

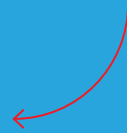
PIVOT



JULY/AUGUST 2019

Dentons Canada CEO
Beth Wilson

The world's biggest
law firm wanted
to get ahead—so
they called a CPA



FUTURE FORWARD

+ HOW A CPA BECAME THE KING OF FOOD COURTS / FINANCE GOES GREEN / CANADA'S DIRTY MONEY PROBLEM



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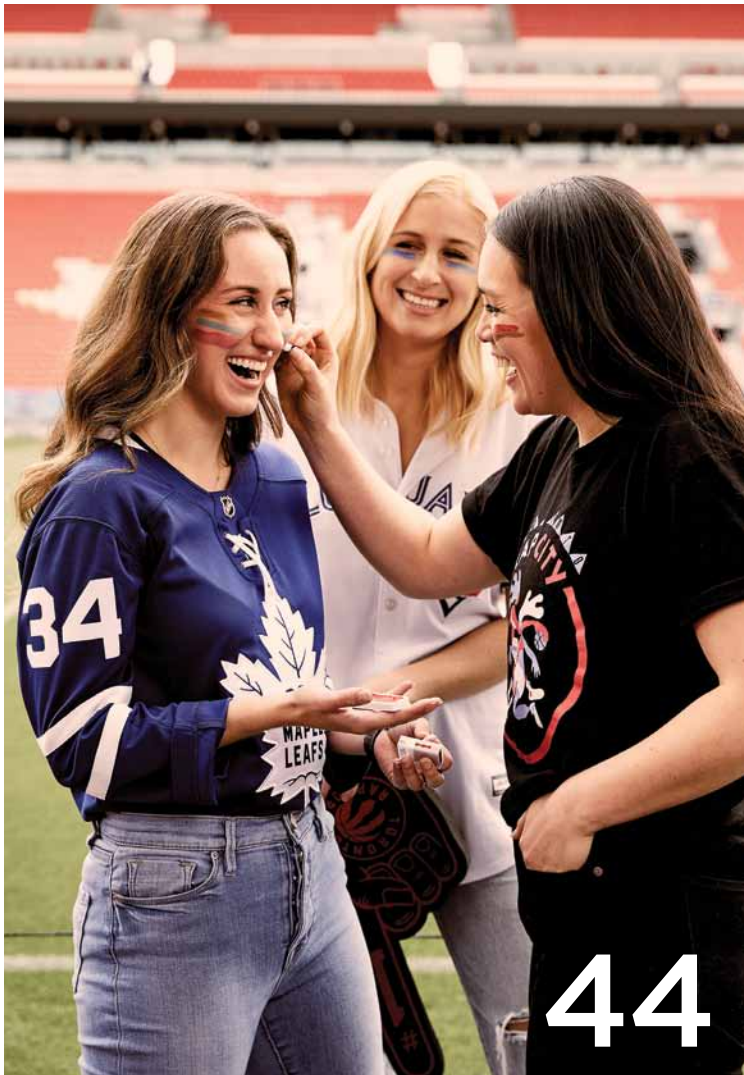
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Dentons Canada
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PHOTOGRAPH BY KATHERINE HOLLAND; HAIR AND MAKE UP: CLAUDINE BALTARZ/PLUTINO GROUP; COVER: HAIR AND MAKEUP BY NEIL SILVERMAN

INNOVATE OR DIE

The case for a forward-looking profession **BY JOY THOMAS**



What's the difference between innovation and technology? Some days these words seem to be used interchangeably, but of course they are very different concepts. Innovation is about much more than hardware and software. Rather, it's about bringing fresh, novel and even revolutionary concepts to life in order to transform organizations and create sustainable value.

Innovation, moreover, doesn't necessarily mean deploying big ideas and sweeping changes. In many successful companies, innovation describes a culture of agility in which employees constantly seek out better, often incremental ways of continually improving processes and systems. With today's ever-evolving business climate, the old adage "innovate or die" has never been more relevant.

CPAs, in both public practice and corporate settings, offer a unique perspective on innovation as a response to

technological, societal, geopolitical or environmental change. In recent years, new technologies such as artificial intelligence and blockchain have begun to transform the accounting profession. By keeping up with the pace of change, CPAs are learning to use their skill sets to identify not just the risks but also the opportunities generated by the disruption sweeping across the world.

The imperative to innovate is also a theme of Foresight, CPA Canada's project to reimagine the future of the profession. The process, now entering its second phase, is examining how CPAs will need to pivot to new ways of doing things, including measuring value beyond financials to capture societal expectations; harnessing the power of vast quantities of data to make decisions; establishing new models of governance and standards; and continuously equipping CPAs with both core and enabling skills. The Foresight process is inspiring the profession to innovate at every turn—to shift away from relying on hindsight and instead become permanently proactive and forward-looking.

A case in point: FCPA Beth Wilson, a long-time senior partner at KMPG who, in 2017, took the helm of Dentons Canada. Her appointment turned heads: never before has a CPA—or any non-lawyer, for that matter—headed a major

The public sector is also fostering innovation. About a decade ago, the town of Innisfil, Ont., was in danger of being swallowed by surrounding municipalities. Instead of implementing the usual economic development incentives—reduced property taxes, breaks on fees, etc.—the town decided to make innovation its point of differentiation, beginning with a headline-generating public transit partnership with Uber, which provides residents with subsidized rides instead of traditional bus fleets. The idea has proven to be a big hit. The people of Innisfil had to choose: innovate or die. They chose to innovate, and they're all the better for it.

I'm also delighted to announce that in its first year of publication, *Pivot* was recently named Best Magazine by the inaugural National Magazine Awards: B2B, an annual program that recognizes excellence in Canadian business-to-business publishing. The magazine won a total of six gold awards—more than any other magazine—including Best Profile of a Company (our inaugural cover story, "Boy wonder," about Wealthsimple founder Michael Katchen's quest to disrupt the big banks); Best Profile of a Person ("The decider," Luc Rinaldi's feature about former OMERS Ventures CEO John Ruffolo); Best Illustration

THE PROFESSION NEEDS TO INNOVATE AT EVERY TURN—TO SHIFT AWAY FROM HINDSIGHT AND INSTEAD BECOME PERMANENTLY PROACTIVE

Canadian law firm. Dentons' decision to hire Wilson attests not only to her track record as a leader, but also to her capacity to drive the organizational innovation required to stay relevant in a rapidly changing world. Nearly two years into her tenure, much has changed. The firm is now hiring lawyers who know how to code and advising clients on how to harness Big Data. "We'll see technology experts and coders working side by side with lawyers," Wilson told *Pivot*.

(Matthew Billington's art for "The loyalty dilemma," about how shoppers are trading their personal data for discounts); Best Photograph (Guillaume Simoneau's portrait of Navdeep Bains for "The minister of everything"); and Best Art Direction (Adam Cholewa, for "The future of audit" issue). *Pivot's* predecessor, *CPA Magazine*, also won silver in the Best How-To Article category ("Battling investment bias," by Tamar Satov). Congratulations to all the winners. ♦

PIVOT

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These are the kinds of articles I like to see @CPACanada. It's time to prep for the future of the profession.
—@RyanLazanis

Reality check

Pivot is one of the best resources I read every two months. However, in regards to “If I had a (1/4) million dollars” (May/June 2019), there’s more to be said about what it takes for an individual to be at financial ease. Let’s get real: every necessity (groceries, housing, etc.) is getting more expensive, inflation rates beat any salary raise one may get and not many individuals make \$5,000 per month. Savings don’t come that easy, especially in a country where tax rates take away a significant portion of your gross income. Yes, a quarter-million dollars each year is not needed. But let’s not forget that saving and cutting down costs is not the full answer.

—Carlos Nogueira, CPA
Toronto

Teach the children well

I am enjoying the new CPA magazine. As I read the most recent issues, I thought about how the themes of change, technology and the next generation of CPAs intersect in the industry and within my own mid-market accounting firm of 100 people. Technology is replacing rote work that those of us in leadership positions spent years learning and mastering, which is convenient because new CPAs aren’t interested in doing that work. If much of that work will be replaced by machines or artificial intelligence, what do we need to teach our CPA interns and why? We have to revisit the way we train our public accountants. Rather than stereotype and limit them as “millennials,” we have to figure out how to get them where they want to be—and

where we need them to be—faster. As leaders, we need to shift gears and move into the fast lane or watch others zoom past carrying the best and brightest talent into the future. Public accounting firms are no longer guaranteed a stream of young talent from which we can pick and choose future leaders. The best of them can choose—and they certainly won’t stay at a firm with its cultural foot permanently on the brake pedal and its eyes on the rear-view mirror.

—Margot Sunter, CPA
Chief Operating Officer, GGFL LLP
Ottawa

Yesterday’s news

The issues discussed by Jon Lukomnik (“Making new value judgments,” May/June 2019) are much more relevant than many CPAs in private practice realize—or do realize, but elect to do nothing about. It is telling that financial statements are, at best, given a 15-percent weighting in terms of relevant information in assessing most public companies by investors, lenders, analysts, etc. While these statements may have once been one of the most valued sources of information, they no longer are. Why the profession and financial accounting bodies cling to these financial statements—with their outdated and irrelevant disclosure requirements—while continuing to expend considerable time, effort and costs is surprising given that most of these people are well-educated and well-meaning. Continuing in this direction only serves to diminish the value of the profession as it slowly becomes less relevant to the decision

makers. With all our talent, we should practise what we preach to the companies: innovate before we become yesterday’s news.

—Jack Grover, CPA
Toronto

Too big to tackle?

There is a reason the panel members featured in “What it takes to clean up dirty money” (May/June 2019) are smiling. The efforts by industry, police and governments to stop money laundering are a joke. By all means, let’s have panel discussions, create task forces, have government propose amendments to the Canada Business Corporations Act, and let the provinces consider legislation regarding provincially incorporated private corporations. Adopt new ethics codes and whistleblower legislation. Have more studies involving accountants and academics and business leaders and ministers from Finance and Justice. Just don’t actually do anything, because—as in 2008, when the term “too big to fail” was coined—money laundering is “too big to tackle.” The only reason a criminal business exists is because governments allow it to continue.

—Harvey Sheydwasser, CPA
Sherwood Park, Alta.

CORRECTION: “If I had a (1/4) million dollars” (May/June 2019) stated that the average Canadian makes \$56,000 a year in after-tax income. In fact, this figure refers to the median after-tax income of all Canadian families and unattached individuals, according to the 2015 Canadian Income Survey.

CLARIFICATION: “What it takes to clean up dirty money” (May/June 2019) stated that Quebec’s Bill 141 required CPAs to go directly to the securities regulator with anything non-compliant they see. In fact, the bill states that CPAs are encouraged to go to regulators about issues of non-compliance.

WHAT DO YOU THINK?

Send your letter to the editor to pivot.letters@cpacanada.ca or to 277 Wellington St. W., Toronto, ON M5V 3H2. Letters may be edited for length and clarity.

FIRST IN

BURNING ISSUE

MEAL TICKETS

Startups and small businesses offer plenty of enviable employee perks, but the battle over those taxable benefits can get ugly **BY KATIE UNDERWOOD**

They say the best things in life are free. Try telling that to the employees of online marketing platform ScribbleLive. In the fall of 2018, approximately 200 of the Toronto-based tech company's workers were dinged with sizable tax bills after enjoying free Friday lunches, which a Canada Revenue Agency audit later deemed a taxable benefit. As one former developer griped on the employer-review website Glassdoor, "Received a letter from CRA saying I need to pay \$400 for 'free lunches.'"

It's nothing new for employers to offer benefits to their staff. But a flood of new tech startups—with their free artisanal snacks and subsidized Uber rides—is opening up a minefield of potential payroll mishaps and subsequent CRA investigations.

"Going after taxable benefits has always been low-hanging fruit," says David Rotfleisch, a Toronto-based tax lawyer and CPA who has worked with startups. "The letter of the law on that is clear and hasn't changed; it's the nature of inducements and benefits at companies that has changed." A statement from the CRA's media team confirms this: "It is important to note that there have been no recent changes to the treatment of taxable benefits in respect of meals, nor has the CRA expanded compliance efforts in this area."

Ultimately, it's the responsibility of companies themselves to determine whether they can navigate the risks of offering employee incentives. The CRA has made public its employers' guide to taxable benefits and allowances to assist payroll departments in gauging the taxability of any given benefit. Still, the law on what is or isn't taxable is fairly broad ("the value of board, lodging or other benefits of any kind") and the pool of perks is ever expanding, so financial discernment in startups will need to be at an all-time high.

"Having lunch and snacks available is very common in the IT world," Rotfleisch says. "But if you're



getting into more well-funded startups, they may provide daycare services or onsite gyms." (These offerings are non-taxable in some conditions; it's best to check the CRA website to be sure.) The grey area arises in cases where a CRA payroll assessor has decided to conduct an audit. It may

PHOTOGRAPHS BY ISTOCK

not be reasonable to crack down on every perk, says Rotfleisch. “Should the CRA be focusing on a coffee service that workers may or may not be using?” The taxman might not come for your coffee, he adds, but for anything beyond that, it would be wise to seek professional advice.

“Relatively small amounts of benefits can add up to a lot of money,” says Bruce Ball, an FCPA and CPA Canada’s vice-president of taxation.

Ball says diligence is key from the outset. He advises that companies consult employer resource materials, including existing CRA literature and the Canadian Payroll Association, which offers best practices to give payroll workers sufficient guidance. Another reason for diligence? Settling disputes around taxable benefits is, well, awkward. “It would be a lot easier if the employer could say, ‘I made a mistake! Can I just pay all the tax on behalf of all the employees?’” Ball says. “The CRA won’t let you do that, unfortunately; they want to process them all individually.”

TWO HUNDRED EMPLOYEES WERE DINGED WITH SIZABLE TAX BILLS. ONE GRIPED, “RECEIVED A LETTER FROM CRA SAYING I NEED TO PAY \$400 FOR ‘FREE LUNCHES.’”

Because “there aren’t many perks that *aren’t* taxable,” says Ball, he encourages employers to be very clear on their motives for offering them, rather than reflexively tossing out swag, Oprah-style. “If you’re offering a benefit, who is the one getting the primary benefit?” says Ball. “The rules can get pretty complicated, whether it’s a \$500 award for performance or a gift card.” It’s also important to determine whether perks are subject to CPP (applicable in most cases) and EI (applicable mostly to cash goods).

When companies offer a taxable benefit, it’s not uncommon for them to kick in a bit of extra money to cover the tax. “This is more for larger benefits,” says Ball. “The idea is, ‘We want to give you the benefit, but we don’t want you to be out-of-pocket for it, either.’” That extra money is itself taxed, but the hope is that the blow will be lessened. In the end, there really is no such thing as a free lunch. ♦

ILLUSTRATION BY LEANDRA CIANGI



MUSICAL CHAIRS

The case for shaking up your office’s seating plan **BY ALI AMAD**

We’ve all heard the theory that open offices foster collaboration and productivity. At tech behemoths like Google and Facebook, where cubicles are verboten, it’s almost a truism. But Carnegie Mellon University researcher Sunkee Lee wasn’t so sure.

“There have been studies on how increasing spatial proximity leads to more interactions and collaborations,” says Lee, an assistant professor of organizational theory and strategy. “But it wasn’t clear if individuals actually learned things that helped them come up with innovative and useful new ideas on their own.”

So he decided to investigate. In a new study, Lee tracked a South Korean e-commerce company as it relocated to a new HQ, where the company’s 60 salespeople were rearranged in open workspaces.

