

PIVOT



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interview,
Mark Carney talks
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of business,
balancing purpose
and profit and
why we need
to move fast to
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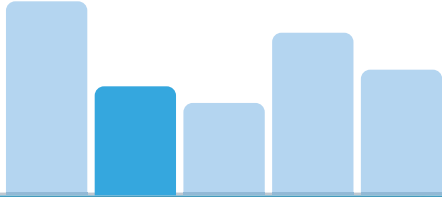
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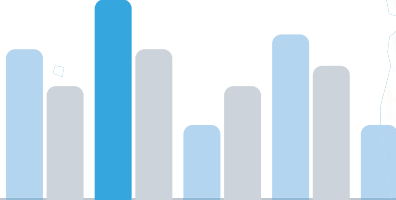
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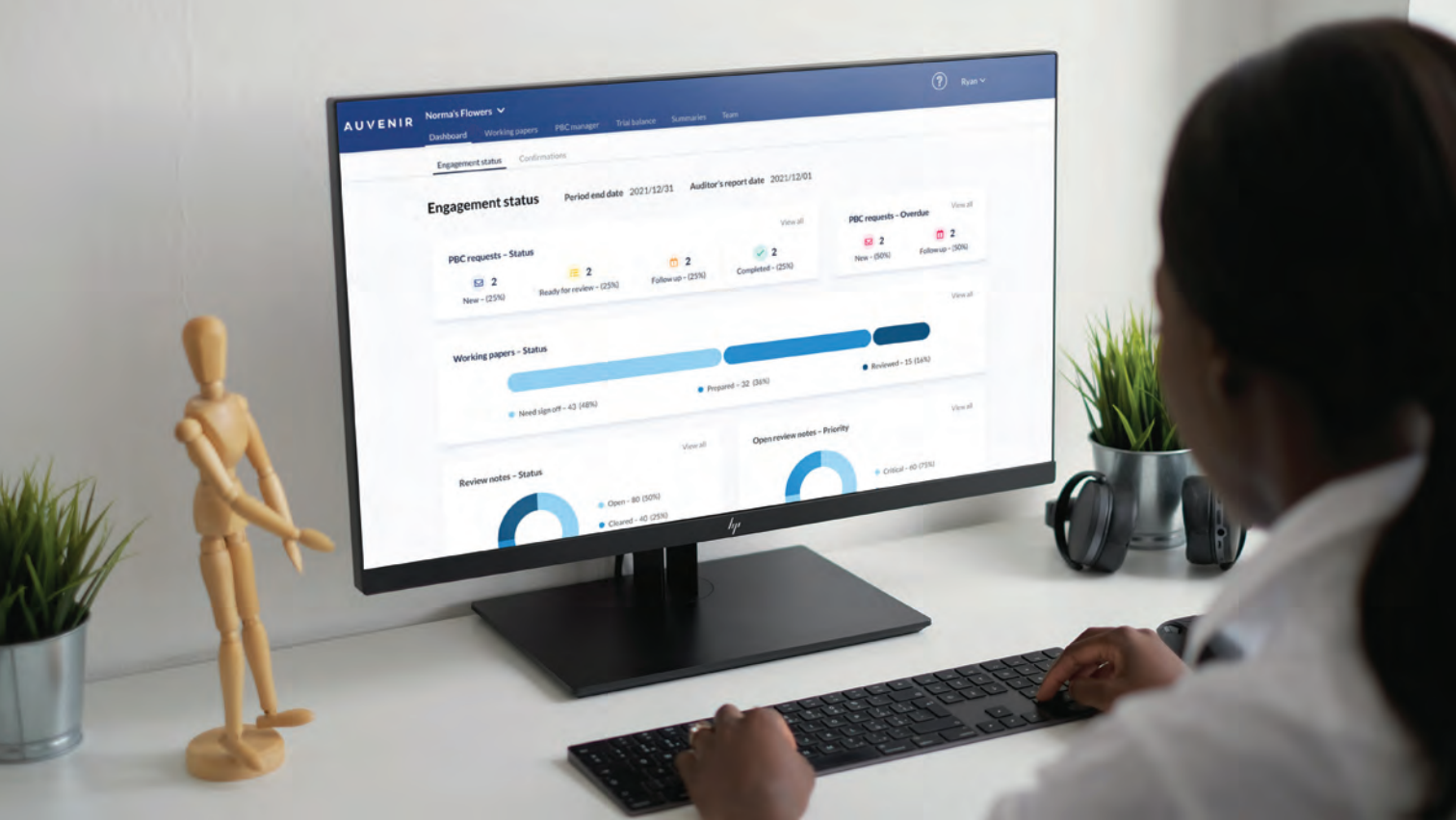


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• 5 ways to retain staff in today's hot talent market

• The best business books for your fall reading list



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PHOTOGRAPH BY RÉMI THÉRIAULT

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WHAT DO YOU THINK?

Send your letter to the editor to pivot.letters@cpacanada.ca. Letters may be edited for length and clarity.

PHOTOGRAPH BY VANESSA HEINS; BOOKS BY IISTOCK

MARKING A MILESTONE

As our designation turns 10, we need to continue to innovate to prepare for the changes ahead
BY CHARLES-ANTOINE ST-JEAN



Bonjour a tous!

Professional accountants across Canada are coming to a historic moment: The CPA designation will soon turn 10 years old. Bravo to our profession and bravo to each and every one of you who display Canada’s foremost professional designation with pride!

It’s important to remember, however, that while the CPA is just 10 years old, it is built upon the hundreds of years of collective history in our legacy designations. That rarified history is vital and a key part of what informs our decisions and animates our discussions as we look forward. We are as comfortable in the C-suite as we are in small- or medium-sized

companies, and our intensive training and education ensures that we are the best people to both assess risk and ensure accuracy while also being leaders in anticipating change.

It’s that last part that could be the most important aspect of our profession. Armed with unparalleled standards, history, experience and training, we are among the few serving the global economic engine able to see minute details as easily as the whole picture. In preparing for the future, and ensuring all our members fit this lofty goal, we’ve recently revamped and future-proofed our competency map for 2022. It’s one thing to say we’re prepared, it’s an entirely different thing to be prepared.

In our advisory role, we have the power and responsibility to guide businesses to go beyond the bottom line and to create social benefit and sustainable growth. We can have the most distinguished designation in the world, but it won’t matter if the powers we serve or lead—world governments, good business, economic engines and society itself—collapse.

That is where innovation comes into play. We cannot stay the course with all the issues currently facing our world. In our position—from the executive in the C-Suite to the sole proprietor—we need to anticipate and accept change, and then champion innovation. Two Canadian companies come to mind as paragons of this virtue.

SHOPIFY

In 2020, Shopify beat RBC to become Canada’s most valuable company. While RBC retook the crown in May 2021, Shopify was still well-positioned leading into the pandemic and was ready to help countless people and businesses when the world called on them.

Now, comparing the two based solely on shareholder value ignores some of the other important things that we hold dear as it relates to our Canadian Ideal of Good Business—CPA Canada’s purpose statement championing social and economic development that adds

value, delivers profit and succeeds long term. However, Shopify’s story is something special. Based in Ottawa, the company started as an online snowboarding store. It wasn’t the “shredding” gear that took off, however—it was the e-commerce infrastructure they built to power the endeavour. Seeing a gap in what was offered, they built their own system, which is now used by millions of businesses around the world. Innovation is not only a key to creating a better world, it can also drive wealth creation and create opportunities to employ more Canadians. To see what Shopify has done in just over 15 years has me excited to see how they, and other unicorns in Canada, adapt and grow in the future.

ABCELLERA

Beyond creating wealth and making our lives easier, innovation is also the engine that brings about social benefit and—as our next Canadian success story exemplifies—advances medicine. AbCellera is a biotechnology firm working to identify antibodies to help treat human disease. Based in Vancouver, it is Canada’s most valuable biotech company, thanks to a record-breaking IPO. Advancing medicine is especially alluring and represents perhaps the most important sector for innovation to thrive because it boils down to the one concern that we all share: our health.

As a global company headquartered in Canada, AbCellera provides jobs and opportunities in both science and business to Canadians. I was recently talking to AbCellera CFO Andrew Booth and it’s clear that they are keenly focused on giving back to Canada and providing the chance for young Canadians to excel. They are an exemplar of the Canadian Ideal of Good Business and a pioneer of innovation; it’s heartening to see a Canadian company, with an international footprint, gain so much success while staying true to our values.

Beyond the immediacy of these two examples, I'm reminded of an anecdote in a story I recently read. In the 1970s, Xerox created a rudimentary messaging platform to allow its repair technicians to connect more easily to one another and share their knowledge. Simple move, yes, but it also presaged many aspects of our current society—including and most importantly social media; 50 years later and many times removed a small shift changed the world. This brings me back to our 10-year anniversary: Before 2012, our profession was splintered and we were weaker because of it. In just 10 years, we've grown into a global sustainability, standards, financial literacy and tax policy powerhouse, as well as one of the largest and influential professional designations in the world. Now, I have faith that through unification, we will face any challenges on stronger footing—and perhaps make some waves like AbCellera and Shopify.

WE HAVE THE POWER TO GUIDE BUSINESSES TO GO BEYOND THE BOTTOM LINE TO CREATE SUSTAINABLE GROWTH

As we close out 2021, one of the most tumultuous years so far this century, take a moment to remember what your designation means to you, and what you can do to lead Canada into the future. As we saw with those Xerox technicians, sometimes brilliant solutions come from mundane problems and everyday conversations—and sometimes those solutions can be revolutionary.

Imaginez ce que nous pourrions accomplir en 20, 50 ou 100 ans? ♦

PIVOT

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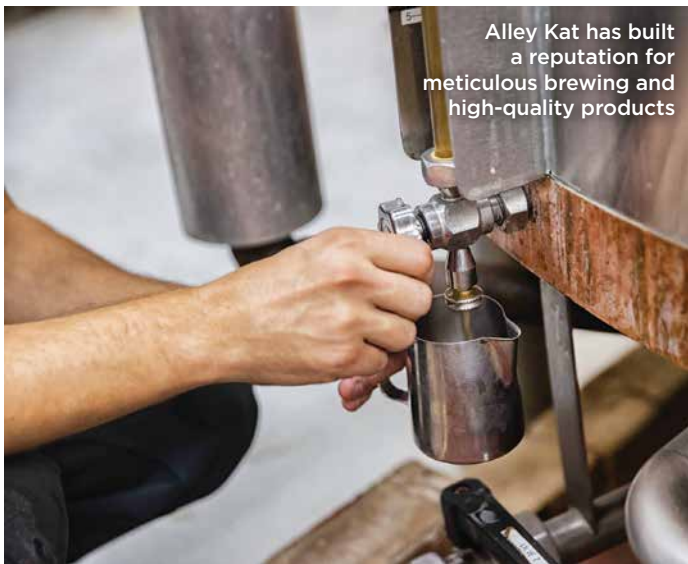
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For Alley Kat co-owner French, combining his love of business and beer was like pairing barley and hops



Alley Kat has built a reputation for meticulous brewing and high-quality products



Hops, which contribute to a beer's bitterness, flavour and aroma, are a defining feature of craft beer



Alley Kat Brewing co-founder Neil Herbst (left) with successors Zane Christensen and Cameron French (right)

PICTURE THIS

PARTNERS IN CRAFT

To satisfy a thirst for entrepreneurship, Zane Christensen and Cameron French bought one of Alberta's oldest independent breweries. Then came the pandemic. **BY SCOTT MESSENGER**

It was inevitable that Zane Christensen and Cameron French, friends since grade school, would end up business partners. Christensen became a CPA partly because he'd learned that a number of them run Fortune 500 companies. French, who became a CPA in 2012, felt a similar pull. "I always wanted to be an entrepreneur," he says. "That was the ultimate goal."

Craft beer wasn't exactly part of that goal but, today French and Christensen are the owners of Edmonton's Alley Kat Brewing Company, one of Alberta's oldest craft breweries.

For years, the pair brainstormed startup businesses, everything from car washes to liquor stores. At the same time, their taste in beer was maturing. French's palate developed when he studied economics at Princeton University in New Jersey, a state packed with more than 130 craft breweries. Christensen's love of better beer grew during a stint working in Belgium, where the beer culture has been officially recognized by UNESCO.

By the time the two were in their 30s and back in Canada, an opportunity bubbled to the surface. In 2018, Christensen applied for an accounting position at Alley Kat, the brewery established by owners Neil and Lavonne Herbst in 1995. Christensen pitched himself as a strategic partner, not just a bookkeeper. The couple balked at his salary expectations, but he sensed that the Herbsts, then in their early 60s, might be open to a different proposal.

COVID-19 may require new protective equipment, but it hasn't interrupted brewing



“Everything seemed like [they] were looking for an exit,” says Christensen. He told French, who felt that combining his love of business and beer was like pairing barley and hops.

Six months later, in February 2019, Christensen emailed Neil Herbst, who indeed had no firm exit strategy. “It just happened that these guys came along,” he says.

After a year of negotiating, the deal closed in February 2020, and French and Christensen became co-owners of the business. About a month later, a global pandemic took hold.

“COVID threw us a curveball,” says Christensen. “That obviously wasn’t an optimal time to jump into a small business.”

Up until then, Alberta craft beer had been booming. Between 2013 and 2021, the number of independent breweries in the province shot up from around a dozen to more than 130. For many of them, sales of pints to drop-in patrons or kegs to local bars and restaurants were a significant portion of their revenue. When COVID-19 hit, the government turned off the taps, shuttering the entire hospitality industry.

Like many craft breweries, Alley Kat opened an online store and began home delivery. To cover the lag while systems were implemented, they took orders by phone and spreadsheet.

As the new entrepreneurs watched keg sales plummet, they noticed volumes of canned product saw a year-over-year increase; liquor stores were still open as an essential service and consumer demand kept climbing. Alley Kat was prepared. “We were primarily a packaging brewery,” says Herbst, “a wholesaling brewery.”

THE MARKET WAS PUZZLED BY THE BOLD FLAVOUR AND HOPPY AROMA OF CRAFT BEER

French and Christensen’s predecessor, who stayed on in an advisory role during the pair’s first year at the helm, had emphasized two things when growing the company: building a production brewery focused on packaging for widespread distribution and developing a reputation for top quality. When Herbst started the business, the market was largely suspicious and puzzled by the bold flavour, hoppy aroma and even the appearance of craft beer. Cans of Alley Kat’s beers are a fixture in retailers across Alberta.

While its business model remains wholesale-based, Alley Kat is also aligning with the industry’s



French (above) and Christensen intend to maintain and strengthen Alley Kat’s position as a packaging and wholesaling brewery

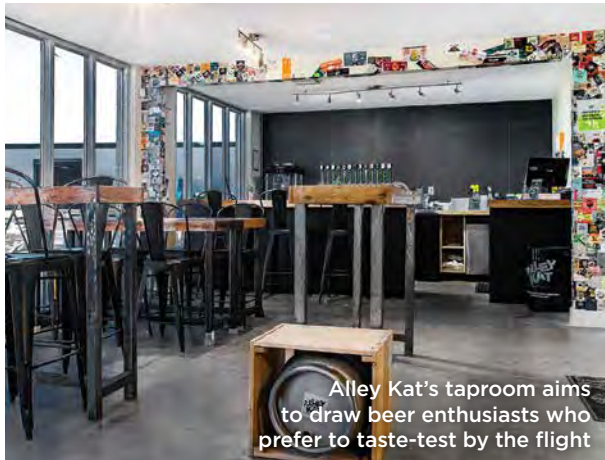


Keg sales proved vulnerable to hospitality industry closures brought on by pandemic lockdowns in Alberta

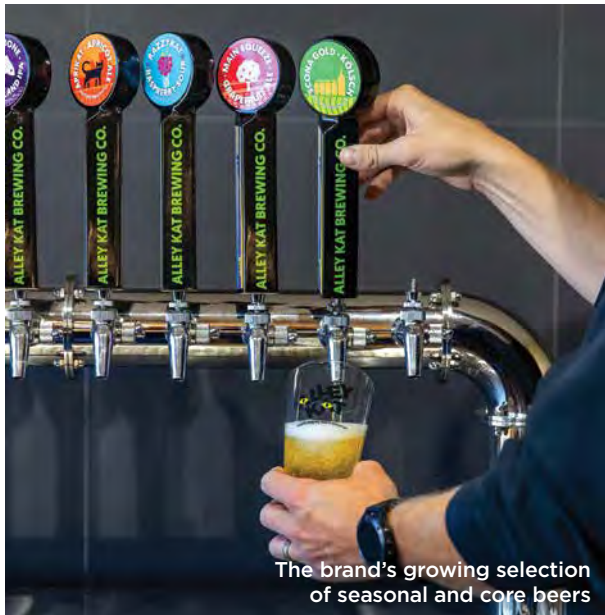
direction toward taproom culture; craft beer enthusiasts relish new liquor store finds but they also love sampling at the source.

