PIVOT

CPA CANADA

Named BEST MAGAZINE by the National Magazine Awards: B2B 2022

NOVEMBER/DECEMBER 2022

Great ideas are hard to find.

So why does Canada let them slip away?

+

ONE SET OF STANDARDS TO RULE THEM ALL

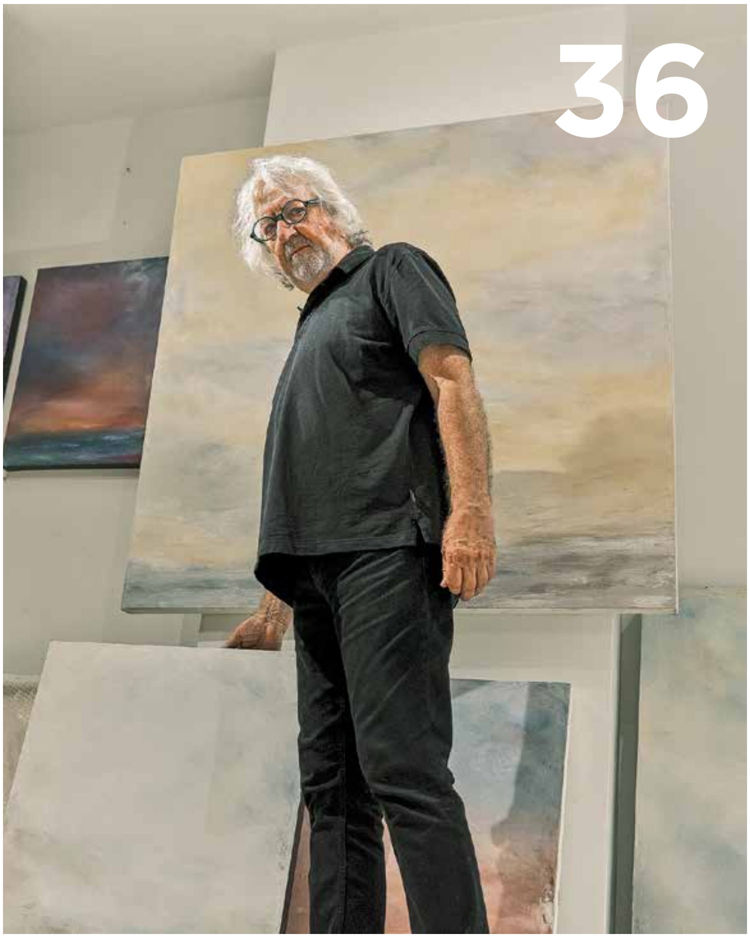
A CPA'S ARTISTIC JOURNEY

WHY DEI IS JUST GOOD BUSINESS

EXCLUSIVE ONLINE CONTENT

CPACANADA.CA/NEWS

- Preparing clients for the new trust reporting rules
- How new forms of payment are changing the business landscape
- Top tech developments for auditors



PHOTOGRAPH BY CLAUDINE BALTAZAR

FEATURES

ON THE COVER

WHAT DO YOU THINK?

Send your input to the editor at pivot.letters@cpacanada.ca. If your letter is chosen for publication, it may be edited for length and clarity.

EASING THE BURDEN

Improving financial literacy can help Canadians navigate through uncertain economic times **BY PAMELA STEER**

November is financial literacy month, the perfect time to reinforce our commitment to this societal issue. Through our financial literacy program, we reach Canadians in all corners of the country. We help build financial confidence in our Indigenous communities, with new Canadians and young and old alike. Now, with issues surrounding climate, inflation and geo-political instability having a direct impact on the lives and finances of Canadians, our financial literacy efforts have never been more important or more needed.

"Financial literacy is a powerful tool to level the playing field across Canada," says Doretta Thompson, CPA Canada's financial literacy leader. "The better we equip Canadians from all walks of life, the more Canada stands to benefit from everyone's financial potential and contribution."

Fostering that potential positively affects the economy and markets at large. Raising our collective financial understanding leads to a healthier economy—one that is more resilient to factors such as high housing costs and inflation.

The harsh reality is that many young people are on track to be less well-off than their parents' generation. Rising costs, stagnating incomes and industry disruption are altering the nature of work. As a result, many younger people are not striking out on their own at the same pace as previous generations. CPA Canada's own *Housing Headache* study found that half of Canadians who do not currently own a home believe it is unlikely that they will ever be able to purchase one. While the other half are optimistic about home ownership, only one in five think it is very likely they'll enter the housing market. In this environment, smart money decisions are crucial and those decisions come from higher levels of financial literacy.

We can all see the increasing levels of financial pressure facing Canadians—we see it every time we fill up with gas or go to the grocery store. We know businesses are struggling to find staff and with many Canadians on the verge of retirement, it is likely that these pressures are set to continue. The weight of financial and economic burden feels heavy right now, but financial literacy can help Canadians navigate a path through these difficult times. And, as CPAs, we have a responsibility to help; to share our knowledge and skills to the betterment of society and the economy.

"We often view financial literacy as being very beneficial to the financial wellbeing of an individual or their family," CPA Canada chief economist David-Alexandre Brassard points out. "However, the societal spillovers are significant and often overlooked. Not only are financially literate individuals generally larger contributors on the fiscal side, but they are also part of businesses and organizations that influence

RAISING OUR COLLECTIVE FINANCIAL UNDERSTANDING LEADS TO A HEALTHIER AND MORE RESILIENT ECONOMY

positive financial decision-making on a larger scale."

Helping Canadians better manage debt is one area requiring attention, according to research conducted for CPA Canada. Almost half (49 per cent) of Canadians have debt, and roughly two thirds (68 per cent) of those with debt are "concerned" about it. In addition, 61 per cent of Canadians who have borrowed money to cover day-to-day expenses over the last two years have yet to pay it back.

"Being in debt is frightening and can make you feel like there's no way out—but there is," explains Thompson. "If you are struggling financially, there's no shame in asking for help."

So, I want to use this opportunity to issue a challenge to Canadian CPAs. I want us all, through our interactions with clients and communities, to build on the successes of our financial literacy program to continue to grow financial understanding for all Canadians. It's just one of many ways we can help people and positively impact our economy.

I also want to thank the many volunteers who already contribute to and participate in CPA Canada's Financial Literacy program. This initiative involves great partnerships with the provincial, territorial and Bermudian bodies, community partners and sponsors in the delivery of unbiased, functional and clear information to Canadians. As part of this award-winning program, CPA member volunteers are provided with financial literacy content developed by our organization to deliver free education sessions in their communities.

Getting involved in our financial literacy program gives us the opportunity to make a difference beyond our profession. It allows us to reach people in a meaningful and lasting way—and that is something that we can all be proud of. ◆

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Time to take action

I sat down with the September/October 2022 issue [and] read From The CEO: "A Collective Effort" and the view of cracking down on money laundering.

For decades, I've been utterly amazed at how much is discussed about money laundering and yet it continues without resolution.

I do believe that the federal government and authorities are capable of stopping such blatant illegal activity. It's made me cynical to continue to see it happen at such high-profile levels, enabling the rich to become richer and for politicians to continue as politicians.

The sad truth is that the less affluent are the direct victims. They are the ones directly impacted as money laundering in turn supports other crimes, including drug trafficking, prostitution, and other gang-related activities.

The Cullen Commission's recommendation that B.C. appoint an independent anti-money laundering commissioner to provide strategic oversight is—in my opinion—a cop-out. It only serves [to add] another level of bureaucracy and finger-pointing to this issue.

Will just one group at the federal level please take ownership and responsibility?

That is your obligation in doing what is best for law-abiding Canadians. The crime of laundering money is homogenous, regardless of province or location.

—A. Stuart Mah, CPA, CMA
Vancouver, B.C.

A long journey

I was delighted to read what new CPA Canada president and CEO Pamela Steer had to say about what sustainability represents for the accounting profession (July/Aug. 2022). Thirty years ago, I advocated for the meeting of both worlds back when the term "sustainability" was in its infancy—and certainly unheard of in many accounting circles. So, Pamela's words rang true regarding the broad and societally significant opportunity and responsibility that sustainability represents for the profession.

With all the acronyms tied to the sustainability world, I found myself challenged for a few minutes by Pamela's use of "PTBs." After the realization that it stands for "Provincial and Territorial Bodies," my mind immediately went to Quebec.

Quebec should take the prize for being the first PTB to actively undertake serious research and outreach work in the environmental aspects of sustainability during the '90s. I commend Quebec's efforts alongside CPA Canada's three legacy bodies and CICA's forays into the emerging fields of international sustainability management, governance and reporting standards.

It's been a long journey to the opening of the ISSB's office in Montreal, with all due recognition of CPA Canada's role in getting it there!

—Alan Willis, FCPA, FCA
Mississauga, Ontario

Facts—not figures

I read the tech article in the July/Aug. 2022 issue of *Pivot* ("Just Add Water") with interest until I noticed a comment regarding the production of the cleaning items made by MYNI. The article claims that they're "made using 1,000 times less energy than typical cleaning products." In the physical world, this is impossible.

If a typical cleaning product uses one unit of energy to produce, this new product can, at best, only use "1 times" less energy. So, it uses no energy at all. The added value of "1,000" couldn't occur unless, during production, it not only *doesn't* use any energy, but [also] creates 999 units of energy during its production.

I am used to seeing this type of error in newspapers and other magazines, but not in *Pivot*, the national magazine for professional accountants.

—Pat Winstanley
St. Catharines, ON

Editor's note: The "1000 times.." figure cited is incorrect and should not have appeared in the story. We apologize for the error.

PURPOSE DRIVER

ON A MISSION

A mentor and champion of women in senior business roles, Christine Sawchuk is also out to redefine what it means to be a leader **BY LIZA AGRBA**

Business valuation is part art and part science. "The science, of course, is in the numbers," says Christine Sawchuk, president and CEO of the Chartered Business Valuators Institute. "But you can't get the end user—whether that's a party to a transaction or a judge in a litigation case—to buy into what you're doing without being able to communicate how you arrived at a certain number. Working with numbers is just part of what we do. The rest is communication."

Sawchuk—a CPA and a CBV with a doctorate in education from Western University—joined the institute in 2014 as its associate director of education and accreditation before climbing the ranks to CEO. She's long considered analysis and communication her greatest strengths—hence her choice in specialty—but since her earliest days at the institute, she's deployed her skills to solve a problem beyond the official scope of her role.

"Accounting has pretty good gender diversity overall but, once you get a little more specialized and look at fields like finance and valuation, the representation of women and women leaders really falls off," she says. If Sawchuk has anything to say about it, that won't be the case for long. A champion of gender diversity in her field, Sawchuk's efforts span from evolving the DEI (diversity, equity, inclusion) strategy at the institute to mentoring as many young female accountants as her schedule allows.

For Sawchuk, it's not just about fortifying the role of women in specialized branches of accounting like her own—it's about upending the cultural standard for leadership altogether. "Obviously, my motivation to get up and do the job is to run the institute in a way that's going to deliver value to members, students and the general public," she says. "But it's also to challenge the perspective on what, historically, we might expect from a typical leader."

A recent study found that there are more CEOs named "Michael" and "Mark" than female CEOs in Canada. You've said that the representation of women falls off in specialized fields. Why do you think that's still the case?

I think it's very tough to build a supportive network in spaces that men still dominate, which is why I've tried to make it a priority to mentor as many women as possible. The other reason is that a lot of women in leadership roles juggle managing their family and are thus subject to a mental load that men may not be. There's invisible labour involved in managing your household and that's often the case even when a male partner is ostensibly feminist and

PHOTOGRAPH BY DANIEL EHRENWORTH

PHOTOGRAPH BY DANIEL EHRENWORTH

progressive. Of course, people generally have unconscious biases about women that are hard to overcome, like beliefs that women are more emotional and less decisive than men. And, finally, I think women are more likely to be reluctant leaders.

"WOMEN ARE MORE LIKELY TO BE TRANSFORMATIONAL RATHER THAN AUTHORITATIVE LEADERS"

When you say "reluctant leaders," are you referring to imposter syndrome?
Not quite. It's more that women who demonstrate leadership qualities don't recognize themselves as such because they don't fit the stereotypical model—that is, that of a leader who is outgoing, charismatic and aggressive. Research suggests that, to generalize somewhat, qualities that women tend to excel in—listening and communication, empathy and emotional intelligence—are exactly what we need in leaders going forward. In my experience, women are more likely to be transformational rather than authoritative leaders—they're focused on lifting others up. But they don't always recognize that as a leadership quality, so they don't self-identify as leaders. Imposter syndrome, which comes out in women's decreased likelihood to angle for a promotion or a higher salary, definitely also plays a part, and is connected to the issue of reluctant leadership.