Analyzing eight months of sales data, Lee discovered the seating shuffle had worked wonders. Stationed next to new peers, salespeople picked up knowledge that led to experimentation and improved financial performance. For

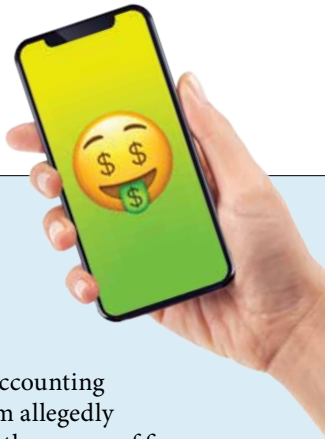
example, an employee in the baby-product division boosted sales by sourcing and selling a toilet that plays toddler-friendly music—an idea the employee got sitting next to someone from the electronics division. Some staff discovered better places to source new products; others learned new tactics to negotiate with suppliers. The positive effects were strongest among veteran employees who didn’t know their new desk mates. Compared to a control group that remained seated next to the same colleagues, the relocated workers were the clear winners.

So, should every business reshape its office in the likeness of a WeWork? Not so fast. Despite evidence that periodically reshuffling employees can spawn fresh ideas, Lee says an open floor plan isn’t a one-size-fits-all solution. “It’s best for companies doing innovative work or creating new knowledge,” he says. “It might not be good for tasks that are standardized or that require concentration.” After all, an open office can be more motivating—or just more distracting.

FRAUD

SHAM, WOW

A catalogue of recent cons



10,263

Number of iPhones and iPads that an accounting manager at a Toronto-area software firm allegedly purchased using a company card. Over the course of five years, she reportedly spent more than \$6 million and resold the devices, pocketing the profits.

WHALING

Nickname for the type of scam that recently fooled Ottawa's city treasurer. Impersonating one of the treasurer's colleagues over email, a fraudster convinced her to unwittingly transfer \$130,000 to an account she believed belonged to a city supplier.



"I MIGHT HAVE BEEN STAR-STRUCK"

Statement from a U.K. woman who, after losing both her mother and fiancé, fell for an online scammer posing as the actor Jason Statham. When the imposter claimed he was in financial trouble due to a delayed film payment, she transferred him hundreds of thousands of pounds.

GIFTING CIRCLES

A type of pyramid scheme that has duped more than 500 people in Saskatchewan and B.C. Members pay \$5,000 to join the circle and, if they can recruit two new members, supposedly receive a gift of \$40,000. A southern Alberta man was recently charged with fraud in connection to the scam.



HAMBURGLAR

Pseudonym of a cyber-villain in Quebec who recently hacked into the McDonald's mobile apps of several unsuspecting victims to order hundreds of meals at their expense. One particularly unlucky target ended up with a bill of \$2,034. At press time, the hacker was still at large—and presumably hungry.

\$607,725

Amount that a former employee of the Office of the Auditor General of Canada took from the coffers of Ottawa's Saint Luke Lutheran Church, where he was volunteer treasurer. He said he intended to use the money to build a Syrian or Qatari embassy, among other real estate projects, but church officials discovered the scheme when they examined their financial records.

\$77,000,000

Estimated value of a tax-evasion case currently under investigation by the CRA. In March, 40 criminal investigators searched two Vancouver properties for evidence related to offshore tax havens revealed through the Panama Papers.



\$231,345

Amount that Hamilton, Ont., man Edwin Omorogieva Woghiren recently claimed in childcare tax benefits for children that, according to the CRA, don't actually exist.

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previously worked as an auditor at a Big Four accounting firm before getting involved in startups in real estate and the tech field. “As an auditor, I’ve seen what works and what doesn’t. Now I have a chance to implement the best of what I’ve learned with fresh processes and procedures. It’s an ideal scenario.”

The company raised \$5 million in venture capital financing last year (Harish got final sign-off while on his honeymoon in Biarritz, France) and has since grown to 15 employees, albeit with a diverse geographic footprint. Research and development is based in Toronto “so we can take advantage of Sunnybrook hospital’s world-class ultrasound development lab,” says CEO Joe Eibl. Clinical trials and corporate offices are in Sudbury, the hometown both of Kenny and the Eibl brothers, which allows the firm to benefit from the Health Sciences North Research Institute and the Northern Ontario School of Medicine. Harish handles finances remotely from his home in Ottawa.

Flosonics sees its technology being adapted for many uses, including outpatient monitoring, telemedicine and military applications. They hope the Lazaridis ScaleUp Program can help make it a player in the \$465-billion global market for medical devices, of which Canada represents a mere two per cent. (The U.S. comprises 43 per cent.) The program acts as a sort of gifted class for the nation’s most promising young tech entrepreneurs. Canada boasts a robust startup culture, but has long struggled to create globally dominant tech firms of the type that seem to spring up naturally from California’s Silicon Valley. The biggest obstacle, observes Kim Morouney, managing director of the program, is a severe shortage of tech-savvy senior management talent. “To get beyond the startup phase, you need access to managers who have experience growing a company to global size,” she says. Canada has relatively few tech firms of globally competitive size to begin with, and the experienced talent we do have is often lured away by Silicon Valley.

Financed by famed Canadian tech investor Mike Lazaridis—co-founder of Research In Motion, now known as BlackBerry—and the Ontario government, the program is taking in two cohorts of 10 firms this year. Previous years’ star pupils include Terramera, a rapidly growing Vancouver-based biopesticide firm; Tulip Retail, a mobile app for retail store associates that recently raised \$50 million in financing; and Unata, an online grocery-buying

platform that was acquired last year for \$65 million (U.S.) by American industry leader Instacart. (Unata is retaining its Toronto offices.)

The year-long program involves monthly workshops across Canada and the U.S., including Silicon Valley, with presentations by veteran entrepreneurs who have experience in crucial areas such as marketing, finance and design. The program also pairs firms with mentors to provide customized advice and direction. “To be able to talk to the person who took the iPod team at Apple from 40 people to thousands is an awesome opportunity,” says Harish. CEO Eibl appreciates the practical advice: “They describe challenges we are facing at that very moment and then give real-world examples of how to fix them. We all sit there and look at each other as the light bulbs go off.” Just being able to rub shoulders with fellow entrepreneurs is proving to be a major benefit. The monthly sessions frequently become networking opportunities for the assembled founders to ask each other questions. Given his CPA experience, something in short supply among most new tech firms, Harish often finds himself a popular resource: “I’ll get asked



Sachit Harish, CFO
of Flosonics Medical

HARISH SEES A DAY WHEN EVERY PATIENT ADMITTED TO HOSPITAL WITH FALLING BLOOD PRESSURE WILL HAVE A FLOPATCH ON THEIR NECK

basic questions, from the difference between a controller and a director of finance to providing expectations on typical salary ranges. We all want to see each other succeed.”

For Morouney, this burgeoning network effect is actually part of the bigger plan. “Rather than have our most promising young tech companies feel they have to move away to establish themselves globally, we want them to stay in Canada,” she says. “And if they do stay, then they’ll be available to mentor and support the next generation. We’re trying to seed the future.” As Harish puts it: “The problems of scaling up are issues for companies everywhere. It’s great to have a Canadian perspective and Canadian solutions.” ♦



Innisfil mayor
Lynn Dollin

Q & A

TALK OF THE TOWN

How a sleepy Ontario municipality became a ride-hailing, crypto-trading innovation hub **BY BRYAN BORZYKOWSKI**

About a decade ago, Innisfil, Ont., almost disappeared. Surrounding towns kept chipping away at the municipality and, in a particularly devastating move in 2010, neighbouring Barrie swallowed 2,300 hectares of the town's land—including the then-mayor's house. The annexations killed morale among residents, who worried their beloved hometown was withering away. It got so bad that the town considered changing its name. "We didn't

know whether we'd exist or not," says Lynn Dollin, Innisfil's current mayor.

It could have wiped itself off the map, but instead Innisfil decided to invest in new resources, such as building a community centre to bring people into the middle of town, as well as some radical ideas, at least for a small locale of about 37,000 residents. In 2017, Innisfil introduced a novel form of public transit, subsidizing Uber rides instead of buses. On top of that, residents can now pay their property taxes in Bitcoin. The town has also built its own cellphone towers and created an Idea Lab where people can use 3D printers and green screens.

This formerly sleepy summer destination has quickly become a case study in municipal innovation, with cities from across the world calling for advice. *Pivot* spoke to Dollin about how Innisfil has become one of North America's most talked-about towns.

What spurred city planners and politicians in Innisfil to think outside the box?

2010 was a traumatic time for us. We had trouble attracting people, and land was getting carved out. We're about nine different urban centres with a lot of farmland and open roads, so we were having a bit of an identity crisis. A consultant we hired that year told us we needed a new name to get a fresh start, which we didn't want to do. In 2015, we developed a new strategic plan with three tenets: connect, grow and sustain. We wanted to build something we could be proud of.

How do you go from that to becoming this innovative town?

A decade ago we built a library that we call the Idea Lab, which has a 3D printer, laser cutters, a green-screen room and a full recording studio. Then, last year, our chief administrative officer realized that he had passed the same person every day on his drive to work. He stopped to ask her where she was going and she said she had to walk an hour to work every day. When he got to the office, he challenged the team to come up with an idea of how to get people like him, who pass people on the street every day, to help others get to work. That's when we came up with the on-demand transit idea.

“OUR MOTTO IS: FAIL FAST AND MOVE ON. IT TAKES A BRAVE COUNCIL TO SAY YES TO IDEAS THAT NO ONE ELSE HAS TRIED.”

How does it work?

People use the Uber app like they normally would. But we have several fixed-fee destinations, like the health-care centre and the library, where you just push a button that says “Innisfil transit” and you can ride for between \$4 and \$6 depending on the destination. Because we're so big, that can be a 30-km ride. You can also go anywhere else and get a discount off the fare. We subsidize the rides by about \$7 per rider. Other municipalities tell us they spend \$33 per rider subsidizing traditional bus routes.

Was there any pushback from residents?

It took an effort on our part to ensure we communicated this well, and we also had to offer the service to people who don't have a computer or a smartphone. They can call into the town office and



Innisfil subsidized
90,000
Uber rides last
year. Residents
pay as little as
\$4 per trip.

pre-book a ride. But it went well. We made 90,000 rides last year and our transit system has a 70-per-cent approval rating. I challenge you to find any transit that gets that kind of approval.

Why offer residents the option to pay property taxes in Bitcoin?

We didn't wake up one morning and say, “Let's start accepting Bitcoin.” Coinberry, a cryptocurrency trading platform, approached us because of the reputation we developed of not being afraid to try new things. They said they were looking for a municipality to be the first to accept property taxes in cryptocurrency. Our initial response was, “Why not?”

Has anyone paid with crypto?

One seasonal resident who deals in Bitcoin did, but no one else so far. That's okay—it's low-risk, easy to set up and we don't hold any crypto ourselves. It gets converted to Canadian currency and deposited into our account.

What other technologies are you thinking of incorporating?

We're on Lake Simcoe, and in the winter a lot of ice fishers come up with all these trucks and trailers. We get a lot of traffic complaints from people who live near the lakeshore. We're partnering with Rover Parking, a company that connects unused parking spots with people who need parking. We're hoping that seasonal residents, who keep their driveways empty from Thanksgiving to the May long weekend, will rent out their spaces and help keep the trucks and trailers off the road.

How does a town reinvent itself like Innisfil has?

Our staff has come up with ways to save time and be more efficient. And they can do that because they're not afraid to fail. Our motto is: fail fast and then move on to something else. That's given the staff the freedom to try new things and understand that it might not work—and that's okay. You also need a brave council to say yes to ideas that haven't been tried by anyone else.

How's morale these days?

Much better. We're working hard to create an atmosphere where we invest in businesses, good ideas and entrepreneurs. Wherever I go in Canada or the U.S., there's always someone who recognizes Innisfil in a positive way. ♦

BY THE NUMBERS

COUNTING THE HOURS

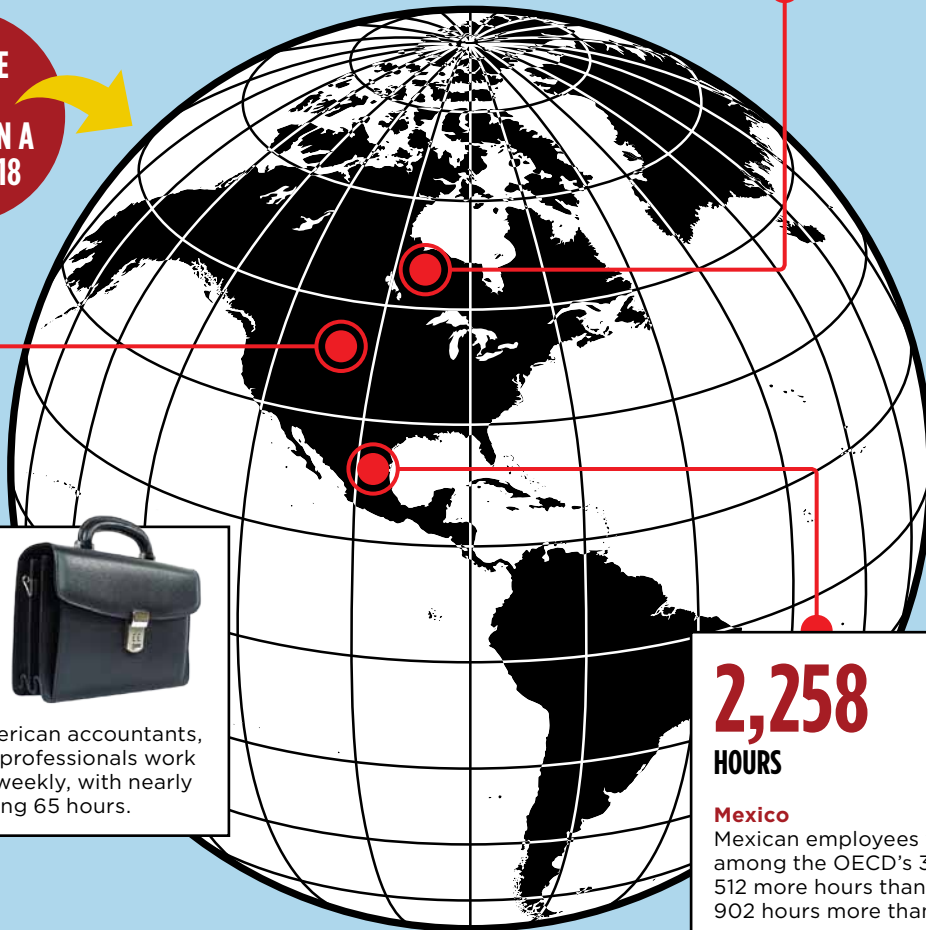
In April, Jack Ma, owner of the Chinese e-commerce giant Alibaba, raised eyebrows when he lauded China's controversial "996" work culture—that is, 9 a.m. to 9 p.m., six days a week—as a blessing. "We don't need those who comfortably work eight hours," he said. Ma's comments may have drawn attention to the work-life imbalance at many Chinese technology firms, but other countries and industries have their quirks and challenges, too. —*Steve Brearton*



1,695
HOURS

Canada
31 per cent of Canadian employees regularly work outside office hours, and 41 per cent regularly check email when not working.

AVERAGE
HOURS
WORKED IN A
YEAR, 2018



1,780
HOURS



United States
94 per cent of American accountants, lawyers and other professionals work 50 hours or more weekly, with nearly half of them cracking 65 hours.

2,258
HOURS



Mexico
Mexican employees work the most among the OECD's 36 member nations, 512 more hours than the average and 902 hours more than Germans.