Jason van Rassel, beer columnist for Edmonton’s *Edify* magazine, sees that as an opportunity. “I think the potential is there for Alley Kat because it’s been unrealized for so long,” he says. “There’s nowhere to go but up.”

Alley Kat’s industrial-area location and facility offer the option for physical expansion and wholesale growth. Christensen believes Alley Kat could scale up with “a bit more equipment and staff...



Alley Kat's taproom aims to draw beer enthusiasts who prefer to taste-test by the flight



The brand's growing selection of seasonal and core beers

without adding much cost.” There are new export possibilities, too—in January 2021, the brewery began selling its zesty raspberry sour in Sweden.

The accounting pair know that, by acquiring an established brand, they began their entrepreneurial journey on second base.

“They have a company that’s very well-known,” Herbst says, “that has some very good brands.”

“We’ve been really fortunate,” adds Christensen.

But the duo isn’t satisfied with maintaining the status quo. When Herbst was Christensen and French’s age, he was building from the ground up. Now, there’s a legacy to build from.

“We’ve got quite a few years left before we’re ready for retirement,” says French. “So, we want to see what we can do and put our own mark on the business as well.” ♦

PHOTOGRAPHS: ALLEY KAT BY CURTIS COMEAU; CRAFT BEER BY GETTY



The rise of Canadian craft beer

130+

Independent breweries in Alberta in 2021, up from roughly a dozen in 2013

The modern era of Canadian craft brewing began with Spinnakers, in Victoria—long after Molson, Labatt and Carling O’Keefe came to dominate the industry following Prohibition, which ended in most provinces in the 1920s. In 1984, Spinnakers opened to satisfy a growing thirst for the robust flavours of English ales. Today, Spinnakers is treated like a place of pilgrimage by craft enthusiasts across Canada.

That said, most of those enthusiasts no longer need to travel far for great, fresh beer. After Spinnakers showed small-batch commercial brewing was possible (liquor laws had to be changed to accommodate the model, just as they would for small brewers in other jurisdictions in years to come), it inspired a new wave of beer. Before the end of the ’80s, smaller operations started in Ontario with Waterloo Brewing (formerly Brick Brewing Co.), in Alberta with Calgary’s Big Rock Brewery and at l’Inox in Quebec City.

Today, Ontario leads the way as home to 315 of Canada’s roughly 1,000 craft breweries, which can now be found in every province and territory (Nunavut Brewing Company, in Iqaluit, is Canada’s northernmost craft beer outpost). Overall, craft accounts for about six per cent of the country’s total market. Pre-pandemic, the sector exhibited double-digit growth annually despite a decrease in national beer sales overall, suggesting a shift in consumer preference and a loosening of Big Beer’s grip on the market. —SM

FROM THE PUBLISHER

WORKING WITH PURPOSE

A true commitment to values makes Canadian CPAs unique



HEATHER D. WHYTE

In 2018, more than 15 chartered professional accountants gathered in St. John's, Nfld., to participate in an interactive workshop that included a pivotal self-assessment exercise. Each person was asked to, objectively and honestly, appraise how actively they champion the

belief that their individual purpose is to make the world a better place by advising businesses how to grow their value and, at the same time, create social benefits without harming the environment. As the workshop leader, I asked each of them to envision an imaginary scale across the room with one side of the room representing 10 (that they live the belief daily) and the other representing zero—not at all. Then I asked them to stand on the number along the continuum that best reflected their own values and behaviour. Reluctantly, the group moved onto the imaginary scale. It wasn't easy. This was a pre-COVID-19 environment and the room was small, but most of the people huddled, shoulder to shoulder, around the 9/10 spot.

When the group members were asked “why you didn't put yourself at zero,” one courageous woman told the story of how she was faced with a request from her employer that was not ethical, and one she couldn't bring herself to comply with—so she left the job. Heads began nodding. Others then spoke up to share that they too either faced similar situations or knew a colleague who had. Several admitted they had also left their jobs, and a few said it was not easy to find new employment as a result.

This was one city, with one small group of CPAs. Yet the story was the same in every city where we held the workshop across Canada.

Witnessing the aha moment each time it occurred when individual CPAs gathered and realized they share the same emotional drivers—unique Canadian values and a commitment to help people in their professional and personal lives—was the tipping point in a long journey to identify the value proposition for CPA Canada and the profession. The quest to define that value proposition led to the creation of the purpose statement we call the Canadian Ideal of Good Business.

The Canadian Ideal of Good Business lies at the heart of what Canadian CPAs believe in. As business leaders, they drive economic profitability in ways that benefit society, communities and the environment. As Canadians, they do so by bringing unique Canadian values—fairness, compassion, inclusivity and equality—to their work. Commitment to acting in the public interest and to the highest level of ethical behaviour is also ingrained in their actions by the professional code of conduct they agree to when entering the profession.

CPA Canada's board of directors approved its commitment to adopting the Canadian Ideal purpose statement in 2016. That approval was the culmination of a lot of work by CPA Canada and included gathering members, board members and employees in a series of workshops aimed at defining CPA Canada's true reason for being, or what author Simon Sinek popularized as the concept of “Why.”

THE CANADIAN IDEAL OF GOOD BUSINESS LIES AT THE HEART OF WHAT CANADIAN CPAs BELIEVE IN

The purpose statement needed to reflect the actions of CPA Canada and also resonate as authentic with members. CPA Canada lives the Ideal by providing quality business education (both pre- and post-certification); it develops innovative thought leadership and supports the establishment of strong Canadian accounting and auditing standards for all sectors of the economy.

CPA Canada communicated to members and stakeholders about the Canadian Ideal and how our members and the profession live it daily through the CPA Canada fiscal 2017 annual report,

Role models

If you would like to know more about the Canadian Ideal of Good Business, you can read the full purpose paper at cpacanada.ca/CanadianIdeal. You will also find video profiles of your colleagues living the Canadian Ideal, including:

- ▶ **David Trahair and Leslie Adams**
Champions of financial literacy
- ▶ **Moira Burke**
Supporter of Indigenous students
- ▶ **José Hernandez**
A global leader in ethics
- ▶ **Emmanuel Dubourg, MP**
Accounting ambassador
- ▶ **Josh Zweig and Chad Davis**
Digital game-changers
- ▶ **Terry Goodtrack**
Leader in finance education

banners and videos sharing our members' stories on cpacanada.ca and through CPA Canada's communications channels, including this magazine and our social and digital channels. In 2016, we met with members in Vancouver and at the national ONE conference to pilot what would become the CPA Brand Ambassador workshops. Then, in 2018, we hit the road talking to CPAs across Canada about the CPA brand, its purpose and their work.

Purpose statements, however, need to be real. Like brand promises, they need to be embedded into action every day. If not, they are simply nice words intended to impress others or to be hung on a wall for others to see.

The CPA member workshops were the true litmus test. That is where we introduced the Canadian Ideal and asked members if it reflected their personal values and beliefs. There were white-knuckle moments in that first session in St. John's, waiting to see the reaction of our members who are trained specifically to be highly analytical and skeptical. Yet when the same response happened in the second, third and subsequent sessions, it was clear the Canadian Ideal of purpose is embedded in the profession.

By surfacing the emotional value driver that lies deep in CPAs and aligning it with the professional code of conduct, every workshop inspired members to live their values and champion the Canadian Ideal. Many equated it to doctors and the medical profession. CPAs take an oath to honour the CPA profession's code of conduct. Yet these values, many said, are the personal values that led them to choose the CPA profession, so they are committed to acting ethically and in the public interest, which means their actions make a positive societal difference by influencing business practices for the better.

Clearly it cannot be said that every person with a CPA designation is living the Canadian Ideal as their purpose. There are always individuals who have different motivations—that is why the profession has a robust disciplinary process. Yet examples of wrongdoing are minimal. And the hundreds of Canadian CPAs who joined our workshops reflect the true values—and value—of the wider profession. That is something that makes our Canadian CPA profession unique and respected around the world. ♦

Heather D. Whyte, MBA, APR, is publisher of Pivot and senior vice-president, marketing, communications and public affairs at CPA Canada.

PHOTOGRAPH: JELLO BY ISTOCK

FAD FOODS

Earlier this year, New York City-based ice cream maker Van Leeuwen and Kraft Heinz partnered to create a mac and cheese-flavoured ice cream. The limited-run dairy product is high on novelty and, likely for most tastes, low in appeal (although it did manage to sell out). Time will tell if the product ultimately winds up on this list of other unusual food combos that had notably short shelf lives. **BY STEVE BREARTON**

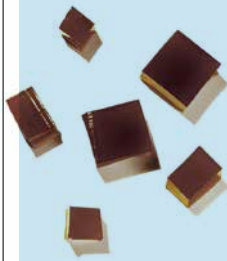


Coffee-flavoured Jell-O

INTRODUCED: 1918

The four original Jell-O flavours—raspberry, strawberry, lemon and orange—have stood the test of time, but coffee disappeared within a year of being introduced. Other failed flavours include cola (1942) and celery (1965).

“Delicate. Delightful. Dainty,” read the packaging on coffee Jell-O.



Funky Fries

INTRODUCED: 2002

Ore-Ida brands introduced five varieties of frozen potatoes, including Sour Cream & Jive crispy potatoes, blue-coloured Kool Blue seasoned fries and chocolate-flavoured Cocoa Crispers.

“[Ore-Ida parent company] Heinz has become the class clown of food companies, on a roll of doing outrageous things in order to get attention,” wrote Salt Lake City’s *Deseret News*.



Jimmy Dean chocolate chip pancake-wrapped sausage on a stick

INTRODUCED: 2006

Fully cooked and ready to heat in the microwave, the corn dog-like breakfast was widely ridiculed and, eventually, discontinued.

“Finally, the classic taste of chocolate chip pancake-wrapped sausage, with the convenience of a stick,” said Jon Stewart of *The Daily Show*.



Watermelon Oreos

INTRODUCED: 2013

The Nabisco brand introduced the watermelon-flavoured creme as a limited run sold exclusively at Target.

“We chose watermelon because it is a fun, summer flavour that goes great with the golden Oreo cookie,” said a spokesperson.





NEED TO KNOW

TIME TO GET TO KNOW THE NEW AML RULES

Recent federal updates strengthen Canada's AML regime to help staunch the flow of dirty money



MICHELE WOOD-TWEEL

As reporting entities in Canada's AML regime, CPAs have long played an important role in the ongoing fight against money laundering. And in the past few years, several developments have occurred on the AML front that are relevant to the accounting profession. It's important for us to be aware of these developments and the potential obligations that come with them.

Particularly noteworthy are the new requirements that came into effect on June 1, 2021, under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*. These updates strengthen Canada's AML regime in the areas of compliance, knowing your client, record-keeping and reporting to FINTRAC. As a result, they bring Canada's regime more in line with international practices.

The AML rules apply only to CPAs engaged in activities covered by the PCMLTFA and its regulations. Generally, this involves carrying out "triggering activities" such as receiving or paying funds or purchasing or selling assets on behalf of a person or entity. That means if your work does not veer into those specific activities, you are not affected.

However, if your work does veer into those areas, you not only need to know the rules; you need to make sure you comply with the requirements by

having an appropriate compliance program in place, among other obligations.

In terms of knowing your client (KYC), the rules set out several types of circumstances in which you need to verify the identity of the persons and entities with whom you're dealing:

- Large cash transactions (\$10,000 or more within a 24-hour period)
- Large virtual currency transactions (\$10,000 or more within a 24-hour period)
- Suspicious transactions, regardless of the amount
- Receipt of funds of \$3,000 or more.

Other KYC obligations include obtaining beneficial ownership information and determining if you are dealing with a politically exposed person or the head of an international organization. Also, to comply with record-keeping rules, there are a variety of records and reports that must be kept on file.

When it comes to applying the new KYC rules, obtaining beneficial ownership information may be the most difficult. Since Canada doesn't have a national registry of beneficial ownership, you must obtain that information. That's not always easy, especially when you're dealing with complex corporate structures.

Even so, it's worth noting that corporate transparency requirements are evolving both at home and abroad. Recent legislative changes by the federal government and certain provinces (B.C., Saskatchewan, Manitoba, Quebec, Nova Scotia, Prince Edward Island; and with changes pending in New Brunswick) mean new beneficial ownership requirements. And the 2021 federal budget proposed to provide \$2.1 million over two years toward the implementation of a publicly accessible corporate beneficial ownership registry by 2025.

JUST OVER TWO YEARS AGO, A CHANGE WAS MADE TO THE CRIMINAL CODE THAT ADDED "RECKLESSNESS" TO THE OFFENCE OF MONEY LAUNDERING

As far as reporting to FINTRAC is concerned, CPAs affected by the new rules must now submit a Large Virtual Currency Transaction Report when required. That is in addition to the other types of reports that were already required to be filed (such as the Suspicious Transaction Report).

Important as they are, the new PCMLTFA regulations are not the only updates we need to keep in mind. Just over two years ago, a change was made to



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the Criminal Code that added the notion of “reckless-ness” to the offence of money laundering. Essentially, this lowers the threshold to be convicted of an offence when moving money on behalf of another person. If you are aware there is a *risk* that the money might have come from the proceeds of crime and proceed to move the money, you may be found to have committed an offence. Previously, you had to know or believe that the money came from the proceeds of crime for it to be classified as an offence.

Taken together, these most recent changes to the requirements represent a substantial increase in AML obligations for CPAs carrying out triggering activities. As the AML regulator, FINTRAC has published guidance on its site specifically applicable to PCMLTFA requirements for accountants and accounting firms. And CPA Canada has a number of resources on its site, including a series of articles on AML developments. It will also be publishing an AML guide in the next few months.

So, take the time to learn the new rules and how to apply them. You’ll be doing your part to protect the public interest and staunch the flow of dirty money. ♦

Michele Wood-Tweel is vice-president of regulatory affairs at CPA Canada.



MINDING THE MONEY

MAKING CENTS

Financial literacy month is the perfect time to promote a better understanding of money and the role it plays in our lives



DORETTA THOMPSON

Money permeates vast aspects of our lives. We deal with it every single day, whether directly or as a consideration in the decisions we make. Yet, for many Canadians, money remains an elusive topic.

Why can people be shy, or even fearful, when talking about money?

It comes down to how we process decisions. It is often easier to be “lazy” and go with the status quo than to unpack what we really need to know and shift to a proactive mindset. We believe, wrongfully, that the less we think about our finances, the more we can spend time on the people and things we love and the moments that spark joy.

