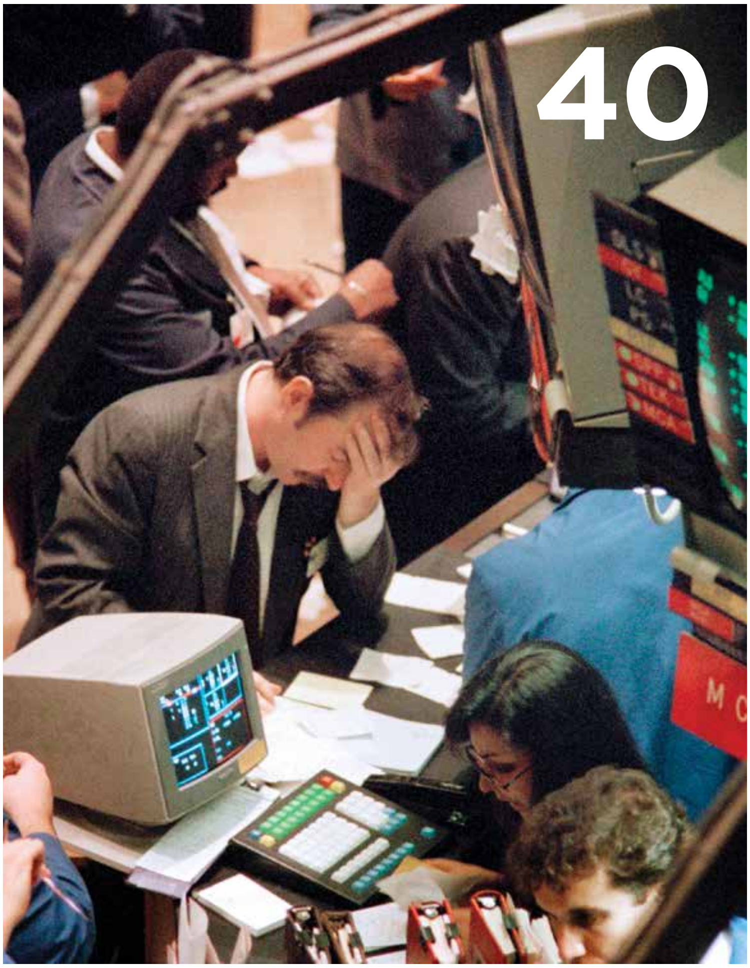

PIVOT
CPA CANADA
Named BEST MAGAZINE by the National Magazine Awards: B2B 2022
MARCH/APRIL 2023
Uncharted Waters
Businesses and consumers are taking on more debt. What's the ultimate cost of all that borrowing?
+ SHOULD WE FOLLOW THE FIN-FLUENCERS?
/ PREPARING FOR THE NEXT ECONOMIC CRISIS
/ A NEW DEFINITION OF LEADERSHIP
MARCH/APRIL 2023 PIVOT 1

EXCLUSIVE ONLINE CONTENT

CPACANADA.CA/NEWS

- Why CPAs need to make leadership a long-term goal
- It's tax season! Don't miss these new personal tax updates

- How does Canada measure up on the scale of innovation?



40

FEATURES

ON THE COVER
ILLUSTRATION BY DAN PARSONS

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

PHOTOGRAPHS: STOCK EXCHANGE BY **GETTY**; LIGHT BULB BY **ISTOCK**

A BETTER PLACE

It's a benefit for business and for society at large to have more women in senior leadership roles

BY PAMELA STEER

We've all seen the headlines: "Women under-represented in the C-Suite," "Nine-in-ten publicly listed companies (still) led by male CEO."

And one from *Corporate Knights* that I found really disturbing: "There are more CEOs named Michael and Mark than there are women CEOs in Canada."

Every time I read these headlines I get extreme *déjà vu*. This is not a new issue, these same headlines could have, and likely were, written in 2003 and 2013. Yet, here we are in 2023 and the story has moved, but not quickly enough. On the eve of International Women's Day (IWD), I wanted to lend my voice to this cause and hammer home the societal importance of having more women in leadership roles in Canada.

Embrace Equity

We are not all born with equal access to the same opportunities, resources and privilege—the latter being key to this fight. Women who are successful leaders can still be plagued by imposter syndrome, doubts about whether they "earned" their position, and often face higher scrutiny than men in the same role. In the past, there has been this fallacy that equal opportunity will lead to equal representation. This has clearly not panned out. The baked-in prejudices that women face and advantages that men have enjoyed on their ascent to the C-Suite were too strong.

That's where equity comes in. Equity means that everyone is afforded the means to succeed so they may reach an equal outcome, bringing their unique gifts to the table along the way. And that's why I love IWD's #EmbraceEquity theme this year as it is particularly important in fighting for better representation of women in business leadership.

Like many not-for-profits, CPA Canada is well-represented in this regard. The CPA profession has improved representation among the membership and in leadership roles. While it's nice to be part of the solution, I can't stress enough the importance of addressing representation of women in larger forms of business, including public and private for-profit enterprise.

We need to progress more quickly: We're talking here today about a gender-binary issue. The wider world, on the other hand, is talking about a much broader spectrum of acceptance and inclusion that goes beyond a simple male/female discussion to encompass trans, Two-Spirit, non-binary and other gender identities. Comparatively, the C-suite of public and private for-profits is positively in the Stone Age.

I would be remiss not to mention the racial diversity gap as well, especially in Canada from an Indigenous perspective. We're talking about this issue through an IWD lens today, but issues for racialized women are even greater. It's undeniable the advances we've made—years ago, women and racialized people couldn't vote and were barred from even entering many clubs, associations and societies.

Indigenous women have suffered enormously from institutional racism—as shown in the National Inquiry into Missing and Murdered Indigenous Women and Girls and the National Action Plan that came from it. They've also suffered intergenerational impacts of the Indian Residential School System, the last of which closed in 1996. Generations of disempowerment and disenfranchisement has magnified the challenges that Indigenous women face. While we've seen progress on these fronts, there is still so much more to do.

You've Earned It

One way to hasten this progress is to combat the imposter syndrome that many successful women feel. Due to the fabric of our society, many women have been at a disadvantage in becoming part of corporate leadership structures. So, to enact this societal change we must understand that it is to our collective advantage when businesses consider fair representation of diverse identities in filling their C-Suite and boards. This is giving those born with different opportunities, resources and privilege what they need to succeed and correcting the huge historical disadvantage that caused so many people to be passed over in the past.

This is at the heart of #EmbraceEquity. There are countless studies out there that conclusively show diversity among leadership leads to better

I want to recognize the recent donation by **Michel Lanteigne, FCPA,** and his wife **Diane Blais** to the Sainte-Justine Hospital Foundation in Montreal. The $40-million donation is the largest donation ever made by an individual to the foundation and will provide funding for research on childhood cancers. *Pivot* will be covering this donation and others in a future article on philanthropy and I am very much looking forward to reading it. Please keep an eye out for it in 2023.

business outcomes, culture and profitability. This isn't just a box-ticking exercise; you have your job because you are the best person for it. Full stop. We need to start believing in ourselves and lead our teams to a better future, one where we uplift others to lend their voices to a growing chorus that will, once and for all, make those headlines a relic from a bygone era.

On International Women's Day this year, remember: You earned it, you are a part of the solution, and you're making the world a better place. #EmbraceEquity ◆

Trailblazers
I wanted to highlight some of the amazing women (many of whom are CPAs) that have helped bring more balance to corporate leadership structures in Canada and abroad.

- **Nathalie Bernier, FCPA,** Member Board of Directors at RF Capital Group and Bausch + Lomb (Quebec)
- **Maria Ferraro, CPA,** Chief Financial Officer of Siemens Energy (Germany)
- **Rania Llewellyn,** Chief Executive Officer of Laurentian Bank (Ontario)
- **Deborah Orida,** Chief Executive Officer of Public Sector Pension Investments (Quebec)
- **Maarika Paul, FCPA,** Executive Vice-President and Chief Financial and Operations Officer at Caisse de dépôt et placement du Québec (Quebec)
- **Jocelyn Perry,** Chief Financial Officer and Executive Vice-President of Fortis Inc. (Newfoundland and Labrador)
- **Marlene Puffer,** Chief Investment Officer at the Alberta Investment Management Corporation
- **Susanne Robertson, FCPA,** Retiring CFO of the Museum of Human Rights in Winnipeg (Manitoba)
- **Heather Taylor, FCPA,** Chief Financial Officer and Treasurer of the City of Toronto, (Ontario)
- **Barb Zvan,** Chief Executive Officer of University Pension Plan of Ontario (also named CEO of the year by *The Globe and Mail*) (Ontario)

Read more about what's needed to support and empower women in this month's Purpose Driver interview with EDI specialist and CPA **Jenny Okonkwo**.

