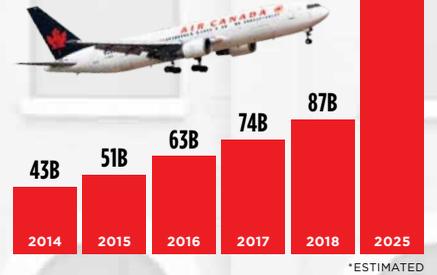
US\$4.058 TRILLION

Estimated global e-commerce sales in 2020

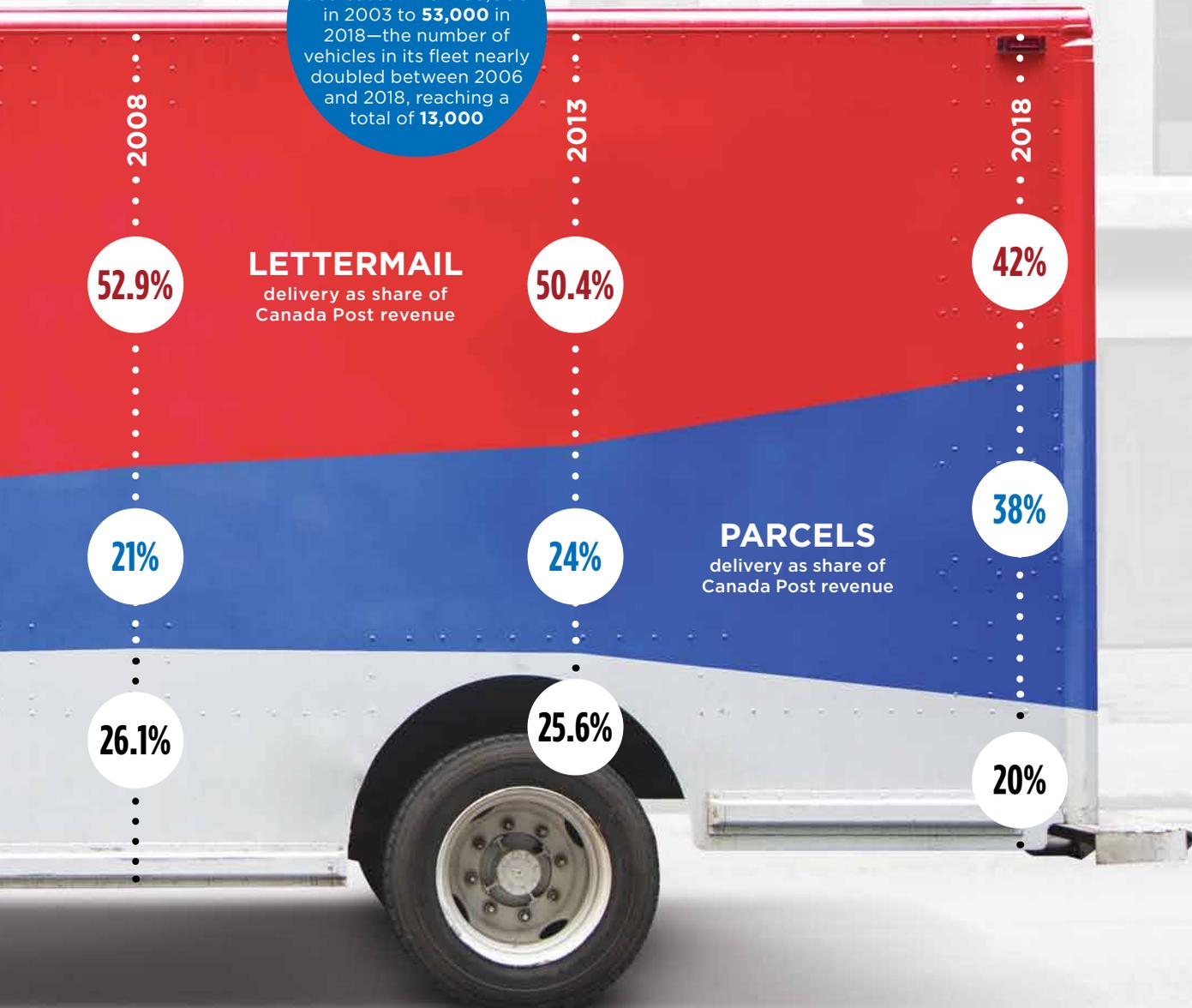
US\$232.9 BILLION

Amazon sales in 2018, up from \$5.3 billion in 2003. Amazon Logistics, the firm's delivery network, handled 3.5 billion packages in 2019, roughly half of its total worldwide orders.

Number of parcels delivered globally



Though the number of Canada Post employees has decreased—from 66,000 in 2003 to **53,000** in 2018—the number of vehicles in its fleet nearly doubled between 2006 and 2018, reaching a total of **13,000**



THE BUSINESS OF...

IT'S A SMALL WORLD AFTER ALL

Disney owns more film and TV than ever before. That might help the media behemoth win the streaming wars, but is it good for viewers?



LARA ZARUM

For years, we've been warned about the coming "streaming wars," a competition between video sites like Netflix, Amazon Prime and Hulu. With the November debuts of Disney Plus and Apple TV Plus, the battle lines have been drawn. A fight for dollars and eyeballs is now

underway—and the real loser might be viewers.

Disney—which acquired 21st Century Fox for a cool US\$71.3 billion last year—is now home to a culturally rich and historically important catalogue that spans more than 80 years of film production. A Disney Plus subscription, which in Canada costs \$8.99 a month, gets you access to, among other options, Pixar, Marvel Cinematic Universe and *Star Wars* films—all of which Disney now owns.

Disney's Fox acquisition was widely seen as a pivot to the future of TV and film consumption, which lies in streaming video; according to a 2019 Deloitte report, 2018 was the first year in which more people subscribed to a streaming service than traditional pay TV. Disney is projecting between 60 and 90 million worldwide subscribers by 2024. (According to the company, more than 10 million people signed up on the first day alone.)

All this seems like a win-win for viewers. There are fewer ads and more choices, and even if you bundle together a few streaming services, you'll still be paying a lot less than the average cable subscriber. But if you zoom out a little, the picture isn't quite so clear.

Let's leave aside ads, which will continue to bombard us at every turn—screens in elevators, Instagram feeds, the backside of paper boarding passes and pretty much any other surface on which our eyeballs are likely to flicker. There's no question advertisers will find ever more creative ways to target streaming viewers. Even in terms of price and choice, streaming may not always be a net gain for film and TV fans.



2018

The first year in which more people subscribed to a streaming service than traditional pay TV

Duncan Stewart, Deloitte Canada's director of technology, media and telecommunications research, points out that the streaming revolution is still in its infancy. "In the early days of most new technology, things tend to not cost very much and you have a lot of freedom and a lot of choices," he says. "As time goes on, you tend to see industry consolidation and price increases."

In a few years, that \$8.99 subscription might be \$15. No biggie; between Disney Plus, Crave, Netflix and Amazon Prime, you'd still have access to thousands of movies and series for a relative bargain.

But where does this leave those of us who like to watch movies in theatres? Not long after the Disney-Fox merger, independent theatre owners reported that Disney was suddenly denying requests to screen popular Fox titles. Even chain cinemas like Cineplex are no longer permitted to screen Fox repertory titles without special permission—perhaps in an effort to compel viewers to purchase Disney Plus subscriptions to access these films. It's the classic Disney strategy of manufacturing scarcity by placing older, beloved titles into their "vault," thus inflating the value of those films when the company decides to release them, usually for a limited time. Some speculate that Disney is trying to reserve as many cinema screens as possible for its newest offerings.

In the past, Disney could re-release *The Lion King* for a limited time to generate interest and then put it back in the "vault" to cultivate demand. But

the company didn't own the physical VHS or DVD or Blu-ray that *The Lion King* was released on. With Disney Plus, they now control both the content and the distribution.

Stewart points out that, adjusted for inflation, North American box-office revenues have been "bizarrely stable" for the past 15 years. But an

DISNEY FILMS WILL SOON MAKE UP 50 PER CENT OF NORTH AMERICAN BOX-OFFICE REVENUES

increasing percentage of moviegoers' dollars goes to fewer and fewer tent-pole titles every year—Disney properties, for example, now account for 40 per cent of North American box office revenues, a number that's expected to rise to 50 per cent post-merger. Those blockbusters, typically franchise films, "occupy more screens for more weeks," says Stewart. "In other words, the effective availability of seeing movies in theatres has gone down in the last decade."

From this vantage point, Disney looms inescapably large. A writer for *The American Prospect* even called

the company's model "a walking antitrust violation." In an interview with *Bloomberg Businessweek*, Marvel Studios president Kevin Feige suggested Marvel fans would need to keep up with forthcoming Disney Plus series. "If you want to understand everything in future Marvel movies," he admitted, "you'll probably need a Disney Plus subscription."

According to Stewart, US\$42 billion will be spent on streaming content in 2020. Disney CEO Bob Iger reportedly paid US\$2.6 billion on the technology for Disney Plus, and plans to spend a billion dollars on original content in 2020. Apple TV Plus spent somewhere between one and six billion on its relatively paltry slate of 10 original series. Compared to TV budgets in the days when cable and broadcast still reigned, Stewart says, "An awful lot more money is being spent on scripts and stars and directors and special effects."

When it comes to art—and yes, TV is art—more money might guarantee bigger stars and superior effects, but it doesn't guarantee an overall better experience. *Mad Men* wasn't revolutionary because AMC spent a ton of money on it; it was excellent because of the writing, the attention to detail and the performances. Similarly, CBC's

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flagship comedy *Schitt's Creek* is great not because of its budget but in spite of it.

It's never been easier to watch high-quality movies and TV shows from the comfort of your living room. And yet I worry about a future in which people are perfectly content to watch whatever Disney offers because they never knew a time when there were other options. ♦

Lara Zarum is the senior editor of Pivot magazine.

TAX LAB

CREDIT WHERE CREDIT IS DUE

To compete in the innovation economy, Canada needs tax incentives that cultivate research and development. Our partnership with the CRA can help us get there.



BRUCE BALL

In the final months of the Second World War, the Canadian government began using tax policies to encourage private businesses to invest in research and development, hoping the move would drive productivity and innovation across the country.

Today, that early policy's descendent—the Scientific Research and Experimental Development tax credit, or SR&ED—is still a boon to the nation. The program, which allows Canadian businesses of all sizes in all sectors to claim full or partial refunds on qualified expenditures, is Canada's single largest source of R&D funding to the private sector, responsible for delivering more than \$3 billion in tax incentives each year to firms. In short, SR&ED underwrites all sorts of activities that help Canada compete in the global knowledge economy.

Yet the program has had its challenges. Applicants and government officials have disagreed over what constitutes an eligible expense. Many mid-market firms have dropped out of the program, dissuaded by compliance requirements and a perceived lack of benefits: in 2014, 30,000 firms made SR&ED claims, compared to just 20,000 in 2019. What's worse, many of the dropouts lost access to the credit just as they commercialized and scaled, a stage of development where Canada has a well-documented

gap. The March 2019 budget helped ease this problem by eliminating the restriction based on prior year taxable income, but policy fixes aren't the only way the CRA will enhance the SR&ED program.

One of our concerns is that the Canada Revenue Agency may be administering the SR&ED program solely through the eyes of a tax administrator. It's understandably difficult for the CRA, an organization responsible for collecting tax revenues and ensuring taxpayers comply with the law, to also administer billions in incentives. There is a risk that the CRA could assess claims in the same way it examines someone under a mainstream tax audit, with a higher degree of scrutiny than other government agencies that dispense grants or subsidies. However, the CRA is moving in a positive direction with the SR&ED program, with a renewed focus on service and a collaborative spirit.

The accounting profession is playing a key role in the ongoing reform of SR&ED. Together with the CRA, CPA Canada has established a framework agreement designed to foster collaboration as a means of "ensuring a well-running tax system for Canada." One of the areas of focus as part of this agreement is the SR&ED program. Based on frontline feedback from our members, we've told the CRA that the SR&ED program not only needs further modernization, it also requires a tune-up

THE SMOOTH OPERATION OF SR&ED WILL ENCOURAGE FIRMS TO LOCATE SALES CENTRES AND INNOVATION LABS IN CANADA

to speed up claims, reduce application complexity, resolve inconsistencies and provide better guidance to practitioners.

We want to help the CRA make policy nimble enough to address the questions that invariably arise: if you are an entrepreneur developing a new product, there will generally be some technological uncertainty. However, evaluating whether there is enough uncertainty to qualify for SR&ED incentives has become more difficult over time. For example, do innovations based on novel or experimental combinations of existing technologies qualify or not? Anecdotally, we've heard that some tech and AI startups that apply for SR&ED credits receive pushback. Their products may be innovative, but they don't meet SR&ED guidelines because they didn't have to overcome any scientific or technological uncertainties.