WHEN WE AVOID THINKING PROACTIVELY ABOUT FINANCES, WHAT WE ARE REALLY DOING IS DISCOUNTING OUR FUTURE SELVES

What we often don’t consider are the lasting consequences of avoiding money decisions. Because, when we avoid thinking proactively about our finances, what we are really doing is discounting our future selves.

In Canada, November is financial literacy month. It is a time when the Canadian government, along with organizations that support financial education and empowerment, shine a light on the issue by promoting resources that

inform Canadian consumers on how to improve personal financial management and, in general, make better financial decisions.

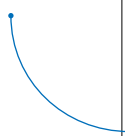
People often think of financial literacy as the acquisition of financial knowledge, but that’s just where it begins. There are actually three components: the acquisition of financial knowledge, building financial confidence and taking appropriate action. Developing and applying skills such as budgeting and goal setting, planning for retirement, purchasing a home and saving for a child’s education enables us to manage our financial well-being and participate fully in society.

The accounting profession is uniquely positioned to help people understand and talk about money. As financial experts who deal with personal and business finances, we offer a dimension of expertise unmatched by virtually any other group. At CPA Canada, we too have played a role in Canadians’ financial literacy journey by creating a comprehensive range of resources, tools and multimedia programs to boost knowledge, increase confidence and inspire action. These resources can be accessed online via cpacanada.ca/financialliteracy. We encourage all CPAs to explore these materials and to register as volunteers to contribute to the program’s ongoing development. After all, our profession’s mandate is to act in the public’s interest and what better way to make a difference than through financial education and empowerment?

Watch: Our financial experts host live and on-demand webinars covering programs from basic personal finance to managing your own business.

Listen: Catch up on all six seasons of our podcast, *Mastering Money*, for the inside industry scoop.

6
Number of seasons of CPA Canada’s *Mastering Money* podcast





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Read: Our monthly blogs feature CPAs sharing their stories, experiences and insights along with the biggest trending finance topics today.

Self-evaluate: Take our online self-assessment tool, the Financial Wellness Guide, to see where your blind spots may be. You will receive takeaway action items that will immediately help you on your path of financial literacy and self-improvement.

Often, the biggest challenge is knowing what we don't know. It's why it's so important to take the time this month to learn about and share these resources with friends and family. As we near the holiday season, think about the money-related choices we make and choose to give a gift that keeps on giving over the course of our lives: financial knowledge.

Financial literacy month provides an opportunity to be an ambassador in your networks and start those intimidating conversations about money. We encourage you to not only share our resources

but to also promote the no-cost programming we offer to local organizations. CPA Canada will provide the content and a CPA volunteer speaker to present one of 48 session topics for diverse audiences, ranging in age from schoolchildren to seniors, and tailored to meet the needs of different groups like new Canadians and people living in remote communities.

If you are a CPA, consider volunteering as a presenter in your local community or by contributing to the program as a writer and content creator. Email us at financialliteracy@cpacanada.ca to join the CPA financial literacy movement.

Remember, the sooner we start being intentional about our finances, the more prepared we are for the future. Celebrate financial literacy month and start the conversation today. ♦

Doretta Thompson is CPA Canada's financial literacy leader and director of corporate citizenship.

SHAM, WOW

A catalogue of recent cons
BY DAVE ZARUM



32.4 MILLION

The average number of monthly visits to a network of media-streaming websites operated by a Barbados-based company in 2020. The websites promise free, unlimited access to movies, e-books and other content.

Users were asked to sign up for a five-day free trial. But, if they read the fine print, would learn that once the trial expired their credit cards would be automatically charged US\$49.95 per month.

In total, the websites netted “hundreds of millions of dollars,” according to an investigation by CBC’s Radio-Canada.

“A lot of people just pay their credit card bills and don’t really look at them,” Better Business Bureau international investigations specialist Steve Baker said in a CBC report.

US\$750,000

The amount a U.S.-based company had wire-transferred to a fraudulent account after falling prey to a business email compromise (BEC) scam when a Canadian company, who was also a target, reported the suspected fraud to the Canadian Anti-Fraud Centre (CAFC). Authorities acted quickly and the CAFC partnered with the United States Secret Service, who then put a hold on the transfer and ultimately reversed the transaction.

BEC scams fall under the category of “spear phishing” and use emails made to look like they’ve been sent from a secure and known source. In 2020, the CAFC reported 779 victims of spear phishing with losses totalling \$29.9 million.

FRAUD RISING

It turns out last year’s jarring fraud statistics in Canada—a likely by-product of the pandemic—were not an anomaly. According to data released by the Canadian Anti-Fraud Centre, while the number of victims of fraud are projected to rise there has already been a noticeably sharp increase in the financial impact this year compared to 2020.

2020

71,062
total reports of fraud
in Canada

42,164
victims of fraud in Canada

\$106 million
lost to fraud in Canada

2021*

51,248
total reports of fraud
in Canada

36,334
victims of fraud in Canada

\$144 million
lost to fraud in Canada

*YEAR TO DATE AS OF AUGUST 31

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2020-21 Group Study & Year 3 Project

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**A CALL
TO**



ACTION

PHOTOGRAPHS BY
RÉMI THÉRIAULT

In an exclusive interview, **Mark Carney** talks sustainability, Canada's role on the world stage and how humility can be a superpower.

In the realm of finance, there are few Canadians with a resume as impressive as Mark Carney's. He expertly steered Canada through the Great Recession as the Bank of Canada governor; held the same position at the Bank of England and is now leading impact investing at Brookfield Asset Management and serving as the United Nations special envoy on climate action and finance. *Pivot* caught up with Carney in Ottawa before he headed back to the U.K. this month to perform his appointed role of financial adviser for the U.K. presidency of COP26 United Nations Climate Change conference. **1**

CPA Canada Principal Michael Massoud asked Carney about his latest book, *Value(s): Building A Better World for All*, and touched on how Canada's CPAs can use their skills and insights to champion the values required to bring about a reset for business—one where strategies are grounded in purpose to address climate change and other challenges. This viewpoint aligns with the mandate that guides *Pivot* as the magazine looks beyond the bottom line to focus on the people, companies and organizations that foster a better and more socially and economically responsible business community. There are few issues more pressing than climate change in our world today and, as Carney details, we need to start working immediately. **➔**



Mark, thank you so much for taking the time and meeting with me today.

Mike, it's a pleasure to be here.

You've long been a strong advocate of sustainable business practices: As long ago as 2014, you and Pope Francis talked about how people and their well-being need to be at the centre of our economic and political life. Your new book eloquently makes the case that individuals, business and governments need to make different choices if we are to have a sustainable future for the planet. Yet when we look at the world today, the economic, environmental, and societal picture is not a positive one. That was again driven home in the UN report by the Intergovernmental Panel on Climate Change, 2 released this summer. How did we get here?

Well, a number of things got us in this position, which is part of the reason why I wrote the book. And part of the reason for that focus on sustainable business practices and sustainable disclosure around those business practices—something I'm sure we'll get into. I'm a huge fan of the market, but there are a few challenges when you have too much emphasis on the market. The first are classic ones, which are market imperfections—monopolies or externalities in the environment—that need to be addressed. The second is our human nature. We're all, myself included, irrationally impatient: Recent events take on a greater importance perhaps than they should. And that leads to things like the tragedy of the horizon. 3 And the third one, which is the most fundamental, is that not everything can be priced. But our nature is price, and we've set up a number of systems that optimize only that which is price. So, if something is not priced, it's left out of the equation. The environment is an example of this, aspects of community and other aspects of sustainability are also examples. There's a need to rebalance between value in the market and values of society. And it can be done. And there's a few steps that I tried to outline in the book that accomplish that.

In the book, you talk about the multiple factors needed to drive positive change.

You note the need to build resilience, capacity and to manage ongoing change by moving to "just in case" vs. "just in time" thinking. What critical levers do we need as catalysts to change the tide?

Well, we're all prisoners of our past, but one of my experiences when I was governor of the

Bank of Canada was, of course, the financial crisis. 4 And, I benefited, and the country more importantly benefited, from people, like David Dodge 5 and his colleagues, who thought about what might happen in advance and who prepared for the worst scenarios. There were some great leaders in the private sector as well—Ed Clark, at TD Bank would be another example. And it's that discipline of thinking that helped us through. Not always reassuring yourself that the bad thing won't happen, but thinking about what happens if it does, and then preparing in advance. Obviously, with the pandemic, there were many warnings about its likelihood and, in fact, almost a certainty of what could have happened. But no government really took the steps in advance. And the question is, why? And that goes to your question: What structures can we put in place to take the necessary measures to build resilience in advance? I wouldn't say we've absolutely solved it, but we've taken huge steps in the financial sector. We have specific institutions, the Bank of Canada, for example, who are responsible for identifying these risks. We have structures between the federal agencies and the provincial agencies that then need to act to address those risks and there is an accountability to that. We need the same thing on the health side, we need the same thing on the environmental side. So, we need to build these structures

Canada's oil sands expertise can be put to work on cleantech innovations



and—I know this sounds a little dreary—to plan for failure, assume failure. What would we wish we had done when that failure happens? If we can do this in advance, then we have that resilience. And we can ride through it.

You talk about failure there and the importance of making change sooner rather than later. How much time do we have?

Well, if we're talking about climate, we have very little time. And you just referenced, Mike, the IPCC report and one of the most striking things in that report—apart from the documentation

1 The United Nations Climate Change Conference 2021 in Glasgow. The conference aims to accelerate action toward the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

2 The Intergovernmental Panel on Climate Change is the United Nations body for assessing the science related to climate change.

3 "Climate change is the tragedy of the horizon," Carney said in a speech to Lloyd's of London in 2015.

4 The financial crisis of 2007-2008 is also known as the Great Recession.

5 Carney's predecessor as governor of the Bank of Canada.

6 A legally binding international treaty on climate change. It was adopted by 196 parties at COP21 in Paris in 2015. Its goal is to limit global warming to below 2, preferably to 1.5, degrees Celsius, compared to pre-industrial levels.

7 Shopify became Canada's most valuable public company in 2020. RBC retook that title in May 2021.

8 The Sustainable Development Goals were set by the United Nations General Assembly in 2015 with an aim to create a "more sustainable future for all."

9 World-renowned climate activist Greta Thunberg.

10 The Office of the Superintendent of Financial Institutions is an independent agency of the Government of Canada. It supervises and regulates federally registered banks, insurers, trust and loan companies, as well as private pension plans subject to federal oversight.

11 The Canadian Mortgage and Housing Corporation's goal is to "make housing affordable to everyone in Canada."

of the extreme events, and the fact that the temperature is already 1.1 degrees above pre-industrial levels—is that to achieve the goals of the Paris Agreement 6 to stabilize the climate at one and a half degrees, at current rates of emissions, we have less than a decade. We will exhaust our carbon budget within a decade. CPAs know how to calculate budgets; you can do these numbers. So, we need to bend the curves quite substantially. We need to be reducing emissions by about seven per cent per annum, year in, year out, over the next 10 years. And we need to start now. So, we have very little time. The more optimistic thought here is that there's an increased recognition of the importance of getting to net-zero, consistent with 1.5 degrees. That's starting to not just be embedded at the country level with country objectives, but cascade down to businesses—and, very importantly, the financial sector.

No government, Carney asserts, truly heeded the warnings about the potential for a global pandemic



Shifting the focus to COVID-19, there is no doubt the global pandemic has prompted a reset for individuals, businesses and governments. It has given everybody the opportunity to step back and rethink what is important, which is giving new life to the concept of purpose-driven business. You believe that to create a sustainable recovery, we will need to favour "regeneration over redistribution" and ensure we are rebuilding based on the "right values." Could you talk more about how you see this working and the impact it can have?

Let's pick out a few of those points. One is around purpose-driven businesses. To be clear, businesses—whether providing a service in the tech industry or building a new product—are ultimately solving a problem for people. The question is, what issue are you solving? One of the great Canadian companies, global companies, is Shopify 7 for example. What are they doing? They're a platform for entrepreneurs. They're there for the entrepreneurs, they're there for

businesses. They get up every day and, seemingly through the night, and they think about how to make that better. And the consequence of that is that their suppliers, their employees and their businesses all work together as part of that ecosystem for the common goal of making commerce work better globally. That's a sense of purpose, which is not elevated to a level of, say, the Sustainable Development Goals. 8 Purpose as a unifying idea for a business, a mission that cascades down through the employees, through the suppliers, through the clients and really makes the boundary of the firm more permeable. Everybody's working in the same direction, tremendous value creation in all senses of the word, financial value creation as well as social value. Now, one of the things that is shifting in parallel with that is a recognition of broader responsibilities of businesses as members of the community. We have these big societal issues. You're only as strong as your society. Ultimately, we need an inclusive society; we need a sustainable economy, and is your business aligned with that? Are your hiring practices consistent with that? Are you developing people in a way that's consistent with that? Ultimately, what's being asked of businesses when it comes to climate is, do you have a plan for net-zero? Canada has a legislated objective for net zero alongside another 130 countries, a Swedish teenager 9 can figure out the carbon budget and that we have less than 10 years and you have to get to net-zero to stabilize it and if you're a company and you have purpose, well, what's your plan? And all these plans need to come together.

You've referenced Shopify as a great Canadian business making change. I would like to talk about the power of Canadians to make powerful changes. In your book you state that Canada has the power to lead change; that we routinely transcend the limitations of our population to model values and policies for other countries. Can you provide some examples of how Canada has been able to champion and innovate for positive change?

Well, I think there's a couple areas and one of them, and this may sound odd, but it goes to process. So I, as you know, worked with financial regulation of the Bank of Canada. But, of course, the Bank of Canada doesn't have all the tools: There's other federal agencies, such as OSFI 10 for instance, that regulates the banks and the insurance companies; CMHC 11 is another example; and the provincial authorities are exceptionally important as well. And it is a Canadian trait, and a skill, to bring parties



For a full video interview, go to cpacanada.ca/carney

together with a common purpose to try to solve common problems. Part of the challenge is identifying the problem. It's better to identify in advance before the crisis, and we do that more often than not. But the process of coming to these decisions, that skill is a Canadian trait that we model, and I see it ported over to, for example, things that the European Union does. It means that Canadians can be very effective internationally when bringing together different parties, **12** different viewpoints, finding a consensus, finding a synthesis. In the area of sustainability that I know the CPA cares deeply about and is very knowledgeable, there's a lot of developing views around that. And so that Canadian trait of bringing those views together and coming to a decision is exceptionally important. Now, there's many policies and business practices as well, but I highlight that core skill because it is a core competence. And you and I know as being Canadians, you almost have to live it every day because you're constantly in situations where you are brokering across different parties.

I'd like to touch on your comments on CPAs and Canadian values, and talk about Canada's role in shifting business practices to more sustainable practices. CPA Canada believes there is a unique Canadian approach to cultivating a healthy and thriving economy that benefits everyone in society and sustains the environment. In fact, CPA Canada developed this as its purpose many years ago; we call it the Canadian Ideal of Good Business. **13 In your view, what can CPAs do to help champion sustainable business and social practices?** You started with the right point, which is that this has been the purpose and it's embedded and you've been living this for years. So, part of it has become bred in the bone. That's the first

thing. The second is, I think when we think about sustainability more broadly, so environmental, social, governance factors. As you know and CPAs know, there are two ways to think about these in the broadest sense: What are the factors that ultimately are going to have an impact on enterprise value of the firm? It could be because of social licence, it could be because of attracting employees, it could be because of externalities, public policy changes, it could be because of impacts on the broader ecosystem and so on. Identifying those factors, tracking them, managing them and, ultimately, it's down to the firm how they want to manage them and improve them, but having the discipline around these factors is the core of it. The other aspect—and there's different views around the world on this—is, what about the impact on “sustainable value?” Something that doesn't necessarily in the near or medium term directly affect the enterprise value of a firm, but where the firm has a material impact on some aspect of environmental, social, governance writ large. And so, developing those techniques, those perspectives, informing the firm, informing broader stakeholders, ensuring they can be informed, is I think, fundamental to what you do. And because the CPA has had that sense of purpose, and has developed that expertise, you're almost uniquely placed to be at the frontier of this thinking.