Pivot also discussed this issue late last year with our great feature on **Christine Sawchuk,** CEO of Chartered Business Valuators Institute. Check it out at **cpacanada.ca/christinesawchuk**

SKIP

PIVOT

Named BEST MAGAZINE by the National Magazine Awards: B2B 2022

VOLUME 6 | ISSUE 2

EDITOR Paul Ferriss
ART DIRECTOR Adam Cholewa
FRENCH EDITOR Mathieu de Lajartre
SENIOR EDITOR Alex Correa
DIRECTOR OF PHOTOGRAPHY Daniel Neuhaus
ASSOCIATE EDITOR Anya Levykh
EDITOR, DIGITAL Beverley Ann D'Cruz
ASSOCIATE ART DIRECTOR Dan Parsons
EDITORIAL ASSISTANT Asmahan Garrib
COPY EDITOR Marisa Baratta
CONTRIBUTORS Corrina Allen, Ali Amad, Claudine Baltazar, Tay Bero, Joshua Best, Brian Bethune, Matthew Billington, David-Alexandre Brassard, Steve Brearton, Rob Csernyik, Shellene Drakes-Tull, Mary Gooderham, Srivindhya Kolluru, Sarah Laing, Erin Leydon, John Lorinc, Kagan McLeod, Ebti Nabag, Chris Powell, Andrew Raven, Doretta Thompson, Andrea Yu

Partners in Growth
For every ton of paper used on Pivot's behalf, St. Joseph Communications will contribute to the planting of a tree through GrandTrees.

PUBLISHER CPA Canada
ASSOCIATE PUBLISHER Douglas Dunlop
MEDIA SALES DIRECTOR Nicole Mullin nicole.mullin@stjoseph.com
ADVERTISING SALES, ACCOUNT REPRESENTATIVE Karen Kahnert karen.kahnert@stjoseph.com
TRANSLATION CPA Canada Language Services
DIRECTOR, LANGUAGE SERVICES Karine St-Onge
EDITORIAL ADVISORY BOARD
CHAIR: John Redding, CPA, CMA
MEMBERS: Maury K. Donen, CPA, CMA; Debra J. Feltham, FCPA, FCGA; Caroline Garon, CPA, CGA, CAFM; Jason R. Kwiatkowski, CPA, CA, CBV, ASA, CEPA; Ashley Lowe, CPA, CA

FSC www.fsc.org MIX Paper from responsible sources FSC® C103458

Pivot is published six times a year by Chartered Professional Accountants of Canada in partnership with St. Joseph Communications. Opinions expressed are not necessarily endorsed by CPA Canada. Copyright 2023.

TORONTO
277 Wellington St. W., M5V 3H2, Tel. (416) 977-3222, Fax (416) 204-3409

MONTREAL
2020 Robert-Bourassa Blvd., Suite 1900, H3A 2A5, Tel. (514) 285-5002, Fax (514) 285-5695

SUBSCRIPTION INQUIRIES
Tel. (416) 977-0748 or 1-800-268-3793 pivot.subscriptions@cpacanada.ca

ONLINE
cpacanada.ca/pivotmagazine

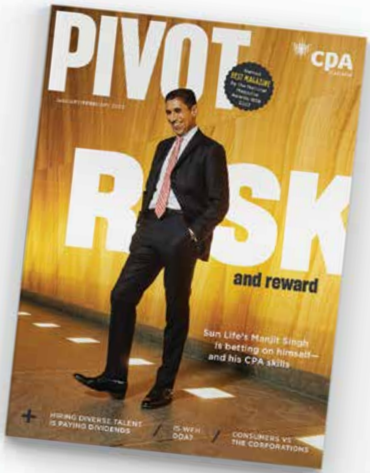
ADVERTISING
advertising.pivotmagazine@cpacanada.ca

Additional annual subscriptions are available at the following rates: members, $32; students, $45; non-members, $55. Single copy, $5.50. Outside Canada: $89 for a one-year subscription; $8.90 for a single copy. GST of 5% applies to all domestic subscriptions. For subscription inquiries, call (416) 977-0748 or 1-800-268-3793 from 9 a.m. to 5 p.m., Monday through Friday; fax: (416) 204-3416. GST registration number 83173 3647 RT0001. Publications Mail Agreement No. 40062437. Printed in Canada. ISSN 2561-6773. Return undeliverable Canadian addresses to the Toronto address above. *Pivot* is a member of the Canadian Business Press and Magazines Canada. All manuscripts, material and other submissions sent to *Pivot* become the property of *Pivot* and the Chartered Professional Accountants of Canada, the publisher. In making submissions, contributors agree to grant and assign to the publisher all copyrights, including, but not limited to, reprints and electronic rights, and all of the contributor's rights, title and interest in and to the work. The publisher reserves the right to utilize the work or portions thereof in connection with the magazine and/or in any other manner it deems appropriate. No part of this publication can be reproduced, stored in retrieval systems or transmitted, in any form or by any means, without the prior written consent of *Pivot*.

STRATEGIC CONTENT LABS

GENERAL MANAGER James McNab
SENIOR VICE-PRESIDENT, CONTENT & CREATIVE Maryam Sanati
MANAGING DIRECTOR Jonathan Harris
DIRECTORS, CONSUMER MARKETING Lenny Hadley, Janet Palmer
VICE-PRESIDENT, PRINT OPERATIONS Maria Mendes
PRODUCTION MANAGER Joycelyn Tran

A DIVISION OF ST. JOSEPH COMMUNICATIONS
CEO Tony Gagliano



"Risk" averse

I was extremely disappointed with your piece on Manjit Singh ("Risk and Reward," January/February 2023). The article seems to attribute his success to "embracing challenges," even going so far as to quote that "there's never going to be a right time" while completely ignoring Singh's extreme privilege. He had a wife who was willing to follow him wherever his job moved him on very short notice (undoubtably sacrificing her own career ambitions) and singlehandedly raise their children while he chose a job that had him home for just a few hours each Saturday.

Failing to recognize that many women do not have the privilege (or ability) to similarly say "yes" significantly contributes to the lack of women in senior management positions in Canada. Perhaps some space should have been given in the article to acknowledge that Singh's advice to "just say yes" ignores the reality that most women live in, and we need to change our perception about what skills one needs (and how one acquires those skills) to better level the playing field and finally achieve some level of equity for women in senior positions.

—Laura Britton, CPA
Oakville, ON

Credit where it's due

I'm an avid reader of your magazine and would like to congratulate you on the quality of your articles. The piece on the setbacks of the Bombardier company ("When Ideas Take Flight," November/December 2022) during the development of the C-Series aircraft particularly impressed me.

For once, a pan-Canadian magazine rightly condemns the lack of support our government has shown for this jewel of the Canadian aeronautical industry, even though the development has proven to be a worldwide success.

Canadians from coast to coast have criticized the lack of aid provided by our governments who have completely ignored the need to properly fund [Bombardier] and ran the risk of letting slip this genius idea from the minds of Laurent Beaudoin and his son!

—W. Robert Laurier, FCPA
Mont-Tremblant, Quebec

A taxing taxation system

Thank you for Bruce Ball's excellent article, "Taxation by Design" (September/October 2022). It's too bad that our leaders aren't listening.

I've never seen a government add more complexity to our already byzantine tax code than our current federal government. Given the fact that each year they further complicate our tax system, we should consider removing political responsibility over tax law. Perhaps a non-political body, like the Bank of Canada, can take over responsibility for our tax system.

We trust the Bank of Canada to set interest rates, because we feel that interest rates are too important to be set by politicians. Can we not say the same thing about taxation?