CHANGING TIMES

Over the past 100 years, economists and business leaders have debated how long the workweek should be.

40 HOURS



"Every man needs more than one day a week for rest and recreation. It is high time to rid ourselves of the notion that leisure for workmen is either 'lost time' or a class privilege."
—*Henry Ford, 1926*

15 HOURS



"We shall endeavour to spread the bread thin on the butter—to make what work there is still to be done to be as widely shared as possible. Three-hour shifts or a 15-hour week may put off the problem for a great while."
—*British economist John Maynard Keynes, 1930*

1,474

HOURS



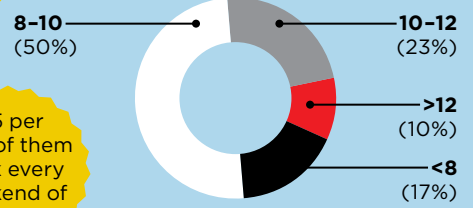
Sweden

When a group of Swedish nurses switched from eight-hour to six-hour workdays (at full pay), they reported increased productivity and happiness; sick days dropped by 4.7 per cent and physical activity rose 24 per cent.

Weekly hours worked by Canadian full-time, non-agriculture workers

1900	62.6 hours
1929	49 hours
1960	40.7 hours
1990	38 hours
2018	36.6 hours

Daily hours worked by global accounting and governance professionals, 2017



3.5 per cent of them work every weekend of the year

2,200

HOURS



China

Reports suggest 1,600 Chinese workers die from work-related stress every day. The phenomenon has its own term, "guo lao si," meaning "death by overwork."

1,710

HOURS



Japan

Japanese social norms dictate that workers remain at the office, whether or not they have work to do, until their bosses leave. In 2017, the government began offering cash incentives to employees to leave work early on Fridays.

1,538

HOURS



United Kingdom

Glasgow's Pursuit Marketing moved 120 workers to a four-day schedule in 2016 (without changing their pay) and reportedly improved office efficiency by 30 per cent.

2,024

HOURS



South Korea

The South Korean government passed legislation last year trimming the max workweek from 68 to 52 hours, a change intended to raise declining birth rates.

1,756

HOURS



New Zealand

In 2017, Kiwi estate-planning firm Perpetual Guardian reduced its workweek from 40 to 32 hours while maintaining the same pay, and found increased engagement, greater work-life balance satisfaction and lower stress levels.

30 HOURS



"The information and communication technology revolutions virtually guarantee more production with less human labour. Free time will come.... The only choice is unemployment or leisure."

—U.S. economist Jeremy Rifkin, 1995

72 HOURS



"If [we don't fire slackers], JD.com will have no hope and the company will be heartlessly kicked out of the market! Slackers are not my brothers."

—Chinese e-commerce business founder Richard Liu, 2019

CRIME

THE END OF INNOCENT THINKING

Canada has turned a blind eye to money laundering for too long. It's time to act.



JOSÉ R. HERNANDEZ

Dirty money is here. Over the last year or so, Canada's pervasive money laundering problem has entered the mainstream consciousness. Newspaper headlines across the country have sounded the alarm, drawing clear connections between dirty money from overseas and the housing crises in Toronto and Vancouver. This awareness has prompted a crescendo in the calls for better laws and stronger oversight, as well as more prosecutions, in order to stop the abuse of Canada's system and mitigate its downstream effects on Canadians.

Why has it taken so long for Canadians to become outraged by this crime-turned-crisis? One reason might be that the mechanisms of money laundering—like other financial crimes—are complex and can be challenging to understand. Money laundering involves funnelling ill-acquired assets through an often-convoluted web of shell companies, financial institutions and jurisdictions in order to conceal their origins and cleanse them of criminal taint.

Money laundering is a crime of the smart and powerful. Channelling funds through a complex international web is not cheap or easy. The secret to making it work is to compartmentalize the knowledge of the web so that nobody besides the money launderer has a complete picture of the entire network of transactions. You also need willing participants—intermediaries that can lend their reputation and credibility to the process, while turning a blind eye to the illegal conduct. Money launderers seek refuge in the strong brands of financial institutions, respected professionals such as lawyers and accountants and, above all, prosperous, stable countries like Canada. In so doing, they erode the credibility of institutions and individuals. Canadian real estate is a prime



\$46.7 BILLION WAS LAUNDERED THROUGH CANADA IN 2018. WHY HAS IT TAKEN US SO LONG TO BE OUTRAGED BY THIS CRISIS?

target for money launderers, especially attractive in our dynamic, safe and diversified metropolises like Toronto and Vancouver.

The authors of a recent report commissioned by the government of British Columbia, "Combatting Money Laundering in B.C. Real Estate," estimated that approximately \$46.7 billion was laundered through the Canadian economy in 2018, with B.C. accounting for around \$7.4 billion. The authors noted that B.C.'s real estate market makes up about 72 per cent of that figure. In their accompanying letter to B.C.'s minister of finance, the authors of the report asserted: "Money laundering is an urgent issue, but not just in B.C. It requires concerted



federal and provincial efforts to overcome the barriers that currently hold back an effective criminal justice and regulatory response in Canada. International best practices clearly illustrate that we can do better.”

While Canada has been slow to respond and prosecution has been inadequate, the federal government and B.C. in particular have introduced new regulations and legislation to bolster the tools and resources sorely needed to tackle the problem. The latest federal budget has allocated millions toward the issue, but better coordination, more funding and a real willingness to enact change will be needed in the coming years.

Businesses and governments at the federal and provincial level need a robust, multi-stakeholder framework to prevent, detect and respond to indications of money laundering and related forms of misconduct. To be effective, such a framework should include several core elements.

First, it should establish secure channels for whistle-

The Financial Action Task Force's risk-based approach serves several important functions:

1

Lists services that at-risk professions provide, as well as their vulnerabilities to money laundering and terrorist financing risks

2

Highlights the importance of client-acceptance and engagement-acceptance policies and measures to deal with higher-risk scenarios (e.g., if a client is a politically exposed person)

3

Addresses the importance of monitoring the accuracy of information provided by clients, such as beneficial ownership information

4

Stresses the need for ongoing monitoring of a client's activity and reporting of suspicious activity

blowers to report concerns about potential misconduct without fear of reprisal or discrimination.

Second, it should define incentives to ensure that key stakeholders in business put in place effective corporate compliance programs.

Third, it is important to offer channels for businesses to self-report incidents to authorities (beyond mandatory suspicious activity reports) while creating effective mechanisms for resolving cases that are reported.

Fourth, the framework should create registries or a registry of legal persons to provide insight into the ultimate beneficiaries of Canadian assets. New legislation in Ottawa and B.C. is making the latter element possible, but a registry of beneficial ownership information requires legislation in all provincial jurisdictions to effectively deliver transparency across Canada.

Fifth, we need to further promote a culture of doing the right thing, doing business in a sound and sustainable manner and speaking up when we see indications of misconduct. Canadian leaders need to focus more on who they do business with and how they structure business, as well as understanding where funds are coming from and applying a responsible (rather than legalistic) mindset.

Beyond our borders, there has been a significant push to develop stronger and more effective anti-money laundering (AML) tools, and Canada is leveraging this to bolster our own efforts. In February, the Financial Action Task Force (FATF), an intergovernmental organization and global standards-setter for combatting money laundering, introduced draft guidance to assist countries, authorities and professionals such as accountants and lawyers in the application of a risk-based approach (RBA) to AML. The public consultation period has ended and a final version, replacing the 2008 guidance, will likely be approved this year. The guidance is intended to provide support to both the private sector and public authorities, by focusing on money laundering, terrorist financing risks and associated mitigation measures. Canadian accountants can lead the charge by understanding the risks involved, referring to the RBA, following provincial codes of ethics and applying our good judgment.

I recently joined a Canadian delegation to the FATF's annual Private Sector Consultative Forum in Vienna, hosted by the United Nations Office on Drugs and Crime (UNODC). The forum provides an opportunity for the FATF and its members to engage directly with the private sector on AML and terrorism-financing issues. One of the issues highlighted at this year's forum was the

importance of AML in the context of combating public corruption. This should resonate for Canadians; in one of our country's most significant corruption matters to date, Swiss authorities arrested and prosecuted a Canadian executive for laundering money in support of allegedly improper business deals in Libya.

Some of the tools that can be particularly useful in the fight against money laundering are those that help accurately determine the beneficial owners of assets such as real estate. For example, registries that contain beneficial ownership information help the public know who owns certain assets and thus better understand their potential clients and business partners, as well as the risks they present.

These tools promise to greatly increase transparency and can make a significant difference. However, tools by themselves are not enough to prevent savvy and resource-laden criminals from abusing the system. Robust prosecution of individuals and organizations is also critically important to serve as a warning to money launderers' would-be accomplices (bankers, lawyers, accountants and other professionals) that wilful blindness does not pay. Accountants in particular cannot be wilfully blind or negligent. They are expected to do their due diligence on their clients, understand beneficial ownership, and follow the law and established principles of the profession (including code of ethics requirements when facing non-compliance with laws and regulations). The federal government is working to amend the Criminal Code to add an alternative requirement of recklessness to the offence of money laundering. Indeed, ignorance is not an excuse.

Canada's fight against dirty money and dirty business is still in its infancy. The collateral social, economic and political effects of money laundering are real, and the public is becoming more and more aware of them. This has come as a harsh wake-up call to a country that has tended to regard itself and its institutions as shining examples of prudence and integrity. At last, the era of innocent thinking in Canada has come to an end. The tough, critical thinking that will replace it may be our best hope for continued stability and prosperity in this increasingly global world. ♦

José R. Hernandez, CPA, CA, Ph.D., is CEO of Ortus Strategies and author of Broken Business: Seven Steps to Reform Good Companies Gone Bad. He serves on Canada's Advisory Committee on Money Laundering and Terrorist Financing, representing CPA Canada.

THE WORKPLACE

DESKSIDE MANNER

Soft skills are key to keeping clients happy. So why aren't CPAs learning emotional intelligence?



ADRIENNE
TANNER

Tax season always makes me edgy. My returns aren't particularly complex, but my husband and I always procrastinate until two weeks before the deadline to book an appointment with our accountant. I was extra tense this year, thanks to an error I'd made in 2018: on

deadline day, I hit the wrong button and sent my payment to instalments instead of taxes owing. At that point, the only solution was to pay twice. I knew that I'd have to confess my ignorance to our CPA, hoping he could sort it out.

He did, in the kindest way. Without a hint of condescension, he reassured me he could apply last year's overpayment to this year's bill. He then gracefully shifted the conversation away from my error and asked us about our lives outside of work. He also offered my husband some financial planning advice: think about incorporating for substantial tax savings next year. He looked relaxed, not at all like an accountant staring into an abyss of last-minute tax filings.

My accountant's attentive customer service, empathy and grace under pressure were all indicators of high-level emotional intelligence (EI), a term coined in 1990 by American psychology professors Peter Salovey and John Mayer. They defined EI as the ability to express and regulate our thoughts, emotions and behaviour, and to use our feelings to motivate us and achieve goals.

Initially, the importance of emotional intelligence was downplayed in number-heavy business fields such as accounting, where technical skills reign supreme. Peggy Coady, an FCPA and associate professor of accounting at Memorial University, remembers all manner of professional development in the 1990s when she article and worked at Deloitte. "I don't ever remember this topic being discussed," she says. "But now the big firms actually have courses for their managers on emotional intelligence."

Even at a time when artificial intelligence, data analytics and other innovations are seen as the keys to the future, businesses aren't losing sight of EI. It's regarded as especially indispensable for corporate



EMOTIONAL INTELLIGENCE WAS ONCE DOWNPLAYED IN BUSINESS FIELDS. “BUT NOW THE BIG FIRMS ACTUALLY HAVE COURSES ON EI.”

leaders who manage teams and set the strategic course for large organizations.

Yet too often, employers find these soft skills lacking among business school graduates. A 2018 Business Council of Canada survey of 95 private-sector employers found that, while new hires typically have strong technical skills, they lack the “human skills” necessary to build relationships and work with others.

So much of today’s work is done in teams, says Tashia Batstone, CPA Canada’s senior vice-president of external relations and business development. To perform well in a group entails understanding different perspectives, she adds. “You need awareness of what you are saying and how what you are saying impacts others.”

According to a 2017 study of the accounting profession in Atlantic Canada, new graduates recognize their skill set is incomplete, and they complain about the lack of instruction in some key soft skills. The study, co-authored by Coady, found that both accounting grads and employers agree university business programs should put greater emphasis on service—in other words, anticipating, recognizing and meeting client needs—as well as on oral and written communication skills, which

A survey of private-sector employers found that new hires lack necessary “HUMAN SKILLS”

are key to any successful client interaction. In fact, the respondents identified service as the biggest EI instructional gap in universities.

That finding mirrors Coady’s own experience as a young accountant. “One of the reasons I left Deloitte, which I loved very much, was that I reached a point where I had to start bringing in clients,” she says. “And that thought terrified me.” Some instruction in that area in university would have helped, she says.

But is it even possible to teach EI, which seems so innate? “The verdict is definitely out on whether these skills can be taught,” says Coady. Business schools find teaching human skills challenging, in part because the outcomes are difficult to measure, according to a 2018 Conference Board of Canada report. Instruction and role play can help students learn to read body language and better serve clients. Learning how to be empathetic is more difficult, but even introducing the concept into university courses helps raise awareness, says Coady.

“The CPA competency map has always included enabling soft skills, including professionalism, communication, leadership and teamwork,” says Batstone. “We continue to review and revise the competency map to ensure new CPAs have both the technical skills and the enabling competencies needed to be outstanding business professionals.” The 2019 map, out later this year, will include new competencies that employers have identified as essential for the professional accountant, including innovation, resiliency and agility—qualities necessary for people to adapt to rapid rates of change. “All of these are underpinned by emotional intelligence,” Batstone says.

The Conference Board report concludes business schools need to do more than churn out students with solid technical chops. Schools must now also prepare them for the “urgent social and emotional demands of the future of work.” Says Batstone, “I would say the pace of change now has accelerated the need for EI even more.”

EI is essential for success, both for corporate leaders managing complex workforces and CPAs dealing with small tax problems like mine. My accountant’s EI—his empathy, calm demeanour and ability to set aside his own stress at his busiest time of year—relieved my tension. And it earned him a loyal client for life. ♦

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

A Finance Team Designed for the Future

At Keurig Dr Pepper Canada, CPAs have completely shifted their outlook from tracking transactions to driving growth. It's great for business—and fantastic for recruiting.



Members of the finance team: “We focus on what’s going to drive value.”

In 2014, when Guillaume Gratton joined Keurig Canada Inc., the Canadian subsidiary of Keurig Green Mountain Inc., he found himself in an unusual corporate environment. While the organization was large and growing rapidly, Keurig still had the feel of a young company. “At home, single-serve coffee systems were barely 10 years old,” he says, adding that the place felt almost like a start-up. “We had to create a lot.”

Four years later, in July 2018, Keurig Green Mountain merged with Dr Pepper Snapple Group to create a US\$11-billion-a-year powerhouse. Its Canadian entities, Keurig Canada and Canada Dry Mott’s, merged business forces and now operate under the name Keurig Dr Pepper Canada. With 1,600 employees strategically located in Montreal, Mississauga, and across Canada, they combined forces to grow iconic Canadian brands such as

Mott’s Clamato, Canada Dry and Van Houtte. Gratton—who began his career at Deloitte and worked in the media and food sectors before jumping to Keurig—moved from Montreal to Boston, where he is now Vice-President, Corporate FP&A.