I want to target that comment on sustainability and CPAs. CPA Canada regularly convenes groups of stakeholders to discuss innovative ideas aimed at developing better business practices and policies. Most recently, we successfully engaged a broad network of Canadian organizations that championed Canada's bid to host the International Sustainability Standards Board. **14 If Canada is chosen**

12 Perhaps most famously with Lester B. Pearson's role in resolving the Suez Crisis in the 1950s and the creation of the United Nations Emergency Force, which led to our modern-day peacekeeping forces.

13 The Ideal integrates the needs of economic growth with the needs of society and the environment and balances those needs with fairness and compassion.

14 Canada submitted a comprehensive offer to host the ISSB. Facilitated by CPA Canada, the bid includes the largest pension funds, financial institutions, securities regulators, accounting firms, insurance companies and a First Nations organization, along with the support of a broad cross sector of Canada's leading business, academic and public policy organizations.

15 In July, the G20 Finance Ministers and Central Bank Governors met in Venice. This was the first in-person Finance Track meeting since Feb. 2020. The members discussed efforts to promote economic recovery and the transition towards greener and more sustainable economies and societies.

16 There are currently multiple reporting frameworks and standards related to sustainability and the business landscape has evolved to the point where a consistent approach is required. The ISSB will create a common playing field globally, offering comprehensive sustainability standards that provide comparability, transparency and consistency.

17 Carney played a key role in the banking system while governor of the Bank of Canada and, according to Bloomberg, helped Canada avert the worst of the 2007-2008 financial crisis.

18 On June 22, the Canadian Net-Zero Emissions Accountability Act received Royal Assent and became law—enshrining transparency and accountability in Canada's efforts to achieve net-zero greenhouse gas emissions by 2050. The law sets new greenhouse gas-reduction targets every five years beginning in 2030. The 2030 target will be 40 to 45 per cent below 2005 levels.

as the host country, it will accelerate the ability of Canadian organizations to push forward sustainability policies and practices. How important is it for an organization like ours to help generate a movement for positive change?

First, I can't emphasize enough how important the International Sustainability Standards Board is. This is absolutely a breakthrough for sustainability, and I would say for sustainable economic growth globally. Endorsed by the G20 Finance Ministers meeting in Venice **15**—which sounds like a fantastic event; their first in-person meeting in more than a year and they managed to go to Venice (*laughs*). But anyways, they did some work and they supported this. We expect the launch of this at COP26 and it will be one of the signature events at COP26 in November in Glasgow. And to develop the highest quality standard for sustainability that brings together all these disparate standards, **16** which are all well intentioned, and there's a lot of good in them, but, as you know well, we need one core global standard. So, the ISSB is incredibly important and I absolutely commend CPA Canada for leading what is a very broad bid to support this that has broad support, not just from the preparers, but the financial industry, corporates and governments to support this incredibly important initiative. So, you're doing the right thing. The core, of course, is going to be not just creating this board, but living it. As you know, and members will know, the first assignment of the board, or the objective of the board, is to come out with a draft disclosure standard for climate disclosure by the middle of next year. I mean, that's tomorrow in these terms. But that's a testament first to the urgency of the issue, secondly to the ability to bring together all these different groups and thirdly to the quality of people who are going to be working on it.

I wanted to touch on resilience. Canada has established a solid platform from which to address long-term sustainability. Canadian values are aligned with emerging social considerations and our governance is recognized and respected worldwide when you consider our strong capital markets and banking system. **17 Speaking as the former governor of the Bank of Canada, what more must be done domestically to strengthen this country's resilience?**

Our core institutions need to have plans for net-zero—which they are, to varying degrees, coming out with to their credit. Secondly, we talked earlier about planning for failure, now I'm talking about planning for success. What is

success in climate? Success is getting to net-zero, stabilizing the climate and getting to 1.5 degrees. But in that process, certain businesses that are competitive in a polluting or carbon-intensive world will not be competitive in a net-zero world. The question for financial institutions is, how do you help those businesses decarbonize? Do you have a strategy for that? Because we can't have our institutions fail if society succeeds. So that sort of thinking and that forward planning is absolutely essential. We need to have that orientation towards net-zero and, very importantly, what this means is getting capital to businesses that are going to decarbonize or invest in decarbonization. It's not about walking away from businesses or walking away from sectors, but about moving them forward and investing and we need to do that now with deliberation. And the other point I'd make is that we have the advantage because the country has now legislated the net-zero target. **18** We are setting up an independent body that will assess our progress against that in terms of the policies. We're seeing policies at the provincial level and at the federal level that will help move things forward. All of our political parties are putting forward various policies. So, we have a sense of where we're going to go and getting the capital to where it needs to go is foremost.

We can't have our institutions fail if society succeeds

Now, we talked earlier about Canada as a role model for the world. You mention certain sectors, and I want to acknowledge the elephant in the room: Given our economic dependence on fossil fuels, can Canada truly be a role model?

I think we have to be, for several reasons. I'll personalize it a bit, I was born just north of the oil sands, and I grew up in Edmonton, just south of the oil sands. My whole life there's been a series of innovations, first to make the oil sands viable as business and then consistently, to grow it, and now, very much a focus on reducing the carbon footprint moving to net-zero in terms of the operations of the oil sands themselves. So that expertise that we have in fossil fuels, and certainly in energy writ large, that extends all the way to clean tech and we need to be at the forefront of these solutions. Now, we're only going to get there if we're very deliberate about it. If we're absolutely clear about our goal, or objective, which is net-zero, it's going to require

uniquely Canadian partnerships between the federal and provincial governments and business on a shared objective. The way I like to think about it is that we have these tremendous resources, we have—I'll speak in the language of CPAs—we have these cash flows that some go to the businesses, a lot goes to government—we should be reinvesting all of those cash flows in the energies of the future, including the transition of our core businesses, and the building up of skills for people in those areas who work for this business. It's absolutely doable but, as you know, it won't happen haphazardly. It has to be done very deliberately, with a clear objective and in a way that brings everyone along.

You also talked about the importance of injecting capital to different sectors.

How do we ensure that challenges faced by all sectors and regions are addressed?

First is we recognize it. We also need to have a sense of the two broad issues the world faces. On the energy side, we've got the skills, the expertise and we can be deliberate as we just discussed. But the other issue the world faces is all aspects of the digital transformation, including the changing nature of work, which provides a tremendous



Michael Massoud (right) is CPA Canada's Principal of Operations for Corporate Citizenship

opportunity for bringing up various regions to the national level. Again, it will require very basic infrastructure, I mean, everyone always talks about it, but actual broadband equality across the country. **19** It requires education, it requires reinvestment of proceeds that come from industries that are currently competitive but are likely to be less competitive in the future, it requires consistency between levels of government. We have a huge opportunity in both respects, the sustainable revolution and the digital revolution.

How important is reporting to help transition the world to positive change?

It's fundamental. In climate, in broader sustainability, ESG, there's no one solution to be

absolutely clear, but there are various elements that are absolutely essential. We cannot get to net-zero without proper climate reporting. Full stop. It is just too complex. It involves every company in every sector, in every region of the world. We need that information. We need to know who has a plan, who needs capital, who's lagging behind and the system needs to work. And broader stakeholders need this information, so it is absolutely fundamental. I would say, as well, that private sector innovation, including from CPA Canada, from your clients, has brought this a long way. And now it's time for the public sector, broadly speaking, to take the good work of the private sector to standardize it through, particularly, the ISSB and have a consistent and comprehensive approach to this reporting, so we can move forward.

Net-zero requires unique partnerships between business and government

In closing, I would like to give you the opportunity to invite Canada's more than 220,000 CPAs to do one thing every day that will help shape a sustainable society for future generations. What would you like to ask them to do?

Wow, that's a great question. The word that came into my head was humble. Humble in the sense of, well, who am I to tell Canada's 200,000 plus CPAs, what to do? But humility is important. I think about it and I try to remind myself every day. I close the book with a short chapter—for once a short chapter (*laughs*)—on humility and its role for all of us, not just as businesspeople or policymakers, but as individuals. It's an attitude that helps you move forward if you can combine humility and ambition. It is something that reminds us of our place in the broader system, not just your clients, but the broader system. The fact is that what we ultimately leave as a legacy is our values. What values did you live by and demonstrate every day in your personal and professional life? That's what the young CPAs will draw upon. That's what they will learn and that's what they will pass on. So, trying to bring that to the fore every day, but bringing that to the fore and recognize that living these values has an impact not just on you, but very much on others.

Thank you, Mark. It's been an honour to meet and interview you today.

It's been my pleasure, Mike. ♦

19 *Pivot* will be highlighting Canadian companies working to bring broadband internet to rural areas across the country in forthcoming editions.



The interview has been edited for clarity and length. For highlights, including a full verbatim interview, see cpacanada.ca/carney.

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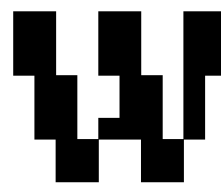
The authority to decide what learning program constitutes acceptable CPD to meet regulatory requirements remains solely with each provincial CPA body in respect of each of its members.



VIRTUAL

BY ALI AMAD

Over the past 18 months, online digital learning became the norm. In the accounting world it may be the future as well.



When the pandemic sent the world into lockdown, the accounting profession quickly adopted digital learning solutions to safely educate and test its members and students.

Several professional designation examinations shifted online using digital invigilator programs, while in-person educational conferences, workshops and events all became virtual.


Accounting associations across the globe went into action. The Institute of Chartered Accountants in England and Wales (ICAEW) introduced remote invigilation for its associate chartered accountant (ACA) qualification exams and digitally published learning materials on an online “bookshelf” (saving 262 tonnes of paper in the process). In December 2020, Chartered Accountants Australia and



REALITY

New Zealand (CA ANZ) partnered with a local educational technology platform to deliver examinations directly to 25,000 candidates online every year. More recently, the Institute of Chartered Accountants of India (ICAI) launched a new interactive learning app, allowing students to view previously recorded lectures and download course notes and assignments. Here in Canada, the profession is developing a new Competency Map laying out the framework for further development in digital education and the types of skills CPAs will need to gain for the future.

Nearly two years later, the digital transformation of accounting education shows no signs of slowing down. Keen to capitalize on the improved accessibility and flexibility that virtual learning offers, professional accounting bodies and organizations are ramping up their online education investments like never before.

ccountants are eager to learn new skill sets that will better equip them for a digital business landscape. A November 2020 survey conducted by the U.K.-based Association of Chartered Certified Accountants (ACCA) revealed that, while 57 per cent of respondents had no knowledge of coding, 40 per cent expressed an interest in learning. All of the respondents wanted to learn how to code at some point in the next three years, the survey said. “Not every professional accountant may need to code, but even a basic understanding can add value to their organizations, help to differentiate themselves and open future career opportunities,” says Narayanan Vaidyanathan, ACCA’s head of business futures.

As part of CPA Canada’s Foresight initiative, the CPA Competency Map Task Force was established last year with a mandate to identify skills like coding, among many others,

that CPAs will require in the near future. “The profession has recognized that the world is changing and, as a profession, we need to change along with it to stay relevant,” says FCPA Tim Jackson, CPA Competency Map Task Force chair and CEO of Shad Canada.

To create a forward-thinking Competency Map, Jackson and his team—which includes representatives from industry, academia and the public sector—started with a blank-page approach that addressed the evolving expectations from clients and stakeholders of what a CPA can and should provide. “Accountants have always been involved in validating historical data,” he says, “but the new map explicitly incorporates in-demand skills that will empower CPAs to interpret historical data to make value-added impacts, whether they work for non-profits, the government or the private sector.”

Building on an ethical mindset and foundational professional competencies in areas such as organizational behaviour and sustainability, Competency Map (CM) 2.0 has been broadened to emphasize the importance of sub-foundational competencies, like diversity, equity and inclusion, as well as emerging and transformative technologies, including artificial intelligence, intelligence augmentation and distributed ledger technology. “Our aim is an evergreen map that isn’t prescriptive or dogmatic so, while the foundational and sub-foundational core competencies remain the same, the rest of the map can evolve as the world around us continually evolves,” says Jackson.

The first draft of CM 2.0 was released for consultation in July, with the final version due to be published this winter. But CM 2.0 is just the beginning of a journey that will continue with the profession’s ongoing Certification 2.0 project. “CM 2.0 is the driving force behind the development of new education and certification programs that the profession will be rolling out in the next few years,” says Tami Hynes, CPA Canada vice-president, precertification education. “This next phase will see CPAs and certification experts work together to translate CM 2.0’s vision into a reality.”

Similar efforts are underway throughout the accounting world. In the past year, new curricula and educational programs that prioritize future-focused skills like digital literacy have been either introduced or announced by professional accounting bodies in several countries, including India, South Africa, Australia and New Zealand. Earlier this year, the U.K.’s ICAEW even incorporated data analytics software into certain exams, “enabling students to explore and interrogate ‘real’ client data for their answer,” helping them demonstrate analytical and interpretive skills.

In the United States, the Association of International Certified Professional Accountants (AICPA) recently released its CPA Evolution Model Curriculum, a sample guide designed to provide educational institutions with a blueprint to update their program and course offerings for aspiring CPAs.

The new curriculum was created following a nationwide survey conducted by AICPA earlier this year that exposed a major learning gap, says Jan Taylor-Morris, AICPA’s senior director, academic-in-residence. The survey asked accounting department chairs at educational institutions across the

Head of → the class

Every year, CPA Ontario appoints a Board of Ambassadors (BoA) comprised of top business students representing more than 20 universities and colleges throughout the province. Those BoA representatives act as on-campus student advisors and advocates for the accounting profession. Five CPAs from across North America look back on their time as BoAs and share how it helped make them the business professionals they are today.



Brittany Cuthill

CPA, financial controller, Westboro Mortgage Investment Corp. (Ottawa, Ont.)

UNIVERSITY

Carleton University

DEGREE

Bachelor of Commerce, Accounting

BOA

2012-2014

My favourite part of being a BoA was travelling for events and competitions, where I got to network with students with similar interests from across Ontario. When I was selecting students from my university to participate in CPA Ontario’s annual CA\$H Competition, one of the candidates was a fellow accounting student who’s one of my best friends to this day—and a bridesmaid in my upcoming wedding.

United States if their curricula covered increasingly vital business tech subjects such as predictive analysis and digital acumen. Of the eight subjects included in the survey, only two (data analytics and IT audit) were being taught by more than half of the participating schools.

“The survey results made it clear we needed more accounting programs to help students receive education in emerging technologies, like blockchain and machine learning, that are changing how we practise our profession,” says Taylor-Morris. She helped draft the curriculum as head of AICPA’s academic and student engagement team, in partnership with the National Association of State Boards of Accountancy (NASBA). The 91-page CPA Evolution Model Curriculum, which is available online for free, will act as a potential guide for educators, as well as a framework for skills assessed in upcoming CPA exams.



Saman Habibi

CPA, real estate entrepreneur (Whitby, Ont.)

UNIVERSITY

University of Ontario Institute of Technology (now Ontario Tech University)

DEGREE

Bachelor of Commerce, Accounting

BOA

2011-2012

Networking with other students and CPAs as a BoA was exciting because it opened my eyes to what others were doing in the profession and allowed me to figure out that this career was a right fit for me.



Jordan Hill

CPA, managing director and founder, Growth Partners (Toronto, Ont.)