In your doctoral research, part of your focus centred on how to attract women to the accounting profession—and to keep them rising through the ranks. Could you summarize your findings?
Displaying representation is huge. As I was rising through my career and even now, I've made a point of putting myself in front of students and young members so that they can see women can climb the ranks and hold leadership positions. Mentorship is another huge factor, from formal to informal. I have always made myself as available as possible to students and colleagues, and have spent countless hours on the phone or going for coffee with people at different stages in their career.

How are you deploying this research in your role as CEO?
It's a personal goal of mine to elevate the institute's education and knowledge in the area of gender diversity. We have a task force (which was put on hold because of the pandemic and recently re-engaged) set to work on issues related to DEI within the valuation profession. We're going to support policy reviews

and educational programming, and implement strategies to hopefully address the lack of female representation in senior ranks in that profession.

But we need to walk the talk. Six of our 14 board members are women, which is well above the national average. All are senior leaders in the business valuation profession and we make sure to communicate that to the public. I personally make a point of putting forward names of women for high-profile speaking engagements or who may make exceptional board members. My three most recent hires have been women and they were all absolutely the strongest candidates for their roles.

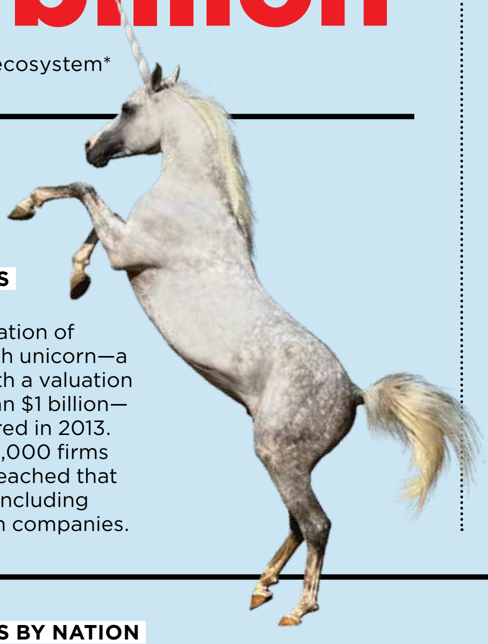
Are you optimistic about the future of women in your field?
I am. It all goes back to what we need future leaders to be. We need them to be agile and innovative, and we also need them to pull the best out of their employees—that's how companies will thrive in the growing information and knowledge economy. That means we need empathetic leaders who know how to listen. That's not all women but, typically, those are skills they rank highly in. I'm really excited for the next generation of women leaders. I think the world is going to look very different for the next generation [as a whole]. ◆

THE START-UP ECONOMY

Tech companies have grown more than twice as quickly as non-tech firms since the beginning of the pandemic and, over the next decade, the World Economic Forum estimates 70 per cent of new global economic value created will be based on digital business models. Here's a look at the state of tech start-ups in Canada. **BY STEVE BREARTON**

$78.74 billion

Estimated size of Canada's 2021 start-up ecosystem*



#1

The Toronto-Waterloo area has the highest concentration of artificial intelligence (AI) start-ups in the world.

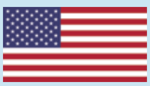
#17 & #36

In their 2022 Global Startup Ecosystem Report, Startup Genome ranked Toronto-Waterloo and Montreal 17th and 36th respectively among all ecosystems.

GLOBAL UNICORNS

The designation of the first tech unicorn—a start-up with a valuation of more than $1 billion—first appeared in 2013. More than 1,000 firms have now reached that milestone, including 21 Canadian companies.

UNICORNS BY NATION



865
United States

224
China

108
India

66
United Kingdom

21
Canada

CANADA'S START-UP ECOSYSTEM

Edmonton: $641 million
(AI, big data & analytics, life sciences)

Quebec City: $1.2 billion
(AI, big data & analytics, life sciences)

Calgary: $2.5 billion
(cleantech, fintech)

Atlantic Canada: $4.4 billion
(blue economy [economic activity related to fisheries & oceans], life sciences, cybersecurity)

Montreal: $24 billion
(life sciences, AI, big data & analytics, fintech)

Toronto-Waterloo: $46 billion
(AI, big data & analytics, life sciences)

PHOTOGRAPH BY ISTOCK

* BASED ON VALUE OF EXITS AND VALUATIONS. ** ALL FIGURES $US
SOURCES: STARTUP GENOME LLC, WORLD ECONOMIC FORUM, TRACXN

THE ECONOMIST

A BIGGER PIE

Strong economic growth is essential if Canada hopes to fund social programs and encourage innovation and investment

DAVID-ALEXANDRE BRASSARD

Inflation is at its highest level in nearly 40 years, hitting households hardest every time they buy essential goods. Some provinces have already provided one-time financial assistance and I would not be surprised if they did so again. At the federal level, the political alliance between the New Democratic Party and the Liberal Party of Canada also provides for new major social programs: child care, dental coverage and even pharmacare. In short, the redistribution of wealth through direct transfers or the addition of services is at the heart of their political agenda.

What seems to be overlooked, though, is the funding for these social programs. Before wealth can be redistributed, it must first be created, which will be a challenge for our country in the medium and long term. Despite the quick rebound of the economy during the pandemic, the next few decades will be marked by anemic economic growth. The Organisation for Economic Co-operation and Development (OECD) even predicts that Canada will rank last among OECD member countries in per capita GDP growth between 2021 and 2060. This projected poor performance is due in part to our aging population and our difficulty in creating more wealth through innovation or productivity.

Some people frown at the mention of economic growth. They associate it with increasing inequality and environmental damage, an association that I have always found simplistic, since many European countries are at once wealthy, egalitarian and known for their small environmental footprint (Denmark, the Netherlands, Sweden, etc.). Moreover, Canada is good at redistributing income, especially when compared to the U.S. In both countries, the bottom 40 per cent of the population earn 11 to 12 per cent of labour income. However, after taxes and transfers, this figure increases to 24 per cent in Canada, compared to only 14 per cent in the United States.

While the government has a clear plan to "renew" the labour market (mainly through immigration), the same cannot be said for long-term economic growth, which lacks a "blueprint" to get us out of this situation of low innovation and productivity. More piecemeal initiatives with uncertain results will not be enough.

In fact, in its last budget, the federal government announced two new initiatives focused on growth: the creation of a Canadian Innovation and Investment Agency, and the creation of the Canada Growth Fund. I have some reservations about both initiatives.

From the outset, these initiatives should not be tied to job-creation objectives, as has been the case with many government programs that support innovation or investment. What we want is to ensure economic growth at a time when the labour pool is shrinking.

The Canadian Innovation and Investment Agency will have to be accessible while forging close ties with the private sector. It will need to develop specialized expertise to target potentially riskier projects for support. The goal? To launch projects that would not have been possible without its support, which will pose financing challenges for the agency. Indeed, any good financial package provides for risk sharing among the various investors (banks, pension funds, governments, companies and private investors). Some of these investors are currently quite risk averse, leading the government to invest more than it should in investment or innovation projects.

As for the Canada Growth Fund, it will need to have the financial means to match its ambitions to properly support developing companies. It will also need to learn from previous government investment

ILLUSTRATIONS: BRASSARD BY KAGAN MCLEOD; PIZZA BY DAN PARSONS programs. Although it will be tempting to use the fund for a wide range of purposes (regional development, political priorities, other related projects, etc.), the selection process will have to prioritize quality over quantity. Its credibility will depend on it. Furthermore, the fund will also have to work hand in hand with the private sector to create a financial leverage effect.

CANADA'S SLOW GROWTH IS DUE, IN PART, TO DIFFICULTY CREATING WEALTH THROUGH INNOVATION

Clearly, we need to take a holistic view to ensure that the innovation and productivity support ecosystem is comprehensive and based on proven models. This also means that we must set aside political partisanship. That we learn from past programs and initiatives. That we experiment to find new solutions to the problems of low innovation and productivity, which are not new. It would be a shame, after all, if the public and private sectors were to blame each other for not doing enough in terms of innovation and investment. ◆

David-Alexandre Brassard is CPA Canada's chief economist.

GUEST COLUMN

DIGITAL DEFENCE

CPAs and other professionals now have access to legal tools to help them push back against online harassment

JENNIFER BREVORKA

That accountant is rude! I brought my business records to her for corporate tax work and she laughed at my record-keeping! – Angry Businesswoman, Medicine Hat, AB

Search engine results are often the first thing a potential client reads when deciding to hire you or your firm. A few clicks on unsavoury and false search results can make negative postings about you or your work climb higher in search listings. Because of this, a single individual can create a vast web of lies, often aided by search platforms that can be slow to remove harmful content.

ILLUSTRATION BY KAGAN MCLEOD; PHOTOGRAPH BY ISTOCK

SOCIAL Qs

HOUSE OR HOME?

Before making that big purchase, it's important to understand what your true goal is **BY DORETTA THOMPSON**

Home ownership has long been a major goal of most Canadians, as a symbol of success and as the cornerstone of a secure retirement. In CPA Canada's 2022 *The Housing Headache* study, 53 per cent of respondents say they are homeowners.

But fully half of the remaining 47 per cent believe their chances of owning a house are slim to none. The primary reason is affordability: of down payments for 84 per cent of respondents; renovations and desired neighbourhoods for 83 per cent; and taxes and mortgage payments for 81 per cent.

Are you—or do you want to be—a homeowner or a house owner? Attitudes toward home ownership have changed in recent decades, shifting from "home" to an investment opportunity, which makes me wonder: are we losing sight of the fundamental idea of house as home? And is ownership the only way to create a home?

While owning a house may feel far away for many Canadians, it doesn't mean the goals of a happy home and long-term financial security are beyond reach. For some, that may mean rethinking the size and/or location of a housing purchase. For others, it might mean a rental strategy—with complementary saving and investment goals.

So ask yourself, why do you own a house? Or, if you're not there yet, why do you want to? What is your first priority—to have a place to make memories and grow, or to make a good investment? ◆

Doretta Thompson is financial literacy leader at CPA Canada.

There are limited options for effectively halting these kinds of digital super-spreaders, but a recent Ontario court decision has expanded the toolbox for professionals seeking substantive legal means to stop online smears about them, their families, or their friends. This new tort—online harassment—bears consideration by any professional whose reputation is threatened due to web-based bullying.

Despite the internet's ubiquity, courts still wrestle with how to remedy internet-based harms, many of which straddle criminal and civil law. But, courts may be more willing to deploy novel remedies to curb complaints of online harassment when no internet regulations or legislation otherwise exist.

Internet bullying has far more potential for reputational harm than traditional defamation because of the internet's allowance for anonymity and the web's interactive nature. Because of this, Canadian courts have frequently provided justice for plaintiffs in cases alleging online defamation or the false online public portrayal of an individual.

Yet, litigation for such internet-based claims remains time consuming and costly. Consider the lengths gone to by 53 individuals in *Clancy v. Farid*, a case in which a Toronto man had waged an international web war on executives and recruiters for IT companies.

In *Clancy*, a case spanning five years, litigants had to hire an investigator to unearth the internet troll's identity, and then obtain court orders for seizure and copying of the defendant's electronic devices so plaintiffs could obtain necessary evidence. After that, plaintiffs had to return to the court for a variety of other motions before the court could consider awarding damages to the executives. Success in *Clancy* took years of strategic litigation by plaintiffs.

53
Number of people targeted by one person in a recent Canadian online harassment case

A recent civil case involving a new tort, harassment in internet communications, evolved after an Ontario court considered decades of online slander and harassment by a Toronto woman against individuals across the globe. The defendant in *Caplan v. Atas* had subjected more than 150 individuals—many of them licensed professionals such as lawyers and realtors—to a torrent of phony smear reviews and internet harassment campaigns. The extreme bullying dated to the 1990s and involved repeated posting of malicious falsehoods about the plaintiffs or their friends, family, and neighbours.

In *Caplan*, the court created a stringent test, which, if met, meant a plaintiff could obtain money damages, injunctive relief (stopping the harasser from further postings), and the legal right to demand that websites hosting the posts remove them. The last remedy is another novel means in which this claim differs from traditional defamation.

To succeed in an online harassment lawsuit, a plaintiff must establish:

- A defendant maliciously or recklessly engaged in communications conduct "so outrageous in character, duration, and extreme in degree, so as to go beyond all possible bounds of decency and tolerance";
- The defendant acted with the intent to cause fear, anxiety, emotional upset or to impugn the dignity of the plaintiff; and,
- The complained-of conduct harmed the plaintiff.

Proving this is not easy. But online harassment's unique characteristics mean that success with this claim can, and should, involve distinctively different elements from other civil actions commonly lodged against internet bullies.

It remains to be seen how courts outside of Ontario will treat online harassment claims. Since the *Caplan*

ILLUSTRATION BY DAN PARSONS

The secret to scaling your business has never been easier

Finally, the once-complex process of hiring international talent has been simplified thanks to this innovative program

Jennifer Gruber, CPA, CA, vice-president of Finance

Mike Darling, CPA, CGA, manager of accounting

Hiring is everything. It's a key part of growing a tech business and especially important during the critical stage of scaling operations.