The SR&ED program is responsible for delivering **\$3B** in tax incentives each year

Through our partnership with the CRA, CPA Canada has also participated in and sponsored SR&ED symposia and a “design jam,” where stakeholders proposed improvements to the application process, the information provided to applicants and the pace of processing. As discussed at a recent symposium, the CRA implemented three key priorities that will guide the delivery of the SR&ED program: clear eligibility, efficient operations and service by design. The goal is for businesses to be able to easily assess whether they qualify for SR&ED by referring to sector-specific examples and user-friendly tools for self-assessment, and for CRA officials to be able to respond to applications in a more timely and consistent way. With a renewed focus on service, the CRA intends to promote and raise awareness of the SR&ED program through its outreach efforts, engage directly with claimants to improve their experience, and offer the support stakeholders need to successfully claim SR&ED activities.

Beyond the technical details, it’s important not to lose sight of the big picture. The smooth operation of the SR&ED program plays an important role in encouraging international firms to locate sales centres, distribution operations and active innovation labs in Canada. But, as it stands, SR&ED-like tax credits in other countries tend to be easier to access, meaning that innovation-minded firms may choose to locate their R&D operations elsewhere.

Of course, SR&ED isn’t the only factor that innovative firms will consider, nor is it the full extent of our collaboration with the CRA. CPA Canada is working with the agency in many other ways, such as enhancing electronic services like Efile and Auto-fill, helping the agency combat the underground economy and improving tax advisers’ experiences with the CRA more generally. All of these activities, conducted within the context of our framework agreement, serve to improve Canada’s tax system, which is good for both taxpayers and our members. Our partnership has borne fruit with SR&ED, and we’re confident it will continue to make the tax-filing process clearer and more efficient in the years to come. However, these improvements can only go so far—an independent, comprehensive review of Canada’s entire tax system is urgently needed. ♦

Bruce Ball, FCPA, FCA, is the vice-president of taxation at CPA Canada.

CPA Canada wants to hear from members about outstanding tax issues they would like to see addressed. Send your feedback to bball@cpacanada.ca.

PHOTOGRAPHS BY ISTOCK; ILLUSTRATION BY LEANDRA CIANCI



UNDERGROUND ECONOMY

Forget real estate—today’s hottest market is for places to put your car. Here, four of the world’s most expensive parking pads. **BY STEVE BREARTON**



\$1,315,000

New York City

In 2012, developers on the Upper East Side priced parking spots in a private garage under a condo building at more than a million each. The 3.7-by-7-metre spaces come with their own sales contracts, deeds and maintenance fees.



\$680,000

London

A single space located near Kensington’s Royal Albert Hall sold for nearly 2.5 times the cost of an average British home in 2014. Media calculated that a driver could park at a nearby public lot for 31 years for the same amount of money.



\$1,275,000

Hong Kong

In 2019, a local businessman paid \$77,582 per square metre for this parking space, which is located in the world’s most valuable office building. “To these tycoons,” said one property agent, “it’s not a significant purchase if you compare it to the value of the office floors they own.”



\$732,000

Boston

In a 2013 auction, a two-car parking pad in the Back Bay neighbourhood started at \$42,000. Fifteen minutes of bidding later, someone bought it for more than 13 times that. “This is just amazing,” said a local real estate agent. “God bless America.”

PRINCIPALS

FAIR AND FLUSH

The case for ethical investing

ADRIENNE
TANNER

In June, my financial adviser offered me an opportunity to buy into a high-yield bond fund that had long been closed to new investors. It's the kind of thing I often ignore—I don't have buckets of money, and I usually leave my portfolio static and hope for the best. But this time I was curious.

I clicked the link she sent and discovered the fund was dominated by traditional energy companies.

I drive a car, fly (guiltily) to vacation spots and understand weaning society off fossil fuels won't happen overnight. Yet somehow it felt wrong, given the threat posed by global warming, to invest in oil and gas industries. I told my adviser I didn't feel good about the makeup of the fund and if she could find me something that was a better value fit, I would be happy to change. She got back to me in a heartbeat with a selection of sustainable options. Now I had a decision to make. My greedy side feared going green would lose me money. But my conscience won out and I asked her to shift the bulk of my investments into fossil-free funds.

The experience made me wonder how many others are making the switch and how their investments are performing. It turns out ethical investing, which connects socially conscious investors with companies that pay attention to environmental, social and governance factors (ESG), is going mainstream. In 2017, EY reported that this investment strategy has grown 107.4 per cent each year since 2012. In the United States, assets in ESG funds on offer to ordinary investors have more than doubled, from about US\$40 billion in 2013 to close to US\$90 billion in 2018, according to a June 2019 Morningstar policy research report. Europe is experiencing similar trends, the report states.

People with small amounts of money to play with can't exert much influence on the companies they invest in. So, like I did, they often adopt a negative screening approach to winnow out investments that don't mesh with their values, says Sarah Keyes, a CPA who works for ESG Global Advisors. A savvy adviser will ask questions to reveal a client's values and tailor investment advice accordingly. Once my adviser knew I wanted to avoid fossil fuels, she asked how I felt about firearms manufacturing, gambling companies



51%

of professionally managed assets in Canada now factor ESG concerns into their assessments

and pornography production. There are ethical funds catering to all manner of hot-button concerns.

According to Keyes, shifts toward ESG funds are also happening on a large scale. Giant investors like pension funds typically don't rule out entire sectors. Instead, they may cherry-pick the best-in-class ESG performers across all sectors and use their clout to push for even greater change. In Canada, 51 per cent of all professionally managed assets have now adopted ESG integration strategies, which means they factor into their assessment whether the company understands and tries to mitigate their environmental and social risks, Keyes says. That percentage—which represents \$2.1 trillion, according to the Responsible Investment Association—grew by 42 per cent between the end of 2015 and the end of 2017.

Which begs the question: Are investors who increasingly choose ESG funds doomed to be money-losing martyrs, or do they come out ahead? Keyes says my negative screening approach might compromise returns. "It is definitely possible because you have reduced your investment universe." However, Imran Jiwa, a CPA and director of impact and finance with Active Impact Investments, disagrees. "You definitely don't lose money," Jiwa says, provided you choose top-performing responsible investments and are seeking non-concessionary funds (that is, funds that are aiming to achieve market value returns). The Responsible Investment Association provides a quarterly report that compares the benchmark performance of responsible mutual funds with traditional investments. "I know the last time I looked they were on par or exceeded traditional ones," Jiwa says. "If a company is able

to identify these risks in addition to all the other technological risks, it shows good governance and an ability to look into the future, plan and adapt.”

A 2019 Morgan Stanley report backs up this view: In an analysis of over 10,000 funds active in any given year from 2004 to 2018, the firm found no real difference between the returns of sustainable and traditional funds. Despite the fact that 53 per cent of investors believe investing sustainably requires a financial trade-off, sustainable funds may even offer a lower market risk, according to the report.

I made a gut decision to swap my investments and I confess I didn't investigate the performance measures of the funds that my adviser suggested. I trusted her to do her best, given my value constraints. But investors younger than me, who have grown up worrying about climate change, will likely start out demanding high-performing ethical investments.

In May of last year, Deloitte released its 2019 Global Millennial Survey, which was based on input from over 13,000 millennials in 42 countries, plus more than 3,000 Generation Z respondents—people born between the mid-1990s and mid-2000s. The report found that business priorities are “out of step” with those of most millennials: When the respondents were asked what businesses should try to achieve, 32 per cent said “improving society,” while 28 per cent said “generating profit.” But when asked what businesses actually achieve, more than

half said “generating profit,” while just 16 per cent said “improving society.” And the share of respondents who feel that business has a positive impact on society decreased from 61 per cent in 2018 to 55 per cent in 2019.

There are clear signs the corporate world is getting ready for this new wave of investors. Every year, BlackRock CEO Larry Fink writes an open letter to CEOs. Given that BlackRock is the world's largest asset manager, you can bet everyone listens. In January 2020, Fink pledged to transition clients away from fossil fuels, noting that “sustainable investing is the strongest foundation for client portfolios going forward.” Companies that fulfill their purpose and responsibilities to stakeholders reap rewards over the long term. Companies that ignore them stumble and fail. This dynamic is becoming increasingly apparent as the public holds companies to more exacting standards. And it will continue to accelerate as millennials—who today represent 35 per cent of the workforce—express new expectations of the companies they work for, buy from and invest in. Fink's words made me more confident about taking my own small investment stand. They also made me feel young at heart. ♦

Adrienne Tanner is a Vancouver-based journalist, former deputy editor at the Vancouver Sun and a contributor to the Globe and Mail and Maclean's.

SHAM, WOW

A catalogue of recent cons **BY LUC RINALDI**



\$904,000

Amount that the finance director at a non-profit for people with disabilities stole from the organization over a period of three and a half years. She used the funds to buy a Lincoln SUV and bankroll a trip to the 2014 World Cup in Brazil.

SIM swap

Name of a new scam in which fraudsters collect personal information from the web to impersonate you, call your mobile phone provider to report a lost phone, and then request to link your number to a new SIM card, granting them access to your contacts, calendar, online bank accounts and other information. In November, an Oakville, Ont., nurse's credit card was charged nearly \$10,000 after she was “SIM swapped.”



3

Number of companies, including a vehicle dealership and an audio equipment business, that a Sudbury, Ont., book-keeper defrauded of more than \$80,000 in 2016 and 2017. She was arrested while working for the third company in 2019.

32

FRAUD FIGHTERS

Number of people arrested in a raid on a call centre in New Delhi in November. Indian police allege the suspects called Canadians from the centre, posing as government officials and demanding they share their social insurance numbers.

\$548,909

Amount that an employee pilfered from St. Bonaventure's College, an independent school in St. John's, through hundreds of small e-transfers over several years. She used the money to buy luxury goods and fund Las Vegas and Disney vacations.



My depression was so acute I tried to resign as a partner at KPMG. Eleven years later, I became the firm's first ever chief mental health officer. This is my story.

UNBROKEN

**BY DENIS TROTTIER
AS TOLD TO LARA ZARUM**

PHOTOGRAPHS BY ALEXI HOBBS

On a chilly October morning in 2006, I found myself in a familiar place: sitting in my car in the office parking garage, crying. For months, I'd struggled to eat or sleep. Nothing brought me joy. I felt like I was drowning. *Today is the day*, I told myself, unconvincingly. *Today you're going to walk into that office and feel normal again.*

For 20 years, I had built a career at KPMG. By 2006, I was a partner, heading up the Ottawa KPMG Enterprise private company practice. I worked with amazing clients. I had a loving wife, Yolande, and two beautiful children. I had no financial troubles, no addictions—no obvious precursor to depression that had dogged me for years. I'd already taken two leaves of absence in the past four years. Each time, I'd returned to work positive that my dark days were behind me. Now, I felt hopeless.

When I dragged myself into the office that day, I didn't know that 11 years later I'd be named the chief mental health officer for KPMG in Canada, the first position of its kind in the country. I couldn't think 11 years in the future; I could barely contemplate the next 11 hours. All I could think about was that I was letting my team down. I took a deep breath and knocked on my office managing partner's door. Enough was enough. I had to resign.





Mental health was a taboo subject when I was growing up in northern Ontario in the 1960s, in Larder Lake, a small town that was once part of the gold mining capital of Canada. No one discussed it, at least not seriously. When a kid at school acted up, the teachers would threaten to send them to North Bay—there was a psychiatric hospital there, a scary place for “crazy” people. Of course, I now know that people with mental illnesses are not “crazy” and that illness does not discriminate—it can impact all of us.

If anyone in my family suffered from mental health issues, I never knew about it. I was a happy, healthy kid. We went fishing, rode motorbikes and snowmobiles. My parents owned a small chain of IGA grocery stores, and when I was 12 I started to lend a hand sorting coupons. By high school, I was helping with the bookkeeping. Business was in my blood. On rainy days, my older brother and I would set up two adding machines and play “office.”

When I got a bit older, I started volunteering for the town’s emergency response team. If someone called 911, we would be first on the scene—it took an ambulance half an hour to reach the town, and our role was to get the victim ready for movement to save time. When I think back on that experience, it feels like essential training for the role I now play at KPMG.

My older brother was being groomed to take over the family business, and I ended up studying for my accounting designation at Carleton University. In Ottawa, I met Yolande, who had also grown up in northern Ontario and was studying early childhood education. In the summer before my final year, I took a chance and showed up in the lobby of Peat Marwick—the “P” and “M” in KPMG—and asked to meet the HR partner. A young-looking partner named Marc Brûlé came out to see me. The gambit paid off, and by Christmas of my fourth year, I had a job lined up on the audit team. Marc was a true mentor to me and remains a close friend to this day.

Yolande and I were married three years later, in 1989. I spent the next decade working tirelessly to bring new business to the firm. We had a baby, then another. I was promoted to partner in

1998. Everything was developing just as I’d hoped for. And then depression hit.

Yolande probably noticed it before I did. She could feel me tossing and turning in bed at night. My appetite shrank, and my social calendar suddenly filled me with dread. I was still ticking all the boxes—going to the dinners and galas, shaking hands, nodding through meetings—but I felt like I was sleepwalking.