—Jason Fleming, CPA
North York, ON

Going to the dogs

I read the article "Ethical Efforts" (September/October 2022) with some concern over its breathy enthusiasm for the sustainability and ethical practices in the production of pet food by Open Farm.

Dogs and cats need a certain combination of crude protein, fat and fiber as well as certain minerals and vitamins in their diet. Where it comes from is irrelevant and feeding over 80 million dogs and 60 million cats in North America wild caught fish and the best raised livestock is not sustainable in any way shape or form when an estimated 25% of food in the human food chain goes to waste.

I have a yard dog and some barn cats. The dog will happily dine on anything she can catch and or drag home, from gophers to roadkill deer, and about 50% of the deer population in my area is infected with CWD. She is a happy and healthy Pyrenees cross. If she can dine on deer with CWD, a bit of antibiotic residue in her dog food won't affect her.

The cats eat much less cat food in the summer because they will eat anything they can kill. Mice, gophers, moles, rats, rabbits, pigeons and, unfortunately, songbirds. Feeding them less cat food and not having to poison rats and mice is sustainable.

I am not recommending that we be cruel to livestock or raise that livestock in ways that are demonstrably harmful to them or the environment. However, Open Farm's practices are way more directed at marketing to fussy pet owners than at sustainability and ethical farm practices per se.

—Byron J. Reynolds, CPA, CA
Saskatoon, SK

Clarification: In the January/February 2023 issue of *Pivot* magazine, the story "The Competitive Spirit" included a reference to the Rogers Communications network outage in the summer of 2022. While many Rogers customers did feel like the country stood still during the outage, as the story suggested, other telecom services such as those provided by Bell and Telus, continued to operate without interruption.

Events & webinars

Get inspired and expand your knowledge

Join us for a series of events and webinars designed to inspire you as your practice grows and evolves. Take part in interactive workshops or educational sessions, delivered by subject matter experts, and learn from your peers in the accountant community.

FIRST IN

PHOTOGRAPH BY **CLAUDINE BALTAZAR**

PURPOSE DRIVER

THE ACCIDENTAL EDI CHAMPION

Jenny Okonkwo took her own experiences as a Canadian newcomer and BIPOC female accountant and turned them into successful instruments for change, promoting equity and creating opportunities and support systems for other women in the accounting and finance fields. **BY ANYA LEVYKH**

Women have a problem. In Canada alone, there are 2.4 million women and girls living on low incomes. Women still, on average, earn 89 cents for every dollar a man makes. Racialized and Indigenous women earn even less, averaging about 67 cents for every dollar a man makes. And when it comes to anything above an entry-level position, women in Canada only hold around 35 per cent of management roles (despite making up more than half of the total population) and less than 31 per cent of senior management level occupations. Of those women-held positions, women of colour make up only 6.2 per cent of board, executive, and senior management positions collectively, while Black, Indigenous, LGBTQ2SIA+ women, and women with disabilities each hold less than one per cent.

Coming from the U.K., Jenny Okonkwo, CPA, FCMA(UK), CGMA, FPAC, MBA, has been able to provide a new perspective on the situation facing women in business in Canada. While she didn't start out as an EDI specialist, her experiences as a Black female accountant and a newcomer made her realize there was an urgent need for increased representation, support and visibility around these issues, especially in the accounting field.

Jenny Okonkwo (third from left) with the BFAN team at the 5th Annual Women in Leadership Summit

As a successful CPA, author, speaker, and Equity, Diversity and Inclusion (EDI) specialist, Okonkwo has been named one of the 100 Accomplished Black Canadian Women, a finalist in RBC's Top 25 Canadian Immigrant Awards, and has been recognized for her leadership, volunteer work and role modelling by the Diversity Advancement Network, CPA Ontario, MP Omar Alghabra and Women's Executive Network among others. Currently working as a Diversity, Equity and Inclusion consultant in the public utilities sector, she is also the founder of Black Female Accountants Network (BFAN) and SherOpportunity.

I'M ABLE TO APPLY LIVED EXPERIENCES TO ADVANCE EQUITY, DIVERSITY AND INCLUSION

What drew you to EDI and, specifically, to launching BFAN and SherOpportunity?

The personal challenges of international work experience and credential recognition initially drew me in. As a newcomer to Canada, it was a complete culture shock in terms of the barriers faced in attempting to enter the Canadian labour market and, by extension, the workforce, and the need to re-certify in a field where I was already an established and highly experienced professional. According to the Government of Canada website, 62.4 per cent of immigrants arriving in Canada in 2021 arrived under the "Economic Class." This immigration class includes a variety of professions, including accounting.

Recent research by Toronto Region Immigrant Employment Council (TRIEC) shows that immigrant women, on average, earn less than immigrant men and the Canadian-born population. They also face a higher unemployment rate.

How does being a CPA help with your work in the EDI field?

Having explored the Canadian immigrant professional landscape, I'm aware of some of the systemic barriers within the accounting profession and the workplace in general. Gaining my Canadian CPA designation was an important step to successfully overcoming those barriers and I'm able to apply these lived experiences in seeking to advance equity, diversity and inclusion. It's important to note that EDI encompasses a myriad of both visible and non-visible dimensions that go way beyond gender and race, including ability, ethnicity, sexual orientation, country of work experience, country of birth, country of education, immigration status, age, marital status, etc.

What do you see as the biggest challenges still facing BIPOC women in professional fields like accounting and finance?

Women who are classified as BIPOC continue to be under-represented in professional fields. This can lead to several issues, including a sense of professional isolation and a potential lack of psychological safety in the workplace. With respect to its membership, BFAN provides support, working to reduce the workplace representation gap, through building a sense of professional community, interaction with peers, and increased visibility of executive and senior leadership level role models, creating opportunities for access to sponsors.

How do BFAN and SherOpportunity help female CPAs achieve equity and promote themselves for advancement?

For racially diverse female CPAs to achieve equity, they need the appropriate type and level of supports that enable them to gain access to and capitalize on the right opportunities to showcase their skills. BFAN provides its volunteers (sourced from the membership) opportunities to develop the highly sought-after transferable skills and expertise needed in the workplace. Many members have leveraged their volunteer experience to improve their lives and those of others, introducing women

PHOTOGRAPH COURTESY OF JENNY OKONKWO

in leadership forums, employee resource groups and joining workplace EDI committees.

Through its work, BFAN also provides a safe space to help both immigrants and non-immigrants get the support needed to gain their CPA designation, access to mentoring, career advice, and job opportunities through corporate relationships and established members helping other members.

BFAN was fortunate to have Pamela Steer, President and CEO of CPA Canada as a keynote speaker at its 5th Annual Women in Leadership Summit in October 2022, reflecting the extension of CPA Canada's commitment to equity, diversity and inclusion in the profession and to the communities it serves.

SherOpportunity is a program that helps mid-career and senior level BIPOC women CPAs learn how to market themselves for opportunities both within and beyond their current workplaces and retain their roles once they have secured them. Through group-based activity, attendees are able to connect and learn from each other at a deeper level with respect to the skills needed to successfully navigate the Canadian workplace to achieve their career goals and aspirations.

62

Percentage of people who, in 2021, arrived in Canada under the "Economic Class" which includes accounting

What's the next step in your EDI journey?

On December 1, 2022, I stepped back from the president's role and handed over the leadership reins of BFAN to two co-chairs, one of whom is based in Ontario and the other in Saskatchewan. Together with the former VP leadership team, a key next step in my EDI journey is supporting the new co-chairs in their onboarding and orientation journey, as they take BFAN into its next chapter and level of evolution to achieve even greater heights in 2023. As a speaker and panelist, I continue to be focused on sharing insights, raising awareness on EDI topics related to race, gender, intersectionality and immigration status as part of my personal mission to help create a more inclusive accounting profession. Contributing to a number of speaking events to celebrate Black History Month and International Women's Day will provide opportunities for me to continue adding my voice to the EDI conversation in 2023. I'm also excited to see the evolution of the group work I've been involved in to develop an EDI Case Collection in collaboration with the University of Toronto, for professional accounting students and practicing CPAs. ◆

UNQUALIFIED SUCCESS

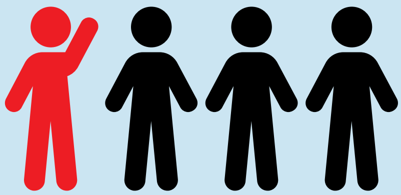
Canadian employers were seeking to fill nearly one million positions in the second quarter of 2022, the highest quarterly figure on record. Baby Boomers retiring from the workforce are driving the shortages. Sectors with the most vacancies include health care and social assistance (136,100), accommodation and food service (149,600) and retail (112,700). Wage increases were lower than consumer price inflation in most sectors and the shortage has forced companies to hire workers that wouldn't be qualified during periods of lower vacancies. *—Steve Brearton*

997,000

Canadian job vacancies in Q2 2022

44

Number of new hires for every 100 vacancies



26% of Canadian companies who took on a worker they wouldn't normally have hired in 2022 due to high turnover and labour shortages, according to The Harris Poll.