Colin Calvert, CFO of Nicoya, a Canadian nanotechnology company, knows this first-hand. Located in Kitchener-Waterloo, Nicoya works at the forefront of nanotechnology, biochemistry and optical sensors. When the time came to expand internationally, Calvert discovered Communitech Outposts, a program designed to accelerate growth by taking the complications out of hiring international employees.

"Prior to Outposts, we did not recruit actively in international territories," says Calvert. Since then, Nicoya has hired employees in a handful of international markets.

As the nature of hiring in Canada's tech sector changes, an increasing number of employers are recognizing the value in international employees. And for good reason—according to a 2022 study by Upwork, nearly 60 per cent of all employees now work remotely. By widening the pool of hires and accessing a global workforce, you are putting your business in the best position to succeed.

"Our introduction to Outposts timed perfectly," Calvert notes. Now we don't set local boundaries in our hiring parameters and have started to move towards actively recruiting in some key international areas."

As any hiring manager can attest to, finding the right people can pose significant challenges—particularly when the talent pool extends well beyond Canadian borders, where an entire world of qualified and experienced candidates are vying for opportunities.

Until now, hiring talent outside of Canada has been a headache for managers and CFOs, having to navigate administrative responsibilities, as well as complex elements like local tax and legal requirements.

Communitech Outposts simplifies the process. "Outposts serves to eliminate barriers to hiring internationally," says Jennifer Gruber, a CPA and vice-president of finance with Communitech Corp, one of the largest tech hubs in the country and the organization behind the Outposts program. "Our goal is to help them expand on a global level in less time for less costs and really allow them to compete with other companies."

"As accountants, our job is to identify risks to management and recommend a potential solution," says CPA Mike Darling, Communitech's manager of accounting. "In a world where business has no borders, why should talent? Outposts removes the borders for hiring talent. This creates flexibility for companies as well as expands the talent pool a company can draw from while removing the tax risk of contract vs employee."

Hiring internationally has traditionally been a bumpy process for growing Canadian businesses. Most accountants are by nature risk-averse, so CPAs in C-suite positions may have been hesitant in the past. Now with Outposts, companies like Nicoya can achieve global growth on an accelerated timeline without bearing a lot of hazards.

"Looking back, expanding our reach well beyond the Canadian borders was a critical early step in Nicoya's history," notes Calvert. "Programs like Outposts are simple 'hacks' to help manage this efficiently instead of getting bogged down with heavy administration."

As for getting started, "it's easier than you think," Calvert says. "If you can benefit from access to talent outside of Canada, Outposts is a low risk, low cost option to expand your reach without worrying about the heavy administrative burden that comes along with a permanent establishment or branch.

COMMUNITECH®

To learn more, visit **Communitech.ca/Outposts** case, only a handful of cases have referenced the decision and other provinces have neither embraced nor rejected the tort.

For those looking to end online smears, non-litigious options also exist. Many investigative firms provide online reputation management, engaging technicians who can reduce one's digital footprint or suppress certain search engine results. Reputable investigative firms also know how to properly engage sites such as Google and LinkedIn to have the websites remove phony profiles or malicious reviews.

Internet bullying and cyber harassment involve complexities that defy a one-size-fits-all solution. The decision to take legal action against someone weaponizing the web may only come after you have exhausted all other reasonable options. But if you decide to sue, you do so knowing that Canadian courts appear open to creative solutions for plaintiffs who can show true harm. ◆

Jennifer Brevorka represents executives and corporations facing legal threats from regulators, prosecutors, or competitors. As a partner at Henein Hutchison LLP in Toronto, she practises both criminal and civil law.

GUEST COLUMN

CHECK UP

Many accountants have suffered in silence with mental health issues. But, according to new research, as attitudes change and awareness grows, more support is now available.

GUNDI JEFFREY

Not surprisingly, like so many other professionals, accountants have suffered a variety of mental health issues, mostly—but not totally—triggered by the pandemic these last few years. According to recent research carried out by a consortium of university professors across Canada, of the 312 accounting professionals who responded to their survey, 52 per cent reported having suffered a mental health issue at some point in their lives. Among those, anxiety was the issue most frequently mentioned, followed by mental stress or distress, then burnout. Of those having reported a mental health issue, 58 per cent indicated wanting to make changes to their work and 48 per cent considered taking a leave of absence.

But the research also found that accountants were significantly less likely to report suffering from mental health problems in comparison to workers from six other professions. They were also less likely to take a leave of absence.

Merridee L. Bujaki, FCPA, the study's co-lead for the accounting profession at Healthy Professional Worker Partnership, cautioned that the research is still "a work in progress." But she's "encouraged to see that the profession is beginning to take mental health concerns among professional accountants more seriously."

CPAs ARE LESS LIKELY TO REPORT MENTAL HEALTH PROBLEMS OR TAKE A LEAVE OF ABSENCE

Among its other findings, the research also revealed that women in accounting were significantly more likely to report having suffered from ill mental health (59 per cent) than men (45 per cent).

"We are continuing to explore this difference," says Bujaki. "But we believe it is largely related to differing social expectations that result in women continuing to take a larger role in care work responsibilities—whether for children or elders."

Bujaki heard from a number of interviewees that they left unsupportive workplaces and found meaningful work in places that actively cultivated cultures supportive of well-being and resilience. This may be one reason that comparatively few professional accountants take leaves of absence. "They may be leaving their positions to find employers or opportunities, which they consider more supportive or healthier."

In 2020, a group of Australian researchers found that supportive supervisors and the provision of effective mentoring programs can make a significant difference to professional accountants in reducing burnout and increasing commitment to their employers.

Many accountants in supervisory roles find themselves needing to address mental health matters, says Bujaki. She advises that accountants supervising staff with mental health concerns should receive formal training in this area. Appropriate resources and referrals for mental health services should also be made available. Conversations about mental health within the profession should also be normalized. This is particularly important, she

ILLUSTRATION BY KAGAN MCLEOD

says, "as individuals experiencing mental health issues may lack the ability to seek out needed resources and supports on their own."

Bujaki adds that employers should ensure that accountants have adequate time off work to recuperate from the demands of busy work periods. This allows individuals to restore depleted energy reserves and it promotes well-being, which in turn should enhance employee retention. But this "may require a re-thinking of factors, such as the organization of accounting and assurance work, the number of clients or files an individual accountant can be expected to address, and the prioritization of client demands over employee well-being that sometimes occurs."

Some of the large Canadian firms are already well on their way to providing more support for their employees.

"Our goal is to ensure that all team members are constantly populating their mental health toolbox and ensuring that their tools are not outdated," says Denis Trottier, KPMG Canada's chief mental health officer. "Hosting mental health onboarding sessions for all new hires and sessions on how to deal with stress while studying for the CFE are two recent initiatives that have been very well received by employees."

KPMG has also created Mental Health Ally groups in many offices across the country. These groups discuss various mental health topics and work to increase people's knowledge of mental health issues.

"Being a professional accountant has tons of rewards, since you are always on a learning journey and on the cutting edge of new developments," says Trottier. "That being said, client demands, deadlines and continuous training courses can create a challenge to ensure work-life integration is achieved. As a professional accountant, getting to the root cause of what is having an impact on your mental health is key. Nobody can take care of your mental health except for yourself.

"Our firm doctor always tells me that professionals care for their mental health by leaving and then they end up in another environment where they have a relapse. The notion that 'work is doing this to me' has to be parked at the door and replaced with 'what do I need to do to optimize my mental health within this profession and have an amazing career?'" ◆

Gundi Jeffrey is the managing editor of ThinkTWENTY20, a magazine that aims to dive deeper into the issues affecting and transforming the accounting profession. See **thinktwenty20.com.**

PHOTOGRAPH BY GETTY

SHAM, WOW

A catalogue of recent cons **BY ANDREW RAVEN**

A NEW FRONTIER

In a sign the free-wheeling days of cryptocurrency may be coming to an end, New York authorities have charged three people linked to the crypto exchange Coinbase with insider trading. Prosecutors say it marks the first-ever insider trading case involving crypto markets.

They allege a former Coinbase employee repeatedly told his brother and another man when crypto assets were about to be listed on the exchange.

The pair allegedly made more than a dozen trades based on those tips, netting US$1.5 million. The case comes a month after prosecutors levelled the first insider trading charges related to non-fungible tokens, a type of digital asset.

"Today's charges are a further reminder that Web3 is not a law-free zone," says U.S. Attorney Damian Williams.

FAMILY AFFAIRS

Three members of a Toronto family have been charged with deceitfully obtaining more than $1 million in small business loans in what police described as a "complex fraud scheme." The Royal Canadian Mounted Police (RCMP) say the trio used "fraudulent" documents to apply for a series of loans through the Canada Small Business Financing Program, a partnership between banks and the federal government. Once approved, the loans were channelled into a network of companies, some fake, and mingled with legitimate funds in an attempt to hide their origins.

Police charged the family with more than a dozen crimes, including fraud and money laundering.

A WOLF IN SHEEP'S CLOTHING

In the most meta of scams, internet swindlers have begun impersonating Canada's national fraud reporting body.

The Canadian Anti-Fraud Centre says scammers are circulating emails that mimic the automated messages it sends out when a fraud is reported. The suspect emails usually ask the recipient to click on a link or download a file for an update on their case.

The centre also says phone scammers have "spoofed" its toll-free number, causing its name to appear on caller IDs.

The centre—run by the RCMP, the Ontario Provincial Police and the Competition Bureau Canada—says the scams are an attempt to steal sensitive personal information or infect computers with malicious software.

Fraud in Canada, unfortunately, is big business. The centre says there were nearly 46,000 reported fraud cases in the first half of 2022, with victims losing $242 million.

BY THE NUMBERS

THE BUSINESS OF TRUST

In an age of declining faith in our major institutions, most Canadians also lack trust in business and business leaders. We believe executives and CEOs aren't proactive enough in finding solutions for our most pressing social, environmental and political issues. In the 2022 Edelman Trust Barometer, only 40 per cent of Canadians believed business is a unifying force in society. Canadians, it turns out, want more business leadership, not less.
—Steve Brearton

Employers are Canadians' most trusted presence, but that confidence doesn't extend to business in general

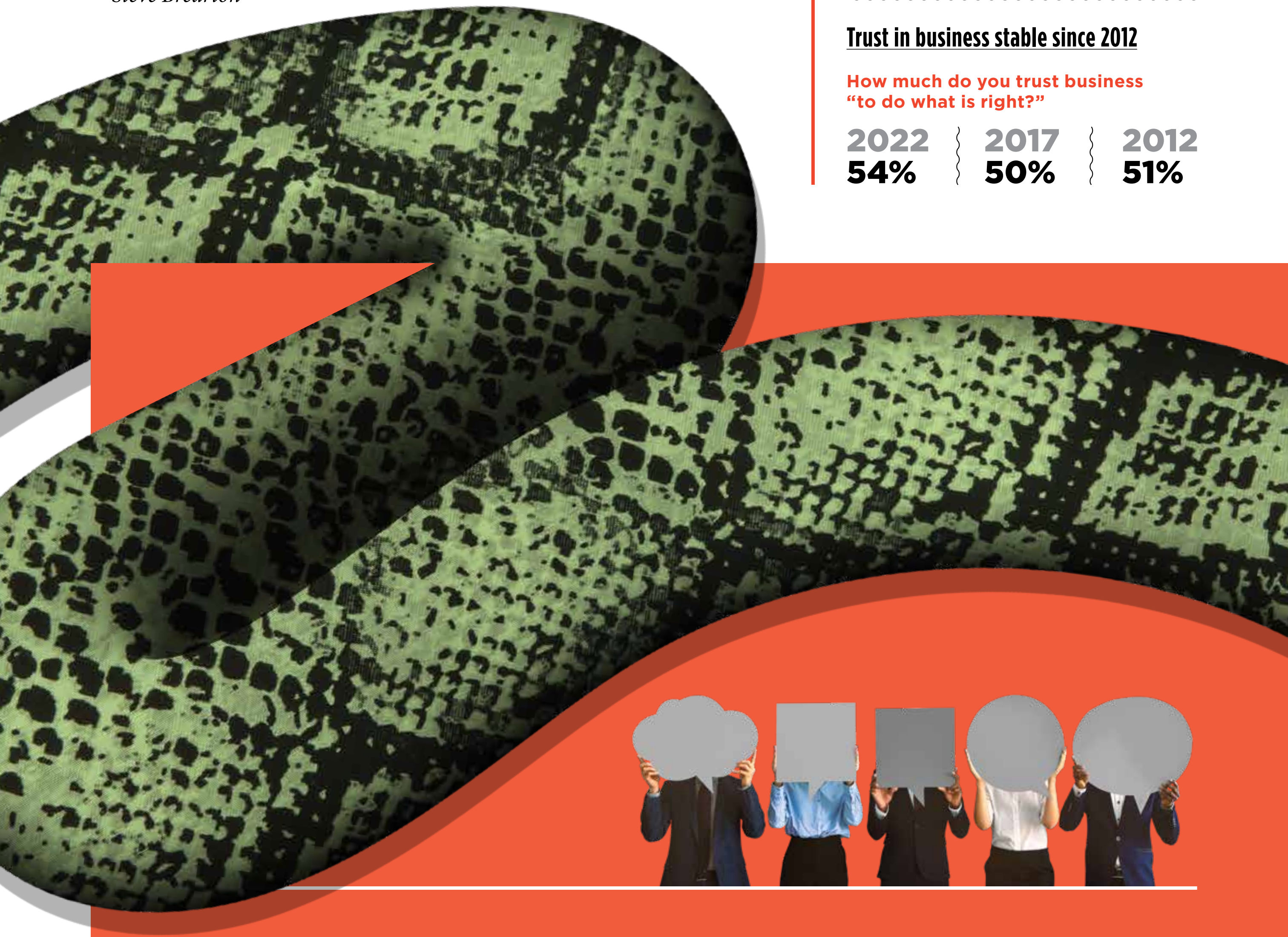
Most trusted to "do what is right" by Canadians, 2022

My employer	**76%**
NGOs	**55%**
Business	**54%**
Government	**53%**
Media	**53%**

Trust in business stable since 2012

How much do you trust business "to do what is right?"