At the time, I probably just chalked it up to stress, told myself that it’s normal for partners to feel extra pressure. I figured I just needed a break.

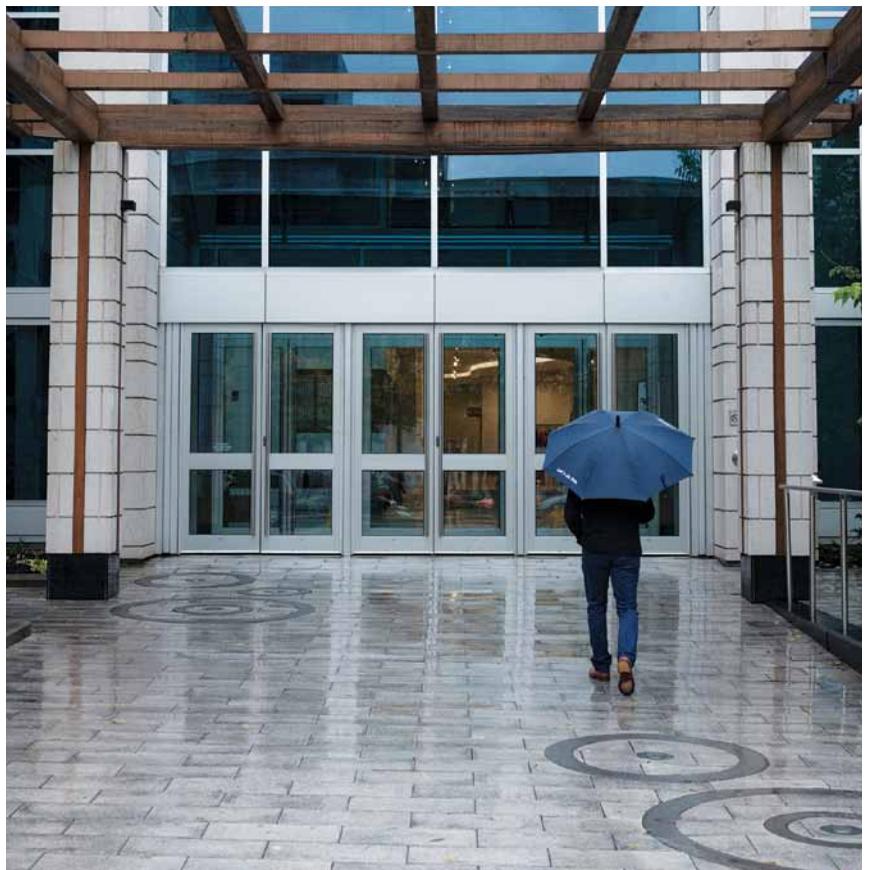
I come from a culture that is best described as “suck it up.” Like most people of their generation, my parents never talked about mental health; that language would have been totally foreign to me. So I tried to push my feelings down and get on with it. I remember one day I volunteered to dress in a bear costume and go around the office collecting money for United Way. That was a very sad bear. I was digging so deep to figure this out on my own, and the effort drained me.

After that day, I knew I needed help. I was in the risk business, and my reputation was on the line—I didn’t want to screw anything up for my clients. So I dragged myself to my Employee and Family Assistance Program (EFAP) provider, Morneau Shepell. Even though

they had an office right next to ours, I was so afraid that a colleague or client would see me that I drove 20 minutes out of my way to the Gatineau location.

I travelled to Gatineau four or five times before I finally took two months off in May 2002. I used vacation days; I still didn’t want anyone to know what was going on. I didn’t want to be perceived as weak, and I feared that if my fellow partners knew how I was feeling, I’d lose my job. I returned to work in July, but by November, boom—the sucker punch of depression hit me again. I was off for three months that time, and I had to go on short-term disability leave.

It’s hard to describe the pain of clinical depression to someone who hasn’t experienced it. It can be even harder to explain the shame, the self-stigma. If you’ve lost a child or been through a divorce, you can at least trace your feelings back to a concrete event. But the source of my struggle was a mystery to me, and that made it hard to accept. My family doctor could see that the medication he had prescribed wasn’t working, and he referred me to a wonderful psychiatrist, Dr. Carol Husband. I was also in the care of Dr. Bernie Gosevitz, our KPMG executive doctor. With their support, I went back to work, but it turned out my illness hadn’t gone away; it was just dormant, a sleeping dog lying in wait.



Depression manifests itself in different ways for different people. For me, it was tears. I would cry in my car upon arriving at work, or in my office with the door closed. The same symptoms would manifest themselves away from work as well. Nothing made me happy anymore. I was always a high-energy person—friends used to call me the Energizer bunny. Seeing me in this state was a shock to them.

I felt worse than ever before, partly because I had already been through this twice; why was this still happening? In fact, research indicates that if you've had one depressive episode, there's a 50 per cent chance you'll have another; if you've had two, the chance of relapse rises to 80 per cent. The odds were against me.

I come from a culture that is best described as “suck it up.” So I pushed my feelings down.

And so, on that cold October day in 2006, I approached the office managing partner, Bob Wener. I'm sure he could see that I'd been crying, my eyes red and raw. “I don't think I can do this,” I told him. “I think this is enough.”

But Bob wouldn't accept my resignation. “No, Denis,” he said. “We're going to help you get through this.” I was overwhelmed—I'd been given a second chance. The next 13 months would be a bumpy ride.

The first few months of my long-term leave were hell because I felt guilty—I was letting my team and family down. I had a lot of panic attacks. I'd feel fidgety and anxious, unable to stop crying. The same thought would run through my head: I'm going to lose my job. Frantic, agitated—nothing made sense. “I feel like I'm going crazy,” I told Yolande.

My illness hit Yolande hard; not only was she forced to bear witness to my suffering, she had to put on a brave face for the kids, now 12 and 15. I'd be having a panic attack in the bedroom and she'd be making them an after-school snack,

pretending everything was fine. She was my voice of reason, urging me to go outside and exercise, pleading with me to be patient, reminding me of an upcoming doctor's appointment—those always felt like life rafts, something solid to hang onto in the maelstrom of my illness.

A lot of people don't understand why someone with a mental illness would need to be off work for so long. It's simple: medication for depression can take months to work effectively. There was a lot of trial and error. One medication wouldn't work; another might, but would come with horrific side effects: drowsiness, dizziness when I stood up, upset stomach and, worst of all, sweating top to bottom out of the blue. Dr. Husband eventually sent me to the Royal's Institute of Mental Health Research group, where another doctor worked with me to find the right combination of medications—a long process. I wasn't off for 13 months for nothing.

I tried everything—journaling, meditation. I'm a very social person; anyone who knows me might wonder, “How the hell could Denis spend a whole day doing silent meditation?” Desperation, that's how. A big part of my recovery was community service. I volunteered with the Snowsuit Fund of Ottawa, which donates snowsuits to kids who can't afford them. I needed something to do, and community work reminded me of all I had to be thankful for. It felt good to be useful.

On bad days, I'd reach out to Bob. We'd meet for coffee, or sit on a park bench and chat. He was a prime example of how to support a friend going through a bout of depression. People are always giving advice, but Bob understood that wasn't what I needed from him. He was just there for me, caring in a non-judgmental way.

I got better through a combination of cognitive behavioural therapy, medication and an amazing circle of care. I must have been a difficult patient; as a partner in an accounting firm, I was used to schedules and timelines. There were days when I was sure I was ready to go back to work, but my doctors would encourage me to wait just a little longer, to be sure.

The return to work is very hard—as supporters in the workplace, we have to remind ourselves that the person is not “broken” and that their return is part of their ongoing recovery period. When

I did finally go back, my administrative assistant did something I now recommend for others in my capacity as chief mental health officer: she took all the emails that had languished in my inbox over the past 13 months and dragged them into a folder, which I promptly ignored. Returning to work after a mental health leave can be overwhelming enough without the added pressure of unanswered emails, most of which are probably irrelevant by the time you've had a chance to open them.

Sitting in my office on that first day back, I felt like myself again. For the first time in a long time, I was looking forward to whatever came next.

In 2013, to my surprise, Yolande and I won one of the Royal Ottawa Foundation for Mental Health's annual Inspiration Awards, recognizing our efforts to break the stigma surrounding mental health in the corporate world. We were touched—but then we were asked to give a speech at the awards gala, a nerve-racking prospect. Did we really want the whole Ottawa business community to know that Denis Trotter, Mr. KPMG Enterprise, has suffered from depression? But we knew we could make a difference for people suffering in silence. Afterwards, the feedback we got from attendees was overwhelmingly positive, and I began speaking about my experience at KPMG offices across the country. In 2014, I joined KPMG's executive inclusion and diversity council, a diverse group of 24 leaders from across the country, and took the lead on mental health. I also joined the board of the Canadian Mental Health Association.

In 2017, I gave my six months' notice that I was going to retire early. Yolande told me she wanted to spend more time with me. I decided to say yes before she changed her mind. A few months later, Mary Lou Maher, our global head of inclusion and diversity, called me and said, “We've got a board meeting tomorrow. I'm going to be proposing that we make you our first ever CMHO.” I said, “CMH what?” She said, “Chief mental health officer.” I probably said something like, “What the hell is that? And does it exist?” And the answer was, “No, it doesn't exist.” I knew Yolande would be supportive. I said yes on the spot.

It's been over two years since I stepped into that role, and I can honestly say I've never done anything so rewarding. Your clients rarely hug you for doing a great audit. But now, not a week goes by where I don't feel like I was able to make a difference in someone's life. One of the first things I did was participate in a review of our mental health benefits package. This led to the firm introducing a \$2,000 benefit for employees and their dependants to use for a wide range of mental health services. I spend most of my time visiting and giving presentations to team members at all levels in KPMG offices across Canada. My job as I see it is to break the stigma surrounding mental health and to open boardroom doors—to make sure that our employees know that mental health is health, that nobody has to suffer in silence and that asking for help is the first step to recovery.

My ultimate goal is for mental illness to be treated just the same as a physical illness like cancer. We celebrate cancer survivors; we take their pain seriously. You can't cure yourself of cancer, and in many respects, you can't cure yourself of a mental illness without getting professional help.

In the years since I took my leave of absence, I've witnessed a sea change in the general public's attitude toward mental health. There's wider acknowledgment of the fact that mental illness can affect anyone. The younger generations, people in their 20s and early 30s—talking about mental health is practically in their DNA, embedded in their everyday language. In November, I led a series of discussion panels on creating a meaningful mental health culture in five B.C. communities. I witnessed various community voices like city officials, the Chamber of Commerce, hospitals and private companies come together to talk about mental health and make plans to follow up with concrete actions. That gives me hope.

Depression is something I'll be sensitive to for the rest of my life. But I realize that I've been extremely lucky. As a partner at KPMG, I had a level of support and security that many workers do not. We need to put systems in place to ensure that anyone who is suffering gets the time and help they need, without judgment or repercussion. When I was at my lowest

point, my colleagues wouldn't let me give up. Corporate leaders need to do the same for their workers, at every level.

Many organizations are waiting to put in the perfect mental health program, but the truth is, there is no such thing. Mental wellness is not a "program"—organizations of any size can have an immediate impact with often very little cost. Just reach out to your local Canadian Mental Health Association and ask them to come in and do a seminar, educate your teams on your EFAP benefits, host a lunch and learn—the list goes on. The return on investment figure often quoted for companies who have been focusing on mental health for a number of years is about \$4 saved for every \$1 invested.

People always ask me, "What is the number one thing you do to care for your personal mental health?" That's an easy one. My motto is "me, family, work." It's okay to put your oxygen mask on first. I always ensure that I have some me time so that I can be at the top of my game as a husband, dad and on the work front. Working with our CEO Elio Luongo has been easy, since we share the same attitude around mental wellness. Tone at the top is so critical in this area.

As a Fellow CPA, my hope is that by sharing my lived experience, I will have helped more professionals suffering in silence. A world where we can talk openly about mental health while standing at the water cooler is within reach. I see proof of that every day. ♦

EVERYBODY HURTS

Mental health issues affect millions worldwide. Companies, and countries, need to act fast to preserve our most valuable resource: people.

BY MICAH TOUB

Two summers ago, Becky Wilson was driving back to Toronto after a week-end away when she started to feel light-headed, and noticed her heart was racing for no discernible reason. Worried she was about to faint, she pulled over to the side of the highway and called her parents to come pick her up.

Wilson, a CPA and then an associate at PwC, had experienced depression and anxiety on and off since high school, but this was her first panic attack. Her mother, who'd had one herself when she was younger, suggested it may have been brought on by stress.

After a night's sleep, Wilson set out to the office Monday morning. "And then I had a panic attack on the subway," the 26-year-old, now a senior associate, remembers. "I made it to work and tried to spend the morning there, but ultimately had to go home."

When things didn't get better after a week, Wilson decided to speak to her work coach, the person at the firm assigned to help her plan her career and look out for her well-being. "I remember saying to her, 'I hope this doesn't make me look bad.'" Wilson

was especially worried because she'd just been put on an important project.