"As of June 2022, businesses posted almost 70% more job openings in Canada than pre-pandemic. But these firms were competing for 13% fewer unemployed workers than were available in February 2020."

—RBC report Canada's Labour Shortages Will Outlive a Recession, July 2022

Where new workers lacked qualifications

Employers identify the hiring skills they were forced to overlook in the Harris Poll:

50%

Lacking soft skills

45%

Lacking years of experience

37%

Lacking required hard skills

26%

Unable to pass a background check

20%

Lack of educational degrees

PHOTOGRAPHS BY ISTOCK

SOURCES: STATISTICS CANADA, RBC AND THE HARRIS POLL

THE ECONOMIST

GENERATION GAP

Is it really getting harder to accumulate wealth in today's society?

DAVID-ALEXANDRE BRASSARD

Facing overheated housing markets, inflation, and a recession, almost half of Canadians say they are worse off financially than they were a year ago. Are young people more likely to be impacted? Do they really have it harder? We've all heard that the baby boomers had it easier, but they also experienced sky-high interest rates, hovering around 10 per cent until the early 1990s.

Since then, the economic environment has been particularly favourable, as the net worth of boomers and late career workers has increased by 350 per cent over 20 years. While demographics partly explain this trend, the fact remains that those aged 44 and under have seen their net worth increase the slowest. While it's often the case that people get wealthier with age, we still have to be able to start "accumulating," which seems to be increasingly difficult without help from family. And how many years are we looking at? Freedom 65? 70? 75?

Bittersweet prospects

The barriers to accumulating wealth are greater than before. Tuition has risen three times faster than inflation since 1985, which has nearly tripled the average student debt over 30 years. Home ownership has become more difficult, with the down payment for a home having doubled relative to family income compared to 1980. Since then, the average age of first-time home buyers, now forced to save longer, has also increased by four years.

On the work side, fewer and fewer employers, especially in the private sector, are offering a pension plan—and when they do, it is often less generous. Additionally, as the number of workers contributing to these plans will continue to decrease, disbursements will increase.

But it's not all doom and gloom for young people. The increased contribution to household income from women has allowed families to outpace inflation in the long term in Canada, although less true recently. The labour shortage caused by an aging population has created a favourable job market, such that any economic downturn should have limited impacts on the unemployment rate and employment.

Student debt and lack of employer pensions prevent young people from becoming financially independent

Financial horizon

Young people need to pay back more student debt, save more and plan for retirement. These are all good reasons why people are changing jobs based on pay—which may partly explain why the average length of employment is 15 per cent shorter than in the 1990s.

According to CPA Canada's *Thriving or Surviving* study, this race against the clock (in terms of saving, investing and paying off debt) is also creating more stress for younger people. The study also shows they are very critical of their financial literacy and they emphasize the importance of starting to save early.

With two (or even three) recessions under their belts and a period of high inflation, Generation Z and millennials are learning the importance of financial discipline the hard way, which is a far cry from how they are often characterized.

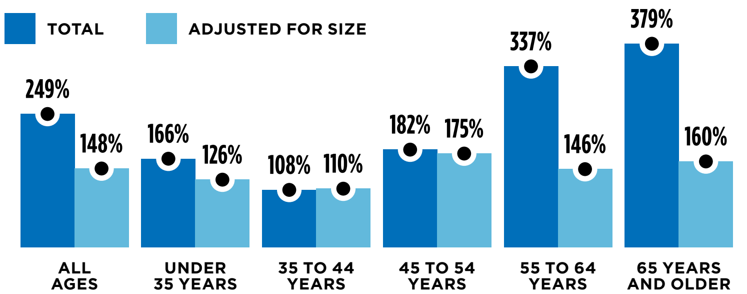
Many baby boomers realize this and are willing to help them generously: 25 per cent of those aged 18 to 34 have already given and/or received an early inheritance. Those aged 18 to 34 also seem to understand the importance of intergenerational wealth transfer as their age group transferred money to their family members three times more than other generations during the pandemic. And for good reasons, for example, to help fund their relatives' immediate financial emergencies due to unforeseen job loss.

One thing is certain: despite technological breakthroughs in personal finance (apps gaining popularity, digitization of cash, the rise of new assets such as cryptocurrencies, robo-advisers, etc.), the fundamentals of financial literacy remain essential and more relevant than ever. They are critical to empowering young people, especially those who have no inheritance and must rely solely on their knowledge, skills and luck to improve their financial situation. ◆

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

GROWTH IN HOUSEHOLD NET WORTH BY AGE

in % of growth between 1999 and 2022



NOTE: NET WORTH GROWTH IS ADJUSTED WITH THE GROWTH IN THE NUMBER OF HOUSEHOLDS WITHIN EACH GROUP

SOURCE: STATISTICS CANADA

ILLUSTRATION BY KAGAN MCLEOD; PHOTOGRAPH BY ISTOCK

CPA CHARTERED PROFESSIONAL ACCOUNTANTS

SAVING YOU TIME AND MONEY, FROM WORK TO HOME

As a CPA, you're so much more than an accountant. You're also part of a thriving profession and a pre-eminent community of business leaders in Canada. You are a hard worker with big goals for your career and big dreams that drive your personal lives too. CPA Canada supports you in both your professional and personal lives by working with numerous nationally recognized partners to bring you deals on lifestyle, business, travel and more.

NEW BENEFIT!

THE GLOBE AND MAIL

The Globe and Mail offers CPA Canada members a special offer (limited time only!) of 80% off an all-access 1-year digital subscription to www.globeandmail.com.

NEW BENEFIT!

MAGNIFI

Magnifi offers CPA Canada members a discounted rate of $9.99 per month for Magnifi's full Virtual Office Suite.

NEW BENEFIT!

ThinkTWENTY20 The Magazine for Financial Professionals

ThinkTWENTY20 magazine offers a 15% discount on subscriptions and/or any advertising on the ThinkTWENTY20 website or magazine.

SAVE UP TO 50%!

Lenovo

Save up to 50% off on award-winning tech such as ThinkPad, Yoga convertibles, Legion / Gaming PCs, desktops, tablets, accessories and more.

SAVE 75%!

intuit quickbooks

Stay on top of your business finances with QuickBooks Online. Get 75% off for three months.

EXCLUSIVE OFFER!

primus

Primus offers CPA Canada members savings on your Unlimited Internet, TV and Home Phone needs. Plus, get a sign-up credit of up to $150!

SPECIAL DISCOUNT!

ADP Always Designing for People

ADP Canada offers CPA Canada members 3 months free payroll on ADP's HR and Payroll solutions.

SAVE UP TO 30%!

AVIS

CPA Canada members enjoy up to 30% off base rates with Pay Now or up to 25% off base rates if you pay later. Terms and conditions apply.

SAVE UP TO 30%!

Bell

Take advantage of Bell's Exclusive Partner Program – Save up to 30% on incredible smartphone plans with unlimited sharable data.

For more details, visit: **cpacanada.ca/savingsandoffers.**

SOCIAL Qs

INTRODUCING THE FIN-FLUENCER

With so many personalities sharing advice on the web, it's good to know who to trust **BY DORETTA THOMPSON**

If there's one thing CPAs have embedded in their professional DNA, it's the importance of thoughtful, qualified advice and reasoned decision-making.