2022	2017	2012
54%	**50%**	**51%**



Most workers want their bosses to be vocal on social and political issues

When considering a job, more than half of Canadian workers (**54%**) expect the CEO to speak publicly about controversial social and political issues they care about

56%
Percentage of Canadians who say business is not doing enough on climate change

48%
Percentage of Canadians who say business is not doing enough on economic inequality

42%
Percentage of Canadians who say business is not doing enough on systemic inequality

SOURCES: EDELMAN, PWC

60%

Percentage of Canadians who say business leaders are purposely trying to mislead people by saying things they know are false or gross exaggerations, according to Edelman, up ten percentage points from 2021 to 2022.

DIVERGING OPINIONS: business leaders vs. consumers

Percentage of business leaders who believe consumers highly trust their companies, according to PwC's 2022 Consumer Intelligence Series Survey on Trust

87%

Percentage of consumers who highly trust companies

30%

All Apologies

"I take full responsibility ... for ensuring we at Rogers earn back your full trust."

Rogers CEO Tony Staffieri in July following a wireless service outage which forced businesses to close and left customers without 911 access.

"CTV regrets that the way in which the news of [national anchor Lisa LaFlamme's] departure has been communicated may have left viewers with the wrong impression about how CTV regards Lisa and her remarkable career."

Wade Oosterman, President Bell Media, issues a public statement on the replacement of LaFlamme in August. Another Bell Media executive noted "it might take time" for the new anchor to build trust with viewers.

CEOs
36%

Government leaders
43%

Journalists
50%

CEOs are viewed as the least trustworthy of societal leaders

Canadians' perception of various sector leaders as credible/ trusted

Canadians holding business accountable

While buying goods and services
56%
Buy or advocate for brands based on their beliefs and values

While seeking employment
55%
Choose a place to work based on their beliefs and values

While investing their money
43%
Invest based on their beliefs and values

PHOTOGRAPHS BY **GETTY, ISTOCK**

PHOTOGRAPH BY **ALAMY**

When ideas take flight

Why do so many great Canadian innovations end up in someone else's backyard?

BY PETER SHAWN TAYLOR

Attention patriotic Canadian innovators: this is going to hurt.

At a splashy ceremony at Paris' Charles de Gaulle Airport last year, dignitaries and corporate executives took turns lavishing praise on the Airbus A220 as Air France took possession of the first of the 60 148-seat passenger jets the airline has ordered.

"This new aircraft with an unparalleled energy performance represents a major asset for Air France," gushed Benjamin Smith, CEO of Air France-KLM, pointing to its industry-leading reductions in emissions and fuel use. "It is not just any plane. It's a new series of Airbus, an A220. And an A220 operated by Air France," enthused Jean-Baptiste Djebbari, the French minister of transport. "In other words: the quintessence of French success and excellence."

Truth be told, this quintessence of French success and excellence isn't actually French at all. As recently as 2018, the A220 was known as the C Series jet. And, back then, it was the pride of *Canadian* innovation—a product conceived by a Canadian business titan, designed by Canadian engineers and heavily backed by Canadian taxpayers. And yet, despite the aircraft's obvious competitive advantages, Montreal-based Bombardier was unable to sell its brilliant new idea to the world. Instead, it ended up selling the entire concept to a foreign company for a song.

Ouch.

The story of how Canada's star-crossed C Series jets became the wildly successful Airbus A220—aka the glory of France—is a tale that lays bare this country's chronic problems in the innovation economy. As a country, we habitually underinvest in R&D. And, when domestic champions like Bombardier do emerge, they often prove unable to turn their great ideas into commercially successful, globally dominant businesses. As Canada looks to capitalize on a host of new technological breakthroughs in the green economy, what lessons can we learn from this national humiliation? And how can CPAs help with the transition?

▲ A new Airbus SE A220 is unveiled to Air France-KLM employees at Charles De Gaulle Airport in Paris in 2021

PHOTOGRAPH BY GETTY

A better mousetrap

The C Series made its first public appearance in 2008 as a flightless mock-up at England's Farnborough International Air Show. At the time, Bombardier vowed it would be a "game-changer" in the single-aisle commercial jet category. Given the company's track record, there was little reason to doubt this claim.

"Two decades ago, Bombardier was Canada's most global company," says Karl Moore, a business professor at the Desautels Faculty of Management at Montreal's McGill University. "Some of the Canadian banks might have been bigger, but none operated around the world like Bombardier did. And it was all built by Laurent Beaudoin, one of the world's great entrepreneurs."

Under CEO Beaudoin's guidance, Bombardier grew from its modest roots as the inventor of the snowmobile to become a world player in planes, trains and recreational vehicles. The key to Beaudoin's long string of successes, says Moore, was his willingness to "take on huge bets" on bold new products. Bombardier entered the aviation market in 1986 when it took over financially troubled Canadair from the Canadian government. It later gobbled up other struggling aircraft manufacturers to become a major player in corporate and small regional jets. The C Series was another of Beaudoin's big bets.

The C Series addressed the global need for an efficient, narrow-bodied commercial jet with seating for 110 to 150 passengers. At the time, in 2010, says Addison Schonland, an analyst with AirInsight Group, airlines looking for smaller, fuel-efficient commercial jets suffered from a lack of choice. Their only options were to buy slightly shorter

▲ Bombardier and Airbus executives pose after a news conference announcing their partnership on the C Series program in 2017
◄ A model of Bombardier's C Series jet at the Farnborough air show in 2008

versions of bigger planes such as the Airbus A320 or Boeing 737. But when you shrink the number of seats on an aircraft by 20 per cent, adds Schonland, the plane's weight isn't necessarily reduced by the same amount. "Shrinking an aircraft actually makes it less efficient."

Starting with a clean sheet allowed Bombardier to outmaneuver the existing duopoly. Designed to make use of ultra-quiet, next-generation engines, the C Series promised a 20 per cent reduction in fuel consumption compared to its competitors. It was also packed with new technology and creature comforts for travelers, such as wider seats. "There was no question that they built a better mousetrap," says Schonland. The problem with this mousetrap cliché is that it assumes the world will beat a path to your door. That doesn't necessarily apply to commercial jet aircraft.

Up in the air

While Beaudoin's entrepreneurial expertise allowed him to spot a market opportunity and create a product to exploit it, his firm was unable to turn that advantage into commercial gain. "You need deep pockets to break into this industry," says Moore. Due to delays and cost-overruns, Bombardier struggled to deliver a flight-certified version of the C Series. The company soon found itself facing a debt-induced cash crunch.

In response, Bombardier went looking for help from taxpayers. After taking a $4.1 billion write-down on the C Series program in 2015, the firm received a $1 billion equity injection from the Quebec government. Then, in 2017, it was handed a $372 million loan by the federal government. According to the Montreal Economic Institute, Bombardier has obtained $4 billion in total public funds since 1966.

Compounding these financial difficulties was the hostile response from Airbus and Boeing, who finally woke up to the technological threat posed by the C Series. Since airlines prize longevity and reliability above all else, Airbus' strategy was to focus on Bombardier's uncertain long-term prospects. John Leahy, the colourful former chief salesman for Airbus liked to call the C Series "a nice little plane" that was fated to become an "orphan" if (or when) Bombardier succumbed to its financial problems.

PHOTOGRAPHS: TOP BY **REUTERS**; BOTTOM BY **AP**

PHOTOGRAPH BY REUTERS

▲ Bombardier sold the remainder of its transportation business to mobility company Alstom in 2021

Boeing took a different stance. In 2017, when the C Series appeared to be on the verge of breaking into the U.S. market, Boeing used Bombardier's ample government aid as evidence for an anti-dumping claim that temporarily imposed a 300 per cent tariff on the plane. The tariff was eventually overturned but, by then, the damage had been done. In the summer of 2017, strapped for cash and at risk of having to shut down the entire program, Bombardier handed a majority share in the C Series to rival Airbus in exchange for development and marketing help. Two years later, Bombardier unloaded the rest of its stake for $600 million; the Quebec government retains a 25 per cent share in the program. A similar purge occurred with Bombardier's train and regional jet businesses. Today, all that's left of the once-mighty transportation conglomerate is a small but profitable corporate jet business.

> "It was a brilliant plane that all Canadians can take pride in. But Airbus is just a better parent for the program."

Since being rebranded as the A220, however, the plane itself has suddenly become a roaring success. Airbus' clout and reputation have countered any concerns airlines may have had about reliability or staying power. In 2017, the last year Bombardier fully controlled the C Series program, it managed to sell just 17 jets. By the summer of 2022, Airbus was crowing that its new plane had achieved a "breakthrough" in the market with 220 jets delivered and backorders for 760 more.

As for what remains of the once-wholly Canadian program, Airbus continues to make A220s at Bombardier's former facility, now named Airbus Canada, at Mirabel Airport, although it also operates a much larger A220 factory in Mobile, Alabama. And there remains a cluster of aerospace firms in the Montreal area. Asked to sum up the entire experience, McGill's Moore says, "It was a brilliant plane that all Canadians can take pride in. But Airbus is just a better parent for the program." Besides pride in a job well done, what else should Canadians take away from the C Series story?

The Canadian paradox

In a knowledge economy, a country's future prosperity is increasingly tied to its ability to generate and capitalize on innovative new ideas. "Canada has all the right ingredients for innovation success," observes Aidan Hollis, a University of Calgary economist. "We have a well-educated workforce, skilled researchers and access to government funding." Yet a 2019 report for the Institute for Research in Public Policy by Hollis and University of British Columbia economist Nancy Gallini found Canada lags behind its international peers across numerous important metrics, including R&D expenditures, total number of researchers, and patents obtained. The economists call this puzzling and disappointing state of affairs "a Canadian paradox." Explains Hollis, "the paradox is that while there is innovation going on in Canada, we do not observe the same level of commercialization and ownership of those innovations [as in other countries]. In many cases, inventions developed in Canada are then commercialized by foreign companies that keep much of that benefit."

As the C Series saga demonstrates, there's more to the problem than just a lack of R&D spending. While Gallini and Hollis's data suggest Canadian firms generally underinvest in R&D, Bombardier broke this mold as it tried to enter the commercial jet market. From 2012 to 2018, the firm was Canada's top spender on R&D, in some years spending more than double its next nearest competitor, which was often Blackberry, another ill-fated Canadian icon. And still it failed.

The same thing happens regularly on a much smaller scale throughout the Canadian economy. Gallini and Hollis also found a majority of Canadian-invented patents registered in the U.S. (where all significant international patents are filed) are actually owned by foreign firms. And many of these patents were developed with generous government support from programs such as the federal Scientific Research and Experimental Development (SR&ED) tax credit.

Why do so many good Canadian ideas end up in foreign hands? Hollis offers several reasons, most of which turn on the peculiarities of Canadian geography and economics. As a relatively small market next to the world's largest, it is proportionately more difficult for Canadian firms to scale up to competitive size, he says. Plus, the many shared characteristics between Canada and the U.S. make it convenient for large American firms to poach Canadian talent and inventions. "If you are a U.S. company looking to expand your research base, Canada is close, accessible and culturally similar," he notes. It is often easier for inventors

to sell out than do the tough work required to bring a new product or idea to market.

While Hollis admits that every foreign sale of Canadian technology represents a payday for a Canadian entrepreneur, it also means "our intellectual brainpower is being harvested by foreign corporations. It would be better if we could have the benefit of those profits and head offices stay in Canada," he says.

Green lessons

In its 2022 budget, the federal government announced plans to create an innovation and investment agency, taking its cues from Finland and Israel, which have used similar agencies to bring innovative new ideas to market. The government also announced a review of the broadly distributed SR&ED tax credit system with an eye to offering more targeted support. That is a move both Moore and Hollis back. But adopting this type of government aid requires a plan for what industries and companies to target.