Wilson's coach reassured her that during this time, she wouldn't allow anyone to express criticism of Wilson's performance that was directly connected to her mental health issues. She also brought in a PwC partner who's known as a champion for well-being at the firm. "They said, 'What do you need in order to be successful? We want you to be here.'"

The compassionate reception that Wilson experienced isn't always the case, however—and that gap in support has proven to be a destructive force for workers and economies across the globe. The World Health Organization estimates that one in four people worldwide will suffer from a mental health disorder at some point in their lives, and that the global economy loses about US\$1 trillion a year in productivity due to depression and anxiety.

And yet governments are not adequately investing in prevention and treatment. In a 2018 report, the medical journal *The Lancet* estimated the cost of our "collective failure to respond to this global health crisis" will have reached US\$16 trillion in the period between 2010 and 2030—and that 13.5 million deaths could be avoided each year if the crisis were properly addressed.

According to Toronto's Centre for Addiction and Mental Health, about 500,000 Canadians miss work each week due to a mental health illness. As those numbers pile up week after week—and the unattended problems lead to longer-term disability claims—health care costs and lost productivity add up to a \$51-billion-a-year burden to the economy. Meanwhile, more than 4,000 Canadians die each year from suicide.

In Ontario, about 10 per cent of the burden of disease is related to mental illness, yet it only accounts for seven per cent of the province's health care budget—a shortfall of almost \$1.5 billion.

Like PwC, many companies in Canada did the math and realized that the human value of supporting employees struggling with mental health issues also yields economic benefits. A recent Deloitte study found that, among Canadian companies that had implemented mental health programs, the median annual ROI was \$1.62 for each dollar invested.

The longer the program was in effect, the higher that return.

Last year, a survey of 251 accountants conducted by the Chartered Accountants' Benevolent Association—which provides support to accountants in England and Wales—found that one in three respondents feels stress on a daily basis. And indeed, the high-pressure nature of the job makes it especially important for every CPA to keep an eye on their well-being—whether they believe they have a mental health issue or not.



Becky Wilson

"We all experience mental health issues in some way," says Ed Mantler, vice-president of programs and priorities at the Mental Health Commission of Canada (MHCC). "People often think you're either perfectly fine or you have a diagnosable illness, but there's a continuum."

Mantler suggests taking proactive, preventative measures—getting enough sleep, eating a healthy diet and exercising regularly. While he adds that going to work is among the list of things that can actually improve our state of mind—"it can give us a sense of purpose and a regular feeling of accomplishment"—our jobs can also sometimes exacerbate underlying problems.

He points to the National Standard of Canada for Psychological Health and Safety in the Workplace, launched in 2013 by the MHCC in partnership with the Canadian Standards Association Group, as a useful guide for employers and staff to understand what helps and hurts. The Standard, which professional accountants helped develop, discusses everything from the most effective wellness policies and benefits to more subtle things like the importance of an employee knowing what is expected of them at work, and an understanding of how their

role contributes to the company's mission.

For those who are in the midst of a pressing mental health concern, Mantler suggests contacting your local branch of the Canadian Mental Health Association, and to check if your company has an employee assistance program. "One place you can always start is with your family physician," he adds.

Of course, making the move to find help can be easier said than done. "Many people tell us that the stigma around mental health illnesses is as bad or worse than the symptoms themselves," says Mantler. Early intervention is important, but according to Mantler, only 30 per cent of people reach out for help early on—and it can take some people many years or decades to seek assistance. He hopes that as workplace well-being is increasingly discussed at more companies, people will be more comfortable speaking about their own mental health.

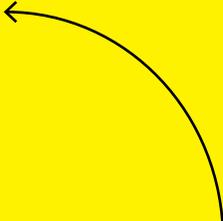
One in four people worldwide will suffer from a mental health disorder at some point

In Wilson's case, she was able to get six free sessions with a counsellor through Morneau Shepell, which administers PwC's employee assistance program. The program then connected her with a psychiatrist. As she adjusted to the medications that help ease her anxiety and depression, she kept her team updated when she was having an off day. Now, if she's had a run of long hours on a high-stress project, she makes sure to take a day off, if possible, once the deadline has passed.

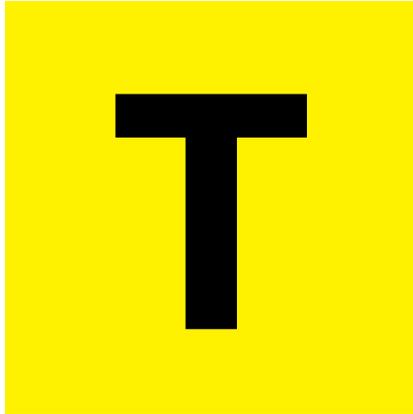
Wilson, who has become one of two Greater Toronto Area leads in PwC's Differently Abled Wellness Network (DAWN), encourages her colleagues to speak up if they're in trouble. Far from hampering her career prospects, she says being open has helped her to be productive. "I just feel like I can come to work and be more of myself," she says. "It's one less thing to worry about, and that lets me focus on my job." ♦

Magazine article

may contain sentences



Inside the marketing
brilliance of No Name,
Canada's most beloved
budget brand



he tweet for baking powder reads “will not replace oven.” A slab of medium cheddar’s message is “cannot communicate with the other side.” The dispatch for a box of 80 “mountain fresh” fabric softener sheets clarifies, “80 sheets not mountains,” and prepared yellow mustard gets the disclaimer “not available in other colours”—true to the No Name brand’s thrifty ethos. And on goes the deadpan No Name Twitter feed, releasing pictures of familiar products with pithy sayings, often setting off hundreds of retweets and thousands of likes. That’s quite a feat for a line of discount products—and a testament to Canadians’ affection for the Loblaw Companies Ltd. budget brand.

The tweets are part of a recent effort to get Canadians talking about a brand that’s been omnipresent for over 40 years. In September 2019, Loblaw, in partnership with Toronto advertising firm John St., launched No Name’s first national paid media operation in a decade with a series of TV and online ads—the largest campaign spend in the brand’s history, and the biggest national campaign for No Name in 30 years. That same month, the grocer took over parts of Toronto’s Bloor-Yonge and Union subway stations and plastered them in No Name-branded posters. Commuters were greeted with bright yellow signs declaring “subway platform with assorted commuters and trains,” “stairs for going up” and, at the subway entrance, a No Name collector booth that “may contain fare collector.” Torontonians began spotting banana-yellow taxis (“seats four people and one driver”) and even a No Name-wrapped building on hip Queen Street West (“may contain people”). When Loblaw released a line of No Name merchandise on Black Friday, T-shirts that read “shirt with long sleeves” sold out almost immediately.

No Frills has typically eschewed grabby advertising campaigns—after all, that would be a frill. But the ads are part of a three-year-old campaign to “re-energize” the brand. Uwe Stueckmann, Loblaw’s senior vice-president of marketing, explained that the company was hoping to capitalize on customers’ changing attitudes toward discount shopping. According to a report put out that year by Boston Consulting Group, discount grocers have grown at a steady clip since 2000. Globally, the report found, discounters were projected to increase their number of store locations by 4.4 per cent each year through 2020, compared to 2.9 per cent for their mainstream counterparts and 1.6 per cent for superstores. The study credited millennials with much of this growth: people in their late 20s and 30s prefer discount grocers, and the aggregate spending power of this slice of the population in large developed markets—275 million people worldwide—dwarfs that of every other demographic segment.

That might explain the No Name print ads resembling concert posters, or the No Frills retro 8-bit-style online video game, introduced in the spring of 2019, called “Hauler: Aisles of Glory.” This tongue-in-cheek strategy has caught the attention of bemused social media users, who have helped spread the word on Twitter and Instagram. But, as Marty Weintraub, Deloitte Canada partner and national retail leader, points out, brand loyalty in this area is fickle. It’s one thing to delight harried commuters on their way home, but will that endearment translate to increased sales? After all, Weintraub says, in the grocery business, “A can of beans is a can of beans.”

N

o Name's ubiquity can't be overstated. The brand's transport trucks ply Canadian highways, and around 260 No Frills stores dot the country, all kitted out in the same yellow background and black Helvetica type as the No Name products found on their shelves. The look was created by the late, legendary Canadian graphic designer Don Watt, who was hired by Galen Weston Sr. in 1973 to reinvigorate then-struggling Loblaw. He designed the No Name look as well as the more upmarket President's Choice brand and was widely credited with turning the ailing business around. Watt, whose clients included Walmart, Safeway and Home Depot, pioneered the idea of a whole system of store branding, with uniform colours and fonts on house brands, signage, promotional flyers and interior design.

Loblaw launched No Name in 1978, with the first No Frills store opening in Toronto that year. "We have always believed



Toronto's Union subway station



A scene from a No Name TV and digital ad

that there's a latent inherent love for this super, hyper-Canadian brand," says Dave Wotherspoon, the creative director of Loblaw Companies. "There are private label brands and then there are private label brands. No Name is one of those ones that people don't think of as being private label. No Name is thought of as a capital-B Brand." Forty-two years later, it's as strong a part of the Canadian retail landscape as Tim Hortons or Canadian Tire.

"It definitely is one of those brands that people love," says brand strategist Eli Singer, CEO of NearNow, a consulting firm based in Toronto. "They swear by it. It saves them a ton of money and they feel smart. They feel people shopping elsewhere who are paying 30, 50 or 200 per cent more for the same product are foolish. It's a customer base that has got a lot of pride." Singer says the No Name brand is so strong that it becomes part of a customer's identity and creates a sense of community. "That's very fertile territory from a brand perspective," he says, but the cheeky Twitter campaign is not without risk. "You don't want to alienate your customers," he says.

Weintraub points out that house brands are quite strong in Canada. "Different companies approach it slightly differently, but everyone has a private label program," he says. "Some may be doing better than others in terms of product assortment, price value, perception, but they're important and a big contributor to margin." For the past several years, according to Nielsen Canada, private label brands—such as Selection (Metro) and Compliments (Sobeys)—have been gaining market share faster than national brands.

According to Boston Consulting Group, the discount grocery market in North America is still relatively incipient, particularly compared to entrenched markets in Norway, Germany and Denmark. But the firm's report singles out No Frills as a successful example of a leading grocery store spinning off into the discount space—even as it acknowledges the spotty track record of such a strategy.

This success isn't just due to the number at the bottom of your receipt. "In differentiation, it's no longer just about price," Weintraub says, "so there's a growing focus on innovation." One such innovation from No Name is Simple Check, a new line of products launched in the fall of 2019 that are free of 10 undesirable ingredients, such as artificial flavours or sweeteners, synthetic colouring and monosodium glutamate (MSG). Simple Check responds to an increasing demand for healthier food, even at the discount level.

The Simple Check products were launched in tandem with the wider marketing push. "As No Name develops new products and introduces Simple Check, there was an opportunity to reset the conversation and try something new," says Wotherspoon, the man behind the tweets. The ongoing Twitter campaign is notable because an established brand has embraced a sense of humour and a deep level of customer interaction. But there are still some creative rules to follow.

"We can't lie, or tell something that isn't true," says Wotherspoon. "Like medium cheddar. No, it cannot communicate with the other side, playing on the word 'medium.' It's not a lie, but maybe it's a bit more information than you

COLLECTOR BOOTH BY KARON LIU



“There’s a latent inherent love for this hyper-Canadian brand”

need.” The tweets, he adds, follow a strict format: “They’re always lower case and fewer than six words. It’s very simple.” Wotherspoon works with a small five-person team and he finds he’s always thinking about the @NoNameBrands account. “I must say, it’s interrupted my shopping trips because I can’t just go to the store without an ‘Oh, wait a minute’ moment,” he says. “The process is very organic.”

Social media is new territory for most grocery retailers. “It’s still relatively nascent,” says Weintraub. “The big battle that grocers are working through is, how do they become hyper-personalized and develop a one-to-one relationship with the shopper or consumer? They’re still very attached to the good old weekly flyer. We’re starting to see some budging from old-school paper marketing to a data and analytically informed digital marketing focus. That’s the trend.”

That one-to-one relationship has flourished with the No Name Twitter campaign. The company is taciturn about the results of the promotion, but the beauty of a social media campaign is that it provides head-on evidence of interaction: the @NoNameBrands Twitter handle has over 46,000 followers as of press time, more than double the Loblaws account.

“In no other platform have I seen such an incredible direct conversation with the customer,” says Wotherspoon. “We can hear what they think. We’ve had literally hundreds of people dressed up like No Name for Halloween and we

even supported them with a tweet by making a sticker they could print out and put on their shirt that says ‘costume.’” When the Canadian indie rock band Arkells interacted with @NoNameBrands on Twitter in September—the Twitter handle had taken it upon itself to live-tweet the Emmys—suddenly the band’s followers were talking about No Name. The following night, actor and comedian John Hodgman praised one of No Name’s Emmy-related tweets to his more than one million Twitter followers, unleashing more celebrity shine onto the brand.