And then there's the internet, that great information equalizer, rife with, well, pretty much everything. Online influencers have been around since online tools eliminated barriers to mass communication. From choosing your wardrobe to building a playpen for your cat, there's advice to spare. That includes would-be saviours trying to multiply your money.

Introducing the fin-fluencer—the financial influencer—offering every flavour of financial "advice." And while online research can support good financial decision-making, it can also lead down a rabbit hole of ill advice. Think GameStop. That was fun…unless you were among the last people buying at a high.

Here are some red flags to assess them.

- **Can you identify the fin-fluencer's credentials? Have they shared their own financial journey?**
- **How is the fin-fluencer paid? Most have an income stream (think ads, affiliated products, course fees) they want you to be part of.**
- **How do they explain risk? Is it all upside returns without addressing the potential for losses?**
- **Do they encourage risky behaviour by playing on FOMO (fear of missing out)? Whether it's penny stocks, crypto or the latest meme stock, is it all "secrets to being a millionaire by acting urgently?"**

It takes time to build financial security, and schemes that sound too good to be true almost certainly are. When assessing fin-fluencers, look for the ones who understand that. ◆

Doretta Thompson is a financial literacy leader at CPA Canada.

SHAM, WOW

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

CRYPTO COLLAPSE

The cryptocurrency industry has become used to pain; at one point in 2022, it lost $2 trillion in value. But even veteran investors were shocked by the November implosion of FTX, one of the world's largest crypto exchanges. The firm had been widely seen as one of the few adults in the digital currency room and just days before it filed for bankruptcy, CEO Sam Bankman-Fried reportedly tweeted "FTX is fine."

The company's collapse has affected more than 1 million customers. Many desperately tried and failed to withdraw their money as FTX cratered. Investors have also sued Bankman-Fried and several of FTX's celebrity endorsers, including Tom Brady and Larry David.

The company's downfall has sparked investigations by both the U.S. House Financial Services Committee and the Securities and Exchange Commission, resulting in criminal charges leading to Bankman-Fried's arrest. He faces charges that include fraud and money laundering that could lead to up to 115 years in prison if convicted.

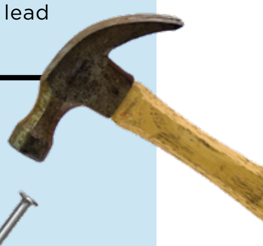
DISASTER DISBELIEF

When post-tropical storm Fiona tore through Atlantic Canada in September, it left a path of destruction in its wake. Apparently, it also created an opportunity for scam artists.

Police say fraudsters claiming to work for the federal government have been calling flood victims across the region offering disaster relief. The scammers are asking for personal information, including the victim's name, bank account information and social insurance number, in a classic identity theft scheme.

Some fraudsters have also posed as employees of banks and utility companies, says the Canadian Anti-Fraud Centre, a partnership between police and regulators.

Fiona caused $660 million in insured losses, making it the costliest extreme weather event in the history of the Atlantic provinces, according to the Insurance Bureau of Canada.



HOMEWRECKER

Toronto police have arrested a 54-year-old contractor, accusing him of bilking more than a dozen homeowners out of $1.4 million.

Officers allege the man overcharged seniors and other vulnerable people for home renovations, either doing shoddy work or no work at all. They say one 75-year-old Toronto woman lost $1 million.

The contractor faces charges of fraud, money laundering and possession of the proceeds of crime. Police accused him of defrauding 15 homeowners but say there may be more victims.

The man, who operated under four company names, was reportedly charged alongside his son and an employee.

PHOTOGRAPHS: HOMEWRECKER BY **ISTOCK**; FTX BY **GETTY**

SECURE & COMPLIANT CLOUD INFRASTRUCTURE ENVIRONMENTS FOR TODAY'S ACCOUNTANTS

Safely store your clients financial data and run your accounting applications from a secure SOC II compliant & 100% Canadian PIPEDA compliant cloud platform.

Securely Access Your Accounting and Tax Software From Anywhere!

Simplify Your Experience

We're pretty sure you have enough to worry about!

Our infrastructure experts will completely set you up with the resources to run your software.

24/7 Ongoing Customer Support

...and not the type of support that puts you on hold for an hour at a time.

Built-In Security
Includes data encryption, intrusion detection, and intrusion prevention.

Back-up and Restore
In case of a disaster or computer issues, your data is backed up and available to re-access.

Remote Access and Team Collaboration
Flexibility to access on any device regardless of where you are. Share and work with clients simultaniously if required.

Reduce Overhead and Expenses
Focus on your clients and not your IT! Cut the capital and operational costs of buying, maintaining, and upgrading local IT hardware.

Visit us at www.servercloudcanada.com/CPA to learn more.

SERVERCLOUD CANADA

Let us build a customized solution that fits your specific needs.

1.888.425.1967

info@servercloudcanada.com

BY THE NUMBERS

BUYING THE FARM

Canadian housing prices are slumping, but farmland continues to rise in value despite higher interest rates and higher farm input costs. Farmland prices rose 8.1 per cent on average in Canada in the first six months of the year, driven in part by increased commodity prices and higher food prices. During the same period housing prices dropped 11 per cent. Ontario experienced the greatest increase with prices rising 15.6 per cent, Prince Edward Island following at 14.8 per cent and Quebec rounding out the top three with a 10.3 per cent bump. *—Steve Brearton*

FARMS AND HECTARAGE

62 MILLION

HECTARES TOTAL FARM AREA IN CANADA

327 HECTARES

AVERAGE CANADIAN FARM SIZE

189,874

FARMS IN CANADA

THE LOSS OF MILLIONS OF HECTARES OF FARMLAND

In the 45 years between 1971 and 2016, Canada lost **4.4 million hectares** of farmland, according to a 2019 study by University of Guelph academics.

↓ -3.5%	↓ -23%	↓ -6.4%
SK	ON	CANADA

"The analysis of the land use and soils data indicates that farmland is being lost to urban expansion in Canada every year, with much of this occurring in **Ontario**, **Quebec**, **Prince Edward Island** and **British Columbia** where the majority of Canada's best farmland is found."

—

Allan Howard, of Agriculture and Agri-Food Canada, reporting to Canada's Standing Senate Committee on Agriculture and Forestry in 2017

"The area available for farmland that can be cultivated and productive is limited and does not increase as opposed to real estate markets. This puts upward pressure on prices, given a stable and robust demand."

Farm Credit Canada Mid-year 2022 release on farmland values

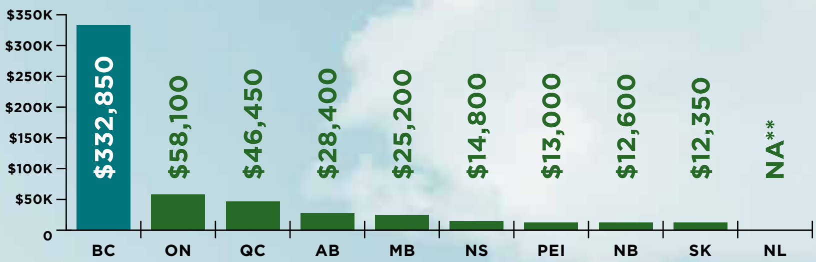
SOURCES: STATISTICS CANADA, FARM CREDIT CANADA, CANADIAN REAL ESTATE ASSOCIATION, CANADA'S SUPPLY OF AGRICULTURAL LAND, ALFONS WEERSINK, NICHOLAS BANNON, JULIA RIDDLE AND MADELINE TURLAND

CANADA'S MOST VALUABLE FARMLAND

$332,850

Average price per hectare of land in **B.C.'s Fraser Valley**

HIGHEST REGIONAL PRICE PER HECTARE OF LAND, BY PROVINCE, 2021*



* REGIONS BASED ON FARM CREDIT CORPORATION DEFINITIONS.
** THERE WAS AN INSUFFICIENT NUMBER OF PUBLICLY REPORTED SALES IN NEWFOUNDLAND AND LABRADOR, YUKON, NORTHWEST TERRITORIES AND NUNAVUT TO ASSESS FARMLAND VALUES IN THAT PROVINCE.