With huge interest in positioning Canada's economy to take advantage of new green technology, it's here that the C Series tale may be the most instructive. While it reveals that lavish government support and an ample R&D budget do not necessarily guarantee success, it's important to remember that the commercial aircraft market has many unique features that create high barriers to entry. Other advanced sectors might be more welcoming to Canadian-sized innovation.

One possibility is electric vehicles, an area of recent and intense federal and provincial government attention. "There is tremendous room for Canada to be a leader here," advises Peter Hatges, national automotive sector leader at KPMG Canada. He points to the many new technologies in play

PHOTOGRAPH BY GETTY

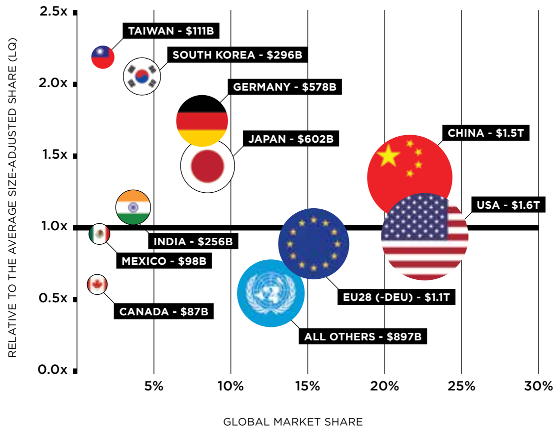
▲ An Airbus A220 at the Airbus Canada assembly site in Mirabel, Quebec

across the industry, covering everything from batteries to autonomous-driving software. "There is a fundamental change occurring in the auto industry and Canada has an opportunity to participate on par with everyone else."

Hatges suggests the evolving automotive industry may offer a better route to success than the duopolistic commercial aircraft business since it is "the closest thing you can get to a free market with many, many producers." The breadth of the existing supply chain means a single good Canadian idea does not have to outcompete global giants; rather, many Canadian firms are already valuable partners within an interconnected global network.

Breaking out of the Canadian paradox will also require a fundamental change in mindset across the country's

Just how innovative are we?



One of the many puzzles of innovation policy is figuring out how a country is actually doing compared to its peers, given a myriad of metrics and sectors. The Information Technology & Innovation Foundation, (ITIF), based in Washington, D.C., thinks it has the answer. Released earlier this year, the ITIF's Hamilton Index provides a snapshot of how all major countries are doing in relative terms across seven key industries, including IT, pharmaceuticals, transportation and computer equipment.

The index is based on a country's "location quotient" (LQ), calculated as a particular industry's share of national GDP divided by its share of global GDP, summed up across all seven sectors. An LQ greater than one means a country's output in these advanced sectors is proportionately larger than in other countries, relative to the size of its economy. Innovation powerhouses such as Taiwan, South Korea and Germany score 1.74 or higher. The U.S. is slightly below one.

"For Canada, the results are pretty bad," admits Robert Atkinson, president and founder of ITIF. Our Hamilton Index score is a mere 0.6. And, between 1995 and 2018, we fell behind in all seven sectors tracked. As Atkinson, who was born in Calgary, points out, this puts us substantially below Mexico (0.95) and "barely above most developing countries."

Lost ground in the motor vehicles, aerospace and computer equipment sectors is largely responsible for the decline. To turn it around, says Atkinson, will require a significant commitment from the federal government to boost public and private spending on R&D. A shift to targeted funding based on an innovation strategy that prioritizes sectors where Canada has the best chance to excel makes the most sense, he says. "Look at Taiwan. It's a much smaller country than Canada, but it's now the world's leading semiconductor chip maker. How did they do that? It was pretty much all strategy." —*Peter Shawn Taylor*

▲ Blackberry CEO John Chen announces the opening of a research centre for self-driving cars in 2016
▲ A Peak Drive electric car charging station in Toronto

venture capital ecosystem, advises CPA Canada chief economist David-Alexandre Brassard. "Canada is very good at the status quo," he says, pointing to our prodigious investments in housing and commercial real estate as examples of this safe approach. "But as a result, many new sectors that will be much more important to our future are getting overlooked." Banks, pension funds and other major investors need to adjust their risk profiles to embrace these new opportunities, he says. It is a process that CPAs, with their expertise in evaluating risk and assessing different growth paths, are well positioned to embrace. "In many cases, the valuation goes beyond simple revenue and expenditure measures," Brassard adds. "In emerging sectors there are many intangibles that must be taken into account and that requires specialized knowledge."

Brassard also supports the federal review of the SR&ED programs, noting that they must be modernized to encourage innovation. Rather than act as an incentive to innovate, he says they've become so commonplace and easily accessed that most firms consider them just another recurring budget item. "We need to create better incentives," he stresses, pointing to the tech and health care sectors as potential growth areas for Canada.

"We need to develop an infrastructure that is more conducive to growth"

Avoiding a repeat of the C Series situation means finding ways to bolster and scale up Canadian technologies that don't waste taxpayer support or allow other countries to poach our best inventions. "We need to develop an infrastructure that is more conducive to growth," advises Hatges, recommending a close look at taxes and labour issues as well as government funding mechanisms. "But," he warns, "you still need a good idea to start with." ◆

PHOTOGRAPHS BY GETTY

The Beginning of the End of the Wild West

For years, companies, investors, and accountants have been grappling with a range of competing environmental sustainability standards. Consolidation, though, is on the horizon.

BY ANDREW RAVEN

ILLUSTRATION BY **DAN PARSONS**

On November 3, 2021, dozens of people gathered in a cavernous conference hall in the heart of Glasgow, Scotland. It was the fourth day of the United Nations Climate Change Conference, better known as COP26, an event that featured a pantheon of world leaders and business titans.

But the people in the conference hall that day weren't there to hear from a president or CEO. They had gathered for an announcement by a technocrat named Erkki Liikanen. A former finance minister of Finland, Liikanen is the chair of the IFRS Foundation Trustees, which sets accounting rules used by 140 jurisdictions.

With relatively little fanfare, Liikanen stepped up to the podium and said that his foundation was forming an international body to develop rules to standardize the way companies disclose the expected impacts on their financials from future climate-related disasters such as the droughts, rising sea levels, and more intense storms that are expected to accompany climate change.

"Capital markets have an essential role to play in reaching net zero," said Liikanen, referring to the goal of negating the greenhouse gas emissions that are driving climate change. "That can only happen when sustainability information is produced with the same rigour, assurance of quality, and global comparability as financial information."

The new body, called the International Sustainability Standards Board or ISSB, would bring an end to what some have called the "Wild West" of sustainability reporting. But its unveiling raised questions. How rigorous would the standards be? What exactly would they cover? And how would investors know if companies are living up to their commitments?

One year later, we're starting to get answers to those questions—and experts say they have deep implications for both capital markets and the accounting profession.

"I would describe it as the fastest-evolving development that I've seen in the accounting sphere [in] 40 years," Bob Bosshard, the chair of the Canadian Auditing and Assurance Standards Board, says of the spread of sustainability standards. "It has taken off with great rapidity and urgency."

Sustainability reporting has its origins in the environmental movement of the 1960s. That's when books like Rachel Carson's *Silent Spring*, a shocking exposé on chemical pesticides, began to cast a spotlight on the environmental misdeeds of major

600 Number of sustainability guidelines currently available

corporations. After a series of environmental disasters over the next 15 years—including a fire on Cleveland's Cuyahoga River and the discovery of toxic waste under a Niagara Falls, USA, subdivision—leaders began to realize that the planet has a breaking point.

But the risks facing investors wouldn't come into sharp focus until 1989, when the oil tanker *Exxon Valdez* ran aground off the coast of Alaska, spilling 41 million litres of oil. As images of crude-oil-covered seabirds flooded airwaves and Exxon faced billions of dollars in penalties, the public began to demand more information about the environmental records of companies.

The *Valdez* disaster led to the founding of the Global Reporting Initiative, which would unveil the world's first framework for sustainability reporting in 2000. Its standards would eventually branch out from environmental concerns and into social and governance issues.

In the following years, as concerns over climate change spread, so did sustainability standards. Today, there are more than 600 such guidelines, according to software maker Brightest, which helps firms track their environmental, social, and governance (ESG) performance.

Experts say that's too much of a good thing. What many derisively call the "alphabet soup" of sustainability standards has sown confusion among investors and enabled companies to cherry-pick what data they disclose.

"I would describe the current state of climate reporting as: Choose your own adventure, and grade your own paper," stated Tegan Keele, leader of KPMG's Climate Data and Technology practice, in a company report earlier this year. "You can hand-pick whatever makes you look good, and ignore the rest."

The ISSB, which this summer launched an operational centre in Montreal, joining other international offices as well as the board's home in Frankfurt,

PHOTOGRAPHS BY **GETTY**

41 Million litres of oil spilled by the *Exxon Valdez* tanker in 1989


The *Exxon Valdez* disaster led to the founding of the Global Reporting Initiative, the world's first framework for sustainability reporting

The "alphabet soup" of sustainability standards has enabled companies to cherry-pick what data they disclose

is aiming to change that. Its goal is to create a global baseline for sustainability disclosures by early 2023. Backers say that will have three big benefits: it would give investors the information they need to make informed decisions; it would allow analysts to compare the sustainability of companies from around the world; and it would push organizations to do better.

"Environmental, social, and governance information has always been out there in the market in some form or another, but there's a growing recognition that these issues are not distinct from financial performance," says Rosemary McGuire, director of external reporting and capital markets at CPA Canada. "They're not just nice to have. They're actually critical to assessing the future prospects of an organization."

The new sustainability board has two major players in the standard-setting space: the Sustainability Accounting Standards Board and the Task Force on Climate-Related Financial Disclosures. Earlier this year, the ISSB released draft standards based on work from both organizations and received more than 1,300 letters of feedback. The proposed standards address general requirements for sustainability reporting as well as climate-related disclosures, and would require organizations to disclose information in four main areas:

- their governance processes for managing sustainability risks;
- their short-, medium-, and long-term strategies for addressing sustainability;
- their risk management protocols;
- their sustainability targets

Companies would need to describe precisely how climate-change-related risks could "reasonably be expected" to affect their business model, cash flow, and cost of borrowing. The perils companies would need to address include so-called "acute risks," like floods and cyclones, and "chronic risks," like hotter temperatures and rising sea levels.

Those dangers are significant. A recent report from Deloitte found that, left unchecked, climate change could cost the global economy US$178 trillion by 2070.

The ISSB says its standards will help investors navigate what could be rocky times ahead.

"Our mission… is to answer the needs of investors," board chairman Emmanuel Faber said during an interview last summer with CPA Canada chair Richard Olfert. "Everything that we do, the quality and ambition of the standards that we set, are here to ensure that we fully meet those needs."

In June, the formation of the Canadian Sustainability and Standards Board (CSSB) was announced to give the country a voice in the creation of new standards. The body will also work in "lockstep" with the ISSB to support the adoption of new sustainability rules in Canada, said Omolola Fashesin,

94 Percentage of Canadian public companies that already report on their ESG performance

a sustainability standards expert at Financial Reporting and Assurance Standards Canada.

Ultimately, it will be up to regulators to decide which sustainability standards to apply. Regulators in Canada and the United States have released draft rules for sustainability/climate reporting. While there are some differences, McGuire expects those rules to eventually coalesce around the standards proposed by the international board.

In some quarters, especially the American political right-wing, the proposals have generated a fierce backlash. In an editorial in the *Wall Street Journal*, former U.S. vice-president Mike Pence called ESG a "pernicious strategy" of the "woke left." In August, Florida governor Ron DeSantis, a potential presidential candidate, banned his state's pension fund from considering ESG when making investments, decrying what he called the political "perversion" of capital markets.

Those in the industry, though, say clear, evidence-based sustainability rules would go a long way toward depoliticizing investment decisions.

"At the end of the day, there's a critical mass of people that want this information," says McGuire. "Creating standards will minimize the view that this is a political exercise or that there's a hidden agenda behind disclosing that information."

In Canada, 94 per cent of the largest public companies already report on their ESG performance, according to the International Federation of Accountants. But there have long been questions about what companies are disclosing and how they are verifying their claims. For example, just over half of Canadian companies that disclosed sustainability data in 2020 obtained assurance. In France, that number was more than 95 per cent. As well, on average, Canadian firms released their audited sustainability reports almost 100 days after their financial audit; the average in Europe was nine days.

As reporting standards become codified, experts expect the slow walking of sustainability reports here to come to an end.

"Reporting by public entities will be more integrated," says Bosshard. "So, the annual report not only will address financial information as it does historically but it will also have robust disclosures around sustainability because the two are so entwined around business risk and achievement."

Canada's standard for verifying attestation engagements other than audits or reviews of historical financial information, known as the Canadian Standard On Assurance Engagements 3000, can be used with any set of sustainability standards. "The assurance standard is already here. We're ready to rock and roll—we're just waiting for the regulators to mandate guidelines and say what comes next," Bosshard says. (The International Auditing and Assurance Standards Board is developing updated assurance standards, which Bosshard says will contain "bespoke" solutions for sustainability criteria.)