Singer, the brand strategist, was impressed by how No Name approached Lido Pimienta, the Colombian-Canadian recording artist who won the Polaris Music Prize in 2017. Pimienta has not shied away from speaking about the sometimes negative experiences of being an immigrant and an artist of colour in Canada. On Twitter she was recounting how she did a fashion shoot for *Toronto Life* magazine at the No Frills located in the Dufferin Mall in Toronto’s west side. She called it “the happiest place on earth” and said she’d like to have a release party there for her new album. No Frills responded with, “Hi Lido! We may be able to help. Shoot us a DM [direct message] and we can chat.” For a brand, there’s a certain amount of risk associated with interacting with an artist who might not respond the way marketers would like. “I thought that was wonderful,” says Singer. “It’s really incredible and edgy but also true to their loyal customers.”

But customers are not entirely predictable. Weintraub points out that in the grocery business, the names of the

Watt this way



Canadian designer Don Watt established his first firm, Don Watt + Associates, in 1966. In the ensuing decades before his death in 2009, Watt was responsible for a host of instantly recognizable branding schemes. Here's a selection of his most iconic designs.

Home Depot

Watt worked with the founders of Home Depot to create the Atlanta-based hardware store's famous orange-and-white logo and store concept in 1978.



Walmart

The U.S. mega-retailer launched its premium private label, Sam's Choice, in 1991. Two years later, the store followed it up with the discount in-house brand Great Value.



Metro

When Metro Inc. acquired A&P Canada's stores in 2005, Watt was hired to design Metro's new stores as well as Quebec's Super C grocery chain. His firm also helped develop Metro's in-house brands, Irresistibles and Selection.



Loblaws

In 1973, Watt landed his first deal to overhaul the Loblaws grocery chain, which led to his work on the No Name brand later that decade. In 1986, he created the President's Choice brand.



Nestlé

With his design for Nescafé instant coffee in the 1960s, Watt was widely credited with being the first to use photo-symbolism on packaging.



A building on Toronto's Queen Street West

stores can blur together for patrons fixated on convenience and value. “To stay relevant, you have to be extremely customer-focused and know them,” he says. “Years ago in food retailing, we talked about picking your spot. On any end of the spectrum, grocers got stuck trying to be everything to everyone—what I used to lovingly refer to as being stuck in the mushy middle. You never want to be stuck in the mushy middle in any business.”

Singer, a No Frills customer himself, was a fan of Loblaw's “Hauler” campaign, a series of social media posts and TV commercials that showed a variety of No Name customers proudly “hauling” their purchases home. “If you look at some of the individuals in those original videos,” Singer says, “there were people of all different backgrounds, ages, shapes and sizes.” But the irony-soaked, deadpan side of the campaign gave him pause. “When I started seeing all the stuff at the subway station, I thought it was a bit of a turnoff. Where's the community in this? Is the value of No Name the fact that it's yellow, or is the value of the brand the humanity in it, the people who are making the decision to shop there?”

He points out that in the marketing world, the tremendous cost of station domination—i.e., taking over an entire subway station—is just about the biggest frill of them all. No Name, then, is walking an interesting line as it differentiates itself between the viral coolness of celebrity and localized individual encounters on social media, and being a brand that its customers hold close to their hearts—a brand that, as Wotherspoon put it, makes people feel like it “has their back.”

That's one multifaceted can of No Name beans. ♦

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The INFLUENCER

Jodi Kovitz has signed up for the hardest job in the tech industry: closing the gender gap

BY LAUREN MCKEON • PHOTOGRAPHS BY KATHERINE HOLLAND

IN 2017, Caitlin MacGregor was looking to grow her business. Plum, a Waterloo, Ont., company that uses AI and other tools to help firms with their hiring and retention strategies, was successful yet small. To propel it forward, MacGregor needed money, and lots of it. She set an audacious goal to raise \$5 million in one investment round. She knew the odds of a female CEO raising that amount were against her. She felt disconnected and unsure of how to network herself into the right rooms. Then she saw Jodi Kovitz work a stage.

Kovitz is the CEO and founder of Move the Dial, an organization that aims to increase the participation and leadership of women in tech. At Move the Dial's first event in Toronto, MacGregor watched Kovitz speak persuasively, passionately and enthusiastically. She seemed endlessly optimistic: If powerful people shared their Rolodexes to help women in technology, Kovitz promised, influence and success would blossom. The answer to diversifying the predominately white and male industry, she said, was to help woefully underrepresented demographics build connections and gain access—to both customers and funding. MacGregor approached Kovitz and described the challenge she faced in meeting her goals on her own. "This message you are telling people," she confessed, "I need to tap into that." Kovitz agreed to help.

MacGregor didn't know any Canadian women-led tech companies that had raised millions in one go. Many days, Kovitz's belief in her was the key factor that kept MacGregor going. As the number of rejections climbed to over 100, Kovitz was in the background championing her to her contacts. She invited MacGregor to speak at an event, introduced her to new investors and quietly persuaded others to give MacGregor a second chance. In September 2019, one of those investors led a successful funding round with a cool \$2 million.

Women face many barriers to success in STEM (science, technology, engineering and math) fields, including lack of funding for female founders. Research has shown that entrepreneurs who are women only receive about two per cent of all venture capital funding. One study showed that when women meet with potential investors, those guarding the cash often focus on risk management, retention plans and the strength of their teams, as opposed to women's own leadership. Men, on the other hand, are typically asked to talk about their hopes, dreams and growth plans. Women who run "hard" tech companies—which attempt to tackle big, world-changing problems by commercializing new technologies—receive even less of the funding pie, and women of colour receive less still. Having someone like Kovitz in your corner can mean the difference between your company succeeding or shuttering.



“It comes down to individuals making a choice to go out of their way to help other individuals,” Kovitz says. When explaining her mission, she often repeats her own origin story to highlight the life-changing actions of everyone who helped get her where she is. Kovitz calls this exchange “flowing power.”

“If you can’t see it, you can’t be it,” says Sabrina Fitzgerald, CPA and PwC Canada’s national tech sector leader and national managing partner for the Ottawa region. “If we’re inching our way forward, we’re at a disadvantage. We have to take leaps. That’s why it’s critical to have women in the tech sector and people like Jodi promoting it.”

Kovitz has always had a demonstrated knack for uniting people around a cause. An investment competition she created while she was in university helped inspire her brother, Michael Katchen, to found the fintech company Wealthsimple. “I’m a connector,” says Kovitz. “It’s in my bones. That’s one thing I see as my superpower.”

That superpower has propelled her social enterprise into the spotlight and convinced some of the biggest companies in Canada—including many that directly compete with each other, such as KPMG and PwC, or CIBC, TD and BMO—to pledge to “move the dial” on women in tech. What remains to be seen is how far one woman’s charisma can make it all budge.

In September 2019, I met Kovitz in her midtown Toronto office. She’d just returned from back-to-back Move the Dial events in London and Israel, and she’d caught a cold during her travels. Her blond hair piled in a messy bun, she sat, exhausted, sipping from a steaming mug. But I never got the sense that she wasn’t fully invested in our conversation. When Kovitz focuses on you, you feel doused with inspiration, caught up in her energy.

Kovitz often speaks about manifesting good things through belief and action, and her office is a testament to this philosophy. On her desk is a sign that reads “Oprah 2020,” but Kovitz isn’t urging the media mogul to run for office—the sign is a plea to the universe to get Oprah to headline the 2020 Move the Dial summit, a day of speakers, panels and networking. (There’s no word yet on whether Lady O will grace the stage this year.) On her wall is a framed picture of a night sky, the constellations that appeared over Toronto on the evening of the first summit. Her team gave it to her. The caption reads: “To our fearless leader, with love.”

Kovitz always expected her life would contain big things. One of the first people who inspired her was her grandmother, Muriel Kovitz, who in the 1970s became the first female chancellor of the University of Calgary and the first female director of Imperial Oil. In 1977, she was also appointed to

the Order of Canada. Kovitz remembers her grandmother taking her out for lunch when she was in Toronto for her Imperial board meetings. She’d always wear her Order of Canada pin and talk to Kovitz about politics and business. These outings normalized the idea that women could do big things—that they *did* do big things.

Those encounters also made Kovitz set an expectation for herself: she would do something big as well. After a six-year stint as a divorce lawyer and five years in business development, Kovitz began to feel like she was outgrowing her job. She became the CEO of a non-profit tech networking company called AceTech Ontario (now called Peerscale), work that brought her to an event, in Israel, where she met two female entrepreneurs who headed a successful tech fund. The women were planning a trip to the U.S. to raise money; Kovitz suggested she assist by holding an event. When they asked why, she told them she wanted to help “move the dial” for them—a phrase she’d never used before. But it resonated with her, and she kept on using it. She scheduled the event for January 16, 2017, in Toronto, and called it Move the Dial. She expected a few dozen people would attend. Around 1,000 people RSVPed. She found a bigger venue, and still turned people away at the door. She believes people came that night because something was in the air: It was five days before the Women’s March on Washington. Complacency was on its way out.

According to Move the Dial’s 2017 report, “Where’s the Dial Now?,” women comprise just 13 per cent of all tech executives. More than half of Canadian tech companies have no female executives, and only five per cent have a

female CEO (the number goes up to six per cent when taking into account male and female co-CEOs). Women make up five per cent of solo founders in tech, and eight per cent of the industry’s board members. Nearly three-quarters of boards have no women at all.

This is despite sustained public attention toward the lack of diversity in tech—and a vow from many companies to do better.

Public diversity reports from key Silicon Valley players, such as Facebook, Google and Twitter, show glacial movement. Sure, the issue is big and complicated: solving the problem is not just about hiring more women, but about changing company culture, increasing role-model visibility and shifting media representation. But it doesn’t help that horror stories of an exclusionary tech-bro culture abound.

In recent years, many women have spoken openly about sexual harassment and racism, about being overlooked for promotions and having their work consistently undermined. In December 2019, the Arizona Board of Regents paid US\$100,000 to settle a lawsuit brought by a University of Arizona chemistry professor who claimed she was paid less than her male counterparts—the second gender-

“If we’re inching our way forward, we’re at a disadvantage. We have to take leaps.”



From left: entrepreneurs Michele Romanow, Kovitz and Bea Arthur with a student, Wealthsimple's Leen Li and Toronto mayor John Tory at the 2018 Move the Dial summit

discrimination lawsuit that the university settled that year. A Los Angeles-based video game developer, Riot Games, settled a US\$10-million class-action lawsuit in 2019 over its alleged sexist culture; women at the company described a “men-first” workplace where they were routinely demeaned and passed over for promotions.

Bad experiences like these cause droves of women to leave STEM fields—even as the number of women entering STEM fields rises. According to Statistics Canada, in 2016 women made up 34 per cent of STEM grads, but just 23 per cent of science and technology workers. Only 66 per cent of women who entered university in 2010 to study STEM remained in such a program, as students or graduates, by 2015. Some studies estimate that by the time women make it to leadership levels, as few as 15 per cent who started in the field remain. These conditions are not lost on girls and young women. A recent Girl Guides of Canada report showed one-quarter of young people believed boys were better at both STEM and overall leadership—a factor that can stop girls from pursuing a career in tech.

Kovitz is determined to flip the script. She wants the dearth of women in tech to become urgent, un-ignorable—and inspiring. She wants companies to understand that

fixing their gender imbalance isn't only the right thing to do; it's also profitable. After all, it could be an answer to tech's other big problem: the talent gap. In 2019, more than 67 per cent of managers said they were experiencing a hiring crunch that's blocking innovation. This may in part be due to a rapidly shifting set of expectations for workers in a variety of fields, according to Jeanette Hill, a lead principal in member development and support at CPA Canada.

Hill and her team are in the research stage of developing an in-depth data and analysis management program for CPAs. “Our focus is on creating a data-literate profession that allows all accountants to support their career goals and maintain the relevance of the profession into the future,” she says. Hill adds that “we need to work on overcoming inherent biases.”

Kovitz herself admits how hard it can be to overcome bias—conscious or not—and build more diverse teams. When I spoke to her, she readily acknowledged her first hires were white women who looked just like her. It opened her eyes to how easy it is for unconscious bias to creep into hiring practices. She was mortified and hired a consultant to help her to draw attention to her blind spots.



Kovitz and members of the Move the Dial team at their Toronto office

PwC's Fitzgerald points out that the gender gap is particularly wide when it comes to funders and investors, a problem she sees as generational. "If you think of the investors that have funded tech companies over the last 10, 20 years, they're largely baby boomers," she says. "This demographic of investors is heavily skewed to men, and so right there you've already got a smaller pool of potential investors."

Meanwhile, decades of research shows that hiring more women leads to better problem-solving at companies and much higher profits. It's on this potential good-news story that Kovitz likes to focus. "I invite everybody in by having a very positive, optimistic attitude and perspective," she says. "Yes, there is a gender gap, but we have such a massive opportunity."