LESS FARMLAND AND HIGHER COMMODITY PRICES BOOST VALUES

$516.6 BILLION

Value of Canadian farmland (2021)

+$146.8 BILLION

5-year rise in farmland value ('16-'21)

PHOTOGRAPHS: **ISTOCK**


IN
DEEP
100
100
100
100
100
100
100

From small credit card draws to massive corporate refinancing, our relationship with debt is complicated. But what is the ultimate cost of all that borrowing?

BY JOHN LORINC

IN THE MONTHS leading up to the COP27 climate summit in Sharm El-Sheikh, Egypt, Mia Mottley, the prime minister of Barbados, began talking up a radically new approach to global debt and the enormous costs incurred by low-lying nations that are facing the brunt of climate change.

After climate-related disasters, she argued, the World Bank Group and the International Monetary Fund (IMF) should suspend debt repayment plans for the affected nations, enabling their governments to direct funds to reconstruction and also attract global capital to build up the resilience of these vulnerable places with investments in clean energy, flood protection, and so on. Many are developing nations that already carry ruinously high national debt. "We were the ones whose blood, sweat, and tears financed the Industrial Revolution," Mottley said in a much-watched address at the COP27 conference. "Are we now to … pay the cost as a result of those greenhouse gases from the Industrial Revolution?" During the summit, Mottley's plan rapidly garnered international support and became one of the cornerstones of the summit's final resolution.

Mottley's high-wire campaign to link debt and climate change can be seen as yet another reminder that the financial relationships between borrowers and lenders are never just about the numbers on balance sheets. The twinned conditions of owing money or being owed money create power dynamics, political and economic tensions, harsh moral judgments, investment instruments, and entrepreneurial action. The vocabulary of debt is woven as deeply in our language and thinking as it is in our most ordinary commercial transactions. And, as Mottley argues, a new understanding of debt could even shift the way the world confronts an accelerating environmental catastrophe that burdens some societies more than others.

PHOTOGRAPHS BY ISTOCK

Debt and the proliferation of credit instruments have played a starring role in some of the worst economic disasters in the past two generations, including the Savings and Loan scandal of the late 1980s, junk bond scandals, the collapse of Enron, sub-prime mortgages, the 2008 credit crisis, and the geopolitical instability caused by the rigid repayment policies the IMF imposed on developing nations.

The pandemic and its aftermath have added a new chapter in the complicated history of debt dynamics. "In the decade or so prior to COVID and [the] post-financial crisis, interest rates in North America were pretty suppressed," observes Robert Kavcic, a senior economist with BMO Capital Markets. "So there was a lot of borrowing and leveraging going on in the household sector and you can [also] see it in the housing industry." He points out that, in recent years, there's also been a surge in the use of home-equity lines of credit (HELOC) to finance the purchase of second or third properties, such as condos, for income purposes.

After March 2020, and the imposition of lockdowns in so many countries, many governments took on huge debt burdens to ensure that the sharp decline in economic activity didn't cause undue suffering. (As of mid-2021, Canada's national debt hit $1.6 trillion.)

In Canada and elsewhere, many people couldn't spend money on activities like travel or eating in restaurants so they began saving at unprecedented rates. But, as the world re-opened, pent-up demand and historically low interest rates produced a surge of consumer spending and a run on housing, and thus a sharp upswing in new consumer and mortgage borrowing, supply chain bottlenecks, and, finally, inflation at rates not seen since the 1980s.

The pandemic led to pent-up demand in consumer spending, particularly in housing

PHOTOGRAPH BY **THE CANADIAN PRESS**

DOUG HOYES, a CPA and licensed insolvency trustee based in Kitchener, Ont., knows first-hand from his clients what happens when household and consumer debt become overwhelming. But he also keeps close tabs on economic trends and has arrived at some revealing conclusions about where Canada is, as a society, when it comes to owing money. Insolvency rates, he says, "crashed" during the pandemic and remained at or near a 25-year-low in late 2022. "That's what doesn't get reported in the media," he observes archly. "It's not a very interesting story, but those are the facts."

On a recent Zoom call, he shared a chart showing that the absolute number of insolvencies per month in Canada in fall 2022 was roughly the same as 25 years earlier. Adjust for population growth, he says, and it becomes clear that today's figure is "massively lower."

Explaining the underlying dynamics, Hoyes rhymes off a list of factors: a reasonably strong labour market, new federal rules enacted after the 2009 recession that enabled individuals to more easily make consumer proposals (an alternative to filing for bankruptcy), and demographics. The insolvency wave after the credit crisis, Hoyes says, was driven in part because so many Canadians were in their mid-40s, an expensive time of life. Today, there are a lot more people retiring, and they tend to be less leveraged. "You've kind of aged out of the system," he says.

Hoyes is also quick to point out that no one should sit in judgment of people who get trapped in a debt spiral. In the go-go years prior to the pandemic, he may have seen more personal bankruptcies or consumer proposals from people who'd given their credit cards too much of a workout. The current environment couldn't be more different. After household savings rates shot up in the spring of 2020 to 26.5 per cent ("the highest level in my lifetime," Hoyes says), they've gradually come back down. But, due to soaring inflation, rents, and interest rate spikes designed to contain the inflation, some household budgets are generating red ink. "My average client last year had income of around $2,400 a month," he says. "But if you live in Toronto, your rent is $2,000 a month." Hoyes adds that many people now also carry tax debt.

CPA Canada's director of finance, Michael Massoud, points out that the pandemic also produced a sharp divide between those who benefitted financially and those who did not. He says non-profit credit counselling agencies have seen an uptick in people who are grappling with mounting debt and increases in the prices of all manner of household expenditures. "People are starting to struggle with debt," he says. "I think there is an uptick in individuals [who] might be struggling with maintaining a proper credit rating."

"People are starting to struggle with debt. There's an uptick in individuals struggling with maintaining a proper credit rating."

The range of options has broadened because of the changes in the rules governing consumer proposals, but Massoud, like Hoyes, stresses that it's important to confront a worsening debt crisis without shame—a piece of advice he also directs at CPAs whose clients might be in a tough spot. "The most important thing is really to encourage your clients, or even yourself, to not be afraid to ask for help," he says. "People confuse net worth with self-worth." One very straightforward piece of advice: "Ask your bank or creditor to reduce the interest rates on outstanding debt. The worst they can say is 'no.' But, if you don't ask, you'll never know."

Not-for-profit credit counselling agencies have long been a source of advice for consumers, with the costs covered by creditors. But, Hoyes points out, the business of debt counselling for profit has picked up steam as consumers turn to these companies for debt relief.

URSULA WEGEN, a Calgary small business owner, knows precisely how swirling global forces can turn into a debt squeeze that poses a direct threat to the viability of a store she's owned and operated for almost 20 years. Wegen and her daughter started UtB Specialty and Fashion Shop in 2003, first selling T-shirts and later branching out into designer fashions and crafts made by local artisans. But, in the late 2010s, she realized she'd have to downsize and relocate from her downtown location because depressed oil and gas prices had emptied out the Calgary office buildings that delivered customers to her doorstep.

"We thought we did the right thing," she says, but then the pandemic hit. They started selling online, and were able to rely on a loyal customer base, which worked for a while, until the more global imponderables washed over UtB: inflation that further eroded her customer base, economic uncertainty because of the war in Ukraine, and, finally, the Bank of Canada's inflation-busting interest rate spikes. Wegen has had to load up her line of credit, max out her credit cards, and slash prices to stay afloat. She's determined to stay open, pay her suppliers, retire a loan from an angel investor, and eventually hand over the business to her daughter.

Wegen is by no means the only small business owner struggling with debt as the economy whipsawed through the past year. As the world began to open up in 2021 and interest rates were at historic lows, many small businesses hustled to take advantage of the economic resurgence, but then found themselves stuck in the jaws of inflation, supply chain nightmares, and steep increases in their borrowing costs in 2022.

According to the Canadian Federation of Independent Business, fully a third of small business owners reported that borrowing costs had become a major concern, up from just 16 per cent the year previous. More than half are also relying on lines of credit or loans with variable interest rates, and about 62 per cent are still carrying unpaid debt taken on during the pandemic.