UNIVERSITY

Wilfrid Laurier University

DEGREE

Business Administration, Accounting

BOA

2009-2010

I was honoured by the level of trust that was placed in me as a young student who represented the profession to the nearly 1,000 people in my business administration program. When I got my first co-op placement with PwC, many of those students, as well as my fellow BoAs, were there to celebrate with me.



Jaymon Hung

CPA, financial planner and analyst, YouTube (San Francisco, CA.)

UNIVERSITY

University of Toronto

DEGREE

Business Administration, Accounting

BOA

2011-2012

It felt so empowering to represent CPA Ontario and give back to my university as a voice and advocate for the profession. The best parts of being a BoA were the CPA Ontario town halls in Toronto, where my fellow BoAs and I would congregate and learn about all the upcoming programs and initiatives we were promoting to our fellow students.



Emily Mantle

CPA, partner, KPMG (Sudbury, Ont.)

UNIVERSITY

Laurentian University

DEGREE

Bachelor of Commerce, Accounting

BOA

2009-2010

Being a BoA gave me the opportunity to connect with like-minded people who were ambitious and who had an interest in becoming a CPA. Those connections were a great sounding board that helped me co-found the Laurentian Accounting Association, where I got an incredible early experience in developing the skill sets that continue to serve me today.

The investments by professional accounting bodies are part of an unwavering surge in digital education—the market is projected to become a US\$108-billion global industry by 2026. Educational publishing giant McGraw Hill experienced double-digit year-over-year growth in 2021, with 1,400 campuses in the United States alone participating in its programming. McGraw Hill’s digital learning platform for higher-education institutions, Connect, saw student registration increase by 27 per cent in 2021, with more than six million currently enrolled globally.

This remarkable growth coincides with digital innovations driven by the challenges and limits imposed by COVID-19. In Waterloo, Ont., tech company Maplesoft is harnessing intuitive artificial intelligence software to help high school and post-secondary students (as well as researchers at organizations from Google to NASA) solve advanced math

problems. In Montreal, Paper Education Co. Inc.’s instant messaging platform seamlessly connects tutors with up to one million students across the United States, helping it become one of Canada’s fastest-growing software companies.

“We’re in the midst of transformative change that will modernize education as we know it,” says Hynes, who adds that she is excited about the new capabilities and proficiencies that the next crop of CPAs will bring to the profession in the coming decades. “CM 2.0 offers a broad and relevant scope for what a modern accounting professional will look like and gives aspiring accountants the tools to answer key questions: ‘Why am I interested in this profession? What does it offer? And where will it lead me?’” she says. “We still have a lot of work to do before we know exactly where [the Competency Map] will take us, but it’s simply inspiring to be part of this profession-wide visionary change.” ♦

Deputy minister and
comptroller general
Carlene Alexander





Risky Business

Charting new territory in a first-of-its-kind deputy minister position, comptroller general and CPA Carlene Alexander is helping Ontario manage risk and guide the evolution of public sector finance

BY RON FANFAIR | PHOTOGRAPHS BY VANESSA HEINS

LITTLE DID SHE KNOW, but Carlene Alexander’s career—23 years of public service in finance and business roles—was building toward a position that, until just over 12 months ago, didn’t exist.

Last year, the Ontario government created the Office of the Comptroller General in a proactive attempt to protect taxpayer dollars.

In October 2020, Alexander, a CPA, was appointed to the role of Ontario’s comptroller general and, in a first for any province, awarded a deputy minister title for the position.

As comptroller general, Alexander’s mandate is to improve risk management practices across the provincial government. That means anticipating business risks and offering proactive guidance to ministries and public sector agencies in order to strengthen the management of public funds.

The goal is to bring a renewed emphasis on forecasting and managing operational risk, and enhancing internal oversight over the province’s financial management practices. The deputy minister title marks a new direction in public sector accounting

that may influence provinces across the country to establish similar positions.

“I feel very fortunate to have the opportunity to lead new ways of thinking and doing in the Ontario Public Service,” Alexander says, adding that the office has the opportunity to help “leave a long-lasting mark on the way government operates.”

The timing makes Alexander’s new job particularly relevant—and challenging.

“There’s no more critical time to be moving into this role,” says Bailey Church, KPMG National Public Sector Accounting Advisory service line lead, who recently served as chair of the CPA task-force working to develop an accounting standard on public-private partnerships. “When you look at the implications of public sector finance coming out of the pandemic and moving into a very long and slow economic recovery, the demands are going to be unlike anything we’ve seen in generations.”

Church cites debt levels in Ontario coupled with a rate of spending he says is at an all-time high.

“This is a harder job in many respects than after the Great Depression.”

DESPITE BEING RAISED IN an underserved North Halifax neighbourhood, Carlene Alexander never allowed circumstance to dictate her future.

Alexander hails from a family experienced in building and bettering communities. Her father, Carl Gannon, founded the Black Invitational Basketball Tournament in Halifax and her uncle, Lou Gannon, is president of the African Nova Scotia Music Association. Growing up, Alexander dreamed of making her mark and working in government. She envisioned one day being in a prominent leadership role in Canada's public sector and set out to establish the type of resumé that could make her dream come true.

She studied commerce at Dalhousie University and later obtained an MBA from Laurentian University. After graduating from Dalhousie, Alexander began her career with RBC before taking a job with a small accounting firm in Vancouver.

From there she spent two years back home in Halifax working for the Canada Revenue Agency as a tax auditor, followed by five years as a senior analyst with the Treasury Board Secretariat in Ottawa. In 2003, while still in the position, she earned her CPA designation. Just two years later, Alexander was named director of financial planning and reporting with Environment Canada before moving to Toronto in the summer of 2007, where she continued her climb up the organizational ladder.

Alexander held director positions with Human Resources Development Canada, the Ministry of Finance and the Ministry of Indigenous Affairs, and was named CFO of Housing York Inc. in Ontario's York Region.

In March 2016, Alexander was appointed the executive superintendent of business services and chief financial officer with the Toronto District School Board (TDSB) and, by August of the following year, had been tabbed associate director of operations and service excellence. There, she applied her expertise to the school board's budget process, business services, capital planning and portfolios.

In June 2020, Alexander was named TDSB's interim director of education, tasked with developing back-to-school plans for a September wave of students. Then, in October, she transitioned to the comptroller general position, confident her experience and qualifications had prepared her for the role.

"Having both an MBA and CPA provide me with a broad range of skills and competencies that help me to be successful... It's not only in the areas of financial and business acumen, but also in enabling competency areas such as strategic thinking, effective decision-making and leadership, which are essential for success as an executive in any role," Alexander says.

A RECENT KPMG STUDY on the impact of COVID-19 on global governments concluded that government finance functions could best demonstrate their value through high-quality financial reporting and by assuming the role of strategic advisors.

"Finance," the report noted, "has a unique opportunity to lead governments through the COVID-19 pandemic and into the next phase of economic recovery."

The vastly drained reserves left by the pandemic have helped accelerate the modernization of public sector finance. But there were signs of a transformation even earlier as innovation took shape in Canada and abroad.

"Pre-pandemic, governments were already realizing that they required capital and spending beyond their traditional sources," says KPMG's Church, who has nearly 20 years of experience in financial management, accounting, financial reporting and auditing matters within the public sector. "We have seen moves to things like greater engagement of the private sector and public-private partnerships. A lot of governments around the world have either some form of a balanced budget legislation or restrictions on debt or deficit that really impact their reporting objectives."

Colin Lynch, the managing director and head of global real estate investments at TD Asset Management, says the comptroller general position is critical in holding everyone internally in the

Two CPAs walk into a Senate audit committee...

BY LIZA AGRBA



Historically, parliamentary committees are made up exclusively of parliamentarians. It's not a rule, but given the entrenched nature of the convention in Canada, it might as well be. That is, until this year, when the convention broke for the first time in the history of either house of Canadian Parliament. On June 8, 2021, the Senate's Standing Committee on Audit and Oversight—established in October last year following a unanimously approved motion by Sen. David Wells, now the committee's chair—announced the appointment of two external members, H  l  ne F. Fortin and Robert Plamondon. Both are FCPAs. It's a groundbreaking move for the Senate, and a major milestone for the profession.

"All our expenditures are funded by the Canadian taxpayer, which we have an obligation to respect," says Sen. Wells. "I think this goes a long way toward

government accountable while ensuring that taxpayers are getting the best bang for their buck.

“With the scale and size of the government, there’s a lot of expenditures in many areas,” he says, referencing numerous hospital and university boards he has been on. “I have seen first-hand the significance of provincial funding; there are whole networks of agencies that are funded by the province. The internal audit function ensures those monies are spent wisely.”

The Office of the Comptroller General consists of three divisions under Alexander’s purview that co-ordinate risk functions across government.

One is the Enterprise Risk Office, headed by chief risk officer Ingrid Robinson, who is also a CPA. In fact, all divisions of the Comptroller General Office are run by CPAs.

Robinson, a graduate of Harvard’s Kennedy School of Government, oversees the enterprise risk management process and provides strategic corporate leadership and direction to implement modern risk management practices, tools and processes.

In the Ontario Internal Audit Division, chief internal auditor Beili Wong, an FCPA and the former vice-president of audit and risk with the LCBO, is responsible for modernizing and shaping the independent internal audit service across the Ontario Public Service, with an emphasis on transparency.

The third office, the Office of the Provincial Controller Division (OPCD), provides strategic

oversight on financial reporting and direction for government assets.

“This,” notes Alexander, “is the stewardship role to help ensure prudent management of taxpayers’ dollars and safeguarding the province’s assets.” The OPCD develops financial statements for the provincial government and works on various issues with the auditor general, who, in contrast to Alexander, is responsible for internal auditing of government spending.

The vastly drained reserves left by the pandemic have helped accelerate the modernization of public sector finance

The division is run by provincial controller Maureen Buckley, CPA, who has held several leadership roles across the Ontario Public Service and is responsible for maintaining Ontario’s public accounts, preparing the annual report and consolidated financial statements for the province. Buckley’s office also provides accounting and financial management advice to the government and ensures that effective financial systems, control policies and practices are in place.

that.” Increasing transparency and welcoming new expertise are the primary motivations for appointing external members to the committee, which has the authority to scrutinize all the upper chamber’s spending. While the external members do not have voting rights, the committee—in another break from tradition—will include dissenting opinions in their publicly available reports, whether voiced by external appointees or parliamentarians. Sen. Wells also says the move was driven in part by an emerging trend in which there’s a greater emphasis on the duties and responsibilities of a board of directors. “I think this kind of transparency and oversight matches well with the way the world is going.”

Both Fortin and Plamondon boast illustrious careers as CPAs, with decades of well-honed technical expertise coupled with extensive public policy and board governance experience. The selection process, which took about six months, prioritized candidates with a background in board governance in addition to a solid foundation of

accounting and auditing skills. Fortin currently sits on the boards of UBS Bank (Canada) and the federal department audit and advisory committee of Justice Canada, among others. Plamondon has led governance evaluations of the boards of directors of Export Development Canada and VIA Rail, and sits on the board of OPTrust, a pension plan with \$23 billion in assets. He’s also a member of Ontario’s internal audit committee.

“In so many instances, Mr. Plamondon and I have had the opportunity to realize the difference a CPA can make in an organization,” says Fortin. “Why? Because our angle is always one of adding value to the compliance structure. There are mechanisms to ensure that the best controls are in place and that they work effectively and efficiently. Our external expertise will bring a complimentary and valuable perspective.”

Plamondon, who has written five books about Canada, says a long-standing zeal for Canada was what attracted him to the position.

“I always felt like I won the lottery being born in Canada. The passion I have for our country—its unity, security and prosperity—is at the core of everything I’ve done,” he says. “It’s an honour to be asked to serve a critically important, constitutionally based institution and contribute to its effectiveness. And I think it really says something about the leadership of the Senate to have taken this innovative step to bring in outsiders. I think this can only help add to the confidence Canadians have in the Senate.”

Sen. Wells said he’s already been asked by ParIAmericas (an institution that promotes parliamentary diplomacy whose membership consists of 35 national legislatures from across the Americas, including Canada and the United States) to speak about the new committee model as a potentially paradigm-shifting precedent. “Obviously, many countries are much older than Canada, but Canada is a mature democracy,” he says. “So, if we can do something that might be a better model for newer democracies, I’m happy to help with that task.” ♦



NAVIGATING UNCERTAINTY AMID a pandemic, while simultaneously charting a new course, will be exacting for Alexander and her team.

“Depending on the political direction of Ontario,” says Church, “the priorities of the government in office will really emphasize what that role is going to have to deal with.”

With the next provincial election due no later than June 2, 2022, that political direction remains uncertain.

In the meantime, with little appetite for austerity in an unstable financial environment, Church predicts Alexander will be forced to manage multiple competing priorities.

“How do we carry out significant infrastructure projects that will support the pandemic recovery in a fiscally constrained environment? And, at what point does [the provincial government] say we need to start slashing programs and services to constrain our deficit?” he asks.

TD’s Lynch has some questions of his own: How do we know that public money is being effectively

spent? And how do we measure that effectiveness?

In addition to providing those answers, he anticipates Alexander and the comptroller general role to have a particularly significant impact in today’s political climate, where transparent accounting is key to establishing trust.

“Governments have more challenges to solve today than 20 years ago. The COVID-19 pandemic has led to an expansion of the role of government in our society. Discrimination and racism, an aging population that creates more demands on the health care system, mental health and the opioid crises all pose major challenges,” he says. “At the same time, the need for accountability is increasing... Ordinary citizens are holding a bigger microscope to government.”

Alexander is up to the challenge.

“It can feel a bit overwhelming that we are charting a new course,” she admits. “However, I have always operated with the mindset that continuous growth and evolution—even if it’s outside of your comfort zone—is important.” ♦

Three ways to grow and perfect your accounting practice

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We live in interesting times, economically speaking. As we collectively step out from the shadows of a global pandemic, there is plenty of cause for optimism. As I noted in a previous article, experts have predicted that Canada's great reopening will lead to an uptick in household spending, increased consumer confidence, and expansion of the economy.

That's all good news. For the country's small and medium-sized businesses (SMBs), however, this is also a time of unprecedented tribulation. With Statistics Canada reporting the highest inflation in a decade, SMBs — already reeling from the effects of the pandemic and global supply-chain issues — have been hit with yet another challenge.

For accountants who work with business owners, this represents a great opportunity. Faced with both economic uncertainty and the prospect of better times just over the horizon, your clients will need your expertise more than ever. That means there's no better time to grow and perfect your practice. Here are a few ways you can harness the power of technology to do just that.

Streamline client onboarding

With an ecosystem of more than 1,000 third-party apps, Xero makes it possible for accountants to streamline just about every aspect of their practice, from financial reporting and forecasting to the client onboarding process.

Onboarding new clients should be an exciting prospect, but too often it entails getting bogged down in paperwork. Cloud-based solutions can help automate much of the process, allowing you to send your clients online proposals that they can review, sign, and return to you electronically. Once they do, some digital platforms will also automatically set up a profile for the new client in your accounting software, and will also store a copy of the engagement letter, for compliance purposes.

Use tech to increase efficiency and go paperless

All of your clients, be they new or old, will appreciate increased efficiency — and so will your colleagues within your accounting practice. Over the past 15 months, with the widespread adoption of remote work, most of us have gotten used to Zoom calls and Microsoft Teams meetings. Post-pandemic, your busy SMB clients will be glad to be able to carry on having face-to-face meetings without ever having to come to your office.

And maybe you'll be spending less time there too. With cloud-based software, you'll be able to keep all your documents online, which means you'll be able to send a client or colleague a document or data report from virtually anywhere.