"Creating standards will minimize the view that this is a political exercise or that there's a hidden agenda"

Most companies now receive what is known as limited assurance on their sustainability disclosures. As the market matures, Bosshard thinks the more rigorous standard of reasonable assurance could be applied. "All journeys begin with a first step. This is very much a first step," he says.

The standard-setting push has been complicated by fault lines in the movement. The draft standards from the ISSB require companies to disclose sustainability information that affects their value. But some experts say disclosures should go well beyond that and chart a company's impact on the planet, whether or not that's financially material. This concept, known as double materiality, is at the core of reporting rules proposed by European regulators.

PHOTOGRAPHS BY **GETTY**

178 Cost, in trillions, of climate change to the global economy by 2070

Learn more about the responses to the ISSB's first two exposure drafts at **cpacanada.ca/issbdrafts**

A climate change demonstration at 2021's COP26 summit

With the planet labouring under the weight of climate change and pollution, that approach is vital, says Charles Cho, a professor of sustainability accounting at York University's Schulich School of Business. "Looking at sustainability only through the narrow lens of the investor is, to me, quite dangerous for the planet."

Cho believes disclosure standards should require firms to report "hardcore" data on things like greenhouse gas emissions and pollution. Those rules, he said, are crucial to fundamentally changing the corporate world's relationship with the planet and preventing greenwashing.

Annual report "pictures of children and blue skies—that to me is communications and is completely useless," he said. "We want hard, science-based data."

Many experts, like McGuire, say it's important to understand a company's overall impact on the environment. But taking a narrower focus will allow the ISSB to issue its rules quickly and establish itself as a leader in a fast-evolving space.

"I would also argue that the needs of investors and other stakeholders are not always mutually exclusive," McGuire says. "It's not an us-versus-them conversation."

Whatever standards regulators eventually settle on, industry players say their implementation will be complex.

"To meet the informational needs of investors on non-financial reporting—that's a pretty darn big goal," said Marc Seigel, a sustainability expert with EY, at a conference earlier this year. "The financial markets and the Financial Accounting Standards Board and the [U.S. Securities and Exchange Commission] have had 90 years of maturation to meet that goal. And now we're trying to compress that into 90 months and, in some cases, 90 days. This is going to be a bumpy ride." ◆

REACHING FOR THE SKY

JACQUES DESCOTEAUX

The Montreal-born CPA traded in his accounting tools for an easel, oils and a post-retirement career as a landscape painter

By Chris Powell
Photography by Claudine Baltazar

For years, Toronto artist Jacques Descoteaux's website described him as "an accountant by day, and an artist by night." That changed in 2015, when he retired from Honda Canada after spending nearly 26 years in a series of financial roles with the automotive company. Today, Descoteaux's LinkedIn profile describes him simply as a "visual artist," although he continues to volunteer with organizations, including West Toronto Community Legal Services. In other words, he's now an artist by day and an accountant by night.

On the surface, Descoteaux's two major life pursuits might seem wildly incongruous, one governed by the immutable rules of mathematics and balance sheets, the other the domain of interpretation and even wilful experimentation.

"He's such a fine artist, and then you're surprised to find out when you get to know him that he also had this amazing career as a CPA," says his longtime friend and fellow artist Janet Read. "Sometimes you might get that combination [of skills], but it's not common."

Descoteaux stands apart from those who come to art from a more analytical background, such as math or science, she adds. They are typically more likely to become "micro-painters," obsessed with capturing everything, down to the smallest detail.

"They're really interested in hyper-detail, but Jacques is more interested in conveying an emotional feeling and reaction," she says. "It's something that's beyond what you see with your eyes."

Descoteaux says his past and present careers are really not that far apart—both of them require structure, discipline, and curiosity, not to mention the occasional grasp of abstract concepts.

"You still need to be creative if you're designing procedures and controls in business," he says. "You need to have that creativity and that ability to think outside of what is, and to see where you can improve. That skill is certainly transferable to art."

And art, he argues, is very much about employing analytic problem-solving skills. "When a painting is in progress, you need to pause, take a look at it, and see how it's working or if there's anything that needs to be redone," he says. "And then, if there's nothing to be added or removed, you sign it."

His past and present careers both require structure, discipline, and curiosity—along with a grasp of abstract concepts

Descoteaux has applied his stylized signature to literally hundreds of works of art over the years—primarily oil paintings, but also some sculptures, as well as photography and other mixed-media projects.

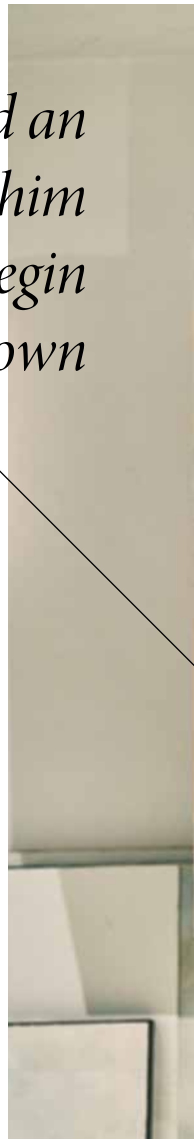
His colour-rich paintings are clearly naturalistic in origin, a fact underscored by titles including *By the Light of the Moon* and *Between the Wind and the Sea,* yet they also seem to exist in a realm just beyond realism. He deftly wields a palette knife in order to create a hard contrast between the land and sky, the latter of which always makes up the majority of his typically canvases.

He has also worked in other mediums, including sculpture and photography. The 2020 murder of George Floyd inspired him to begin a series of collages called "Stolen Voices," which his website says is "dedicated to those whose voices were prematurely taken away because of who they were, because of what they said, because of what they did."

Work in the series includes *Dudley George*, a tribute to the Indigenous man shot dead by a police sniper during the 1995 Ipperwash Crisis near Sarnia, Ontario, and *6 décembre 1989*, honouring the 14 women shot and killed at École Polytechnique de Montréal more than 30 years ago.

During his career, Jacques Descoteaux has created hundreds of works of art—mostly oil paintings but also sculptures, mixed-media works, and photography

Descoteaux always had an affinity for art, but it took him until his mid-30s to begin creating his own



But he specializes primarily in large-scale abstract landscapes inspired by the north, including places like Canada's James Bay, as well as the northern environs of Iceland, Ireland, and Scotland. Read, who also takes inspiration from such locales, describes them as the "North Atlantic rim," and says it's the "atmospheric light" unique to those regions that plays a significant role in both of their paintings.

"The light tends to be not as bright and shiny as the light in the south," explains Descoteaux. "You hear a lot about how some early 20th century artists would flock to southern Italy and southern France because of the light on the Mediterranean. For me, as much as I like those places, the north gives me a more subdued light."

His paintings are characterized by a low horizon and massive skies. "It's sometimes a very mellow sky and sometimes a little bit more turbulent sky," he says. "It's all a matter of what my feeling, my mood is at the time I'm painting."

The question of nature or nurture is common when it comes to life pursuits, and Descoteaux's upbringing provides evidence of this for both of his professional endeavours. "I think it's a combination of the two," he says.

Born in Ahuntsic-Cartierville, an unassuming middle-class neighbourhood on the northern edge of the Island of Montreal, and the former heart of the city's textile industry, Descoteaux and his three brothers were raised in a household where both business and music played a role in their daily life.

Descoteaux's father spent his entire career managing construction projects, while his mother played piano recreationally. It was a skill she'd learned from her father, who had a PhD in music and regularly played the huge pipe organ in one of the neighbourhood churches.

Descoteaux's younger brother Serge spent the early part of his career doing fine carpentry before ultimately becoming a data security expert with one of Canada's biggest banks. His middle brother, Christian, was always interested in music, and today runs École de musique la Fine Note, a music school in the Quebec City suburb Lac-Beauport.

Descoteaux, meanwhile, always had an affinity for art, even though it took him until his mid-30s to begin creating his own. He vividly remembers spending part of his very first paycheque—earned as a payroll supervisor with the Quebec construction company Sintra in the mid-1970s—on a couple of pieces he still owns today.

He estimates he's acquired upward of 100 pieces since then, but those first two were the beginning of a lifelong—and life-changing—journey. "It was the best use of my first paycheque," he says with a laugh.

Fellow artist and friend Amanta Scott encouraged Descoteaux to embrace working with large canvases. "A larger-scale work hits you viscerally," she says. "It's not just for the eyes."

Large-scale abstract works are inspired by remote locales like the James Bay coastline as well as northern regions of Iceland, Ireland, and Scotland

It was a former boss at Honda Canada who sent him down the path that would see him become a highly regarded artist whose work can today be found in private collections throughout Canada and the United States. "Accountants spend probably way more time at work than we should," he says. "And, one evening, one of my bosses said to me, 'You need to stop staying so long.'"

Taking that advice to heart, Descoteaux subsequently enrolled in two courses offered by the Toronto District School Board: a water-colour painting course and improvisational theatre. "I went gangbusters, but I needed to figure out what I wanted to do," he says. "I was really working hard at not spending that much time at work."

He liked improv but was, he says, "horrible" at water-colour painting. Yet, encouraged by some slow but discernible progress, he continued to pursue the latter. He began taking more classes at the Art Gallery of Ontario and what was then the Ontario College of Art & Design (now OCAD University), as well as private classes with artists in their studios.

But while Descoteaux ultimately abandoned improv, he says the skills it taught him were actually useful. "It really helped me more to think on my feet, and be able to stand up and improvise when you don't necessarily know what the question will be," he says.

While he doesn't possess a formal art degree, Descoteaux has studied under several professional artists, including the late German-American painter Wolf Kahn through his pastel master class at New York's National Academy of Design, and a host of Toronto artists.

Colleagues and friends describe him as unassuming, hard-working, and "amazingly kind," someone who is always willing to nurture talent. "He's the kind of person who makes things better for other people, and that's not always common in the art world," says Read. "It's actually rare in a lot of professions."

Amanta Scott first encountered Descoteaux at Toronto's Propeller Art Gallery on a rainy night about 10 years ago. She had ventured across the city from her home in the city's east end, and remembers showing up at the gallery drenched after the wind destroyed her umbrella.

Descoteaux works daily at his studio in Toronto's Parkdale neighbourhood

"The inspiration tends to come from standing next to the easel, rather than just sitting and waiting for it"

"I threw away most of the umbrella and just kept the cover part, which I wrapped around myself like a shawl," she says. "Jacques' eyes twinkled when this drowned rat that he didn't know walked in. Other people might have looked at me askance and thought, 'What a nut,' but we connected."

That was the beginning of an enduring friendship that sees the two regularly get together for walks, where they discuss ideas and artistic techniques, and occasionally commiserate about the uncertain life of the artist and the struggle to balance creativity with tasks like administration and marketing.

In Descoteaux's work, Scott says she sees shades of the acclaimed American artist Clyfford Still, whom The Metropolitan Museum of Art describes as a "major member" of New York's first generation of Abstract Expressionist painters.

Descoteaux was still producing relatively small work when he first met Scott, who encouraged him to embrace working on the larger scale that characterizes his current work. "I really felt his work could stand that," she says. "It had power that could easily work on a large scale, and it does. A larger-scale work hits you viscerally. It's not just for the eyes."

At some point in their career, artists of every realm are invariably subjected to the question "Where do you get your ideas?" Some say ideas come to them fully formed in a bolt of inspiration, while others say they work hard to cultivate and nurture them.

Descoteaux isn't one to wait around for inspiration, instead sticking to a daily painting routine in his third-floor studio in Toronto's Parkdale neighbourhood. "The inspiration tends to come from standing next to the easel, rather than just sitting and waiting for it," he says. "You have to create the environment to get that inspiration, and it happens much more if you're standing by the easel."

And while some artists are infamous for an inability to stop trying to perfect their art—Auguste Rodin is said to have spent 37 years working on *La Porte de l'Enfer*, carved doors inspired by Dante's "Divine Comedy"—Descoteaux isn't one for working endlessly on a single piece. "It's very easy [to let go], because I always think the next one will be just as interesting," he explains.

Now well into his second career as a professional artist, Jacques Descoteaux has no plans to stop reaching for the sky. ◆


GOOD


FOR

BUSINESS


ILLUSTRATIONS BY LEEANDRA CIANCI

BY STACY LEE KONG

Building a progressive company can sometimes feel at odds with growth and revenue goals. But some companies are doing it—and doing it well.

Here's how.

As the founder of Thigh Society, a Canadian company that makes anti-chafing undergarments for customers of all shapes and sizes, Marnie Rabinovitch Consky is dedicated to dismantling negative body stereotypes. In fact, she's so committed to this goal that she refuses to charge plus-size customers more, even if producing a plus-size garment is more expensive to make than a straight-size one.