What he brings to his new position is the experience of shaking up the Canadian finance function by completely shifting its outlook from a traditional transaction tracking

mandate to a far more proactive orientation aimed at driving growth. Today, the finance team works closely with other departments to plan and execute corporate strategy and operations. “We focus on what’s going to drive value,” Gratton says.

Continuing some of the groundwork his predecessor had laid, Gratton worked closely with his team to bring real change to their tasks. The story of the transformation he led was all about rebooting the role that CPAs play within a finance team and the company more generally. As has happened in other organizations that have attempted similar cultural resets, Gratton focused on showing the other members of the senior management team that CPAs can boost the performance of even a fast-growing company.

A key step, he says, was encouraging his team members to rethink their relationship to other functions. “It was about shifting the mindset from being purely transactional and GAAP-focused to focusing on insights and analytics.”

For example, Gratton’s group began working with Keurig’s sales, marketing and commercial strategy teams to optimize the promotional spend on various retail accounts. To deliver those insights, he says, the finance team used data analytics tools to track the performance of previous promotions, and use those findings to generate profit-and-loss *pro formas* showing how to maximize return on investment for a given account without alienating other customers.

That kind of forward-looking financial analysis “forces the business to find new ideas [for driving revenue] instead of just repeating the past,” he says. “It’s all about partnerships with the business [side] and being open and candid about sharing data.”

Another crucial aspect of the cultural transformation involved demystifying the company’s granular financial information so the insights could be useful to the business side of the firm. “If we keep the information to ourselves,” Gratton explains, “the rest of the team can’t know if

it’s doing the right thing. We had to remove the complexity and share the insights with all our internal partners.”

Lastly, Gratton’s strategy extended to the way his finance team recruited and retained new talent. Most CPAs who have been involved in hiring in recent years are familiar with the ongoing war for talent. For his part, Gratton knew he wanted a different sort of recruit for Keurig’s finance group. New recruits had to be comfortable with the emerging analytics tools that allow CPAs to make historical financial data relevant to a firm’s growth strategy. As well, he wanted to hire new CPAs with an entrepreneurial bent and a willingness to do things differently. “I’m looking for people who are interested in business because this is as close as you’ll get to running a business,” he says. “I want people who can identify risk and are willing to challenge the status quo and conventional ideas.”

To that end, in 2015, Keurig began steeping itself in continuous improvement training, and especially

“I’m looking for people who can identify risk and are willing to challenge the status quo and conventional ideas.”

Lean Six Sigma Green Belt certification. By the time the program rolled out, almost a fifth of Keurig’s 100-member finance division in Montreal had received their CI certification, which, Gratton notes, produced a critical mass of people constantly looking for new ways to leverage financial data to drive growth and profitability. It’s not a coincidence that Keurig’s Canadian division was named as one of Canada’s Top 100 Employers for both 2018 and 2019.

As validation of the success of the transformation, Gratton points out that other functions, including commercial strategy, supply chain and human resources, actually started



Guillaume Gratton

recruiting members of his team, clearly demonstrating that finance CPAs understand and deliver value to the business. The result is a further strengthening of the growing partnership between the finance function and the key operational units. “It shows the CPA designation can open the door to other functions,” Gratton observes.



HELLO FROM THE OTHER

**After 26 years at KPMG,
Beth Wilson took the
top job at Dentons Canada.
Can a CPA build the law firm
of the future?**

BY LUC RINALDI

PHOTOGRAPHS BY LUIS MORA





SIDE

Beth Wilson's dream job slipped away on a sunny summer morning in 2016. She was seated at her desk inside KPMG's downtown Toronto offices when the phone rang, delivering bad news: she would not be the firm's next CEO.

Wilson was shattered. She'd spent months gunning for the top position, plus more than a quarter-century climbing the ranks of the company—she'd never worked anywhere else. At home that night, she cried in her 18-year-old son's arms, wondering what would come next. She didn't want to be known as the woman who *almost* became the first female CEO of a Big Four firm. If there was no room for her to grow at KPMG Canada, she eventually decided, she had to move on. "There was something bigger for me to lead."

At first, Wilson thought "something bigger" might be a bank, charity or corporation. "I didn't even think about a law firm, to be honest," she says. But when she learned that Dentons was seeking a new Canadian CEO, she reviewed the job description. She ticked every box; it even stipulated that legal experience wasn't necessary. "I felt like I could have scratched out the title and written my name across the top of the page," she says. "Everything matched up."

Dentons thought so, too. The firm picked Wilson, 50, as its new leader in July 2017—an unprecedented move. No major Canadian law firm had ever hired a non-lawyer CEO. "An accountant running a law firm is not the norm," says Wilson's longtime colleague Mary Lou Maher, an FCPA and KPMG's Canadian managing partner of quality and risk management. "She knew it was going to be a challenge. But I've never seen Beth back away from a challenge."

Dentons isn't just any law firm, either. It was founded in 2013, through the merger of three major multinational firms, and it has swallowed up other firms with dizzying speed ever since. With 10,000 lawyers and 175 offices across the globe, it's now the world's largest firm—and it's not finished. "There is no logical end," Dentons' global CEO Elliott Portnoy told the *Wall Street Journal* in 2015. "We're going to be driven by our strategy." It's not expanding just to compete with other law firms; it wants to take on the Big Four.

"Globally, they are some of our largest competitors," says Rick Scott, who works closely with Wilson as chair of the Dentons Canada

board. "The Big Four are moving more and more into the legal space." Like Dentons, they're scooping up legal partnerships on every continent and adding various kinds of law—tax, of course, but also immigration, mergers and acquisitions, and many more—to the broad list of services they offer. The legal arms of the Big Four now employ nearly 9,000 lawyers and operate in more countries than the 10 largest law firms combined. According to Thomson Reuters research, about 22 per cent of law firms reported losing business to the Big Four in 2018—a significant figure, given the global legal market is about \$600 billion (U.S.).

In the eyes of law firms, Deloitte, EY, KPMG and PwC are beginning to look like the Four Horsemen of the Legal Apocalypse. They're bigger, richer, nimbler with technology and equipped with a fresh arsenal of legal services. For clients, the appeal is obvious: why spend time and money hiring a separate legal firm when you can get everything you need from one global organization that you probably already work with? "Imagine being able to go to a client and offer a one-stop shop," says

**“AN ACCOUNTANT RUNNING
A LAW FIRM IS
NOT THE NORM.
BUT I’VE NEVER SEEN BETH
BACK AWAY FROM A CHALLENGE.”**

Wilson. "We shouldn't fool ourselves or understate the competitive force of the Big Four, because it's not just about competing to provide legal services anymore."

Dentons, however, is uniquely positioned to stave off the competition. The firm offers many of the same advantages as the Big Four: a reputable brand, a global network and an increasingly holistic suite of services. And in Wilson, it's found a secret weapon: an FCPA and 26-year KPMG veteran who understands how the competitors think. "This is our opportunity to learn something from the accounting firms," says Scott. And it might just be Dentons' opportunity to beat them.

To defeat the Big Four, Beth Wilson first needed to conquer her new phone. On her first day as Dentons CEO, the small things humbled her most: a foreign phone system, a new executive assistant, an uncooperative office printer. After a lifetime at KPMG, everything felt unfamiliar. “I was starting from scratch,” she says. “I wasn’t expecting that.” When she got home that day, she told her husband, “I feel like the most ineffective executive ever.”

The trivial annoyances exacerbated a deeper anxiety: would Dentons’ partners and associates truly accept her, or treat her as an outsider? “It was highly unusual for them to go outside the partnership to find a CEO,” she says. “Never mind outside the firm, and never mind outside the profession.”

Wilson (née Thornton) never pictured herself working in law, or even in accounting for that matter. Attending high school in Ajax, Ont., in the mid-1980s, she dreamed of becoming a dentist—that is, until she shadowed one for a day. “After that,” she says with a laugh, “I didn’t want to be a dentist.”

Wilson’s guidance counsellor suggested accounting as a backup career. He saw the makings of a business leader: Wilson was a great public speaker, she served on student council and she had a knack for numbers. On his advice, Wilson enrolled in commerce at the University of Toronto.

In the summer after her third year, Wilson worked in KPMG’s Scarborough office. “I loved the atmosphere. I loved the work,” she says. When she graduated the following year, she accepted a full-time position at the firm’s Richmond Hill office. “I didn’t even bother interviewing with another firm.”

Around the same time, she married Brent Wilson, a technical specialist at Canon, and began studying for the UFE (now known as the CFE). She hung a “Go for Gold” banner above the desk in her cramped condo, where she spent long evenings writing mock exams and poring over a dictionary-thick study binder. The test didn’t go as planned. “I came home from the first day of writing thinking I’d blown it completely,” she says.

Wilson performed better the next few days, but she was still surprised when she learned she’d made the honour roll. On the day of the awards ceremony, Brent drove her downtown. They were scheduled to grab the keys to their new house in Ajax that same afternoon, so he waited in the lobby. “I thought I was going upstairs to shake some hands,” Wilson recalls. Instead, there was an elaborate luncheon waiting—and more good news: Beth had won the gold medal, meaning she had placed first in the country. Shocked and delighted, she sheepishly whispered to an organizer, “Do you think I could bring my husband up and let him know what’s going on?”



Wilson (centre) and her husband, Brent (far left), at the 2015 Ride to Conquer Cancer

PHOTOGRAPH COURTESY OF BETH WILSON



◀ Wilson at the Dentons Canada office in Toronto's Financial District

The true reward was that Wilson's gold-medal effort caught the attention of KPMG brass downtown. "Small suburban girl makes it big on the radar screen," as she puts it. "All of a sudden, people were like, 'Who is this Beth Wilson person up in Richmond Hill?'"

The higher-ups invited Wilson to join the downtown Toronto office for a two-year stint in the department of professional practice. The department was accountancy's equivalent of a SWAT team, assigned to the firm's toughest files, such as interpreting new accounting standards for income taxes. She worked alongside partners decades her senior. Some of them intimidated her at first but soon became patient mentors. "Those two years were pretty amazing," she says. "They opened my eyes beyond the small, suburban, owner-managed clients that I had been working with."

By 2000, after nine years at KPMG, Beth became an audit partner, specializing in electronics, software and communications companies. "She made partner quicker than the average bear, which is no surprise," says Maher. "She seems to get a lot more out of an eight-hour day than the rest of us. She always made time for people that needed input, counselling or mentoring."

Wilson's reputation prompted KPMG Canada's then-CEO, Bill MacKinnon, to name Wilson head of human resources. A year into the role, he sat down with her and said, "You're doing a

really good job. But I didn't put you in the role to do a *good* job. What's your legacy going to be?"

Wilson's legacy at KPMG spans several roles. She led HR for more than 5,000 employees and later took charge of KPMG's regional offices ("everything but the big stuff," she jokes). She then graduated to running the Toronto office, where, working with Maher, she developed and led a five-year plan to grow their audit practice. The long-term approach emphasized multi-functional teams of audit, tax and advisory experts, working together to win new clients and protect existing clients from approaches from other firms.

In most meetings, according to colleagues, Wilson would be the smartest person in the room. She might also have been the only woman; after Maher, she was the second woman on the firm's management committee. "Experiences like that shape your view of inclusivity," she says. "I've witnessed how things change around a table when you have people with diverse backgrounds."

To start, Wilson believed KPMG could do more for mothers. Brent stayed home to care for their two boys, both of whom are now university age, while she continued to work. The arrangement wasn't unusual to Wilson: her father, a teacher, had done the same for her, while her mother, also an educator, stayed on the job. Unprompted, Wilson decided to create a maternity guide for KPMG, a resource that

pregnant women and new mothers could consult to learn what their career options were and what questions they should ask to whom. “I have an eye for gaps that get in the way of inclusivity,” she says.

Maher can attest to that. When she came out as a gay woman, Maher invited her colleagues to participate in a poster campaign for allies. “Beth was one of the first people to sign up to get on a poster,” says Maher.

In her last seven years at KPMG, Wilson oversaw community leadership at the firm. Then-CEO Bill Thomas chose her for the role because he trusted she’d transform the supposedly “soft” file into a core pillar of the business. Under her leadership, KPMG Canada integrated community involvement—charitable work, volunteering and other grassroots efforts—into performance evaluations and partner promotion criteria. “Imagine the impact of 5,000 people across the country engaging in their communities around a cause they are passionate about,” says Wilson.

Wilson was a natural fit for the role, given her own community involvement. She volunteered with the profession, focusing on exams and education. She sat on the Toronto Region Board of Trade and advised organizations such as the Ontario Science Centre. She worked with charities like the Ride to Conquer Cancer (she’s done it nine times and was the ride’s first female chair) and United Way (she is its 2019 Greater Toronto campaign chair). Together, those efforts earned

“I BEGAN TO SEE IN MYSELF WHAT OTHERS HAD TOLD ME THEY SAW: CEO POTENTIAL”

her a slew of awards recognizing her as one of Canada’s most powerful women. In a recent book, *The Collective Wisdom of High-Performing Women*, Wilson wrote, “During those years, as I learned and grew as a leader, I began to see in myself what other colleagues, and my CEO, had told me they saw: CEO potential.”

So, in 2016, when KPMG began looking for a new CEO, Wilson put her name in the hat. She was scrutinized ruthlessly: for her business

decisions, for her leadership style, for the way she dressed. The hiring committee called her too soft, too directive and too ambitious all at once. Some doubted her authenticity, taking issue with her unfailing poise. “People spent time debating whether I was too polished or perfect or not speaking from the heart,” she wrote. “I wondered if anyone had ever told a man he was too good at public speaking. What I experienced reminds me of similar criticisms of Hillary Clinton during that time period.”

Wilson collided with the glass ceiling at full speed, but it didn’t break. “I don’t think the fact that I wasn’t chosen was explicitly about being a woman, although I do believe that organizations still struggle with the different style of female leadership,” she wrote in the book. On her last day at KPMG, she sent an email to some of her female colleagues. “I am convinced that KPMG has a future female CEO in its midst today,” she wrote. “I am leaving KPMG not because I failed to become CEO. I am leaving KPMG because I want to continue to grow as a leader, because my work is not done.”

At Dentons, Wilson’s work was just beginning. In her first days, she sent out a company-wide survey and embarked on a “look, listen, learn tour,” as she called it, meeting with partners, associates and clients to discover what worked, what didn’t and what needed to change.

Globally, Dentons is in a period of rapid expansion. Its 2015 merger with the massive Chinese firm Dacheng made it a legal superpower, and it has since focused on expansion in emerging markets in Africa and Latin America. In firm parlance, it’s “inventing the playbook” on how to be the world’s largest law firm, placing an emphasis on technology and reinvention, as well as growth. In Canada, it’s Wilson’s role to translate those vague ideals into concrete action. “How you take a strategy and execute it—that’s the business and process training from my CPA training, for sure,” she says.

Wilson began by delving into Dentons’ finances. She strengthened internal management reporting and communications, and created a five-year strategic plan. By the end of her first full year as CEO, Dentons had already exceeded its annual financial targets.

Wilson also dipped into her well of HR experience to place an emphasis on Dentons’ staff. Scott says she frequently challenges associates, giving them opportunities to prove their mettle, as she had as a young KPMG associate. Now that most of Dentons’ associates are millennials, a notoriously itinerant

generation, focusing on talent is more important than ever, Scott adds. “We’re a professional services organization,” he says. “Our talent walks out the door every night and we expect it to come back the next morning.”