This will save you from drowning in a sea of paper — which is also something your clients will appreciate. No more holding onto (or, worse yet, losing) countless receipts and bills. The right tool will enable them to upload all of those documents directly into their accounting software using a desktop PC, smartphone, or scanner. This will take a lot of pressure off of your clients, and it also spares your firm's staff the monumental task of sorting through heaps of paper and entering all the data manually at the end of the financial year.

With the widespread adoption of remote work, most of us have gotten used to Zoom calls and Microsoft Teams meetings. Post-pandemic, your busy SMB clients will be glad to carry on having face-to-face meetings without ever having to come to your office. (XERO)

Consider becoming a niche practice

You might already be working within a specific niche, or heading in that direction without even realizing it. Perhaps there are certain types of projects, or clients from one particular sector — agriculture, construction, or real estate, for example — that are consistently more profitable for your firm. Lean into that. While it might seem counterintuitive to grow your practice by limiting your scope, there are very good arguments in favour of developing a niche.

If you do, you might discover that it gives you certain competitive advantages. For one thing, you may find that you gain in-depth knowledge of certain industries, which will give you the authority to deliver sound, sector-specific advice. You'll also develop a strong sense of the business and regulatory landscapes of those particular industries, so you will be able to devise systems to deliver projects faster.

If you are looking to specialize though, how do you attract the type of clients you'll need to develop your niche? One idea is to create targeted marketing campaigns that will direct prospective clients to a landing page or microsite for that particular niche. Perhaps the best way to grow your practice, however, is by word-of-mouth; once you have a few satisfied clients, they will surely pass the good word around within their industry.



By Faye Pang

Xero Country Manager, Canada

Prior to joining Xero, Faye helped launch the Uber Eats app in Toronto in December 2015, scaling the business from 80 restaurants on launch day to 20,000 partners by the end of her tenure.

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WITH

BIG

DATA

**COMES BIG
RESPONSIBILITY**

As the world generates more and more information, CPAs occupy a unique role in ensuring it remains reliable and trustworthy

BY PETER SHAWN TAYLOR

In 2011, the world produced 1.8 zettabytes of data. Is that a lot? According to tech research firm IDC, 1.8 zettabytes—or 1.8 trillion gigabytes—is the equivalent to every person in the world having 215 million MRI scans *every day* for a year. Ten years ago, IDC called 1.8 zettabytes a “colossal” amount of data. Now we know better.

In 2020, IDC reported the world created, captured, copied and consumed an even more astounding 59 zettabytes of information. And the pace of growth is accelerating. The amount of data produced over the next three years will likely exceed that generated over the past three decades. With sensors now embedded in all manner of devices—from Fitbits to thermostats—the Internet of Things alone is predicted to generate 80 zettabytes of data by 2025. No one uses “colossal” to describe the amount of data the world produces anymore—the risk of appearing foolish in a few years’ time is simply too great.

Big Data is transforming every industry, government, academic sphere and profession. As the sheer volume of digital information generated is now far beyond the capacity of human minds to sort through and organize, this in turn has necessitated an ever-greater reliance on artificial intelligence (AI) and machine-learning tools to make sense of it all.

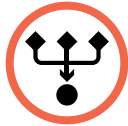
As the traditional custodians and guarantors of financial information, accountants now find themselves at the centre of the digital revolution—and dealing with all the risks it entails.

“Anything to do with trust and ethics regarding data has always been a fundamental component of the accounting profession,” says Laura Friedrich, a principal of the accountancy research and standards firm *friedrich & friedrich corp.* based near Whistler, B.C. “With big data, lots of these aspects of professional accounting will stay the same. But, due to the vast quantity of information—and with much of it coming from sources that aren’t easily understood, like AI—these tasks are about to become much broader in scope. And one of the big challenges right now is how to tell the difference between good and bad data.”

In a world where almost every source of information is vulnerable to being faked, manipulated or misrepresented, it falls to accountants to ensure Big Data does not become Big Bad Data.

To properly consider how the accounting profession will be affected by the looming digital transformation, it’s convenient to divide Big Data into three distinct components: collection, access and analysis, says data governance expert Michel Girard, a senior fellow at the Centre for International

Governance Innovation (CIGI), a Waterloo, Ont.-based think tank. Each step in what Girard calls the “data value chain” offers a new opportunity for organizations. Each is also at significant threat of being tainted or led astray by data that cannot be trusted. And each presents the accounting profession with an opportunity to bring their existing skills and reputation for trust and ethical behaviour to bear in new ways.



DATA COLLECTION

Collecting, describing, labelling and annotating data so that whoever uses it next has confidence that it is useful

information is the first and, arguably, the most important stage in the data value chain. But assembling high-quality data is not simply a matter of hooking a hose up to a sensor and letting it flow, Girard warns. “If the data is incomplete, inaccurate or not impartial, then you will have big problems downstream.” His work at CIGI cites research showing large U.S. businesses estimate the cost of poor-quality data, including wasted effort and unreliable results, runs an average of US\$15 million per year. Garbage-in-garbage-out is an expensive proposition, especially in the Big Data world.

Accountants are ideally suited to ensuring and certifying the quality of data within an organization, observes CPA Mike Lionais. “Accountants have always used data in their decision-making. That’s why the profession exists,” he says. In 2019, Lionais was seconded from the federal Treasury Board of Canada Secretariat to consult with CPA Canada on its Foresight project, which seeks to reimagine the accounting profession amid the digital revolution; he now works in the private sector. What’s different about Big Data, Lionais notes, is that it lacks the traditional structures and

rules associated with financial data that are so familiar to accountants. The information now being collected could consist of vast reams of consumer behaviour data or observations on production processes or ESG indicators and on and on. Besides the disparate nature of its provenance and lineage, data can also entail ethical issues about how and why it was collected.

For Lionais, the key question accountants must ask about all data is whether it is “fit for purpose.” This requires determining what flaws it

may contain, either as gaps, mistakes or faulty assumptions. Less-than-ideal data can still be used, with appropriate cautions, he says. But even data that’s entirely factual and complete may still represent bad data if it is unfit for the specific purpose at hand.

It’s important to understand how all data has been collected and whether it is, in fact, fit for purpose, says Lionais. “There is a real role for accountants to ask: Is the data appropriate to the questions you want answered? And, if not, can you get better data?”



DATA ACCESS AND SHARING

After data has been collected and deemed suitable for the intended purposes, it then needs to be disseminated. But ensuring only the appropriate people and organizations have access to this data brings its own challenges and risks. Girard notes the COVID-19 pandemic has had a dramatic impact on how and where data is used. With more employees working remotely, and with firms using a variety of cloud services to facilitate this process, sharing data is now more risk-prone

“No one will want to share data if they’re not confident it will be properly managed”

THOUGHT LEADERSHIP

IESBA’s revised Code of Ethics offers guidance on how to keep bias at bay

Data can be biased. The same goes for people.

And, while there are processes for recognizing and correcting problems with bad data, what can be done about the human factor?

With this dilemma in mind, the International Ethics Standards Board for Accountants (IESBA), an independent standards-setting board, recently revised the “Role and Mindset” element of its Code of Ethics. The new provisions, which have been approved by IESBA

and will come into effect on December 31, 2021, offer guidance to accountants on how to keep their preconceptions at bay and maintain the “enquiring mind” necessary to serving the public interest.

“As humans, we are all biased in some way,” says Laura Friedrich, a technical advisor with the IESBA. “We all bring our own backgrounds and beliefs to bear on our work.” The IESBA documentation lists eight different forms of bias, including confirmation bias (placing more

weight on evidence that corroborates pre-existing opinions), groupthink (valuing consensus over individual thought) and anchoring (excessive emphasis on whatever information is received first). Recognizing these flaws to critical thinking is an important step in making better decisions.

“The goal is to emphasize the importance of being aware of your own biases while exercising your professional judgment,” says Friedrich, adding this task may be facilitated by the rise of Big Data. “If we want to make progress as a society, perhaps we can find ways to harness artificial intelligence to correct for and overcome human bias.” —Peter Shawn Taylor

Diversify, diversify, diversify

Put the odds in your favour by being in two places at the same time.

While worries over how macroeconomic events can impact the economy are valid, they more so illustrate a much broader and recurring issue for investors: how to position portfolios for success when faced with uncertainty.

In our experience, we've found considering these three principles helpful:

1. Invest when you have an edge;
2. Diversify otherwise; and
3. Realize that most of the time you don't have an edge.

In investing, it is not enough to be "right"—you also want an edge. An edge occurs when you have an insight that differs from

the collective view; one that gives you confidence that the odds displayed in the market are wrong. In other words, you believe your assessment of the odds to be more accurate.

While we do, at times, look for an edge with macroeconomic events, their inherent complexity often makes understanding their consequences difficult, if not impossible, to predict. And if we do find an edge, it's often in relation to protecting against the downside. In other words, we gain an advantage in figuring out what **not** to do.

When we believe we have no edge, we opt to diversify—as making one-way bets is not an advisable strategy.

For us, diversification means thinking probabilistically—we plan for a wide range of potential outcomes. As a result, we often hold assets that should perform differently depending on what future scenarios unfold. With this approach, we can better position our portfolios for resiliency over the long-term. We think of it as trying to be in two places at the same time.

In truth, investors are always facing uncertainty. That's why we believe constructing diversified portfolios with solid, wealth-creating companies run by capable management teams, and purchased at a discount can help put the odds in our clients' favour.

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than it was when everyone worked at a single site connected to a single server.

“This creates huge issues surrounding privacy and cybersecurity,” Girard says. “No one will want to share their data if they don’t have confidence that it will be properly managed.” A burgeoning legal literature on potential liability issues arising from failures to properly maintain and protect data points to the looming risks for both organizations and individuals.

“People will want assurances *in writing* that data value chains are trustworthy. You will need to demonstrate a duty of care,” Girard advises. “And CPAs can play a very important role in managing trust in this process.” Again, the basic skill set is similar to how accountants currently exercise control over financial information. But the scale and scope will expand dramatically to cover many new forms of information.



ANALYSIS

The final piece to the data value chain is analysis—the conversion of all those reams of information into actionable insights that can hopefully add value to an organization. “Data needs to be processed and interpreted and acted upon,” Girard notes. “This is the job of someone who knows and understands the business aspects of the situation and is comfortable with giving the right advice. It’s not the job of the IT guy.”

Proper Big Data analysis requires close collaboration between accountants and data scientists and data engineers with expertise in AI, but the final product must inevitably rely on business acumen. “The role of the accountant is not to build the black box,” notes Lionais. “It is to follow the thread from data to insight and to ensure it is trustworthy. You can put diamonds in at one end and still get garbage out at the other end if your analysis is wrong. You need to understand the problem you are trying to solve.”

A wide range of errors can occur at the analysis stage, including confusing correlation with causation and simply relying on outdated assumptions. The unreliability of many election poll results, particularly during the 2016 U.S. presidential election, provides ample evidence of how analysis of large data sets can go very wrong. Ethics is also a major preoccupation with analysis. Concerns that racial biases can be baked into algorithms, such as facial recognition programs or mortgage lending tools, for example, highlight the importance of proper oversight in how Big Data is used. “I don’t see data scientists or mathematicians being trained to pass judgment on the ethical use of data,” says Girard. “Nowhere do we see a profession that can handle these issues of quality, trust and ethics—with the exception of CPAs.”



STANDARD SETTING

Beyond preventing the use of bad or inappropriate data within organizations, accountants also have an important role to play in establishing the necessary cross-border legal and ethical safeguards covering the entire Big Data world. Without clear and enforceable global rules regarding the collection, access and analysis of all this new information, the spectre of Big Bad Data looms large everywhere.

Brian Friedrich, the other half of *friedrich & friedrich corp.* and chair of the Technology Working Group of the International Ethics Standards Board for Accountants (IESBA), has been deeply involved in revising ethical guidelines for accountants in light of the digital revolution. While the relevant concepts of ethical use of data are already incorporated into national accounting codes of conduct, a multiplicity of data-specific guidelines from organizations including the OECD, the European Union, Microsoft, IBM and various national governments is creating “uncertainty about which framework applies” for best practices and compliance, he observes. “The core elements of all these frameworks are the same, so why do we have so many different versions?” Such duplication suggests a need for amalgamation. With the accounting profession already deeply involved in data governance and in standards setting, Friedrich says it makes sense for CPAs to have a voice at the table when global data governance standards are set.

“You can’t have localized standards if you are trying to make sense of the Big Data universe,” agrees Bruce Cartwright, CEO of the Institute of Chartered Accountants of Scotland. Cartwright’s organization recently contributed to CPA Canada’s study of Big Data and he considers this sort of international combined force the best way forward. “Collaboration will allow us to bring more resources and intellectual firepower together and avoid duplicating efforts. And CPA Canada has been at the forefront of this thinking,” says Cartwright.

While the opportunities unleashed by Big Data appear limitless, the risks entailed are equally daunting. “Bad data will set us back greatly,” says Girard. “We need high-quality, trustworthy data if we want to benefit from the coming digital transformation. And, to do that, we need the right systems and controls in place.” For CPAs, that means applying their core competencies of trust and ethics to the Big Data world at home and abroad. ♦

To find out more about how CPAs can prepare to handle the world of Big Data, go to cpacanada.ca/dataroles

Meet the one-stop shop in the cloud revolutionizing auditing

How Avenir is lifting small and medium-sized audit firms into the future and wowing clients every step of the way.

Every product or company seeks to solve a problem. And for many accounting firms that focus on audits—from financial statement audits to reviews and compilation engagements—there is no shortage of problems in need of solving.

Following a study of hundreds of North American audit firms, the same issues were cited across the board: client collaboration, staying up to date

technology,” says Avenir CEO and co-founder Pete Myers.

At the Big 4 firms there are entire R&D departments with massive budgets developing cloud-based auditing tools. You don’t have the time or resources, so Avenir has done it for you.

“When Avenir was created, the impetus was looking at these small and mid-sized firms and getting a sense that they don’t have that budget

With features like data persistence, your staff aren’t bogged down with manual pain points and double-and-triple checking that manual data references are correct.

“That data persistence piece becomes very important,” says Barsky, “because the less time you’ll have to spend on those manual exercises that the junior auditors don’t like preparing and the senior auditors and managers don’t like reviewing, you can deliver more value to your customers.”

Avenir’s collaborative client software brings that file sharing between the auditor and the client into a secure, digitized portal. Now all your information can be uploaded to one location where both the engagement team and your client can access it all.

As technology continues to change, Avenir’s platform is designed to keep evolving. The open API platform allows Avenir to keep adapting and evolving even while the market advances.

In combination—the ease of use, multi-functionality, security and optimal client collaboration—and it’s no wonder Avenir users have been singing its praises: “Your product is a breath of fresh air,” one firm said.

“What you’ve built is BETTER than the functionality in email and PBC that’s out there,” said the client of a mid-sized firm audit firm.



with audit standards, manual data entry and keeping up with technological advancements in the field. Many firms still use outdated desktop software—or even spreadsheets—that rely heavily on costly hours of labour and keep companies stuck in the mud.

Sound familiar? Then consider Avenir, the versatile cloud-based auditing solution tailor-made for small and medium-sized accounting firms. Avenir’s agile platform improves client collaboration, keeps your firm up to date with the latest audit standards and improves security and efficiency at every step of the auditing process.

“Seeing the limited choice of secure cloud-based tools for this essential service led to the creation of Avenir to lead change in audit and assurance

to develop a software tool that will solve these needs,” says senior product manager Eric Barsky, a CPA who worked in auditing at Deloitte prior to lending his expertise to developing Avenir. “There is a better way of centralizing and automating a lot of this workflow. Avenir was mainly born out of that need.”

Avenir is a one-stop shop, a centralized platform that facilitates end-to-end auditing. Forget the multiple tools you currently juggle—with Avenir, the entire audit engagement process is carried out seamlessly. From engagement acceptance with a client all the way to concluding and signing off on an audit engagement, Avenir handles all audit-related tasks in one location in the cloud.