Kovitz isn't one to name and shame; she'd rather work with companies to build more equitable workplaces. This play-nice mindset has garnered Move the Dial more than 100 corporate sponsors and more than 30 industry and community partners. The organization advises these companies on everything from inclusion initiatives to mentorship programs to attracting and retaining female employees. Under Kovitz's direction, companies have funded a women's tech lounge at an event, created a leadership program and invested millions in female founders. As Kovitz attempts to build these acts into an unstoppable movement, she's adopted a mantra: *Go out of your way*, she tells people. Great things will happen.

Short-term success "is difficult to boil down to numbers," Kovitz says. "Yes, we want to increase the number of women CEOs in the tech sector and women tech founders receiving funding." But for those improvements to become consistent, she argues, the desire to advance women in tech needs to become part of the very DNA of the sector. "That's how we ensure that change doesn't just become a numbers game," she adds, but "rather it becomes a genuine shift."

It's this desire to do better—to engage with everyone from women of colour to powerful white men—that allows her message of equality in tech to resonate in a way that others' may not. "It's great to be in rooms with leaders from BMO, TD, RBC, CIBC and other companies focused on moving the dial for women in tech. We are competing to win in a completely different way that benefits society today and for future generations," says Claudette McGowan, chief information officer at BMO. "Jodi has been an amazing connector. It's less about where we all work and more about partnering for equity within our organizations and industries."

The only challenge Kovitz has, Caitlin MacGregor quips, is that she's one person. "Everybody would love to be seen by Jodi and acknowledged by her and be brought in personally," MacGregor says. "But *she* can't scale." If she succeeds in creating an army of people who want to enact change, she won't have to. ♦

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TRUE NORTH

Mining in the Arctic is tougher than almost anywhere else in the world. One CEO beat the odds by following a simple guiding principle: treat the land and its people with respect.

BY PETER SHAWN TAYLOR





Meadowbank, Agnico Eagle's open-pit gold mine near Baker Lake, Nunavut

“This is the first table I ever sat at when I came to work here,” says Sean Boyd, laying a hand on a modest, honey-coloured six-seater, the kind you might find in a grandparent’s dining room. When Boyd, a 61-year-old FCPA and long-time CEO of Agnico Eagle Mines Ltd., first arrived at the company as a young external auditor in 1983, the table was big enough to seat the firm’s entire head office staff. “This was their boardroom table back then, and I would lay out my binders on it.”

Boyd’s sentimental attachment to this piece of office furniture is noteworthy not for what it says about his taste in interior decoration, but for what it reveals about his corporate philosophy and, in particular, his relentless focus on long-term thinking. During Boyd’s 22 years as boss, Toronto-based Agnico Eagle has grown from an obscure one-mine operation to a global leader in both size and reputation. The company now has nine mines in Canada and elsewhere, more than 11,000 employees and contractors, and a market cap of roughly \$19 billion. It poured approximately 1.78 million ounces of gold last year and expects to hit two million ounces this year, making it the biggest gold producer in Canada and fourth largest in the world.

Perhaps even more remarkable, Agnico Eagle has become a global mining titan while commanding an enviable reputation for being a prudent and responsible operator with an outsized regard for the environment and its own social obligations. MSCI—a service that ranks firms’ commitment to environmental, social and governance (ESG) issues—gives Agnico Eagle an AA rating, the highest awarded in the precious metals sector, for its stellar performance on health and safety, labour relations and renewable resources. (Competitors Barrick Gold Corp. and Newmont Corp. have BBB and A ratings, respectively.) And in a recent *Globe and Mail* investment screen using information from the global financial markets data provider Refinitiv, Agnico Eagle was the only Canadian mining firm to rank in the top five worldwide for cutting back fresh water usage, a key environmental variable in the mining industry. “There are lots of mining companies in Canada that care about the environment and their communities,” says Brendan Marshall, vice-president of economic and northern affairs at the Mining Association of Canada. “But Agnico Eagle’s corporate philosophy is among the best of the best. If I lived beside a mine, they’re the ones I’d want to be running that mine.”

Boyd at Agnico Eagle's head office in downtown Toronto



“THE BIGGEST AND MOST EXCITING OPPORTUNITIES RIGHT NOW ARE IN THE CANADIAN NORTH”

Agnico Eagle earned its sterling reputation by prioritizing sustainability and long-term thinking decades before they became buzzwords. The company, Boyd points out proudly, hasn't changed its mission statement in 25 years. “Yes, you have to make money,” he declares firmly. “But our goal is not just to create long-term value for our shareholders. It's also to be a great place to work and to make a big contribution to the communities in which we operate. It's all about building trust.”

Now Boyd faces his biggest challenge yet: bringing Canada's remote northern territories into the 21st century with resource development done the Agnico Eagle way. Despite the many challenges of working up north—high costs and low temperatures among the most obvious—the firm has quickly become a leader in high Arctic mining. Its mines in Nunavut employ almost 2,400 workers and contractors, making it the biggest private-sector employer in the territory. This year, it expects to account for a stunning 25 per cent of Nunavut's

—
**AGNICO EAGLE
EMPLOYS ALMOST
2,400
WORKERS AND
CONTRACTORS
IN NUNAVUT**
—

total GDP. By developing northern mining in a responsible fashion, Boyd hopes to not only grow his own company, but also permanently alter the reputation of his entire industry. It's a big job. But like that old table, Boyd is in it for the long haul.

For anyone steeped in this country's political history, Boyd's grand northern strategy is not entirely novel. In 1958, John Diefenbaker electrified the nation with his “Northern Vision” that would deliver “a new soul for Canada.” He vowed to “develop Arctic routes to... those vast hidden resources” of Canada's North and create jobs by the hundreds of thousands. It proved a powerful message, as voters handed Diefenbaker the largest majority in Canadian electoral history. Unfortunately, that vision eventually faltered due to a lack of infrastructure and discouraging geological results. Six decades later, it's back. And this time it depends on a new vision of northern prosperity championed by Boyd.

In person, Boyd is as generous and approachable as Agnico Eagle has proven to be within the broader mining community. A Scarborough, Ont., native and graduate of the University of Toronto, he supported himself as a university student working as an armed guard for an armoured car company delivering cash and, presciently, gold.

Boyd was first exposed to the mining industry in 1981, when Clarkson Gordon sent the young auditor to work at Canadian mining giant Noranda. A fortuitous assignment to Agnico Eagle came two years later; within another two years, he was hired as the firm's comptroller, later rising to CFO. As Agnico Eagle was one of the first Canadian public companies to be listed on Nasdaq, Boyd found himself thrown into a myriad of different tasks, such as fulfilling U.S. filing requirements, meeting with research analysts and bankers, and dealing with mergers and acquisitions. “I wouldn't have gotten that experience anywhere else,” he says. In 1998, despite having no background in geology, he became CEO. Boyd touts the respectful corporate culture established by his predecessor, former CEO Paul Penna, as a major factor in his longevity, as well as that of his staff. “We don't have a lot of turnover. People tend to spend their entire careers here because it is a great place to work.”

Boyd considers his accounting background to be a crucial factor in Agnico Eagle's long-term success. “We have a lot of CPAs here, and that's a good thing,” he says. “Generally, accountants are a conservative bunch. So I say ‘no’ a lot.” This steely resolve has allowed Agnico Eagle to weather the booms and busts that make the gold sector such an unpredictable, personality-driven business. The firm distinguishes itself by aiming for boring, year-over-year stability—it does not sell its gold on the forward market, has resisted entering risky locales and aims for consistent

financial performance in exploration and capital expenditures. “This is a cyclical business with a lot of volatility,” says Boyd. “You need to be able to step back and think strategically in a disciplined and long-term way.”

Boyd’s unwavering dedication to long-term thinking is on full display with Agnico Eagle’s 2014 decision to buy half of the prodigious Canadian Malartic gold mine in northern Quebec from Osisko Mining Corp. The Malartic mine produces more gold than any other in Canada, with annual production estimated to be 700,000 ounces for 2020. (Yamana Gold, the mine’s other half-owner, accounts for 50 per cent of that volume.) It’s also one of the world’s most unusual mines, with the town of Malartic perched nearly on top of it. Such close proximity between residents and ore created plenty of friction with the previous owner.

“This is the largest open-pit gold mine in Canada and the closest house is less than 200 metres from the pit edge,” says Ugo Lapointe, national program coordinator for the non-profit watchdog MiningWatch Canada. “The dust, noise and blast tremors experienced by residents represented a huge challenge.” During Osisko’s ownership, Lapointe notes, dust and noise violations numbered in the thousands; in 2016, MiningWatch Canada supported Malartic locals who launched a class action lawsuit against the mine.

**AGNICO EAGLE
HAS BUILT
MORE THAN
200
KILOMETRES
OF ROAD IN
NUNAVUT
SINCE 2008**

Having inherited another firm’s problems, Boyd immediately set about fixing the underlying issues. “We took the Agnico Eagle approach of being open and transparent,” he explains. “So first we needed to eliminate the infractions.” His firm put in place new protocols to keep the noise and dust down. Then came lengthy negotiations over fair compensation for those past problems. A deal was reached late last year, and the lawsuit was abandoned; together, Agnico Eagle and Yamana Gold paid an undisclosed settlement amount, plus an additional \$10.9 million to local residents.

“Agnico Eagle is one of the best companies in terms of environmental and social performance,” says Lapointe. “Compared with Osisko, Agnico Eagle is like night and day.” Given MiningWatch’s pointed critiques of many other companies, this is high praise. In fact, Lapointe goes out of his way to note that when he attends environmental conferences or roundtables, he almost always runs into Agnico Eagle representatives. “They definitely push their staff to be on top of best practices, as compared to other companies, and even some government regulators, who don’t show up as often.”

Of course, a mining company’s reputation rests not just on the mines it currently operates, but also on what happens after it leaves. Agnico Eagle incorporates full environmental remediation expenses as part of its all-in gold cost; it spent

Inside Meliadine, an Agnico Eagle mine near Rankin Inlet



US\$14 million on reclamation in 2018 and lists future liabilities of US\$386 million (projected out to 2067) on its books. Additionally, the firm still operates in Cobalt, Ont.—the site of its first mining operation back when it was focused on silver (element symbol Ag) and nickel (Ni) rather than gold—despite the fact that Agnico Eagle shut that mine over 30 years ago. “We’re still there,” says Boyd, “and we’re still spending money on reclamation of land where we haven’t poured an ounce of silver since 1988.” Five years ago, Agnico Eagle gave Cobalt a gift of \$1 million to refurbish its theatre, library and museums in recognition of its historic ties to the company. “We could have left a long time ago, but we haven’t.”

Boyd likes to say that mining is a tough business. And mining in Canada’s North is tougher than almost any other place on Earth, thanks to -45°C temperatures (before wind chill), lack of infrastructure and sky-high transportation expenses. According to the Mining Association of Canada, the cost of doing business in the North is between two and two and half times higher than in southern climes—a major obstacle to opening up the North to future development.

High costs are a barrier, but not an insurmountable one. In 2010, Agnico Eagle opened the Meadowbank gold mine near Baker Lake, which has since poured more than three million ounces. Last year, Amaruq, a satellite operation about 60 kilometres away, and Meliadine, an underground mine near Rankin Inlet on Hudson Bay, also became active. In the last two and a half years, Agnico Eagle has spent US\$1.2 billion building the Amaruq and Meliadine mines and the infrastructure required to access them, including port improvements and, since 2008, more than 200 kilometres of roads—making the firm the biggest road builder in the territory.

While Boyd is prepared to accept high costs and hard work if the payoff is there, the one factor he has studiously avoided throughout his career is political risk. While other gold miners set up shop in dangerous or hostile locales such as West Africa or the Pacific, Agnico Eagle’s mine sites in Canada, Mexico and Finland have been carefully chosen for their guarantee of legislative support and popular acceptance. “We only want to go where we’re wanted,” Boyd explains. “The geological opportunity is what attracted us to Nunavut, but it was the warm reception that convinced us to stay.” When Nunavut was created in 1999, 18 per cent of the territory was set aside for Inuit ownership—land that was specially selected for its geological potential. This, as Boyd repeatedly points out, means the Indigenous people of Nunavut are direct and willing participants in resource development on their land. And they’re keen to have Agnico Eagle as partner.



Scenes from the opening of Agnico Eagle’s Meliadine mine

AGNICO EAGLE
EXPECTS TO
ACCOUNT FOR
25%
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TOTAL GDP
IN 2020

“Mining is extremely important to Nunavut,” says Jimi Onalik, associate deputy minister of economic development and transportation in the territorial government. “Mining represents one of the few opportunities people have for employment, so this is really exciting for us.” Bringing well-paying mining jobs to Nunavut along with the infrastructure and education those jobs require is seen as the best way for its people to become full participants in the modern Canadian economy.