"We don't make any price distinctions between plus-size and straight-size products," she says. "I can't imagine anything more demeaning than doing that. I would sooner take a hit to the business than pass that [cost] along to the customer because we want to normalize all bodies and feeling good in your skin, and rejecting all the beauty standards that diet culture constantly imposes on us."

Consky is not alone in trying to build a company where progressive values govern business operations.

After the U.S. Supreme Court overturned Roe v. Wade earlier this year, companies including Apple, Netflix, Walt Disney Company, J.P. Morgan, Levi Strauss & Co., and Microsoft responded by expanding their health benefits to protect employees' right to reproductive health care. And, in September, Yvon Chouinard, founder of outdoor clothing retailer Patagonia, announced that he, his spouse, and their two adult children would be giving away their ownership in the $3-billion company in an attempt to fight climate change. Going forward, 100 per cent of voting stock will be owned by the Patagonia Purpose Trust, which was "created to protect the company's values," according to a statement on its website, and 100 per cent of the non-voting stock will be owned by the Holdfast Collective, "a non-profit dedicated to fighting the environmental crisis and defending nature."

While these decisions are intended to make the world a better place, they're also good business. According to U.S. asset management firm Mercer, “employers are increasingly expected to have DEI-related policies and to actively tackle inequity in the workplace, through pay, benefits, health provisions, and other channels. These expectations are not only coming from employees but also from a wide range of other stakeholders, including regulators, investors, customers, suppliers, and the media… Firms that get this right will benefit from staff who have a diversity of thought [and] will also enhance their reputations and gain an advantage in the growing war for talent. Those [who] fail to promote social well-being will see their reputations diminished.”

Consky founded Thigh Society in 2008, well before Instagram existed and body-positive language was mainstream. But, even back then, she knew she wanted to “build a brand that was diverse and inclusive,” she says. “And I wanted to make sure that we weren’t stigmatizing anyone’s particular body for having thigh chafe.” So she began using a mix of plus-size and straight-size models of different ages and races on the company’s website and in its marketing materials, while also steadily increasing sizing. (Right now, her products come in sizes extra-small to 6X.) And she applied the same lens when it came to hiring.

“I don’t know that I deliberately set out to only hire women, but I definitely was gravitating towards hiring women,” she says. “I felt that with the conversation around chafing and how diet culture speaks to women specifically, it was important to have [people] on the team who could relate. And to this day, I have a team that is almost entirely comprised of women.”

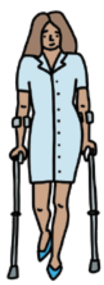
This phenomenon isn’t restricted to start-ups and smaller companies. KPMG Canada has been integrating diversity, equity, and inclusion-focused policies into every aspect of its business for several years. In 2014, the firm established its Executive Inclusion & Diversity Council. At the time, its goal was to establish a national DEI strategy and drive engagement at the office level, according to Rob Davis, chair of the board and chief inclusion, diversity, and equity officer. However, over the years, the company’s strategy “has evolved from focusing on increasing the diversity of our employees and partners to ensuring that with a diverse workforce, we all feel included and are comfortable bringing our whole selves to work,” he says.

Many of the company’s publicly released goals are related to staffing; KPMG Canada still employs proportionally fewer women and people of colour at the partner level, so it is working toward having 33 per cent of partners be women and 26 per cent be people of colour by October 2025. The company has also established goals to hire more employees who are Black and Indigenous and people with disabilities—and has also invested in dedicated recruiters for those groups. Davis says KPMG Canada has also established “multi-year action plans for Indigenous reconciliation, anti-racism, and accessibility.”

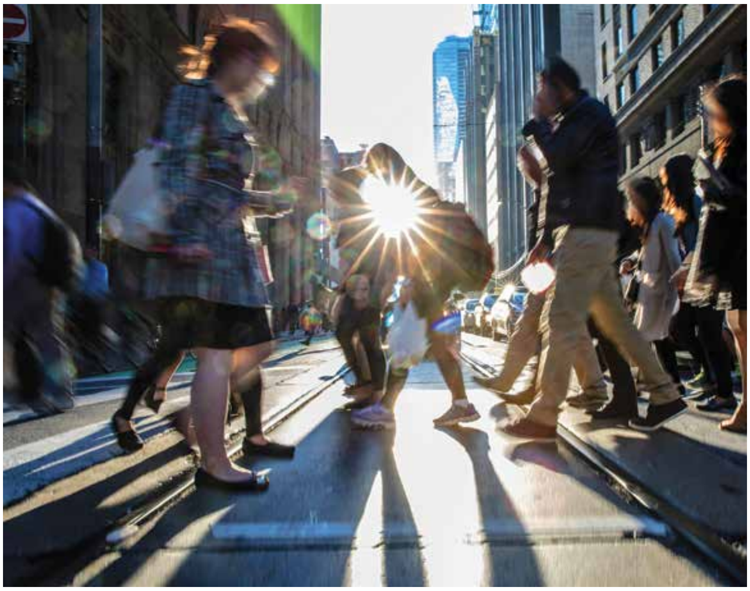
Still, it can be a challenge for companies to maintain the progressive values they use to build their brands, especially as they grow. We’ve recently seen several high-profile examples of companies

Marnie Rabinovitch Consky is working to dismantle negative body stereotypes through her company, Thigh Society

PHOTOGRAPH COURTESY OF **THIGH SOCIETY**



Patagonia founder Yvon Chouinard gave up ownership of the company in an effort to fight climate change



Employees, investors, and regulators expect companies to tackle inequity in the workplace

that falter when their stated values don't align with their actual business practices. In the mid-2010s, the "girl boss" became the model of career success for a certain segment of millennial women (feminist, ambitious, high-achieving). But as *Guardian* columnist Rhiannon Lucy Cosslett pointed out earlier this year, in reality, the girl boss was a "pinkwashed hypercapitalist career queen." According to *Lean In*, former Facebook COO Sheryl Sandberg's 2013 self-empowerment manifesto, the girl boss achieved success by

learning to navigate traditional business environments, something that requires a certain level of power and privilege to do. And, unfortunately, once she'd climbed the ranks, she sometimes ended up replicating the same harmful dynamics she had personally overcome. Just ask the original girl boss, e-commerce entrepreneur Sophia Amoruso, who literally wrote the book on the topic—2014's *#GIRLBOSS*—and was hit with two lawsuits the following year alleging her company had a toxic office culture and discriminated against pregnant people and people who needed workplace accommodations. More recently, accusations of racism, toxic company cultures, and exploitative business practices also plagued other girl bosses, including Audrey Gelman, founder of women-only co-working space The Wing, and Emily Weiss, *The Hills* actor-turned-business icon who founded cosmetics company Glossier.

At Thigh Society, newly mainstream conversations about identity have inspired changes in the company's marketing strategy. "As gender diversity has entered more conversations and we see more and more individuals identifying as non-binary, we'd like to have those people reflected in our marketing," Consky says. "I don't know that this is necessarily a challenge; I think it's an opportunity to continue on our mission of showcasing diverse bodies, as well as racial diversity, age diversity, and different abilities."

And it's not just marketing, of course. According to Consky, she's very aware that Thigh Society "need[s] to make sure that our marketing and the way we talk about people's bodies match what we promote on the outside."

At KPMG, Davis is most concerned with maintaining momentum, especially when world events—including a war, looming recession, and higher cost of living—might distract employees from the slow and steady work of building a more equitable business. But, he says, the company has committed to keeping its DEI work on everyone's radar through communication.

"We communicate regularly to our people about our progress, and it's a regular part of our town halls, our recruitment and retention strategy, and even our client relationships," he says, pointing out that this level of communication requires executive buy-in. "One of the reasons we've had success with our [DEI] strategy comes from the fact that it's supported and driven by those at the highest ranks of the firm. You need to have buy-in from the very top to ensure our strategy has traction and becomes embedded in our culture." ◆

PHOTOGRAPHS BY GETTY

EXTRAORDINARY ITEM

FOR THE BIRDS

A small Canadian company has found a niche making stylish feeders

BY ALEX CORREA

Possibly the most important tool for any birder is a feeder. It can act as both a lure and a sanctuary for local wild bird species in your very own backyard. And one Canadian company has decided that sanctuary should be as stylish as possible.

PHOTOGRAPH COURTESY OF **MOORE BIRDFEEDERS**; ILLUSTRATIONS BY **ISTOCK**

Moore Birdfeeders, based in Chatsworth, Ontario, makes carefully designed bird feeders and other garden accessories and has been doing so since 1994.

"They're all handmade," says owner Erica Moore. "My husband Steven designs them all and we produce them on our property."

Feeders are built using glass and brass fashioned into unique designs that are both stylish and functional. And, because they're made of glass and brass, they won't rust or rot like a wood or plastic feeder might. As well, Moore's products have received a boost from birding's recent spike in interest. Bird watching's popularity has been growing steadily since just prior to pandemic lockdowns. eBird Canada, an online bird checklist platform, reported a 30 per cent jump in user activity between 2019 and 2020, and later another 14 per cent spike in 2021. The Merlin Bird ID app (think Shazam but using bird calls and photos to identify different species) also saw a 175 per cent increase in 2021 from the previous year and is still consistently one of the Apple App Store's most downloaded reference apps.

Moore also has an answer to the bane of most at-home birders: the Squirrel Baffling Bird Feeder. It has a solid brass grill at the front that prevents squirrels from squeezing themselves into it. The inside of the feeder uses baffles to keep the seed out of their reach.

The top-of-the-line version, with a garden stand, sells for $220. But Erica Moore says the most popular and in-demand item remains the $85 Window Birdhouse Feeder.

MOORE'S STRIKING DESIGNS HAVE FOUND A HOME IN ART SHOWS AND EXHIBITIONS ACROSS CANADA

The striking designs of each of Moore's products were right at home in art shows and exhibitions across Canada, which is where a majority of their sales came from pre-pandemic.

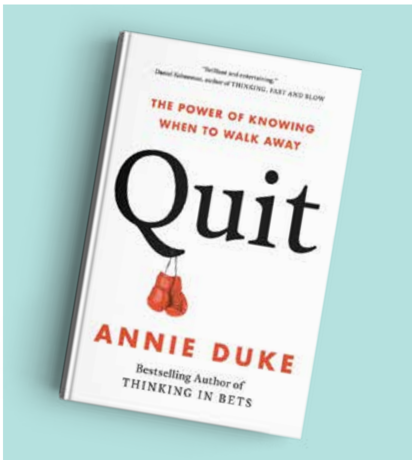
As in-person shows came to a halt, Moore shifted its focus. The family-owned business, says Erica Moore, applied some of their creative energy to social media marketing, in particular Facebook and Instagram, to give sales a boost. So far, it's working as most of the company's sales, and attention, now come via social media. ◆

BOOK VALUE

JUST GIVE UP ALREADY

Author Annie Duke looks at why we celebrate hard-nosed perseverance when quitting is often the smartest—and safest—decision **BY BRIAN BETHUNE**

In 1996, three climbers who had invested a lot of money and time in their goal of summiting Mount Everest, turned back down the mountain when their hopes were in sight. They thereby disappeared from collective memory, but—unlike four other climbers on a day made infamous by Jon Krakauer's *Into Thin Air*—they also remained alive. There are several lessons to be drawn from this story to be found in *Quit: The Power of Knowing When to Walk Away.* The one author Annie Duke repeatedly stresses is that our culture is redolent with cognitive bias toward



grit over quit. We remember those who carry on as heroes, whether successful or tragic, and forget the others. But, Duke's essential message to those who dig in and keep climbing when real-world indicators scream, "stop," is: don't be that guy.

Duke, 57, is uniquely positioned to instil that wisdom. With extensive postgrad studies in psychology to her credit—and $4.2 million in career

PHOTOGRAPH COURTESY OF MOORE BIRDFEEDERS earnings as a professional poker player—she manifestly knows when to hold ‘em and when to fold ‘em. Quitting is an essential if difficult skill to master, she demonstrates, and the hardest part lies in our instinctive aversion to it. Not only do we fear others will think less of us (dilettante! coward!), the inherent uncertainty involved—if I stop now, I will never know how it might have turned out—is a compelling drive. And a dangerous one, as the poker table teaches. Successful pro players fold the two-card starting combinations they are dealt in Texas Hold’em 75 per cent to 85 per cent of the time, according to Duke. Amateurs stick with theirs in over half the deals, in hopes that, against all odds, the cards to come will fall in their favour. What they get in return, Duke dryly allows, is an answer to the “what if” question, even as they “quickly go broke.”

Not only quickly but at an accelerating pace. Humans often respond to bad news by increasing their commitment. Once poker players make an initial bet, it grows ever harder to fold, even as the already slight possibility of getting better cards shrinks. Every start, writes Duke, whether an opening bet, a new relationship or a billion-dollar investment, is another brick in the sunk-cost fallacy wall. Each opens an account in our minds and “we just don’t like to close mental accounts in the losses.” The more we pour in, the higher the stakes and the harder it is to quit, something seen most acutely in war, when the stakes are actual lives and not mere dollars. An American general told Duke about the innumerable military funerals the U.S. war in Afghanistan had brought him to, and the unspoken message he felt from grieving parents: “Tell me my son didn’t die in vain.” Until the bitter end, most governments, most of the time, recoil from that bitter truth and double-down on their efforts, tossing in more lives to justify the ones already lost.