To keep her people coming back, Wilson appointed Dentons Canada’s first chief talent officer, Jillian Frank, a partner in the firm’s employment and labour practice in Vancouver. During Wilson’s tour, associates told her they didn’t grasp the pathway to partnership, or if they were even interested in it. So, among other things, Frank created an associate “playbook” (it’s a popular word in the Dentons vocabulary) that outlined their possible career paths, not unlike the maternity guide Wilson once devised. It’s structured like a honeycomb rather than a ladder, to show associates that there’s more than one way to move up. If the playbook succeeds in Canada, Dentons may roll it out in other countries, too.

Wilson also caters particularly to female employees with events hosted by SheEO, an organization that fosters female leadership and funds women-led ventures. Thirty per cent of Dentons Canada’s partners are women (compared to an industry average of 19 per cent, according to McKinsey), and 45 per cent of the board is female (versus an average of 25 per cent among the FP500, according to the Canadian Board Diversity Council). “It’s awesome,” says Wilson. “But it’s not where it needs to be yet.”

Innovation is another plank of Wilson’s leadership. Under her watch, Dentons became the first Canadian firm to join the Global Legal Blockchain Consortium, a group advocating for consensus-based blockchain infrastructure and regulation in the legal industry. In February 2018, Dentons lawyers in Toronto and Singapore collaborated in the Global Legal Hackathon, a 51-hour sprint to combine law and technology. Dentons has also incubated and partnered with artificial intelligence companies, such as Ross Intelligence, a firm founded in Toronto that uses machine learning to sort through thousands of precedents and spit out relevant material in seconds.

Wilson insists Dentons will not hand down technologies from on high, though. “That’s how things have been done in the past. ‘Here’s a shiny new tool. Start using it with your clients tomorrow.’” Instead, she plans to let her lawyers and their clients drive demand. “If someone says, ‘I wish there was a piece of technology that could help with this,’ we’ll go source a couple and run some pilot programs.”

Increasingly, Dentons isn’t just hiring lawyers, just as the Big Four aren’t hiring only accountants

and auditors. “We’ll see technology experts and coders working side by side with lawyers,” says Wilson. “We have lawyers joining us today who know how to code. They can ask a client 10 questions and use a program to populate a first cut of a document based on their answers.” As tedious and low-value legal work gets automated, she adds, lawyers can offer clients more. “Let’s expand the boundary of what we think of as legal services.”

Wilson isn’t interested in playing defence, or merely safeguarding Dentons’ legal turf. She wants a slice of the Big Four’s business. In April,

**“WE WANT TO
DISRUPT
OURSELVES.
LOTS OF BUSINESSES DON’T WANT
TO DO THAT. IT’S SCARY.”**

her firm launched Dentons Data, a first-of-its-kind suite of services meant to help clients harness the power of Big Data while prioritizing privacy and regulatory compliance—the type of thing a client might expect the Big Four to provide. Wilson also hired a CPA and 13-year PwC veteran, Andrea Nicholls, as Dentons Canada’s CFO in March. (Like Dentons, the law firm Bennett Jones recently made a big bet on an FCPA, hiring former PwC vice-chair Gino Scapillati as its own vice-chair of strategy and innovation.)

Wilson doesn’t spend much time worrying about whether she, an accountant, belongs at Dentons anymore. She takes solace in the fact that the firm saw danger on the horizon and acted—even if it meant handing the reins to someone who spent 26 years in enemy territory. “Dentons has a high sense of self-awareness about the need to disrupt yourself in order to change. Lots of businesses don’t want to do that. It’s a scary thing to do,” she says. “It shows a great sense of confidence that they could, God forbid, bring an accountant in and not have the world come crashing down.” ♦

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Green New Deals

Disruptive. Risky. Inevitable. Profitable? When it comes to sustainable finance, the conversation is changing.

BY PETER SHAWN TAYLOR
ILLUSTRATIONS BY RAYMOND BIESINGER

The world of finance works best when investors are happy. So, is Barbara Zvan, chief risk and strategy officer at the Ontario Teachers' Pension Plan, feeling joyful? "Far from it," she snaps. The reason for her displeasure: a troubling lack of relevant, reliable corporate disclosure about the risks of climate change and other environmental and social issues—information that's becoming crucial to making appropriate decisions about sustainable long-term investments.

"Investors are generally unhappy with the amount of climate change information that is available," Zvan explains. "At Teachers', we hold assets for a very long time. And as a result we have been big proponents of greater disclosure on this issue for many years. You need disclosure to be a good investor, and you need that information to be comparable and repeatable over time."

Zvan's opinion—and mood—is significant. On top of her role at Teachers', one of the largest institutional investors in the country, she's also a member of the federal government's Expert Panel on Sustainable Finance, which in June released its final report on what Canada needs to do to keep pace with the rapidly changing standards of global investment.

The financial community would be wise to watch how investors and thought leaders like Zvan are feeling. In their telling, sustainable finance is quickly becoming one of the biggest issues facing the financial world, and corporate disclosure on climate-related risks is the crucial first step in achieving a sustainable financial system. For CPAs, who will play a pivotal role in putting sustainable finance principles into practice, it's a time of great opportunity—and change.



“This is about companies demonstrating their concern for their own future”

What do we mean by sustainable finance? The Expert Panel on Sustainable Finance—composed of Zvan, banker Andy Chisholm and Kim Thomassin of Quebec’s Caisse de dépôt et placement, and chaired by Tiff Macklem, dean of the Rotman School of Management and former senior deputy governor of the Bank of Canada—admits there’s no universally accepted definition for sustainable finance. The panel summarizes the concept as “capital flows (as reflected in lending and investment), risk management (such as insurance and risk assessment), and financial processes (including disclosure, valuation and oversight) that assimilate environmental and social factors as a means of promoting sustainable economic growth and the long-term stability of the financial system.”

If that’s too much of a mouthful, Zvan offers a pithier take: “We’re trying to get mainstream finance to help us with the transition to a low-carbon economy.” Her goal is to harness the power of conventional finance and accounting practices to protect economic growth and make the world a better place to live in the long term.

“This is about companies demonstrating their concern for their own future,” says Rosemary McGuire, director of research, guidance and support at CPA Canada. “It may not be an easy path, but it is an inevitable one.”

It helps to imagine sustainable finance as having three linked components, each intended to bring about a gradual transition



Rosemary McGuire,
CPA Canada

to a low-carbon, sustainable economy:

Report: Start by collecting and disclosing relevant, comparable non-financial information on how climate change and other environmental and social risks—including greenhouse gas emissions, hazardous waste storage, labour conditions and more—can affect a firm’s long-term profitability.

Internalize: As reporting on these matters becomes commonplace, investors and firms will need to take this information into account when

making risk-management decisions.

Act: Once these long-run risks are fully incorporated, major changes to capital flows will occur. Investors will prefer opportunities that demonstrate sustainable, long-term growth, and firms will respond by allocating capital toward projects and sectors that mitigate or avoid climate change and other related risks.

“We argue climate change is a systemic risk that you can’t diversify away from,” says Zvan. “It is going to involve disruptive change. And having the right information and disclosure is an absolute imperative.” Beyond avoiding investments in firms or sectors that are unsustainable, she notes that better non-financial data can also allow investors to identify new opportunities and technologies in sustainable growth areas, such as renewable energy, energy storage or smart meters.

Some firms, like the North American arm of the Brazilian cement giant Votorantim Cimentos, are already on board

with these emerging sustainable finance principles. “We know climate change and environmental impacts are not going away,” says John McCarthy, the firm’s CFO in North America. “These are global issues.”

McCarthy says adopting a sustainable finance outlook is a way to guarantee his company’s future existence. “We recognize that we have a significant environmental impact,” he says. “So we are very focused on doing things to reduce that, such as using alternative fuels or new technology and investments. The integrated report is a summation of all the things we’re doing to make our business more sustainable.” In fact, McCarthy’s parent company has been recognized several times by the World Business Council for Sustainable Development for its high-quality integrated reports, which combine financial information with environmental and social metrics. “We want to be a sustainable, profitable, long-term company. We don’t view compliance or having to pay a carbon tax as a cost, but as an opportunity to change how we’re doing things to further enhance our profitability and drive sustainable growth.”

Despite the presence of early adopters, access to necessary non-financial information is still spotty across corporate Canada. According to a report last year from the Canadian Securities Administrators (CSA), many Canadian firms don’t disclose specific climate-related information due to the lack of official disclosure requirements, or because of the common view that climate change risks are not material to the company’s future. Such indifference is not shared by investors. “Substantially all [investors]... were dissatisfied with the current state of climate change-related disclosure, and believe that improvements are needed,” the CSA survey states.

Similarly, CPA Canada’s 2019 report “Progressive Investors and Corporate Disclosure” found that “climate-related financial disclosures [were] on the radar of all investors interviewed.” Those surveyed for the report rejected the notion that investors don’t use company-provided climate-related disclosures. “Investors view climate-related risks as pervading all sectors and geographies. As a result, the default view is that climate-related issues are material unless otherwise demonstrated.” It’s a substantial gap in expectations, according to CPA Canada’s McGuire. “Determining what is

material to an investor’s decision-making is one of the largest influencers in this debate,” she says.

The CSA plans further consultations to bridge the materiality gap. Zvan, for one, hopes the financial community will lead by example, rather than wait to be regulated. “With five large banks, eight large pension plans and a handful of major insurance companies, these players can be role models,” says Zvan. “As a group, we can say where we want to go as a country as regulators do the hard work of changing standards.”

The waters of sustainable finance are murky. Luckily, organizations around the world have offered several ways to navigate them. The San Francisco-based Sustainability Accounting Standards Board (SASB), for example, has developed a “materiality map” that covers myriad possible environmental, social and governance (ESG) issues. “We are trying to make sustainability reporting more efficient by condensing it down to the material items. It is like accounting standards,” but for non-financial issues, says Bob Hirth, co-vice-chair of SASB.

ESG factors won’t be identical for every industry. A consumer goods firm might be reporting on factors such as water usage and energy management, technology firms on their hazardous waste policy, transportation firms on their air quality impacts and so on. The end result is that all firms will be more aware of how they use resources and how they impact their broader community. Better data means better business decisions. “This is not some tree-hugging eco-thing,” says Hirth. “Putting focus on how you use resources is a way to improve your profitability, valuation and cost of capital.”

Beyond disclosure and materiality, other aspects of sustainable finance are also showing rapid progress. The most obvious of these “green shoots” is the tremendous growth in green bonds, which are by definition allocated to projects that meet strict sustainability criteria.

Last year, roughly \$246 billion worth of green bonds were issued worldwide, up from about \$5.4 billion in 2012, according to Bloomberg New Energy Finance.

This is ample proof of the rising demand for sustainable investment opportunities, says Lindsay Patrick, managing director and head of sustainable finance at RBC Capital Markets. RBC recently issued its first \$750-million green bond. “Green bonds are an important and specific example of sustainable finance,” says Patrick. “Investors want clear

What does sustainable finance look like in practice?

1

REPORT

An agriculture business commits to enhanced **climate-related financial disclosures**

A transportation firm bolsters its reporting on **air quality**

2

INTERNALIZE

A bank takes **environmental issues** into account when making lending decisions

An insurance company considers offering preferred rates for **flood resiliency measures**

3

ACT

An oil and gas firm issues equity or debt to invest in measures to reduce **methane emissions**

A rental car company issues a **green bond** to finance a new fleet of hybrid vehicles

“A lot of Canadians are keen to make a difference. The conversation is changing.”

reporting on the assets so they know exactly what they are buying.”

Patrick predicts green bonds will be among the first of many innovative new debt and equity products to quench investors’ thirst for sustainable investments. She sees a future in which even companies in extractive industries, such as oil and gas, will benefit from sustainable finance practices by issuing bonds that reward reductions in greenhouse gases or other environmental benefits. “Long-term capital will continue to flow to companies that can articulate a sustainable future,” she says. “And at the end of the day, this will start affecting a company’s cost of capital.”

As the sustainable finance landscape evolves, the accountancy profession will have to transform with it. “Accountants have a huge role to play,” says Zvan. “It is in everyone’s best interest to make disclosure as accurate as possible. Accountants are necessary for the production of key financial statements, providing assurance for disclosures provided by companies and determining the fair market valuation of assets.” SASB’s Hirth agrees, pointing to new tasks such as the verification of non-financial disclosures. “Many large companies are getting a form of assurance or attestation for their environmental, social and governance disclosures that they are reporting from third-party data or consultancy firms,” he says. “This is another big opportunity for accounting firms.” (RBC’s green bonds



Barbara Zvan of Ontario Teachers' Pension Plan

framework, for example, says its bonds may be subject to assurance reports by its external auditor.)

Votorantim Cimentos CFO McCarthy has already seen first-hand how accountancy has changed at his own firm as it has embraced sustainable finance principles. “The finance function of the future will go beyond debits and credits,” he says. “It’s now important that my team is focussed not just on new investments in terms of returns, but also on the social and environmental

impact of those numbers. How do we ensure that we are achieving our sustainability goals while generating superior returns for the business? This requires building a team that can go beyond reporting.”

Zvan believes such reporting improvements can’t come fast enough. “Canada doesn’t have a great brand right now,” she says. “The world sees us as fighting over pipelines and carbon taxes. We need to turn this on its head.” She remains optimistic that progress on sustainable finance is coming. “There is a lot of passion and positive momentum, and a lot of people in Canada are keen to make a difference. The conversation is changing.”

The ultimate goal, says Zvan, is for environmental and social factors to become deeply and seamlessly embedded—rather than set aside—within the day-to-day world of financial decision-making. “Hopefully at some point we’ll be able to drop the word ‘sustainable’ altogether. Really, we’re just talking about finance.” ♦

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BY MARTIN PATRIQUIN
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Jugo Juice



Mucho Burrito



**How a Montreal company
tweaked, tailored and tinkered its
way to the top of the food chain**



Mr. Sub



Pinkberry

Thai Express



If you've noshed at a shopping mall in the last two decades, chances are you've enriched MTY Group's bottom line.



And you probably had no idea you were doing so, which is exactly what the company—which fills food-court trays with burgers, pizza, subs, sweet-and-sour pork, salad, smoothies, BBQ, tacos, pad Thai, tandoori chicken, vegetarian quiche, sushi, souvlaki, poutine or pretty much whatever might tempt your palate—wants.

The head office of MTY Food Group Inc., one of the largest restaurant franchisors in North America, sits beside a pothole-strewn service road on the industrial outskirts of Montreal. Inside, it's all narrow hallways, leatherette furniture and cramped offices—a testament to blandness.

It's a notable counterpoint to the MTY Group's technicolour roster, which numbers about 75 restaurant brands in Canada and the U.S., and in 35 other countries around the world. "We like being discreet," says MTY CEO Eric Lefebvre, a CPA. "We want each restaurant to have its own identity, its own personality. When people go into one of our restaurants, we don't necessarily want them to know they are going into an MTY restaurant."

Lefebvre is the personification of this discretion. The trim 42-year-old Quebec native is the company's second-ever CEO. On the day I met him, he padded around the office in a jacket and open-necked white shirt, apologizing to employees when he invariably bumped into them in the halls. He lists "work" as his prime hobby. And since his arrival in 2009, MTY has undergone the biggest growth spurt in its history.

In 2010, the company oversaw 1,727 locations; in 2017, there were 5,469. Sales increased by nearly \$2 billion, to \$2.3 billion, during the same time period. The company has grown through a decade when the very notion of fast food has been attacked as unhealthy, in part by buying up brands offering healthier fare and altering the menus of many in the stable to address consumer health concerns.

And it has grown by procuring brand after brand of mostly shopping mall-based fare—at a time when the drawing power of malls is supposedly ebbing toward irrelevance. It's the kind of counterintuitive move that made MTY such a player in the first place.