Nearly a quarter of the jobs at Agnico Eagle’s mines in the territory are staffed by Nunavummiut workers, most of whom started at entry-level positions. To boost Inuit prospects for advancement, Agnico Eagle runs several education programs, including a pre-employment readiness program for first-time workers, as well as a career path program for its own adult employees seeking promotion; both were recently acknowledged by the Conference Board of Canada as industry-leading best practices. The firm also conducts week-long workshops in local high schools, raising awareness of career opportunities in skilled trades such as welding, carpentry and mechanics. In addition, Boyd has pledged an unprecedented \$5 million toward the creation of an Arctic university in Iqaluit, even though, as Onalik notes, such a thing is unlikely to have any immediate impact on the firm’s labour needs. “More than any company I can imagine,



“THE GEOLOGICAL OPPORTUNITY IS WHAT ATTRACTED US TO NUNAVUT, BUT THE WARM RECEPTION IS WHAT CONVINCED US TO STAY”

they are investing in basic education,” says Onalik. “It is really obvious with Agnico Eagle that they view their presence in Nunavut as long-term—they talk about 10- to 15-year training plans, and that’s very different from past experiences that Nunavut has had with other mining companies.”

But Boyd is counting on Ottawa to do what Agnico Eagle can’t. While he has no beef with a carbon tax, he points out there’s no alternative to diesel-generated power in the already-pricey North. Instead, Boyd is pushing the federal government to come up with innovative energy solutions for the Arctic, such as wind farms in Nunavut and a hydro corridor from Churchill, Man. They’re the sort of frontier-opening projects that Diefenbaker—or railway builder Sir John A. Macdonald before him—would have backed. Boyd has also called on Ottawa to tackle other major social policy challenges in Nunavut, such as access to housing, medical care and nutritious food. He may be the biggest employer in the region, but, he says, “We can’t do everything.”

As for Agnico Eagle’s dominant presence in the territorial economy, Onalik seems unconcerned. “Another company might try to use that sort of influence to force things through,” he says. “But Agnico is not abusing that influence. We have faith that they will make their best efforts to include local people as much as possible and to minimize the environmental impacts. We’re extremely lucky to have such a willing and receptive partner.”

Despite Agnico Eagle’s pristine corporate standing, Boyd is the first to admit that mining has a PR problem. Many people consider “sustainable mining” an oxymoron—the entire industry, after all, depends on taking things out of the ground and not replacing them. “Our industry tends to be back on its heels because a lot of negative stories come out about mining,” he says. “We as an industry aren’t doing a good job talking about all the benefits of resource development.”

The mere presence of former Canadian mining heavyweights such as Alcan, Noranda and Falconbridge used to provide incontrovertible evidence of the sector’s importance to economic growth and rising living standards. In their absence, Boyd is now stepping into that leadership vacuum. He can reel off a long list of contributions that Agnico Eagle has made in Canada and around the world creating jobs, paying taxes and building infrastructure. “After 35 years at Agnico Eagle, what really sticks with me are the benefits that come to communities when we open up new mines,” he says. The company launched a social media campaign called #WeMakeMiningWork, part of Boyd’s strategy to communicate these benefits directly to the public. And with an eye to policy-makers, Boyd delivered a major speech this past November to the Canadian Club, calling for a national commitment to open the Arctic to resource development. “There is an obligation for us to make the case that resource development should play an important part of this country’s future,” he says. “And the biggest and most exciting opportunities right now are in the Canadian North.”

Still, Boyd knows that the best way to bolster the mining industry’s reputation isn’t by talking about it himself; it’s by doing business the Agnico Eagle way and letting others—industry representatives, government partners, Indigenous people and even vocal mining critics—do the talking for him. By building large, complicated resource development projects in ways that satisfy its obligations to the environment, local communities and Indigenous people, Agnico Eagle is proving that “sustainable mining” is indeed possible. “We’ve got the winning strategy,” he says. He’s also got a very old table. Expect both to be around for a long time to come. ♦



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OFFICE SPACE

TEAR DOWN THIS WALL

A Winnipeg architecture firm's makeover features open spaces that foster collaboration
BY BRYAN BORZYKOWSKI

For the last several years, Winnipeg's Number Ten Architectural Group has been telling clients that open spaces, natural lighting and collaborative workplaces are in vogue. But, up until a year ago, the company wasn't practising what it preaches.



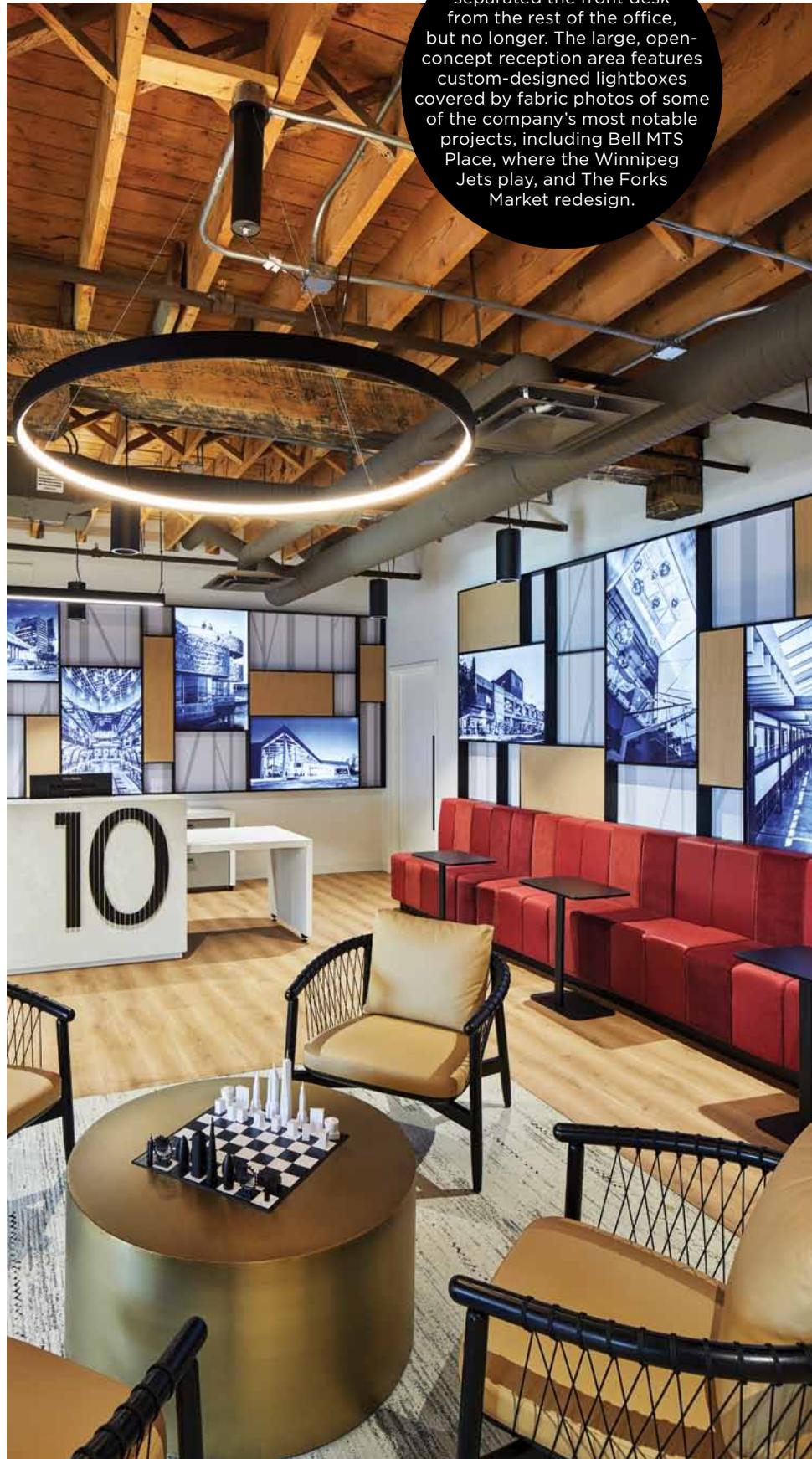
LAST OUT

Number Ten's office is located in the city's Exchange District—a National Historic Site built between 1880 and 1913—and it hadn't had a significant renovation since the 65-year-old company moved into the space in 1982. It had bland cubicles and glassed-in offices for its partners, while architects were separated from each other by a wall, making collaboration difficult.

In 2017, the company decided that a makeover was due. "We were fighting against the layout," says Greg Hasiuk, a partner and practice leader at the firm. They had recently hired Genevieve Bergman, an interior designer who worked at global architecture firm Gensler, to oversee the office redesign—a lot of pressure given she'd just joined the company a few months earlier. But when Bergman and her small team asked the rest of the 65-person staff what they wanted, everyone was on the same page. "They wanted more light and more collaboration space," says Bergman. She also asked them to bring in pictures of their "happy place" for inspiration. One staffer brought in a picture of a bathroom. (And they did end up redoing the bathrooms.)

After about a year of planning and six and a half months of construction, during which they had to move into a cramped, temporary space that they dubbed Camp 10, their newer, brighter and more open-concept office opened. Now, employees have more workspace options, including 10 closed meeting rooms, up from four in the previous space. Bergman also created three new open meeting areas out of the glass and large rough-cut cedar trim that made up five closed-door offices in the old space.

Almost immediately after the company moved in, collaboration increased, while staff felt more energized and excited to come to work, says Hasiuk. The reno is the biggest investment the company has made in itself, costing about \$1.8 million, not including relocation fees, but it was worth it. "It pays off through better engagement, better retention, and it's a marketing tool," he says. "We can finally show off our space to our clients." ♦



A brick wall once separated the front desk from the rest of the office, but no longer. The large, open-concept reception area features custom-designed lightboxes covered by fabric photos of some of the company's most notable projects, including Bell MTS Place, where the Winnipeg Jets play, and The Forks Market redesign.



While the firm has 10,000 square feet of space on the main floor, there's another 2,000-square-foot office area on the upper level where the company's accountants sit, including Michael McPherson, CPA and director of finance. The floor also acts as a library and "maker space," where teams can spread out blueprints and other designs.



Michael McPherson, CPA and director of finance



The workplace café's large windows give people a good look at the Exchange District's historic views. The custom-made "Create Your Life's Work" art piece speaks to the idea that work should be more than just a job.

BOOK VALUE

THE FUTURE IS NOW

By soliciting the services (and imaginations) of sci-fi writers, businesses are finding novel ways to keep pace with innovation **BY KATIE UNDERWOOD**

If you want to peer into the future, put down the Magic 8 Ball and pick up a work of science fiction. Thanks to the uncanny prophetic ability of their authors, classic sci-fi tomes have long predicted the ubiquity of everything from cellphones (*Star Trek*) to earbuds (*Fahrenheit 451*) to antidepressants (*Brave New World*). It's no surprise, then, that businesses and other major governing bodies—which rely on forecasting and trend analysis to not only stay afloat, but ahead of the curve—have turned to the sci-fi world for answers. In 2015, Microsoft commissioned and published an anthology of sci-fi stories on topics ranging from quantum computing to machine learning. Jeff Bezos, who made a cameo in *Star Trek Beyond*, lifted the concept of the Amazon Kindle almost note for note from Neal Stephenson's 1995 novel *The Diamond Age*.

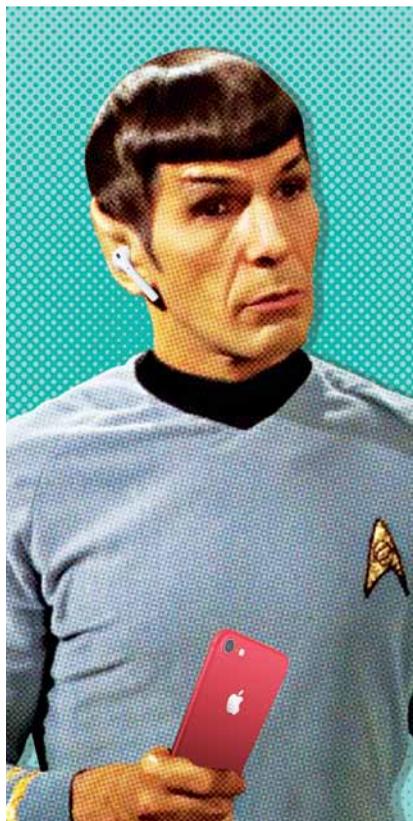
"Sci-fi prototyping" has become big business. In recent years, major multinational companies like Nike, Google, Apple, Ford and Visa, and governmental bodies like NATO and the French army, have all enlisted the services of sci-fi writers, commissioning conceptual futuristic narratives to help them imagine the worlds in which their products, services and strategies might very soon exist.

In fact, entire businesses have been built around the usefulness of what technologist Julian Blecker dubbed "design fiction" in 2009. Take SciFutures, a Los Angeles-based operation founded by Fortune 500 consultant and self-described sci-fi nerd Ari Popper. For a negotiable fee, Popper's team passes on client concerns (e.g., the future of payments for Visa) to a team of sci-fi writers, who churn out helpful, future-minded narratives, ultimately delivering insights to the client from several stories. For an extra fee, SciFutures

can also produce videos, graphic novels and even physical or "experiential" environments. (For Visa, SciFutures built a "living room of the future" to demonstrate how customers could make payments from the comfort of their homes using only their voices.)