Taylor Matchett, a senior CFIB research analyst, says the average member firm is carrying more than $114,000 in debt, and cites a November 2022 survey that showed that insolvencies reached a two-year high in mid-2022. One in 10 Canadian small business owners would opt to file for bankruptcy if they couldn't keep their doors open, the survey found, while 46 per cent of businesses at risk of closure would simply stop operating rather than go through the bankruptcy process. "The situation, when it comes to pandemic debt, is still really widely felt by a majority of small business owners," she says, "and it's pretty top of mind."

> "This is going to be an issue for the foreseeable future. It's going to be important that government tries to lower costs for businesses."

Massoud agrees: "As interest rates continue to rise and wage pressures continue to increase, I think there's a lot of uncertainty out there that's causing businesses to rethink their plans and their expenditures over the coming years." He points out that some businesses may have had the foresight to lock in lower-cost loans last year, when interest rates were low. But, he adds, "if you've actually had to access debt in the last couple of months, you might be starting to feel that squeeze."

Matchett points out that increasing debt overhangs carry opportunity costs for small businesses and can lead to tough situations, such as not being able to increase wages and benefits or finance strategic investments, such as tapping online markets. "The takeaway is that this is going to continue to be an issue for the foreseeable future," she says. "It's going to be really important that government tries to lower costs for businesses."

With dwindling sales and increasingly cautious consumers, Wegen has been living this reality for almost a year. "That's where we're sitting," she says with a shrug. "It's month to month to month." But, she adds quickly, closing her doors or declaring bankruptcy is not on the table. "We've gotten through many tough times before and we'll get through this."

PHOTOGRAPH BY **THE CANADIAN PRESS**

"Quantitative easing" by central banks led to the purchase of corporate bonds, which, in turn, fuelled inflation, critics say

THE PROSPECTS for Canada's heavily leveraged small businesses seem worrisome. According to Statistics Canada, small businesses (businesses with fewer than 100 employees) in 2021 accounted for 98 per cent of all employers, almost two-thirds (63.8 per cent) of the entire labour force, and the near-term outlook wasn't especially positive.

But their activities and contributions to the economy are often overshadowed not just by very large or publicly traded companies but also the roiling world of international corporate bond markets that account for a lion's share of business borrowing. A Statistics Canada study on business borrowing before and after the pandemic found that Canadian companies have become increasingly leveraged in the past decade, and that rate of growth has exceeded those of countries like the U.S., Japan, and Germany. When the pandemic hit, corporate borrowing from banks in Canada not only spiked but surpassed all previous records. As the study pointed out, "short-term financing now dominates new lending," and the resulting exposure to the Bank of Canada's interest rate hikes is clear.

These pandemic-fuelled swings in corporate bond markets are playing out against yet another new dynamic in the way our society thinks about debt. During the pandemic, as in the 2008 credit crisis, central banks, in order to prevent deflation, implemented aggressive "quantitative easing" policies that led to the purchase of hundreds of billions of dollars of corporate bonds by institutions like the Bank of Canada and the U.S. Federal Reserve.

Critics contend these money-printing policies fuelled inflation, and some, including the Conservative Party leader Pierre Poilievre, have attacked central bankers, claiming they've mismanaged the economy. While there's a robust policy debate about those arguments, one point is abundantly clear: that debt—from modest draws on a credit card to a central bank's unprecedented purchase of corporate bonds—exerts an extraordinarily powerful and possibly increasing influence on modern society and, if you listen to Mia Mottley, the planet as a whole.

We owe it to ourselves to pay attention to what all that borrowing has wrought. ◆

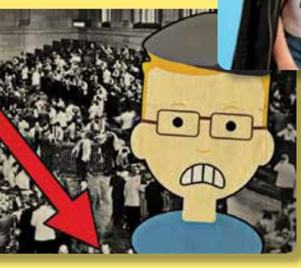

CANADA'S TOP
DIVIDEND ETFS
BEST WAYS TO
START TACKLING
DEBT
VALUE
TRAP
FORECLOSURE
HOUSE
FOR SALE
A Crypto
Call-Out
Recession
LIVE
+13%
RENTAL PRICES
WINDSOR, ONTARIO
$120,000

UNDER THE


T WITH
$1.00


WARNING
HOW TO
INVEST
WHY I
AVOID
CRYPTO
WORST
YEAR
OF MY LIFE
ENOUGH
TO
RETIRE?
WHERE TO INVEST
IN VOLATILE
MARKETS
AS A FINANCIAL ADVISOR

FIN-FLUENCE



With the influx of online financial influencers, is it time to listen to the advice of these Internet personalities?

BY SRIVINDHYA KOLLURU

W**hen Parween Mander** started her personal finance journey 12 years ago, she couldn't find someone who looked like her to turn to for questions. Growing up, Mander was the eldest daughter in a South Asian immigrant household where money was tight and language barriers made it difficult for her family to access financial literacy tools, much less a fancy financial counsellor.

Navigating her own struggles with personal finance inspired Mander, who is now an accredited financial counsellor, to launch her own digital financial coaching company in April 2020 at the onset of the pandemic. She now has 22,000 followers on TikTok, where she shares her own experiences with personal finance on subjects such as breaking generational cycles of money trauma along with short clips that explain finance jargon.

But Mander is hardly the only Canadian using social media to educate people about their finances.

> **"[Fin-fluencers] are all on user-friendly platforms. By contrast, finding a financial adviser feels clunky."**

There's no shortage of influencers on social media platforms, with some using slapstick humour and dance routines to entertain or get a message across. A financial influencer, or "fin-fluencer," may show up on your feed with top exchange-traded fund recommendations or how to survive a recession—videos that will either inspire you to check up on your financial health or swipe up in disgust.

Financial influencers have proliferated with the growing use of social media and a lack of easily accessible financial advice, especially for people who don't come from a wealthy background or are marginalized. Now, with a recession brewing, more people than ever are flocking to various corners of the Internet—from r/PersonalFinanceCanada on Reddit to TikTok to Twitter—for advice on how to prepare their finances. Some preach the importance of actually using your TFSA to invest, others on how to file taxes on your cryptocurrency gains. But, sometimes, a lack of vetted information and the appeal of so-called "get-rich-quick" schemes can put people in tough financial situations, making it all the more important to be able to discern what is and isn't sound advice.

There's a lot of appeal to fin-fluencers. For one, it's easier than ever to access some form of financial education online, be it on Instagram or TikTok. Part of it is about the medium, explains Cristie Ford, the director of the Centre for Business Law at UBC. "They're reaching people on these user-friendly platforms that they're already familiar with. By contrast, finding a financial adviser feels like a completely unfamiliar, clunky and difficult process, right?"

There's also the community aspect. Coreen Sol, portfolio manager and author of *Unbiased Investor: Reduce Financial Stress and Keep More of Your Money*, says herd mentality has contributed to the rise of fin-fluencers. "That's the natural bias to want to belong," explains Sol. Sol says many people share this idea that if someone is confident or has a big following, it must mean that said person is credible. "Those are the natural biases that lead us to want to follow those influencers."

Sol explains that the GameStop frenzy that unfolded in January 2021 was an example of herd mentality meets investing. "When GameStop went from $4 to $80, the business didn't change," she explains. "The decision to buy those shares was purely motivated by the frenzy.

Parween Mander

Runs a financial coaching platform for women of colour

It was purely motivated by wanting to be part of that crowd and thinking that you could make some quick money."

Ford echoes that sentiment. The community aspect of investing was exacerbated by lockdowns during the pandemic. "I think it felt like a community, and high-profile folks like Roaring Kitty used some of the addictive functions of online engagement to make people feel like they were a part of something." Roaring Kitty, a YouTube channel run by American financial analyst Keith Gill, has been widely attributed to stoking the meme stock frenzy.

"That's obviously not something that you're going to get if you're sitting in the waiting room of an office to talk with a financial adviser," says Ford.

Like Mander, Jim Chuong learned about TikTok during the pandemic. "I've never been on social media before, but TikTok seemed simple," says Chuong, a financial coach and self-made multimillionaire investor who has appeared on NBC and TVO's *The Agenda*, and in *The Globe and Mail*. "At the beginning, it was like four or five views per video, and then it became like a few dozen and a few hundred, then a few thousand and hundreds of thousands, and I started getting millions of views a month." Since joining TikTok two and a half years ago, Chuong now has more than 344,000 followers and 5.7 million likes from sharing financial literacy advice to his viewers.