The company headwaters flow directly from a working-class piece of the Montreal suburb Laval, where founder Stanley Ma opened his first restaurant.

Ma came to Montreal in 1968 from Hong Kong, landing in an era of continual political upheaval. Montreal's French and English solitudes lived on opposite sides of the city, with Saint-Laurent Boulevard acting as a moat between the two. At the base of Saint-Laurent, a rocambolesque mishmash of depravity and merriment better known as "The Main," was Chinatown. With a few notable exceptions—Ruby Foo's deep in western Montreal being the best—Chinatown's few square blocks were the only place to get Chinese food, more often than not in small, cramped restaurants dotting the cobblestoned streets.

Ma went the other way. In 1979, at the age of 30, he opened a 7,000-square-foot Chinese-Polynesian restaurant called Le Paradis du Pacifique, in a far-flung Montreal suburb next to a cornfield.

It worked, in large part because of the huge, overlooked and under-serviced demand for Chinese food in Quebec. “There were no market studies or anything like that,” says Ma. “Quebecers always liked Chinese food. Forty years ago, there was a belief that it was complicated for them to make it at home, so many people would call for delivery. It was a combination of gut feeling and risk.”

Ma’s next venture built on that somewhat surprising reverence for Chinese food. His Tiki-Ming restaurant opened in Montreal’s Rockland Centre in 1983, just as consumers were warming to the idea of eating where they shop. The concept was a fast-food take on Chinese market food: General Tao chicken, Szechuan beef and other staples served up quick, hot and cheap. The second location opened outside of Quebec City soon after. Today, there are 28 Tiki-Ming restaurants across the country.

In 1989, a year after launching Sukiyaki, a Japanese take on Tiki-Ming, Ma drifted into North American fare with Franx Supreme, and in 1995, into Italian, with what became known as Vanellis. The company, then known as iNsu Innovations, also operated an IT wing, which sold computer software and electronics. “At a certain point it was decided to divest from that because the restaurants were cash cows and the IT thing was a money pit,” Lefebvre says. (The company finally shed its IT division in 2003 to become MTY Group, after the first letters of the founding partners’ last names—the two others, Kenneth Toye and Stanley Yee, are no longer involved in the company.)

If there is such a thing as a modern-day MTY Group DNA, it was spawned with the company’s purchase of the Fontaine Santé chain of 22 vegetarian restaurants for \$700,000 in 1999. In Fontaine Santé, Ma found a fledgling restaurant business with a growing footprint in what was then the niche market of vegetarian food. The company rebranded the chain as Cultures in 2002, tweaked the menu, freshened up the locations and let it grow organically. This formula remains in place today.

“When making acquisitions, my ideal chain is one that has over 100 restaurants, that’s mostly franchised, and that’s growing, not at a spectacular pace, but steadily year over year, to make sure the base is still strong before you grow. The type of food, the geography—I’m very agnostic when it comes to that. I’m also agnostic as to whether it’s quick-service restaurants or casual dining,” says Lefebvre. (Quick-service

restaurants are fast food; at casual-dining restaurants you sit down, order from a server and possibly enjoy a beer or glass of wine before your food arrives.)

Lefebvre, who was still in diapers when Stanley Ma opened Le Paradis du Pacifique, came to the company by way of Bell Aliant, a Halifax-based telecommunications firm that specialized in rural phone and internet service in Ontario, Quebec and Atlantic Canada. His interview with Ma “lasted about 15 minutes,” he recalls. “Stanley said, ‘Eric, I like what I see. We’re going to make you an offer.’”

Lefebvre’s hiring in 2009 was the product of the same gut feeling that prompted Ma to plunk a McMansion-size Chinese restaurant in the middle of Laval 30 years before. “We’ve hired

so many people over the years, so when you sit down with someone for five or 10 minutes, you have a feeling,” Ma says. “I felt very comfortable with him. He was very down-to-earth. He was a young man with a lot of energy, so we were fortunate to secure him. After a few years he became the CFO.”

“Going into a company by way of accounting gives the occasion to participate in other operations,” Lefebvre says. “I worked with people in operations, procurement, marketing, everyone. You easily get a big picture of the company because all the information arrives by way of accounting. You understand more than numbers—you understand the entire structure of the business. It’s allowed me to be more of a businessperson.”

His arrival at MTY coincided with the company’s increased pace of acquisitions, followed by expansion into the U.S. in 2013 and an aggressive move into casual dining last year. In both cases, MTY acquired existing companies—Arizona-based Kahala Brands and Montreal’s Imvescor Restaurant Group, respectively—in order to leverage their knowledge. “When I say you need to focus on your strengths, serving food is certainly our strength, but there are areas like casual dining where we were lacking the expertise,” Lefebvre says.

“We acquired these companies to gain it.” Imvescor brought with it a number of casual-dining staples, like Bâton Rouge and Pizza Delight, among others.

Lefebvre just shrugs and smiles at the pace of MTY’s expansion. “We’d been making small acquisitions and it snowballed,” he said. “The ascension had already started when I arrived, and we just kept going.”

By investing in brands like Cultures in its early years, MTY Group has an advantage in the current trend toward health- and environment-conscious fare. It has built on this by retooling its existing brands to meet these expectations. When it purchased Sushi Shop in 2006, MTY Group updated the



He’s led MTY’s growth spurt. He lists “work” as his hobby.

menu—“The food was so-so,” Lefebvre says—and pledged not to use endangered species like red tuna in its food.

Lefebvre is particularly proud of the company’s Mr. Sub brand. Founded in Toronto in 1968, the once-dominant chain was hemorrhaging sales and floundering against the competition when MTY acquired the brand and its 338 locations in 2011 for \$23 million. MTY promptly closed underperforming stores, tweaked the logo, urged franchisees to renovate and freshened up its menu—in large part by introducing antibiotic-free meats to its counters. In 2017, the brand was awarded the top healthy choice award by U.S. market research group NPD. Today, its franchisees are smaller in number but no longer restive about the brand’s future. “Franchising is easy when your franchisees are making money, because then they’ll talk to their friends, they’ll want a second store. Word of mouth is the best tool for us,” Lefebvre says, noting that’s true of all their brands.

Even a cursory look at MTY Group’s stable shows a noticeable theme. Its restaurants are middle-sized and, more often than not, slightly more expensive than their larger competitors. While this is part design—acquiring, say, a Tim Hortons-sized brand would tax even MTY’s resources—the tactic has its challenges.

Lefebvre gives the example of Country Style, the comparatively quaint coffee-and-doughnut chain. MTY Group bought it in 2009, and all was fine until about two years later, when McDonald’s decided to caffeinate, introducing its McCafé concept nationwide. “They came in with a great product at a good price point with amazing convenience. And then, to make sure they killed us properly, they made their coffee free. You can’t compete with free,” Lefebvre says. “Any good initiative we came up with, they came out with something stronger. We tried all-day breakfast, and they brought it in three months later.” Competition was likewise tough in the sushi trade when MTY bought Sushi Shop. “There were lots of new entrants in the market, and people weren’t buying as much as they are today,” he says. “The brand spiralled down. It was really difficult.” In addition to revamping the menu, they introduced pictures of the sushi to help novices, and within four years had engineered a turnaround.

For all its might and growth, another potential Achilles heel lies in a key part of MTY Group’s business plan: namely, the shopping centres where the vast majority of its brands ply their trade.

A 2017 Credit Suisse report estimated that up to 25 per cent of shopping malls in the U.S. would close in the following five years, as online sales wreaked havoc on the likes of Sears, Target and other massive retail stores anchoring these

erstwhile monuments to suburbia. “America’s malls are rotting away,” read a 2017 CNN headline. In Canada, the issue is exacerbated by a lower population density coupled with higher food costs.

Yet industry specialists see the transformation, not the death, of shopping malls in Canada and beyond. The modern indoor mall, birthed in a Minneapolis suburb in 1952, was centered around retail; food courts, somewhat begrudgingly shoved in the basement, largely existed as hunger-staving detours to the bathrooms.

Today, many successful malls have reversed the equation, with restaurants, not retail, often providing the centre of the mall experience. “Consumers have changed. They’re not there to just buy something. Millennials want an experience, and restaurants and eating are a big part of that,” says Bob McMahon, CPA and National Retail and Consumer Business Leader at BDO Canada.

As an example, McMahon points to Yorkdale Shopping Centre. In the last few years, suburban Toronto’s sprawling and perpetually packed mall has made marquees of restaurants like Tora sushi, Restoration Hardware Courtyard Café and the Ladurée tea salon—promoting them as a reason to visit. (MTY Group brands like Scores and Houston Avenue Bar & Grill are more likely to be family destinations than shopping-break nosh.)

“Yorkdale is known for being ahead of the curve in attracting consumers. The experience these restaurants provide the consumer, it drives traffic,” says McMahon. “Malls have to change. It can’t be just 50 small retail stores drawing the consumer because the evidence shows that food draws the consumer, regardless of whether it’s quick-service or sit-down or a longer stay. People buy more from the mall if they have good food.”

Malls also need to constantly refresh to stay current. Not coincidentally, York-

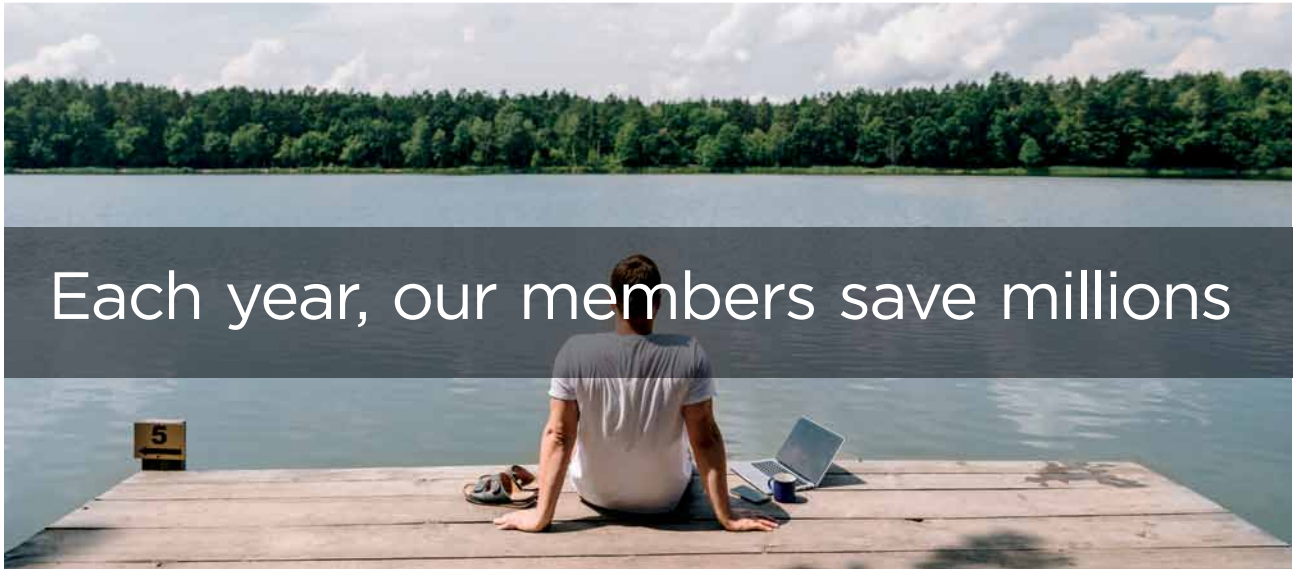
dale Mall is home to five MTY Group brands, including Big Smoke Burger, Jugo Juice and Thai Express, the ubiquitous, Montreal-based chain of noodles-and-chicken joints purchased by the company in 2004. “We’ve managed to keep things young and current,” says Lefebvre. “It’s a younger clientele now than when we bought them.”

Stanley Ma is a self-taught businessman who has lived by and prospered from his gut instincts. In Eric Lefebvre he found an ideal successor who was nonetheless his polar opposite: a buttoned-down, soft-spoken French-Canadian with a raft of letters after his name.

Under Lefebvre, the company has focused on keeping MTY Group in a state of constant rejuvenation. It worked for Sushi Shop. It’s working for Mr. Sub. And he has good evidence it’s working for Thai Express. “My two teenagers crave Thai Express. That’s a good sign. It means we have a new generation who crave it, and that our demographic isn’t getting older.” ♦



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is vital.
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to keep
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and current.”**



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From left: Ellen Hyslop,
Roslyn McLarty
and Jacie deHoop





Levelling the playing field

**Three young
accountants felt
excluded from
the world of sports,
so they found their
own way in**

**BY ROSLYN MCLARTY, CPA
AS TOLD TO ERICA LENTI**

PHOTOGRAPHS BY KATHERINE HOLLAND

In the spring of 2017, I was new to Bay Street and trying my best to fit in. During lunch at the office, my colleagues' conversations would always turn to sports. I wanted to join in, but in Toronto, a city where local teams are loved (and loathed) intensely, I found it tough to chip in without knowing stats or players like the back of my hand. I felt excluded, especially among my male peers.

I wasn't alone. My two sports-loving friends from university, Ellen Hyslop and Jacie deHoop, felt left out, too. Also accountants on Bay Street, they felt too intimidated to participate in their office brackets or pools, and they didn't know how to strike up a conversation about sports without being mansplained to.

So, we were relegated to talking sports amongst ourselves. Over dinner one night, Ellen explained to Jacie and me why the Toronto Maple Leafs' play-off berth a few seasons back was so impressive—it was a team-rebuild year, and they weren't expected to perform well. We wished we'd known that earlier, so that we might be able to join those daunting sports conversations at the office.

way that's conversational, fun, witty and inclusive, whether you're a new or diehard fan. We haven't forgotten that women are sports fans, too.

I've been one my entire life. Growing up in Ottawa, I played volleyball and basketball for fun, but my real game was soccer, which I played competitively. It was a major part of my formative years and taught me valuable lessons: how to play and work well with others, and how to train to improve myself.

My love of numbers came from my parents, CPAs who ran their own accounting firm. They proved there was no single way to be an accountant. My introverted mom operated quietly and independently, while my extroverted dad loved interacting one-on-one with clients. To me, the designation offered an exciting way to combine entrepreneurship and accounting. As a teen, I knew I wanted to follow in their footsteps and pursue accounting. I saw how fulfilling the work was for my parents and could see myself feeling the same way. I was a logical thinker and working with numbers made me feel at ease.

“We haven't forgotten that women are sports fans, too”

We joked that Ellen should write a newsletter like *The Skimm*—a pithy news brief tailored to female readers—about sports for women excluded from sports talk. She thought the idea was brilliant, and we found ourselves spending the rest of the evening brainstorming how to make it happen. That night, we built the foundation for *The Gist*, our sports media company tailored to millennial women.

We spent every subsequent Sunday fine-tuning *The Gist*. We are all graduates of the commerce program at Queen's University and we put our financial backgrounds to use in creating a business plan. We discovered in our research just how exclusionary sports can be: only four per cent of sports media focuses on women's athletics, and just 14 per cent of sports journalists are women, according to one study out of the University of Minnesota.

To change that, we launched a twice-weekly newsletter, built a community on social media and created a website with news, interviews and resources for newbies interested in sports but uncertain where to start. *The Gist* covers not only women's sports but the major leagues as well, in a

Once I graduated from Queen's, I landed a job working in PwC's audit and assurance practice. But I found myself stuck in the weeds with clients, focused more on individualized needs than big-picture strategies. I craved my parents' more entrepreneurial experience of accounting, and wondered if I'd ever get there myself.