It’s time to demonstrate to your clients that your firm is forward-thinking. To improve your auditing via Avenir’s cloud-based platform visit [auvenir.com/pivot](https://www.auvenir.com/pivot). You can also reach Avenir’s dedicated team at info@auvenir.com or 1-855-528-8364.



Grow your practice with Square

Unlock the full potential of your business, expedite payments and grow your clientele with Square's suite of professional services and modern, easy-to-use platform.

BY STRATEGIC CONTENT LABS

They say workers are only as good as their tools. It's an adage that holds true for most any profession—but is especially apt when it comes to the tools you depend on to operate your accounting practice.

The day-to-day management of invoicing, estimates, scheduling, payment processing and much more can quickly become a costly juggling act that takes time away from serving your clients.

Whether you're running your own firm, or are a CPA looking to establish your own practice one day, choosing the right platform to perform these tasks—like choosing the right tools—matters.

That's where Square comes in. Square is a comprehensive ecosystem of products and services that streamline all elements of managing your professional services business into one easy-to-use platform.

"We believe CPAs should be in control of their business," says Jesse

Lopez, product marketing manager for Square Invoices, one of Square's many utilities. "They should be able to run and grow their business with tools that serve their needs, not the other way around. Our tools are aimed at improving cash flow, reducing paperwork and improving client satisfaction—all essential priorities of a professional services practice or firm."

Square's broad set of customizable instruments are seamlessly integrated and ready to handle all of your business needs—all from your Square dashboard. Generating a sales pipeline? Use Square Estimates. Booking client meetings? Hello, Square Appointments. The Square Customer Directory—Square's free CRM management system—allows you to use real-time reporting tools to make better business decisions. With Square Payments you can request, accept and collect any payment from any device or delivery method, ensuring that you are paid quickly which leaves more

room to grow your client base and increase revenue streams.

Square's client management tools will help your business run more smoothly and efficiently by reducing paperwork and slashing the amount of time spent on administrative needs. "We all know the most valuable asset for any professional is time," says Lopez, "Time to think, plan, and grow their client base and provide the best client service possible." Square also integrates with your existing accounting software.

Any CPA practice or firm can easily start accepting payments from Square's mobile POS, or request payments from their cloud-based invoicing software via email, SMS or payment links, or collect payments over-the-phone from Square's browser-based virtual terminal. All of these payments flow through one system and customer data is automatically saved to ensure business owners can easily track and manage their clients.

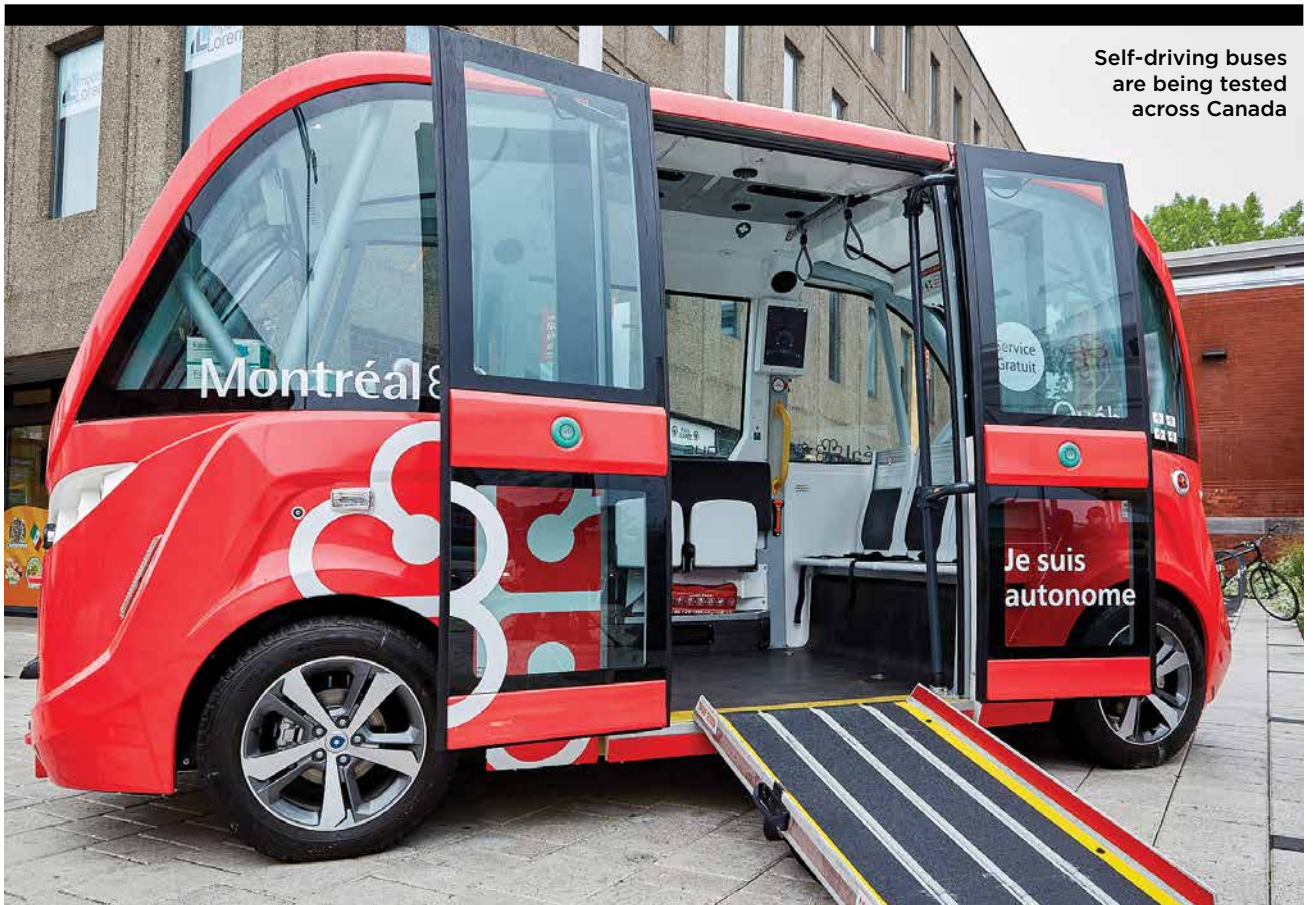
Square is designed to be adaptable for business of all sizes and its customizable features ensure that Square will help keep you organized regardless of your size of business.



As any successful CPA business owner can attest, the ability to streamline estimates, invoices, payments, client management, and reporting in one place can be invaluable. As Lopez puts it: "Square takes care of business so you can take care of clients." Getting started is easy. Sign-up is fast and free with no commitments or long-term contracts. For more, visit square.com/go/professionals.



Self-driving buses are being tested across Canada



EXTRAORDINARY ITEM

AUTOMATIC FOR THE PEOPLE

Don't hold your breath waiting for self-driving cars to take over Canada's roadways anytime soon... But autonomous buses? They have already arrived **BY DAVE ZARUM**

At the Tokyo Olympics this past summer, a fleet of self-driving shuttle buses manufactured by Toyota was used to shuttle athletes around the Olympic village. Much like the bullet trains introduced during the 1964 Tokyo Games and the 5G network used throughout the Pyeongchang Games in 2018, the Olympic forum provided an international showcase for technologies that could shape our future.

Driverless shuttle buses appear to be on the horizon here in Canada as well following a series of pilot projects

across the country. They may hold the key to a multi-modal transit model that adds convenience for those outside city centres and, ultimately, could help take more cars off the roads.

In Ontario, the Autonomous Vehicle Innovation Network (AVIN), a research and development partnership fund administered by the Ontario Centre of Innovation (OCI), was created to accelerate the development of automation and mobility tech like self-driving vehicles. AVIN claims they have helped create or retain over 1,600 jobs in

the province thus far. The goal isn't to replace existing municipal bus services—utilized by millions of Canadians each year—but to complement existing transit by providing services that connect different types of transit in one trip. This multi-modal approach is expected to be key to the future of travel.

In 2018, Keolis, a Quebec-based transportation company, introduced the first fully electric automated shuttle to appear on public roads in Canada, a 15-passenger vehicle that tops out at speeds of 25 kilometres per hour. "The autonomous shuttle aims to complete the first and last mile of the journey," says Keolis vice-president of business strategy, Karine La Salle, citing the opportunity for self-driving buses to handle shorter trips meant to aid the 60 per cent of commuters who drive to and from transit hubs each day.

Pilot projects have since taken place in Montreal, Ottawa, Waterloo, Ont., Surrey, B.C., and other cities across Canada. In Beaumont, Alta., transportation company Pacific Western tested the first electric autonomous bus open to the public in Western Canada, designed by French manufacturer EasyMile, which has deployed its cable car-inspired automated shuttle model in 20 countries thus far.

Driverless buses have been on the horizon since 2017, when an automated shuttle bus also manufactured by EasyMile was introduced in a small town in Bavaria, Germany. The test project carried 20,000 riders in its first year and was hailed a success (the same could not be said for a scheduled 12-month test run in Las Vegas shortly thereafter—the bus was involved in a minor collision with a delivery truck on day one).

Self-driving vehicles use AI and motion-sensor technology to navigate roadways, and most emphasize caution over speed. During the first test pilot for a low-speed automated shuttle (LSAS) in Ontario on public roads, which took place in Ottawa's Tunney's Pasture, the two shuttles employed made a total of 14 emergency stops during its three-week trial—mainly in response to leaves blowing across the roadway. The Ottawa pilot examined not just how the vehicle performed, but how they were utilized—riders could either hop on at designated stops or arrange private rides via an app.

And it's not just passenger vehicles being tested. With an estimated shortage of 25,000 truck drivers in Canada by 2023, Canadian companies are turning to automation to fill the void. Canadian Tire, for example, along with NuPort Robotics recently partnered with the Ontario government to test an auto-pilot feature on semi-tractor trailers that transport products between warehouse centres and rail terminals. It's the precise type of chain-linking functionality that could see autonomous vehicles hit the roads on a more permanent basis sooner rather than later. ♦

CONSERVATION

CALL OF THE WILD

Sixty-five years after her pioneering trip to South Africa to research wild giraffes, zoologist Anne Innis Dagg is finally getting the recognition she deserves, thanks in part to the efforts of her CPA daughter **BY STACY LEE KONG**



Anne Innis Dagg is the subject of *The Woman Who Loves Giraffes*

The year was 1956, and Anne Innis Dagg, 88 years old today but a 23-year-old University of Toronto grad at the time, was planning a research trip to Africa to study giraffes.

It would be the first journey of its kind, preceding Jane Goodall's first study of wild chimpanzees by four years and Dian Fossey's research on mountain gorillas by seven. There was just one problem: Despite writing to everyone she could think of in several African countries, she couldn't find a place to conduct her research—until she got the idea to sign her name "A. Innis." Sure enough, with her gender obscured, she was able to secure accommodations at Fleur De Lys, a citrus and cattle farm not far from

South Africa's Kruger National Park. She would go on to spend a year at the farm observing every detail of giraffe behaviour, groundbreaking work that would have a lasting impact on zoology.

In 1958, Dagg published the very first scientific article on an African mammal. In 1976, she published her first book about giraffes, *Giraffe: Biology, Behaviour and Conservation*, which scientists *still* consider the seminal work on giraffe behaviour. Dagg slowly faded from public life. Despite going on to earn a PhD and publish peer-reviewed articles on animal behaviour—including the first English-written observations of homosexual behaviour in animals—she was denied tenure

PHOTOGRAPH BY ELAISA YARGAS

at three Ontario universities. The reason? Blatant sexism: Many post-secondary institutions at the time refused to hire married women for tenure-track roles. After applying for a biologist position at Wilfrid Laurier University, Dagg was passed over by the all-male hiring committee in favour of an applicant with lesser credentials. She took her case to the Ontario Human Rights Commission but ultimately lost.

“PEOPLE WOULD SAY, ‘MY GOD, THIS WOMAN IS AMAZING. HOW CAN I HELP?’”

So, over the next three and a half decades, she worked as a student resource person in the independent studies program at the University of Waterloo, wrote citizen science papers and published feminist texts and books on animal behaviour. But no one—not even her own kids—understood just how much of a pioneer she was.

“It’s kind of embarrassing, but the first time that I really got what she [had accomplished] was when I watched *The Woman Who Loves Giraffes*,” says Dagg’s daughter, Mary, a CPA, referring to the 2018 documentary that thrust the zoologist back into the limelight.

After its release, Dagg, who was appointed to the Order of Canada in 2019, became the subject of magazine articles, radio segments and TV spots. She received honorary degrees and even an official apology from each of the three schools that rejected her back in the ’70s. And, she was flooded with questions about how people could help giraffes, which are now more endangered than elephants.

“Anytime we went to a showing, people would say, ‘My God, this woman is amazing. How can I help?’ We realized we’ve got this critical mass, and we should do something with all of this pent-up energy,” Mary says.

The result was the Anne Innis Dagg Foundation. Mary often jokes that she didn’t inherit her mother’s love of biology, but she decided to take a leave of absence from her job as senior director of finance at a Bay Street law firm last year so she could help get the foundation off the ground. This year, she switched gears entirely, leaving for the world of conservation non-profits.

Now, she spends her days fundraising, planning screenings and educational events, and even meeting with producers to pitch a dramatic series based on her mother’s life. It’s all part of her efforts to shepherd her mother’s legacy.

“My mother was way ahead of her time,” Mary says, referring to both Dagg’s zoological research and her dedication to rooting out sexism in science. “People weren’t ready to learn or understand them back then, but now they’re realizing, ‘Oh, yeah, we should have been doing that for a long time.’” ♦

RETAIL

BOXED IN

Subscription services boomed during the pandemic. But is the commitment-heavy model sustainable in the long term?

BY ANNA-KAISA WALKER

When Gabi Lewis and Gregory Sewitz launched their first business in 2014, they sought to offer a healthy, high-protein snack for adults: chocolate-covered crickets. They managed to sell their business in 2018 and soon set their sights on a more traditional food staple—cereal.

The result was Magic Spoon, which offers a direct-to-consumer service that ships healthier takes on the sugary cereals we grew up eating to hungry mouths across North America. Launched in 2019, Magic Spoon earned over US\$4 million in sales in its first year.

Thanks to an expansive ad campaign (you’ve likely heard them advertised

on your favourite podcast), they’ve come out of the gate as a leader in a growing market of cereal-subscription services that include HighKey snacks, co-led by a former General Mills executive, and Toronto-based startup Cereal Box Club.

Each month, Cereal Box Club mails customers a hard-to-find box of cereal—i.e., Caramel Apple Jacks, Star Wars puffs or Birthday Cake Cookie Crisp—along with a selection of specialty treats, like Skittles Dips, Jolly Rancher Gummies and Pop Tart Bites. Launched in the summer of 2020, Cereal Box Club rode the wave of pandemic-induced online shopping that has made subscription services a boon for e-tailers of all stripes.

The “subscription economy”—which includes Amazon’s Prime membership scheme and streaming apps like Netflix—has grown 400 per cent in the last decade, according to a survey by the subscription management software platform Zuora. The global consulting firm McKinsey & Company reports that 15 per cent of online buyers have signed up for at least one such service—a pretty big number considering an estimated 2.14 billion people worldwide will be digital shoppers by the end of 2021.

With more consumers stuck at home, the pandemic has offered an obvious vessel for growth in the business model. “We’re under no illusion of that lasting forever,” Magic Spoon’s Lewis told *Fast Company* amid lockdowns in 2020, “... but there are people buying food online right now who just didn’t before all this. I don’t think all that is just going to go away.”