Worst of all, being aware of our cognitive biases is not in itself a surefire preventive. The arresting story of Jeffrey Rubin, a pioneer psychologist in studying human self-entrapment, makes that plain. In 1995, Rubin attempted to summit Fort Mountain in Maine, the only one of the 100 highest peaks in New England he had not already climbed. The weather turned bad, fog came in, his climbing partner turned back but Rubin continued alone—and fell to his death in the fog. “If Rubin was unable to quit,” Duke sums up, “that should open our eyes to how hard it is for the rest of us.”

There are ways out though, which Duke explores. One is by celebrating quitters, as Duke does with Stewart Butterfield. After investing four years, his considerable reputation and $10 million in the online game *Glitch*, Butterfield walked away from it—even while his investors and staff thought there was still a chance—and went on to create Slack out of the *Glitch* team’s communication system. Another is to fight the cognitive bias with what Duke calls “kill criteria,” a list of signals which, should they flash in the future, would tell you it’s time to quit.

QUITTING IS A DIFFICULT SKILL TO MASTER BECAUSE WE HAVE AN INSTINCTIVE AVERSION TO IT

“States and dates” rules—if by a certain date/time a particular benchmark hasn’t been reached, quit—are the simplest and most effective.

It was adherence to their kill criteria that saved the three climbers on Mount Everest in 1996. On a day when overcrowding made the climbing slow, they found themselves three hours from the summit but only 90 minutes from their deadline to begin a descent. They turned around, and lived to climb another day. ◆

TRAVEL

GOING MY WAY

The travel industry has caught up to people who want to see the world at their own pace (but want someone else to carry their luggage) **BY CHRIS JOHNS**

The travel industry was among the hardest hit during the pandemic. According to the United Nations World Tourism Organization (UNWTO), international travel dropped by 72 per cent in 2020 as compared to 2019, making it the worst year on record for tourism. There were some signs of life in 2021, but 2022 is showing real improvement with arrivals reaching 46 per cent of their 2019 pre-pandemic numbers over the first five months.

While it might be safe to claim that travel is back, the way people travel has changed. Travel companies that might in the past have typically promoted group tours, the kind with a guide and a bus where dozens of strangers travel together, or custom, bespoke trips, also often with a guide, are now seeing a huge increase in demand for another offering: the self-guided trip.

Different tour operators offer different takes on self-guided trips, but the premise is generally as follows. A traveler will pick a tour, a walking journey through the villages and vineyards of Alsace, for example. They will receive an itinerary along with GPS directions, hotel and at least some, if not all, meal reservations, tickets for any ferries or trains they might encounter along the way and a list of things to see and do as curated by the travel company. Crucially, they will also have access to a dedicated local "concierge" or other type of travel expert who can intervene, if any issues arise. And, nearly all tour operators that offer these kinds of trips will arrange for luggage to be transferred from one hotel to the next, considerably reducing the amount of suitcase schlepping involved.

These types of journeys, often with a walking, cycling or, in some cases, paddling or skiing component, appeal to independent travelers who prioritize flexibility with both scheduling and while in-country. Self-guided trips are also less expensive than fully guided tours and often less expensive than group trips, making them appealing to budget-conscious consumers as well.

The appeal of self-guided trips is obvious on its own merits but,

For Exodus Travel, self-guided trips are now the fastest-growing category in the company's portfolio, Rockett says. "From pre-pandemic travel in 2019 compared to travel in 2022, we've seen a 23 per cent increase in the popularity of our self-guided trips."

Toronto-based active adventure company Butterfield & Robinson started offering self-guided tours in 2013 with five options. Today, their portfolio has grown to include 14 self-guided trips, from a $12,508 per person, six-day, five-night walking tour of the Amalfi coast to a $8,645 per person self-guided biking tour of Slovenia.

Georgia Yuill, a Butterfield & Robinson regional director and trip planner based in Milan and the Dolomites says, "More than ever, we are finding the self-guided program is an ideal match for travelers who previously planned and guided themselves. It's a less structured itinerary than following a fixed program, but with support where needed."

The popularity of self-guided trips isn't just for travelers, either. Destinations are getting in on the act. Japan, one of the last holdouts for accepting international tourists as we enter the post-pandemic phase, in September—in addition to the handful of tourists who were allowed in only as part of fully guided tours—also began accepting visitors who have booked self-guided trips. This change means that the number of daily entrants to Japan will rise from 20,000 to 50,000, nearly half of the 100,000 daily entrants the country welcomed in 2019.

With whole countries looking to embrace the trend toward self-guided travel, it's a style that's bound to continue growing in popularity. Group tours aren't going anywhere but, once independent travelers get a taste for not having to haul their own suitcases around, they might never want to go back. ◆

SELF-GUIDED TRIPS APPEAL TO TRAVELERS WHO PRIORITIZE FLEXIBILITY WHEN THEY'RE IN A NEW LOCALE

combined with some lingering caution left over from the pandemic, it becomes clear why these types of trips are growing in popularity. "There remains a segment of the population that's still a bit apprehensive about traveling to popular tourist centres, due to big crowds and lingering concerns over the pandemic," says Katy Rockett, regional director, North America at British adventure travel company Exodus Travel. "But, with self-guided trips, we see a lot of couples or small groups of friends that will travel together to a quiet countryside to escape the masses. I think people just feel a bit more in control and within their comfort zone."

PHOTOGRAPHS BY UNSPLASH

PIVOT RECOMMENDS

Off the clock

BY CHRIS POWELL

Watch

With more than 80 movie credits to his name, Sylvester Stallone is finally making the jump to TV with the crime drama ***Tulsa King***. Developed by *Yellowstone* creator Taylor Sheridan, it stars Stallone as a New York mafia head who gets out of jail after 25 years, only to be sent to Tulsa to establish operations there. Stallone has committed innumerable crimes against acting over the years but he's also proven highly watchable when given the right material. *Tulsa King* feels like an offer that fans of mob movies will find hard to refuse. *Tulsa King* debuts Nov. 13 on Paramount+.

Read

McKinsey & Company is one of the world's most famous consulting firms. But, investigative journalists Walt Bogdanich and Michael Forsythe paint a damning portrait of the company in ***When McKinsey Comes to Town***. The book documents McKinsey's role in aiding a veritable rogues' gallery, including oil companies, repressive governments, and big tobacco. The authors claim McKinsey helped insurance companies boost profits by making it difficult for accident victims to get payments; worked contacts in the government to let Wall Street firms escape scrutiny; and undermined healthcare programs in states across America.

Listen

Canadian broadcasters Maureen Holloway and Wendy Mesley have teamed up on the podcast ***The Women of Ill Repute***, featuring interviews with women who have rejected gender roles and carved out their own path. Both hosts have been embroiled in controversies over the course of their careers, and their experience informs their interviews. Episodes include a conversation with singer-songwriter Jann Arden that addresses cancel culture, and an interview with Toronto restaurateur-turned-author Jen Agg, who has thrived in a traditionally male-dominated world in the face of misogyny and significant personal challenges.

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RAISING A GLASS

For CPA Jamie Kirwin, the opportunity to build a beverage brand in a hot category was love at first sip. The Plenty Hard Kombucha co-founder has now traded in her days as a management consultant for life as an entrepreneur. **BY ROB CSERNYIK**

My co-founder Valli Manickam invented Plenty Hard Kombucha. It's her baby. **A mutual friend had brought some early samples in homemade jars to a dinner party, and I tried it and I loved it.** I met Valli and she was looking to raise money. I'd been in financial management for a decade so I helped her do that. Now we're full-time business partners.

The regulatory environment is the biggest challenge about working with an alcohol product. Everything's heavily regulated, which means being careful with sales and marketing. **My CPA training certainly helped navigate working with B.C.'s provincial liquor distributor.** You need to have all your I's dotted and T's crossed.

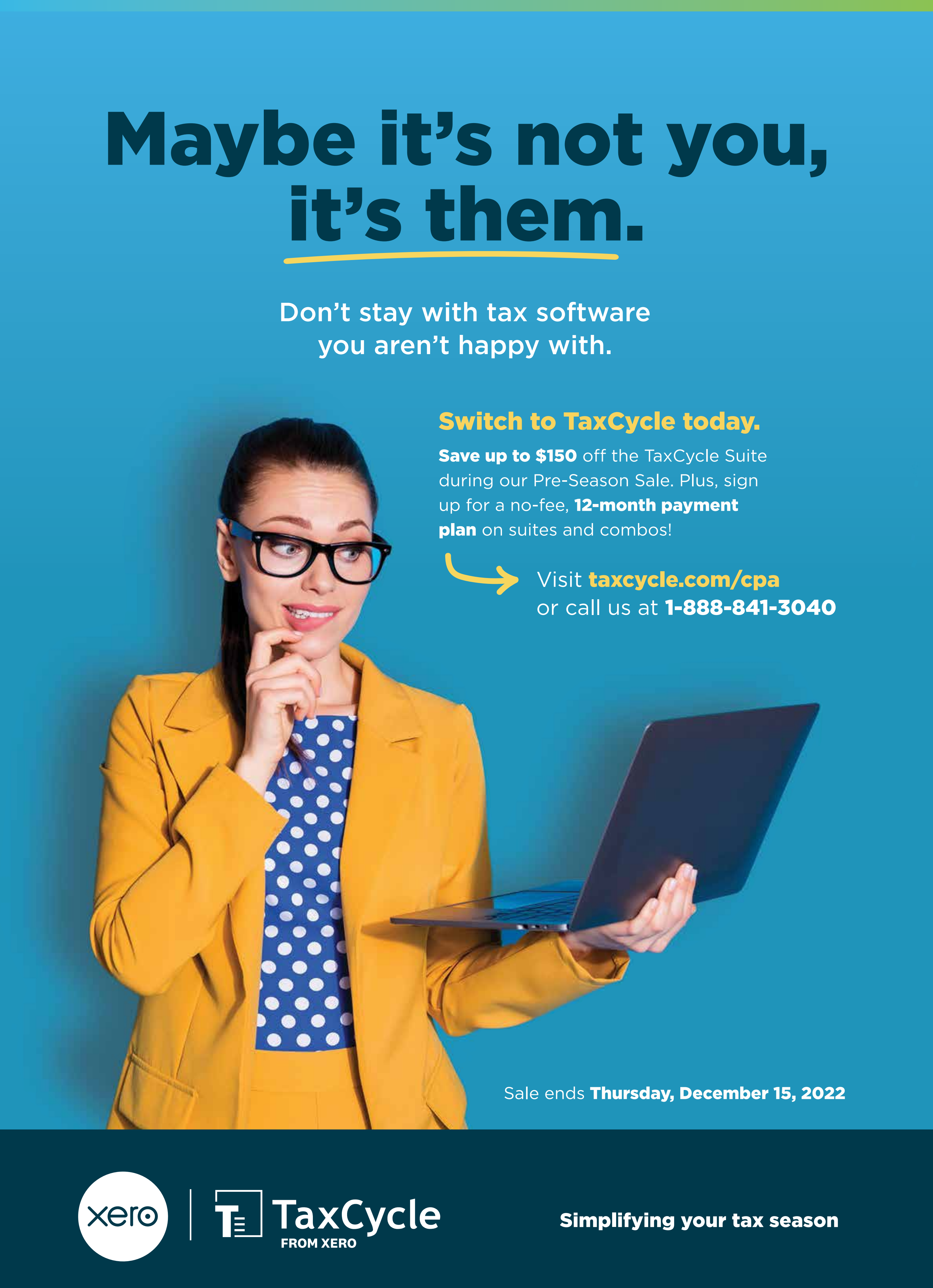
I always thought I'd do something entrepreneurial. I had a million ideas, but never pulled the trigger. Plenty Hard Kombucha was a great opportunity for me to build something from the early days.

I was initially going into marketing, [but] I was excelling in my accounting and finance courses. I had a great instructor who said I was going in the wrong direction and that I had a knack for this. I switched programs and never looked back. **In my head, accounting and finance is the backbone of any business.** I always wanted to understand it and then use those skills to drive a business forward.

We live in this West Coast bubble thinking everybody knows what kombucha is. We need to explain that it's a gluten-free, tea-based beverage. The other struggle is some kombuchas can be quite tart. The second fermentation we do converts the alcohol, removing that flavour and leaving a light, crisp, really refreshing taste.

I love the variety of work. On a Monday I might be working on marketing. Tuesday I might be doing branding, social media or strategizing with different consultants we work with. Wednesday could be back to finance and accounting. It's kind of all over the place.

PHOTOGRAPH COURTESY OF PLENTY HARD KOMBUCHA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