Our idea for *The Gist*, it seems, came at the perfect time to fulfill that desire. In 2018, just months after we launched *The Gist*, we were accepted into an incubator program at Ryerson University's Digital Media Zone, in partnership with the Facebook Journalism Project, to grow the company with \$100,000 in funding. The three of us knew this was our chance to create something incredible, so we left our Bay Street lives behind and started working on *The Gist* full-time. Mentors led us through the process of maintaining a startup, provided technical knowhow and helped us plan the business's future.

As *The Gist*'s head of operations and finance, I'm responsible for budgeting, operations and fundraising. One day I might be meeting with investors; another, I might be preparing for a live



NHL entry draft event. Unlike my old job, no two days ever look the same.

Today, *The Gist* has more than 9,000 followers across our platforms. Toronto is our home base, but we hope to slowly expand across North America, reaching women who, like us, have felt left out of the conversation, focusing on local teams that matter to them. Ellen is the voice behind the brand, writing our newsletters and resources. They're free, so we encourage fans who love our work to become "GISTfluencers," by supporting us financially in exchange for perks like apparel and discounted sports tickets.

We knew we had tapped into something great when women in the biz were singing our praises. Aimee Deziel, the chief marketing operator of the

Ottawa Senators, told CTV News our content was "hard-hitting," noting that we were "on to something." Even Olympic champion skater Tessa Virtue told us she was inspired by our work and pursuit for excellence.

But it was my own experience that solidified just how important *The Gist* is. I had never participated in a sports bracket before our venture—I was certain, in a group of guys, that I wouldn't stand a chance. Then I tried it out within our newfound community of female sports-lovers. I realized there was nothing to be scared of; in fact, I was excited to get a little competitive. During our first *Gist* draft, 85 per cent of participants said they, like me, hadn't been part of one before. We were opening new doors—not just for ourselves, but for others, too. ♦

LAST OUT

EXTRAORDINARY ITEM

BORN TO BE MILD

Harley-Davidson is about to release its first electric motorcycle. Are fans ready for a rumble-free ride? **BY MATTHEW HAGUE**

Anyone who has ever been in earshot of a Harley-Davidson knows its distinctive rumble, which sounds as though someone is saying “potato-potato” over and over really fast. Some may find the noise irritating, but aficionados love the way it spikes their adrenalin by conjuring wide-open highways and cross-country road trips.

LiveWire, Harley-Davidson’s newest motorcycle and the first electric option in the company’s 116-year history, is therefore a “huge shift,” according to Marc McAllister, Harley-Davidson’s vice-president of product planning and portfolio. “Although you can hear the engine hum at speeds of 100 km/h or more, at city speeds of 35 to 45 km/h, it’s completely silent.”

Not everyone likes change, though. “I have to admit that the idea of a quiet motorcycle does seem to go against the grain of what one expects from a Harley,” says Felix Irwin, a CPA and Harley lover. When not driving his 2008 Toyota Camry hybrid around lower Vancouver Island, he can be found on his “gas guzzling” 2016 H-D VRSCF V-Rod Muscle 1250cc. “I don’t see myself getting onto an electric bike any time soon.”

Ironically, that pushback might bode well for the brand. LiveWire is an attempt to broaden the market well beyond the traditional base of bikers—over 50, rumble-obsessed. Instead, it’s for eco-conscious consumers who would otherwise



“A QUIET MOTORCYCLE SEEMS TO GO AGAINST THE GRAIN OF WHAT ONE EXPECTS FROM A HARLEY”

opt for car-sharing programs, public transit or Teslas.

“Motorcycle ridership is in decline,” says McAllister, a statement supported by Harley’s waning sales, which have been slumping through much of the past decade and were down 6 per cent last year alone.

Undeterred, LiveWire, which launches at dealerships starting this September, began development. In 2014, company executives unveiled



digital ride with an on-board 4G network. It's also much easier to drive. Traditional Harley transmissions, controlled by various pedals and levers, require more dexterity between both hands and both feet. That is why "one does not start out on a Harley," says Irwin, "one graduates to it." But LiveWire's gears switch with the twisting of a single hand crank, making it more intuitive to manoeuvre, especially for people who have never operated a motorcycle before.

Although Harley won't release any numbers yet, McAllister says pre-orders have been brisk across North America and Europe, "with interest exceeding expectation." Some online reviewers, however, have criticized the high starting price of \$37,250.

Electric vehicles do tend to cost more, yet in general the category is seeing an uptick in interest. "Thirty-eight per cent of consumers most want an electric engine in their car or light truck," says Ryan Robinson, Deloitte Canada's global automotive research leader. "That's high and getting higher. In 2018, the number was 29 per cent."

While Robinson adds the caveat that all personal vehicles are facing decreasing demand, Harley has only just begun to diversify. "With LiveWire, we've started by showing what a premium e-motorcycle can be," says McAllister. "But soon we want to have transportation options for everyone from two years old to 82 years old."

What he means is that, in addition to many more full-sized electric motorcycles to come for adults, Harley recently acquired StaCyc, a company that makes mini electric bicycles for children. "We're hoping that if we can spark an interest in bikes in kids, we'll be able to drive the growth of motorcycle sales well into the future." ♦

CHARGE!

More gas-free toys for grown-ups



Quebec is known for its massive snow dumps, so it's fitting that a Montreal-based company, **Taiga Motors**, has engineered the world's first electric snowmobile. The silent ride can power across 100 km of trails between charges. MSRP \$20,000. taigamotors.ca



Toronto-based **Daymak** makes toys for eco-loving adrenalin junkies, including e-bikes, dune buggies and ATVs. Their Beast line of ATVs allows people to off-road through the woods without creating a ruckus. From MSRP \$2,699. daymak.com



Canadian Electric Boat Company, based in Boisbriand, Que., makes elegant, old-style boats with a twist. The wood trim and tufted leather upholstery evoke days gone by, while their electric engines, that run for about 80 km between charges, have the environment's future at heart. From MSRP \$22,995. electricboats.ca

30 or so prototypes and took them on a global road show. Their idea was to do on-the-ground market testing to see which designs had the most traction in the media and with potential buyers. "We took all that feedback," says McAllister. "And we think we're bringing the right product to the market now."

To appeal to younger riders, LiveWire features plenty of new technology—it's Harley's first fully



HEALTH

SPEED FREAKS

Australian fitness upstart F45 sells ultra-fast “functional fitness” classes to the time-starved set. Its aggressive expansion plans for Canada are just as swift and sweaty. **BY KATRINA ONSTAD**

After the sweat, the lunges, the medicine ball toss, the vertical push-ups from ankle straps (picture a duck dangling by its feet in the window of a Chinese restaurant; now picture it doing push-ups) and many high-fives, something confusing happened: Everyone at my first F45 fitness class started leaving. “We’re done,” a cheery trainer with tattoos up his calves told me. This was good news, but still, I was surprised. Hadn’t we just started?

Classes at F45 are only 45 minutes long, and because you’re moving quickly, doing reps in intervals at different stations, class moves quickly, too—almost frantically so. This new-model circuit-training workout, rapidly expanding from its Australian roots with 1,500 studios in 43 countries, is a response to two

seemingly contradictory realities of our time: We are too busy, and too sedentary. We work long hours—“busy” is a high-currency mantra—and technology allows us to corral and crunch time for efficiency’s sake. But while we click those devices, we are sitting a lot—Canadians spend 69 per cent of their waking hours being sedentary—which can lead to myriad health problems, like weight gain and cancer. Enter F45 with a bittersweet solution: a fast workout for fast times.

F45 belongs to an emerging exercise genre called “functional fitness,” which emphasizes rehabilitative movements that build strength and stamina for daily tasks like snow shovelling and grocery unpacking (think deadlifting sandbags, sitting on a bench and getting up with no hands,

swinging kettle bells). At F45, these functional moves get the HIIT—high intensity interval training—treatment, where short intervals of intense exercise are interspersed with static or active recovery. It’s reminiscent of yesterday’s gym-cum-lifestyle phenomenon CrossFit, but the trainers’ careful eyes and safety-first moves (designed in Australia and sent out around the world for a different workout every day) mean there’s less chance of blowing out a knee.

F45 declared a major push into the Canadian market last year, and the flag-like blue-red-and-white F45 logo now hangs over the door of 100-plus franchises from Vancouver to Halifax. It has at least 10,000 active members in Canada and expects that number to double by 2020. Rob Deutsch, the Australian founder and CEO, said via email, “The ultimate goal is to have an F45 studio within 10 to 15 minutes of everyone in Canada.”

Paul Smith is helping with that goal. A former CPA, he now runs an F45 franchise in Toronto and two more in London, Ont. When I spoke to him, I mentioned I’d just returned from a class and had almost died. He responded, “But in a good way, right?”

Smith spent a decade in Toronto at BDO and his father’s insurance company, but his dream was always to be an entrepreneur. After a friend returned from an Australian holiday raving about F45, Smith took an intelligence-gathering trip to Sydney. In 2015, he became co-owner of the first Canadian F45 franchise, taking over a former spinning studio in the condo-filled Liberty Village neighbourhood. “People don’t want to waste time figuring out what to do in a big gym. Here, you just show up and get results,” said Smith. “I’d never seen anything like it in Canada—personal training in a group atmosphere that’s super social.” So social that Smith met his wife at F45, and they moved to London to open two more.

The speed-freak workout is mirrored in the company’s rapid-growth business plan. Expanding so quickly means F45 is relying on franchise

owners to deliver a consistent experience far from head office, which can be risky, according to Stuart MacDonald, a Toronto-based adviser and investor in early-stage companies: “Any sort of massive scaling efforts puts stresses and strains on the centralized team.” A report from market research firm IBISWorld found that the gym, health and fitness club industry in Canada is booming, with \$4.5 billion in revenues and an annual growth rate of 6.8 per cent between 2014 and 2019 (F45 declined to share its revenues). The F45 strategy seems to be blanketing the landscape with its brand as fast as possible, hoping to win a first-mover advantage. But fitness is a crowded, fickle industry. “You put a huge investment into opening all sorts of locations around one concept. What happens if that concept falls out of favour or some other trend comes in?” asks MacDonald. Remember Tae Bo? Sweatin’ to the Oldies?

Research from Canfitpro, Canada’s largest certification organization for fitness professionals, shows that functional fitness is the fastest growing workout trend in Canada, but an F45 class doesn’t exactly feel aimed at older people who might be concerned about snow shovelling injuries. This 40-something was definitely a Gen X outlier, nodding along awkwardly to talk of hangovers and Coachella. It’s not cheap either: a week of unlimited classes at F45 runs between \$60 and \$68. But research shows that millennials prioritize experiences, including fitness experiences, over acquisition. Their parents might have spent money on a car, while they’ll spend it on the right training session.

“Our target demo is time-strapped 20-to-45 professionals, but we can cater to all fitness levels and ages,” said Smith. “Basically anyone who wants to get results efficiently.” In exercise as in life, our cultural obsession with efficiency may be the common ground between generations. We all feel crunched, and so we all do crunches as quickly as we can—at least until we turn to the next faster, better, hotter workout waiting to hit the marketplace. ♦

BOOK VALUE

PEACE OF WORK

Office squabbles can tear a company apart. Before handing out pink slips, try this.

BY BRIAN BETHUNE

It’s hard to judge which eye-opening statistic in *Turn Enemies Into Allies: The Art of Peace in the Workplace* should most alarm managers. Would it be that 85 per cent of American employees report experiencing conflict at work and see it consuming three hours of productivity every week? Or that 43 per cent don’t think their managers handle it well? Probably the latter, since a startling 98 per cent of managers believe they need more training in, well, managing, including in conflict resolution.

Judy Ringer, the author of this solidly practical manual, gets it. She’s an experienced conflict-resolution professional in New Hampshire and holds a third-degree black belt in aikido, the modern Japanese martial art that values the well-being of attackers—an approach that infuses her work. Rather than mediate, which she believes is too concerned with solving specific issues and leaves room for future clashes, she teaches skills that help parties avoid conflict altogether.

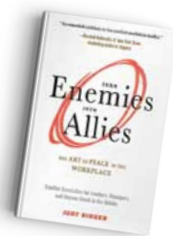
A STARTLING 98 PER CENT OF OFFICE MANAGERS BELIEVE THEY NEED MORE TRAINING IN CONFLICT RESOLUTION

Ringer understands the temptation to do the opposite: to let conflict fester. She herself moved from real estate sales into conflict resolution precisely because of a clash with a micromanaging real estate agency manager. Dealing with antagonistic colleagues, she writes, is “not for the faint of heart.” When contrasting

work styles and personalities collide—detail-obsessives vs. big-picture enthusiasts, control freaks vs. laissez-faire workers, avoiders vs. confronters—raw emotions can run high and polarize an entire team.

She approaches her work by applying the spirit of aikido to contain, absorb and redirect the energy sparked by mutual antagonism to mutually positive ends. The facilitator should begin by bowing in. That’s a sign of respect for all involved, indicating a readiness to listen sympathetically to all sides, while staying curious and asking open-ended questions: “What did you think when she said that? How do you think he felt when you did that?” Ringer pays close attention to her own reactions, fighting any drift into judgment.

If any of this sounds ethereal (or beyond mortal capacity), Ringer has a reassuringly pragmatic program. To start, avoid the temptation of immediately bringing the warring parties into a joint meeting. Ringer’s experience has shown her that no one will *listen* unless they feel *heard*, and that requires one-on-one preparation. The meat of the process is in those individual meetings, where the parties are brought to realize that there can be no conflict without mutual contribution. Ringer listens without offering commentary, aiming to keep both workers curious about the other and, eventually, open to a core insight



of aikido redirection, the notion that contrasting styles can also complement each other.

Ringer strives to keep the parties “centred”—often physically, by prompting them to take a deep breath—on the desired result, which is not victory but harmony. She calculates individuals need two to

four hour-long sessions before they're ready to meet their foe. (If that seems excessive, recall the stat that conflict supposedly sucks up three hours of productive time *every week*.) A willing attitude and a capacity for change are the most important ingredients for peace, she writes, so throughout hours of listening, she watches for them. If they don't show up after multiple sessions, it may be time for her client to consider the nuclear option: termination for one or both.

But if all parties are capable, valued and committed (a fair assumption if no one has been fired yet), they will learn. Time, then, for them to practise their new approach and skills on each other, essentially mimicking what Ringer has done with them individually. The first joint session, Ringer advises, should be held off-site, preferably in a restaurant. "There's something about breaking bread together that brings out the best in people," she writes. The talk is about anything but the elephant in the room—family, hobbies, books, how they came to this line of work—while the aim is as basic as can be imagined: to be conscious that the other person is human, too. At the close, Ringer sets a date for Joint Two, an on-site working session.

Often enough, that will be the last session. Despite the inevitable tension, each acknowledges the other's viewpoint, expresses her own view respectfully and probes for a new way of working together. Ringer often finds herself saying, "So, I notice a little tension. Does anyone else? That's great. It means we're getting to the heart of the issue. Let's pause for a moment to re-centre."

When she considers her work done—meaning the parties can function harmoniously without external aid—Ringer bows out as respectfully as she bowed in. But before leaving the scene, she asks the parties to permanently trade their conflict-inducing habits for a better peace-making set. And since habits take work to fully ingrain, there's one last step: practise, practise, practise. ♦



Biotrem's edible wheat bran plates

FOOD

HAVE YOUR FORK AND EAT IT, TOO

Fast-food diners and the takeout-lunch crowd are calling for compostable plates and cutlery, telling restaurants that plastics just don't cut it anymore

BY ANDREW REEVES

When picnickers find themselves passing out paper plates this summer, there's a good chance the forks they'll have packed won't be plastic. That's because alternatives to single-use plastics such as cutlery and straws—which take a hundred or more years to decompose in a landfill—are at the forefront of a major shift in the market. And it's consumers who are leading the push toward biodegradable varieties with a smaller environmental footprint.