"Ultimately, we're not trying to predict the future," says Popper, who came up with the idea for SciFutures in a creative writing class at UCLA. "Most businesses are working on a linear scale, innovating incrementally. Storytelling allows us to speculate where the world could be in five to 10 years to ensure the futures we build will bring new advantages to our

"SCI-FI IS LIKE YOGA FOR THE BRAIN. IT ASKS YOU TO CONSIDER HOW THE WORLD MIGHT BE DIFFERENT."



clients. We look at how technologies could intersect, as well as consumer behaviour. To put it in Canadian terms," he adds, "we're helping them skate to where the hockey puck is going to be, not where the puck is today."

Eliot Peper is one such skating coach. Peper is an Oakland-based author of eight sci-fi novels—including the *Uncommon* series, which centres on a tech start-up hell-bent on dismantling an international financial conspiracy. He has independently consulted and produced stories for several Fortune 100 firms and given talks at Google and Qualcomm.

Peper started in venture capital and worked for a number of tech start-ups, "which was helpful in getting me to wrap my head around why a management team would ever [hire sci-fi writers]," he says. For starters, says Peper, contemporary times are "terrifying." While the history of civilization

has always seen a steady trickle of innovation, from the cotton gin to the internal combustion engine, disruptive technologies have come at a breakneck pace in the last century. "If you're in charge of a large organization, that's an incredible challenge, which explains the ambient anxiety I see among upper management," he says. "By presenting a world different from the one we live in, sci-fi is like yoga for the brain. It asks you to consider how the world might be different, which is a huge competitive advantage. It's a hedge." Madeline Ashby, a futurist and sci-fi writer based in Toronto, agrees: "We can surface tensions and ideas and problems that maybe the institutional culture doesn't want to talk about."

Peper points to another reason why firms may seek the input of fiction writers. He cautions that just because CEOs have access to more data than ever doesn't mean all this information will necessarily be useful to an organization of the future. "If you look at a



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McKinsey or UN trend report or any highly corporate white papers that talk about what to expect in 2050, they're just extrapolating from the status quo," says Peper. "The firehose of data that management teams now have at their disposal can provide a lot of insight, but it doesn't tell you how and when the world is going to change."

Whether a company is Nike-sized or a more humble operation, Peper insists that even the most innovative firms are much better off relying on the time-honoured custom of storytelling rather than impersonal data banks or trend pieces. "Sci-fi doesn't just explain how our systems and institutions might change—it forces us to imagine the depth and richness of what these futures might feel like to people, and how it will impact their behaviour, which is ultimately all that matters to businesses," he says. Or as Ashby puts it, "It digs into the human." ♦

EXTRAORDINARY ITEM

PUFF PIECE

Down-filled jackets are getting a warm, fuzzy, flower-filled makeover **BY MATTHEW HAGUE**

Puffy bombers and parkas may have all the benign contours of a marshmallow, but their stuffing—typically sourced from feathers ripped from captive ducks and geese, or from petroleum-based synthetic fills that take centuries to biodegrade—has a harsh environmental impact.

To appease eco-lovers in cold climates, American fashion brand Pangaia has developed a green, cruelty-free substitute called Flwrdrwn. Each of its jackets is filled with approximately one pound of dried biodegradable wildflowers preserved in a polymer shell and held together using aerogel, a flexible, non-toxic webbing. The product took Amanda Parkes, Pangaia's chief innovation officer, 10 years to engineer. It embodies her brand's philosophy of



"high-tech naturalism," she says, "where the future of creating a sustainable fashion industry involves using existing natural materials, like agricultural waste, augmented by scientific and technology processes."

The jacket arrives at a time when corporate investment in sustainable initiatives is flat-lining, according to a 2019 Pulse of the Fashion Industry update. "The reality is that higher-quality materials, more eco-friendly packaging and socially responsible manufacturing all typically have higher price tags," says Selina Ho, founder and CEO of Recloseted, a Vancouver-based fashion consultancy. Although 75 per cent of shoppers say sustainability is very or extremely important to them, "most consumers still aren't willing to pay for it, which can disincentivize businesses," says Marilyn McNeil-Morin, director of the Fashion Exchange at George Brown College in Toronto.

Here, Pangaia has a critical advantage. The initial Flwrdrwn jackets are priced

between US\$550 and \$750. That's expensive compared to low-cost options from fast-fashion retailers but in line with offerings from luxury brands like Canada Goose, Moose Knuckles or Moncler. Pricing its jackets competitively in that tier—along with celebrity buzz generated by Jaden Smith and Pharrell Williams, who showed support—helped the initial run of coats nearly sell out within a week of launching in December 2019.

Now Pangaia has bigger plans. "We want to bring an entirely new material library into commercial reality," says Parkes, who hopes to license the technology to other companies to pivot the industry away from its traditional sources of down. Becoming an industry supplier, however, could be difficult. "To enact change, established companies have to go through approval processes, policy reviews, legal vetting, profitability analysis, and so on," says Ho. "That takes time, and sustainable fashion is still in the relatively early days." ♦

PHOTOGRAPH BY GETTY/ALAMY

INVENTORY

'GRAM REAPERS

Under siege from e-commerce, retailers are turning their shopping spaces into Instagrammable selfie sets in the hopes of getting visitors through the door—and to the cash register **BY MATTHEW HAGUE**

In the *Horton Hears a Who* room, at the recently opened Dr. Seuss Experience in Mississauga, Ont., thousands of bright pink, oversized plastic clovers sprout up from the floor. Much like in the children's book, one petal on one blossom contains a miniscule cluster of mythical Whos, all crying out for attention. As stroller-pushing parents and their children make their way through the flowers, they hush to find the source of the noise. Once located, they invariably pose for selfies with the Whos in front of the botanical backdrop, then move on to other rooms that bring the stories of Dr. Seuss to life, including a space filled with Sneetches and another with balloons.

Along the way, the organizers—Oxford Properties, a Canadian real estate investment firm, and Kilburn Live, a California entertainment company—hope families post lots and lots of photos on Instagram. The more social media activity, the more people are likely to come and buy a \$29 admission ticket. That's what's in it for Kilburn. But the stakes are higher for Oxford Properties, which manages Square One, the shopping centre where the 36,000-square-foot Dr. Seuss Experience is located.

The Seuss setup forms a critical piece of the mall owner's long-term strategy to bolster foot traffic and sales by providing unique, social media-worthy events, not just shopping. "Thirty years ago, even five years ago, a shopping mall wouldn't have been this focused on experience," says Greg Taylor, Square One's director and general manager. "The pace with which retail is changing is pushing us to appeal to people in different ways, offering a more rounded experience that also includes entertainment."

Although Square One draws more than 24 million shoppers per year and

generates \$1,087 in revenue per square foot—it's one of only two malls in Canada that tops \$2 billion in revenue per year, the other being Toronto's Yorkdale Shopping Centre—the future of traditional retail looks bleak. Over the past five years, sales in Canadian malls have flatlined: Between 2014 and 2015, average sales per square foot grew by nearly eight per cent, from \$689 to \$743; by 2017-2018, growth was down to 1.3 per cent. As consumers continue to gravitate online, the list of bricks-and-mortar shops filing for bankruptcy keeps getting longer—Mexx, Forever 21, American Apparel, Payless. While only seven per cent of shopping was done over the internet in 2017 and 9.5 per cent in 2019, that number is expected to reach 20 per cent by 2025. To put Square One's success in perspective, consider that its revenues grew 2.14 per cent

between 2017 and 2018, roughly in line with inflation. Over the same period, Amazon's revenues grew more than 30 per cent.

Many have pegged online shopping as the death knell of malls, but another digital tool—social media—is providing physical retailers with a way to fight back. Instagram-optimized pop-ups like the Dr. Seuss Experience have been drawing huge crowds across North America over the past few years. New York City's Museum of Ice Cream earned visits from Beyoncé and Kim Kardashian and more than US\$20 million in admissions revenues between 2016 and 2018 as guests paid US\$38 each to pose in front of sherbet-hued displays. Before launching in Toronto last year, the Happy Place toured Los Angeles and Chicago, where it drew more than 200,000 people.

Pushing off against the success of those standalone pop-ups, retailers are finding ways to leverage Instagrammers' pursuit of novel selfies. Last year, American Eagle incentivized customers to take a photo of themselves in changing room mirrors by promising to use the most model-like poses in an ad campaign. Likewise, Cadillac Fairview created custom photo filters

PHOTOGRAPH COURTESY OF @SHOP SQUARE ONE/INSTAGRAM



The Dr. Seuss Experience at Square One mall in Mississauga, Ont.

to entice people to come to the 2018 tree lighting at Toronto's Eaton Centre.

Those campaigns, it seems, are worth the effort. According to Hootsuite, a social media management company, 60 per cent of Instagram users use the app to seek out new products. That's why retailers readily



The balloon room at the Dr. Seuss Experience

like Story pop-up at the Manhattan flagship in 2019. The colour-coded gallery was a photo draw, but in-store sales—and the company's stock valuation—still slid over the next six months. “The risk with creating something just for Instagram is that people will simply come, take their picture and leave,” says David Ian Gray, the Vancouver-based founder and strategist at DIG360, a national retail advisory firm. “The key is to reach the customers who genuinely want your products—people who will stay, shop and buy. It's important to tailor the Instagram activation to the specific interests and desires of that audience and to the audience they are sharing the images with.” To put it simply, it makes sense to hang an impressive knit tapestry on a wall in a knitting store, less so in a vape shop or cheese boutique.

Like the Story pop-up, the Dr. Seuss Experience has drawn traffic. Weeks before opening, the first few days sold out in spite of the price tag. “The Dr. Seuss Experience at Square One is very clever,” says David Soberman, Canadian national chair in strategic marketing at the Rotman School of Management. “It mainly appeals to young kids. Children aren't necessarily on social media, but their 20- and 30-something parents are all over Instagram and want to take pictures of their little ones doing fun activities.”

“CHILDREN AREN'T NECESSARILY ON SOCIAL MEDIA, BUT THEIR PARENTS ARE ALL OVER INSTAGRAM”

shell out for sculptural, over-the-top installations that bring people in to take lots of photos. At many Sugarfina stores, the California-based candy shop devotes one wall to an intricate installation of hand-cut paper flowers. Twenty per cent of in-store Instagram photos feature the wall, which has Sugarfina's name emblazoned in the middle, and often a carefully placed display of sweets to one side.

Still, investing in elaborate selfie sets comes with risks. The once iconic, now struggling Macy's launched a Seuss-

Furthermore, 20- and 30-somethings are among the hardest demographic to get into a shopping mall these days. Almost half still like to touch and feel products before purchase, but many value the convenience of e-tailers more. Not only is the Instagram event enticing them away from Amazon for an afternoon, it gives them easy access to more than 360 stores where they can see, touch and try out potential purchases—then 'gram themselves doing it. At least, that is, until their phone batteries run out. ♦

PIVOT RECOMMENDS

Off the clock

BY LARA ZARUM

Read

If you've ever stood in line at Starbucks and wondered just how the magical elixir that is coffee came to dominate the world, you need **Coffeeland: One Man's Dark Empire and the Making of Our Favorite Drug**. Expected this spring, the debut book by Harvard-educated historian Augustine Sedgewick—a former adjunct professor at the University of Toronto—traces coffee's 500-year evolution from a Muslim ritual to a global daily habit.

Listen

Reset, a podcast hosted by Montreal-born science journalist Arielle Duhaime-Ross, has a simple premise: that every story is a tech story. Since its premiere in the fall of 2019, it's tackled a variety of seemingly disparate subjects: algorithms that grade student essays, facial recognition technology, California wildfires and the perils of posting too many baby pics on social media. Catch new episodes every Tuesday, Thursday and Sunday.



Watch

This legal thriller, a spinoff of the late, great drama *The Good Wife*, is the best show no one is watching. Available through CBS's streaming app, CBS All Access, **The Good Fight** centres on Diane Lockhart (Christine Baranski), a lawyer at a high-profile firm in Chicago who, along with her fellow partners, navigates a complex tangle of political and strategic concerns. They face a persistent struggle: how to maintain order when chaos reigns. The fourth season premieres this spring.

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CURTAIN CALL

Bernard Stotland, an 83-year-old FCPA and former president of the Jewish General Hospital in Montreal, is chairman of the board of directors at the Opéra de Montréal **BY MEGAN JONES**

I graduated from McGill in 1957 and worked for the Montreal firm Richter, Usher and Vineberg. **My business partner and I later struck out on our own and started Wasserman Stotland + Co.**

In 1983, my wife and I visited Lake George, N.Y. There was a big sign: “*La Bohème* in English.” I didn’t know what that was, but my wife did. **So we went to the opera. I fell in love.** We got season’s tickets to the New York Metropolitan Opera. In all, I’ve seen more than 60 operas.

Opera music is haunting. It goes right through your body. I couldn’t wait to explore more, so I enrolled in opera appreciation courses at McGill, learning all about its history and greats like Verdi and Puccini.

Around 2002, my family and the Royal Bank of Canada began financing a program that allows 2,500 children to attend Opéra de Montréal dress rehearsals for free. **We want to create some interest when kids are at formative ages.**

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