Yet, as more autopay deliveries of razors, beauty products, yoga pants, coffee beans, meal kits and rare junk food make their way to consumers’ doorsteps, some analysts question whether the subscription business model’s massive growth will continue in a post-pandemic landscape. “Bricks-and-mortar retail will always have an advantage when it comes to immediacy and the ability to touch, feel, taste and smell the products,” says David Soberman,



professor of marketing at the University of Toronto's Rotman School of Management.

Research points to plenty of incentives for companies to jump on the subscription bandwagon. Aside from predictable revenues, there is also a greater average spend per consumer (30-40 per cent more than what non-subscribers spend), to say nothing of the cycle of data that helps better serve customer needs and inspire loyalty. Consumers of subscription services in general say they sign up for the value for money, the quality and originality of the products, the curated experiences and the convenience of home delivery, according to McKinsey research.

In spite of the potential benefits, major traditional retailers haven't had much success so far with subscription offerings of their own. Clothing giant Gap pulled its subscription boxes just a year after launching the service in 2017 and Walmart's quarterly beauty box received mixed reviews. The services that are most likely to succeed, Soberman says, are those offering

premium replenishable products a step above what you'd find at your local mall. "They tend to be specialty items for which people develop a real affection," he says. Premium coffee, indie beauty products, artisanal dog treats and, yes, obscure breakfast cereals can offer just enough novelty and exclusivity to convert one-time buyers to long-time users.

A second category of success, according to Soberman, belongs to subscription services that offer a home experience consumers won't get elsewhere. The soaring popularity of meal-kit delivery services like Montreal-based Goodfood—which made it to the top three of the *Financial Times'* 2021 ranking of the fastest-growing companies in the Americas—allows subscribers to whip up healthy home-cooked meals with specialty ingredients. "All of a sudden, we're all gourmet cooks," says Soberman. "It's reflective of a cultural change from the '60s, when we thought convenience foods were the greatest thing."

The biggest caveat with subscription services, says Soberman, is they

require the consumer to develop a whole new set of skills. "When you shopped at the grocery store, you learned how to smell the end of a melon to see if it's ripe," he says. "Now, with multiple subscriptions, you need to learn inventory management and new financial monitoring skills."

Set-it-and-forget-it monthly payments run the risk of draining consumers' bank accounts for goods and services they no longer use. "When the rate of consumption equals the rate of replenishment, life is good," Soberman says. When there's a mismatch, tiered pricing schemes can offer flexibility when consumers' needs or budgets fluctuate.

The number one reason consumers cancel subscriptions is the perceived lack of value, according to McKinsey—and once they're gone, they're gone. Just 11 per cent were likely to return after unsubscribing.

Subscription services can also fall out of consumers' good graces when they don't offer clarity on what members are agreeing to. Fashion site JustFab (now called TechStyle), which offered Kate Hudson's Fabletics athleisure line and the Kim Kardashian-associated ShoeDazzle, received hundreds of complaints filed with the Better Business Bureau for its misleading VIP program, which left consumers unaware that they had opted in until they were charged. Still other subscription-based retailers have caught heat for making cancellation difficult—Amazon Prime reportedly requires members to navigate through six separate web pages in what one watchdog called a "deliberate attempt to confuse and frustrate customers."

If the subscription boom has taught online retailers anything, it's that customers are keen to stay on board as long as they're getting a healthy dose of transparency with their box of Dunkaroos. "The old P.T. Barnum 'there's a sucker born every minute' model is outdated," says Soberman. "Companies that are truly successful make sure consumers are repeat and loyal." ♦



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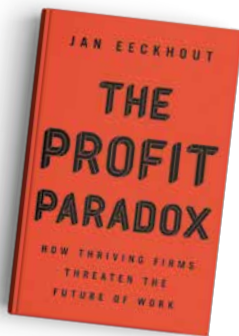
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BOOK VALUE

STRENGTH IN NUMBERS

Economist Jan Eeckhout's engaging new work provides a contrarian perspective on the current corporate landscape **BY BRIAN BETHUNE**

In *The Profit Paradox*—one of the most accessible and eye-opening economic surveys of recent years—author Jan Eeckhout devotes considerable space to praising free markets. The Belgium-born, Barcelona-based economist believes that market forces drive technological innovation, which in turn make human life better, safer, richer and more equal than it was only a half-century ago. If that leads to the further takeover from private giants like Amazon and Facebook, the economist argues, then so be it.



Hanging over *Paradox* like a shadow, as it does over much recent economic analysis, is Walter Scheidel's *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*. In his influential 2017 overview, the Stanford historian sets out how inequality always comes to an end, however intermittently and temporarily, and always does so cataclysmically. Eeckhout is by no means predicting an oncoming disaster, but he is worried about the future of Western democracies given increasing popular alienation in Europe and the United States.

Eeckhout's well-marshalled data is pitiless in its depiction of current trends. Contrary to what he calls the "gold watch myth" (the idea that previous generations worked their whole lives for a single employer), Americans now switch jobs less frequently than at any point in the past 40 years. As a result,

THE CONTEMPORARY WORLD ECONOMY IS NOT PRO-MARKET, BUT SOMETHING VERY DIFFERENT: PRO-BUSINESS

But it's precisely those capitalist bona fides that have led Eeckhout to the "paradox" of his title. Left unchecked, rapid technological advance has as much potential for excessive market power as it does for socioeconomic progress. The contemporary world economy is not pro-market, he writes, but something very different: pro-business. Market power has allowed corporations to create unbridgeable moats around themselves, erecting barriers to entry and stifling competition, depressing most wages and fostering inequality with all its deleterious social effects.

migration between cities has fallen by half, and the rate of promotion is slower as younger workers take longer to find jobs and older ones face even higher barriers to entry.

Most strikingly in today's era of innovation, there are fewer startups than in 1980, the economist writes, even in the tech sector ("Who will enter [the market] to compete with Google or Facebook?" Eeckhout asks). The tech giants maintain their position by acquiring potential rivals, from Instagram to Kiva Systems. In 2012, Amazon, while utilizing Kiva's robots to fill orders, also realized the robots' "strategic importance."

PIVOT RECOMMENDS

Off the clock

BY DAVE ZARUM

Listen

Sit through any terrible movie and it's a question that will likely pop into your mind: *How did this get made?* It's precisely what comedians Paul Scheer, June Diane Raphael and Jason Mantzoukas have been asking since their Earwolf podcast, *How Did This Get Made?* launched way back in 2010. Each episode, the trio dives into another of Hollywood's most regrettable—yet strangely unforgettable—disasters, ranging from *Grease 2* to a film called *Ninja Terminator* and everything in between.



Watch

Wondery's podcast series *The Shrink Next Door* told the real-life story of a Manhattan psychiatrist who, among other ethical transgressions, manipulated one of his patients, Marty, into handing over his business, Swiss bank account and Hamptons, N.Y., home as part of a decades-long con. The unbelievable story has now been adapted for an eight-episode series penned by *Succession* writer Georgia Pritchett and directed by Michael Showalter that will star Paul Rudd (the shrink) and Will Ferrell (Marty).
Nov. 12, AppleTV+

Read

Why are some plants legal and others not? In his latest book, *This Is Your Mind on Plants*, author Michael Pollan unpacks the socioeconomic and scientific history of plant cultivation, bringing the nature of psychoactive drugs and human nature under the microscope to help decipher why we treat plants the way we do.

THE SHRINK NEXT DOOR COURTESY OF APPLE TV+

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So, it bought the company and three years later changed the acquisition's name to Amazon Robotics, ceasing to sell its products to other firms. Market power means higher profits for mega-firms. It also creates a stock market divorced from the everyday economy, booming during a pandemic even as unemployment skyrocketed. There is competition *for* the market, he argues, but little *within* it.

When it comes to labour, higher-skilled workers who deliver productivity to large companies (almost always by decreasing labour costs) are spectacularly rewarded, while the less-skilled are left far behind. The labour share of the economy—the portion devoted to wages—held at about two-thirds for a century, with the other third going to capital costs and profits. It's now down to 58 per cent, Eeckhout calculates, a "huge and unprecedented decline."

The result, Eeckhout declares, is that the centre cannot hold. Pro-market reforms are desperately needed to

"put the trust back in antitrust." The patent system in particular—constantly gamed by owners with minor modifications designed to extend its years of protection—needs amendment. He suggests, for example, large one-time payments for breakthroughs, which can then be freely utilized by others. For combatting monopolies, Eeckhout is more tentative. Taxing profits at a higher rate helps with redistribution, he notes, but doesn't tackle the market power itself.

For that, the entire antitrust regulatory system needs an overhaul. One route forward, he believes, is to force Big Tech to compensate users for the data that makes them so wealthy—and to do so by offering more products and services for less money, something that will also incentivize would-be competitors to enter the market. Easier said than done, the economist freely acknowledges, as it requires "the willingness to engage in a project as big as putting a man on the moon or as urgent as the Manhattan Project." ♦

TECH

TOTALLY QUEUE-LESS

A new app that lets people claim their spot in queue could spell the end of waiting in line as we know it **BY COURTNEY SHEA**

Shannon Vander Meulen has been attending the Calgary Stampede as a spectator for most of her life but, this past summer, she was there on business. Before the rodeo returned after a hiatus in 2020 due to the pandemic, the Stampede signed on with WaitWell, Vander Meulen's new software company that virtualizes the experience of waiting in line. Rather than wasting time and risking potential virus exposure standing together in a queue, this year Stampede-goers scanned a QR code that sent a text message to their phone when their turn came up.

"It was a significant behavioural change," says Vander Meulen, who was there to provide support to Stampede staffers and ensure everything ran smoothly. She got a lot of great feedback on the ground, she says. Customers appreciated the respect for their time as well as the facility of the app. And her client gained a lot of useful information about crowd volume and other lineup data. Vander Meulen is hopeful they'll be on board next summer, too. COVID-19 may be an afterthought by then but, if WaitWell has anything to say about it, so will lineups.

Standing in line has never been a pleasurable experience but, with the pandemic, the heavy annoyance factor has been compounded by the genuine risk of having people packed together in close proximity. It was a concern for her customers that first inspired Vander Meulen, who owns the East Calgary Registry (which delivers services on behalf of Service Alberta and other government ministries), to launch WaitWell: "I was looking out the window of my office one day last April and I saw dozens of people waiting," she says.

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In Alberta, unlike most provinces, registries are privately owned, so a bad experience could send a customer elsewhere for their next road test or marriage licence. Add to that the potential for a super-spreader situation and Vander Meulen knew she had to do better.

Just a few days later she came up with the concept for WaitWell and brought it to the best software guy she knows: her husband, Steven. The couple rounded out their team with WaitWell partner Steve Drew, who had experience developing and commercializing software, and launched a beta version at the registry in August 2020. In that first iteration, users texted a phone number and would instantly get a text back alerting them to their approximate wait time. Rather than being stuck in a lineup, they could go to the grocery store, pick up their kids or sit in their car reading gossip magazines.

When it came to building a client base, Vander Meulen didn't have to work very hard—other local registries heard about the success she was having and wanted to implement the same thing. Before the official launch in October, WaitWell added a QR code scanning option, which brings users to a web page where they can input their name and group size. The University of Manitoba was an early

addition to a growing client list that includes the Northern Alberta Institute of Technology and telecom retailer Glentel.

Next up, Vander Meulen has her sights on pharmacies: “Normally you go to Shoppers and they tell you your prescription will be ready in 15 to 30 minutes and you're kind of just stuck there trying to remember how much time has passed.”

THE TRUE GENIUS BEHIND THE INNOVATION: WHEN CONSUMERS AREN'T WAITING IN LINE, THEY ARE FREE TO DO OTHER THINGS

Concerts, sporting events, a table on a restaurant patio: The potential applications are endless, particularly when you consider the crowd-control option that sends a QR code to the user's phone when it's time to enter a facility. “Gate attendants can just scan rather than wasting time looking up every customer,” Vander Meulen explains.

She says that this additional feature, along with a two-step waiting process (customers receive a message when it's time to “line up” and a second when their turn has come), set WaitWell apart from similar operations like QLess: “We weren't the first, but I believe we offer things that our competitors don't.”

That includes the storage of all data in Canada, which is a key priority for Canadian clients. “Of course, there is always the risk that a tech giant like Google is going to add a similar feature,” says Carmi Levy, a London, Ont.-based tech analyst. But WaitWell's ability to connect directly and build strong, local client relationships gives them an important edge.

“This is a perfect example of adversity driving innovation,” Levy says of the startup. “Being able to provide some sort of safe, in-person service has been one of the biggest challenges for retailers and other customer-facing businesses during the pandemic and, in many cases, they're turning to tech.” Levy believes this sort of virtual option is the new baseline for millennial and Gen Z consumers. “You either have an app or you don't exist,” he says, noting that this particular app gives consumers a product they value above all others: time.

This, in the end, may be the true genius behind the innovation: When consumers aren't waiting in line, they are free to do other things, including spend money. In years past at the

Stampede, people would wait two or three hours to get into the popular Nashville North tent. In 2021, they spent that same time grabbing a corn dog, playing ring toss or watching live music with a beer. When you look at it in these terms, any kind of reversion would be bad for business. At this point, there hasn't been significant research on the cost of lining up, but Levy believes an app like WaitWell will drive that conversation in the not-so-distant future, when, he says, we'll tell young people about how “back in my day people used to spend hours in snake-like formations waiting for their turn.” ♦

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Archie Campbell, CPA, CA, chief financial officer of Coast Appliances in Vancouver, has been appointed as a board director for First West Credit Union and First West Foundation, both in Langley. Archie holds an ICD.D designation from the Institute of Corporate Directors.

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CONTRACT POSITIONS IN ARCTIC CANADA

Nunavut firm requires experienced auditors for 6 to 10 week contracts commencing May 1, 2022 (other work terms may also be available). CPAs should have recent public practice audit experience, a strong knowledge of CaseWare, excellent interpersonal skills and the ability to work independently. Excellent remuneration for hard work. Travel and accommodation is provided.

Please send your reply to shawnlester@lesterlandau.ca.



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A SPARKLING SUCCESS

CPA Adam Kagan, 32, had visions of starting a sustainable small beverage business that could double as a fundraising tool for leukemia research. The result? Ontarioeu Sparkling Water **BY ZIYA JONES**

About seven years ago, after **I officially became a CPA**, some other people came on board and we officially launched Ontarioeu Sparkling Water as a business. These days, I run it at the same time as I run an accounting practice my parents started 45 years ago.

My main job and side hustle are very different, but they complement each other well. Working in the beverage industry helps me consult accounting clients who have their own small businesses. And working in accounting has given me tons of important knowledge that has kept the water business running.

Ontarieau is a closed loop system: We set up a recycling facility and have recycled more than half a million bottles so far. We're also about to become carbon neutral, which was a huge sustainability goal.

I work well over 60 hours a week. My friends think I'm crazy, but the relationships I've built in both the accounting and beverage spaces keep me going. Since the practice has been in my family so long, **I've known many clients my whole life.** It's rewarding.

My mom passed away at the end of my second year of university and that was the kick in the butt I needed to bring this idea to life. **I was only supposed to sell water for one summer** to raise some money for a fund for leukemia research at the Princess Margaret Cancer Centre set up in my mom's name, but my dad and brother encouraged me to keep it going.

We have one of the largest freshwater supplies in the world here in Canada. **So why do companies bother importing it from overseas?** That just seemed ridiculous and environmentally irresponsible to me.

Fundraising is still an important part of the business. We still donate to Princess Margaret but we've also branched out to places like the Heart and Stroke Foundation and Rainbow Camp, an organization for LGBTQ youth.

Sparkling water is definitely having a moment. I think people are becoming more health conscious about their drinks. When is the last time you had a can of pop? I can't drink pop anymore—it's too much. People's taste preferences are changing.

PHOTOGRAPH BY AARON WYNYA



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