The shift has been gaining momentum over the past 18 months, spurred in part by pictures and videos shared over social media depicting penguins living on islands of trash, divers swimming through a swamp of plastic near Bali, and a sea turtle bleeding as a six-inch plastic straw is extracted from its nostril. These images have helped fuel the "No Straw" movement, a campaign aimed at

reducing the 500 million plastic straws used every day. In June, Canada announced it would ban single-use plastics as early as 2021.

Among forward-thinking business leaders, this is "an opportunity to do the right thing that [will] give their business a competitive advantage," says Payments Canada CFO Pamela Steer, a sustainability expert and member of the Canadian chapter of the Accounting for Sustainability Leadership Network, which brings together leading CFOs to embed environmental and social issues into their businesses' strategies and processes. (Steer was also named Canada's CFO of the Year in April.) She says that economies of scale could eventually make sustainably sourced and degradable products less expensive than their landfill-loading alternatives. It hangs on taking what she describes as "a longer-term, bigger-picture view."

One company giving that a try is Biotrem. The family of CEO Jerzy Wysocki farmed and milled wheat in rural Poland throughout the 20th century, but pressure from larger millers was threatening to sink the business. So today, Biotrem uses wheat bran, a byproduct of milling wheat, to manufacture plates, knives and forks that decompose in 30 days, compared to six months for paper or a century for plastic utensils. At roughly \$30 for 100 plates, these edible alternatives to single-use plastics aren't cheap—125 foam plates go for \$6 at Walmart—

PHOTOGRAPH COURTESY OF BIOTREM

but prices are likely to come down as production increases. Biotrem has spent millions on research and development with the aim of selling the internationally patented technology beyond Europe. Currently, the company generates 15 million plates and pieces of cutlery annually, sold throughout Europe, North America, South Korea and Lebanon.

Then there's Bakeys in India, which since 2011 has been producing single-use cutlery from rice husks, flour and potato starch extracts. Company founder Narayana Peesapaty dove into the biodegradable cutlery market in response to India's growing problem with single-use plastic utensils, an estimated 120 billion of which are used and thrown out in the country every year. In 2016, Bakeys went viral thanks to a video of its wares on Facebook. The following year, it sold 2.5 million edible forks in plain, sweet and savory flavours in India alone. The company expects to increase sales to international clients as production ramps up. Shipping edible cutlery, however, poses a problem: It adds costs and can undermine the product's green credentials (at Bakeys, forks are wrapped in Styrofoam to keep them from breaking).

New York-based VerTerra Dinnerware has been manufacturing cutlery, plates, cutting boards and bento boxes from dried fallen palm leaves since 2006. The sturdy tableware can withstand two minutes in the microwave or 45 minutes in the oven at 350 F without disintegrating. The company partners with the respected

culinary heavyweight James Beard Foundation to supply goods for swanky catered events and has been winning sustainability and product awards since 2008. In an industrial composter, their products decompose in 60 days.

Mexico's Scott Munguía was still a student when he founded Biofase, which makes its cutlery out of recycled avocado pits. (Insert millennial joke here.) Looking for something sweeter? Eat your ice cream with a hard candy spoon that Toronto company Candy Cutlery fashions out of cane sugar. They market it as a "second treat."

It's a whimsical alternative, but environmentally friendly cutlery is big business. Analysis from the U.K. information services firm IHS Markit suggests that the market value of biodegradable plastics had passed \$1 billion by 2018 and could easily reach \$1.7 billion by 2023. The food packaging and "disposable tableware" segments were the primary drivers of this surge in value.

Steer believes that government regulation could, one day, be used to help drag laggards toward greater sustainability. But that regulatory nudge may not be necessary if consumers continue to demand greener practices. Public pressure pushed McDonald's, for example, to ditch Styrofoam food containers and polystyrene cups. Picnickers can protest, demanding forks and spoons that won't outlive them by centuries. In the meantime, nothing's stopping anyone from packing the reusable metal ones in their cutlery drawer. ♦

HOME EQUITY

FIXER APPER

HomeStars became a favourite by helping Canadians find contractors to get their renos done. But a new, more feature-heavy app—that handles scheduling and even payments—is coming up from behind.

BY MATTHEW HAGUE

When fans approach Canadian contractor and HGTV star Bryan Baeumler, they often say, "Hey Bryan, how do I find a good plumber?" Or, if pipes aren't the problem, people will ask for referrals to the best electricians, carpenters or painters. The question is so common that Baeumler recently helped launch an app, called HeyBryan, so he doesn't have to answer it personally anymore. The platform allows customers to select from 16 project categories (roofing, flooring or junk removal, for example), browse lists of tradespeople—all of whom have passed criminal background, credit and reference checks—and then hash out the details through an in-app chat.

The timing is smart. Canadians are ready to give their homes a makeover. According to the latest Canadian census, just over 920,000 abodes are currently due for major repair work. That includes plumbing and electrical upgrades, as well as structural fixes to walls, floors and roofs. In addition, 60 per cent of Canadian baby boomers plan to renovate their homes between now and 2023.

The long to-do list is one reason Canada's residential renovation market has exploded over the last two decades. In 2017, we spent a collective \$77.7 billion repairing and revitalizing our spaces, outpacing the amount we spent building new homes. According to a CPA Canada survey, 31 per cent of respondents plan to spend more on home maintenance, yardwork and gardening this summer compared to last. "The uptick in renovation spending has a lot to do with the way Canada's real estate market has

THE LAST STRAW

Canada and the European Union both plan to ban single-use plastics as early as 2021. Here are a few others going straw-less.

"Next time you see a plastic straw, just say, 'No, I'm not falling for your ruse, straw.'" —NFL quarterback Tom Brady, who posted an anti-straw video to Instagram last year



"Everything can be served without a straw. It was just changing the mentality." —Tofino restaurateur Samantha Hackett. The B.C. surf town banned plastic straws and bags in June.



"[This lid] is going to take billions of single-use plastic straws off the market." —Starbucks packing director Andy Corlett on the coffee chain's new "sippy cup" lid



evolved, particularly in hot spots such as Toronto and Vancouver,” says Krista Thompson, building construction and real estate partner at KPMG Canada. “When affordability is affected, more people choose to renovate rather than move. There’s also the Airbnb phenomenon—people fixing up their places to make them rentable.”

One headache homeowners face when tackling a renovation project, though, is hiring people to do it. A 2018 Ipsos survey of Toronto homeowners found that 78 per cent had trouble tracking down a contractor.

HeyBryan seeks to solve the problem. The platform launched in Vancouver in 2018, the Greater Toronto Area in 2019, and has plans to spread to five more cities by 2020. So far, there are more than 2,000 service providers listed with the app, many of whom signed up because the platform takes care of one of their major worries: getting paid.

“Payment gets processed through the app as soon as a project is finished,”

says Lance Montgomery, founder, president and CEO of HeyBryan. (Montgomery got the idea after struggling to get his dishwasher repaired; Baeumler signed on after Montgomery pitched him through his website’s Contact Us page.) “We’re also making it easier for tradespeople to schedule their jobs and market themselves—which is why we’ve had about 350 per cent growth in sign-ups

project leads. “I think it’s just too new,” he says, noting that he gets most of his work through word-of-mouth or free posts on Kijiji. Currently, there are 4,000 customers on the app, though Montgomery points out that 50 to 60 new ones sign up every day—a growth rate that he hopes will make the startup profitable by the end of 2019.

The trick will be pulling homeowners away from their current go-to resource:

CANADA’S HOMES NEED A MAKEOVER: NEARLY A MILLION ABODES ARE CURRENTLY DUE FOR A MAJOR REPAIR

from service providers and 260 per cent growth in customers.” HeyBryan gets its revenues by adding a 20-per-cent surcharge for service providers and a 7.5-per-cent support fee for customers.






Payment and marketing services are the main reasons that Mississauga, Ont.-based painter Steve Zappa signed up for HeyBryan in early 2019. Since listing, though, he hasn’t had any

HomeStars. Founded by Canadian entrepreneur Nancy Peterson in 2006, the site is now owned by IAC, a New York City-based media holdings company with annual revenues of more than \$3 billion. HomeStars doesn’t process payments or have Uber-like scheduling capabilities. But, as with HeyBryan, it does verify all the contractors featured on the site

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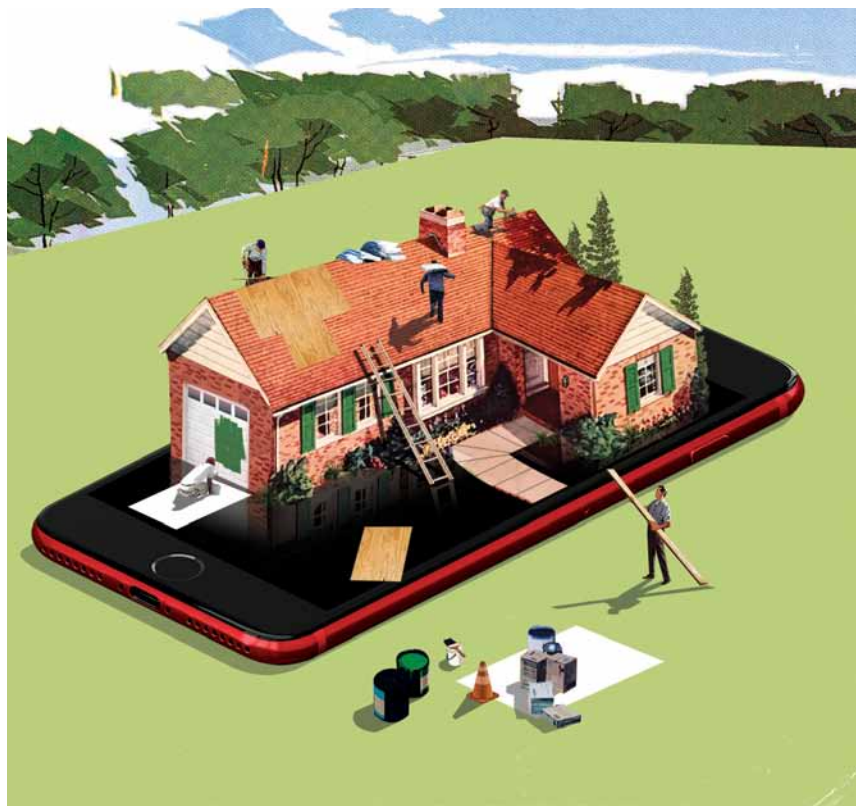
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RENO THE RIGHT WAY



Three tips to make your renovation dollars go further

1 Choose the right financing plan

Obviously, cash is the best way to fund a renovation—no debt, no worries. But if you need to borrow, not all loans are created equal. With a personal or home-improvement loan, you borrow a fixed amount of money over a specified time period (five years, for example) and pay it back in monthly instalments. If you instead add to your mortgage, remember that the new amount gets added to the principal and can incur significant interest in the long run. Taking out a home equity line of credit (HELOC)—in which you borrow and pay interest on only the funds you need—may get you a better interest rate, but because there's no built-in payback schedule, they're riskier than they seem. "HELOCs can be dangerous, since you only have to pay the interest on a regular basis," says Toronto-based financial expert and CPA Ann Hebert. The key: be disciplined and avoid treating your home equity like an ATM. "You need a plan to pay off the balance."

2 Move in before you spruce up

Spending some time in your new home will help you decide which improvements—redoing the cramped kitchen, updating the old-fashioned bathroom—should be the priority, Hebert says. This is especially true for younger couples or owners who carry large mortgages.

3 Keep your eye on the ROI

If your intention is to sell after renovating, focus on projects that will most increase your home's resale price. Kitchens are a safe bet and, according to *Remodeling Magazine*, new garage doors, decks and updated siding can also yield great return on investment. Keep renovations in line with the look and feel of the neighbourhood. Going overboard may not always guarantee a good return.—MH

with criminal and credit checks. It also allows its loyal following of 1.2 million homeowners to rate and review—sometimes with brutal, unvarnished honesty—each of the 1.8 million tradespeople, even those who pay for premium, upgraded listings. "Our content integrity team will verify the content of the reviews," says Peterson. "And if it's accurate, we leave it up. That honesty has always been core to the company—it's why people trust us."

Ottawa's Errol Judd decided to list his water treatment company, Hills & Valley Water Systems, on HomeStars in 2013, critical reviews be damned. Despite paying roughly \$14,000 per year for the Yellow Pages marketing engine and Google AdWords, which boosted his company to the top of searches for water purification systems, most of his referrals came from HomeStars, a site he wasn't even paying for. "Google just features your name in a search," says Judd. "There's no context. When you get enough positive reviews on HomeStars, it builds a lot of trust."

Eventually, Judd decided to upgrade his HomeStars account for \$2,000 per year. Now, about 90 per cent of his new clients refer to HomeStars to decide whether to hire his business, and his revenues doubled in the three years after the upgrade.

On top of HomeStars, HeyBryan will also need to compete with the likes of Houzz, a California-based app with more than two million designers, architects and home-improvement pros at the ready. For plumbing, lighting and painting (and dozens of other odd jobs short of a full-on renovation), customers can also turn to the New York-based Handy app or Toronto's Jiffy, which handles booking, payment, invoicing and customer service.

The competition is fierce, but HeyBryan nonetheless has an aggressive goal to file for an IPO on the CSE this summer and be profitable by year's end. "We have big plans," says Montgomery. "Beyond expanding across Canada, we're looking at moving into the U.S., starting with the Pacific Northwest. For us, it's all about the best way to fuel growth." ♦

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THE BIG PICTURE

Ross Dance, a 36-year-old senior finance partner at the University of Calgary, has published his photographs in *National Geographic*, the *New York Times* and *People*

BY BARBARA BALFOUR

My father encouraged me to pursue something practical so I could get a job, and I thought, **“What’s safer than an accounting designation?”** I earned a double major in accounting and philosophy from St. Francis Xavier. It was the only university that let me do it.

I moved to Calgary in 2006 to work at EY. The next year, a hobby photographer friend of mine and I went to Banff, and **it rekindled my love for photography.**

In April 2017, I photographed a wedding in Jamaica where a man proposed to the maid of honour. The Huffington Post published the photo, and the next morning I woke up to it being on the cover page of MSNBC. It was in *Cosmo*, the *New York Times*, *People*, *Good Morning America*. **I had to take two days off work to answer all the media calls.**

I’m privileged to have two jobs I love. Because they engage different sides of the brain, **I find one pursuit re-energizes the other.** I am more productive at work the week after shooting a wedding. I find what I do—forecasting, planning and budgeting toward a common goal—so fulfilling.

Both my parents were photographers. They have a room of floor-to-ceiling drawers, filled with every photo they ever took. When I was 10, my dad taught me the settings on an old Canon camera. I would develop the film in our basement darkroom.

Black dogs rarely get adopted because it’s more difficult to capture the soulfulness of their eyes in photos. **So I volunteered to take photos for dog-rescue organizations,** and then started my own dog-photography business in 2009 before moving to family photos and weddings.

I love the adrenaline rush of wedding photography. It’s like a sporting event: you have to anticipate moments, get in position and capture everything without being a distraction. **You get a backstage pass to these authentic moments that are captured forever.**

Being a CPA has allowed me to grow as an artist. A lot of artists struggle with the business side of their operations. Thanks to my education, things like bookkeeping, records management and paying tax are second nature to me.



PHOTOGRAPH BY CHRIS BOLIN

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