In the 1980s, pre-social media and TikTok dance routines, Chuong went to the library to learn how to become financially independent. He pored over books and magazines, soaking up information. "I think the same issue exists today as back then, which is [that] there is too much information that is too complicated, and you don't know where to start," he says. "It's like taking someone to the gym with thousands of pieces of equipment and saying, 'Get in shape, everything you need is here.'"

Instead, he says many people gravitate toward others who have gone through the same or similar financial challenges, obstacles, and problems, and eventually found a way out. "Because you don't know where to start and you don't know what you don't know, that's the best you could do," says Chuong. "That's

PHOTOGRAPH COURTESY OF **PARWEEN MANDER**

Jim Chuong

Self-made multimillionaire financial coach

the position I was in [during] the eighties: You don't know what you don't know, and you don't know where to start."

This notion of not knowing what you don't know made Bassem Zahili the expert among his friends, peers, and relatives for all things personal finance. Zahili is a CPA and uploads finance explainers and how-tos to his YouTube channel audience of more than 17,500 subscribers.

If Mander, Chuong, and Zahili have one thing in common, it's that each creator has noticed a dire need for financial education in Canada.

Check your sources

Early in his YouTube tenure, Zahili gained just 10 subscribers to his YouTube channel per day. That changed during the meme stock mania of 2021, when retail traders gobbled up shares of GameStop and AMC Entertainment, driving their prices up. The short squeeze was largely fuelled by various corners of social media, the most notable—and meme-focused—one being r/WallStreetBets. Then came the GameStop stock frenzy. "I probably got the most amount of subscribers in a day from a GameStop video I posted," says Zahili. His YouTube channel gained around 150 subscribers per day during that time. He adds that the meme stock frenzy was an opportunity where a small number of people made a lot of money, and so-called financial gurus took advantage of retail traders. While some people reaped millions of dollars from stocks including GameStop, AMC Entertainment, and Bed Bath & Beyond, these returns are an anomaly.

"It's your money, so you have to do your own research," says Zahili. "You can't just blindly trust people on the Internet."

Get-rich-quick schemes look tempting. Some creators use clickbait—with bright, large-font titles promising gigantic returns—to reel viewers in with false promises. Mander and Zahili say people should automatically be wary of outlandish promises. Zahili says this is how some YouTube channels make the most amount of money in as little time as possible. He doesn't make outlandish promises and stays away from clickbait tactics. "When I say I could help you make 10 per cent a year, that's a realistic amount," says Zahili. "If someone is guaranteeing

PHOTOGRAPH BY JOSHUA BEST

Bassem Zahili

CPA, part-time real estate agent, and YouTuber

massive returns or something seems too good to be true, it probably is."

If you're debating whether someone is credible, Mander recommends researching the person to review their credentials and qualifications. She also recommends viewers never solely rely on social media for financial education; it can serve as a tool, but should complement other resources, like books or advice from a professional.

"Whatever idea you get from social media, you should bring to your financial adviser to talk it out."

Meanwhile, Chuong simply thinks you shouldn't fully trust anything you see on social media. "Never consider any of it as financial advice and whatever idea you get from social media, you should bring to your financial adviser to talk it out," he explains.

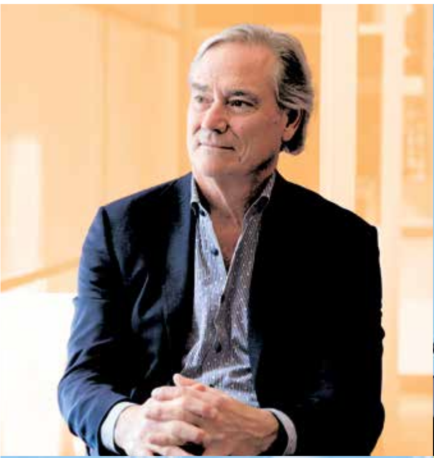
A diverse perspective

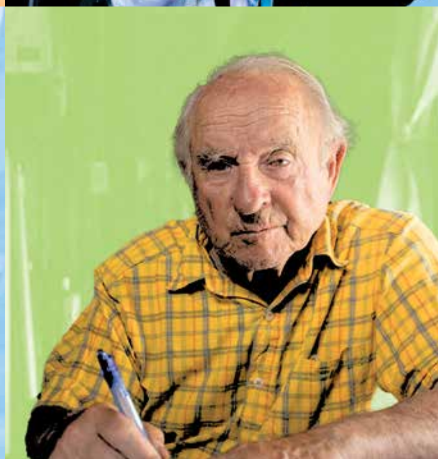
As of September 2022, there were around 17,000 certified financial planners, or CFPs, in Canada. But, according to a 2021 survey by FP Canada, just four per cent of CFPs can speak French, Mandarin, or Cantonese, and just one per cent speak Hindi, Punjabi, or Italian. Mander, who grew up in a Punjabi household, believes her background as a woman of colour is why many people turn to her content in particular.

"There are different levels of systemic discrimination and accessibility barriers to financial literacy and resources," she adds. To her, money was often associated with anxiety and subsistence. "I've kind of carried that mindset into my early adulthood with money as I was frugal with finances," says Mander, who encourages women of colour to take control of their finances through one-on-one coaching.

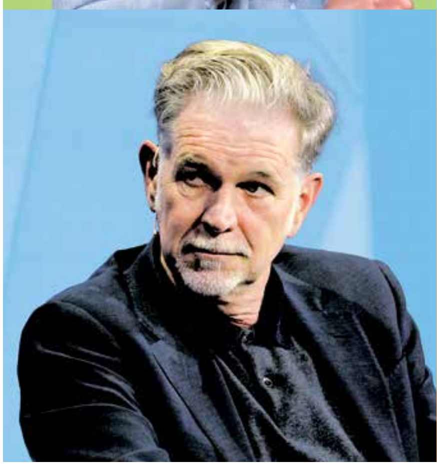
When asked about the most rewarding part of creating content on social media, Mander says it's her ability to give her clients and viewers the confidence to kickstart their personal finance journey and to validate their experiences when it comes to managing their own money. ◆

PHOTOGRAPH BY ERIN LEYDON





C-change



PHOTOGRAPHS BY **GETTY**; MCCAIN BY **FRANK NEUFELD**; CHOUINARD BY **CAMPBELL BREWER/PATAGONIA**

In the age of the celebrity CEO, there has been a shift in how top executives view their roles as they work to redefine just what makes a good leader

BY ALI AMAD

FIRST ROW
- Michael McCain, Maple Leaf Foods
- Mary Barra, General Motors
- Tim Cook, Apple Inc.

SECOND ROW
- Elon Musk, Tesla Inc., SpaceX, Twitter Inc.
- Yvon Chouinard, Patagonia
- Calvin McDonald, Lululemon

THIRD ROW
- Jane Fraser, Citigroup

FOURTH ROW
- Reed Hastings, Netflix
- Marc Benioff, Salesforce
- Safra Catz, Oracle

The business world is changing more rapidly than ever before. In the past 20 years, constant technological innovations and the rise of social media have transformed society and how businesses operate within it. Throw in a devastating recession in 2008, the growing impacts of climate change—as well as a global pandemic—and our increasingly interconnected planet has also become more volatile and unpredictable.

In order to be effective in this complex landscape, today's business leaders need to transition from the autocratic model of yesteryear to become collaborative and communicative servants of their organizations. Think Netflix co-CEO Reed Hastings, who adopted a laissez-faire leadership approach at the streaming giant after starting his career with a far more dictatorial streak at his first company, Pure Software. Many other top current CEOs, such as Apple's Tim Cook and Lululemon's Calvin McDonald, also successfully employ the servant model to varying degrees—out of necessity, if nothing else. →

“There’s a growing trend toward a distributed leadership model”

The late GE CEO Jack Welch was the ultimate my-way-or-the-highway leader

“It simply takes too long in today’s fast-changing world to relay everything up to the decision maker at the top of the hierarchy,” says Ingo Holzinger, a Schulich School of Business professor whose research focuses on executive leadership. “Instead, there’s a growing trend toward distributed leadership models that share decision-making with teams and experts on specific contexts or fields.”

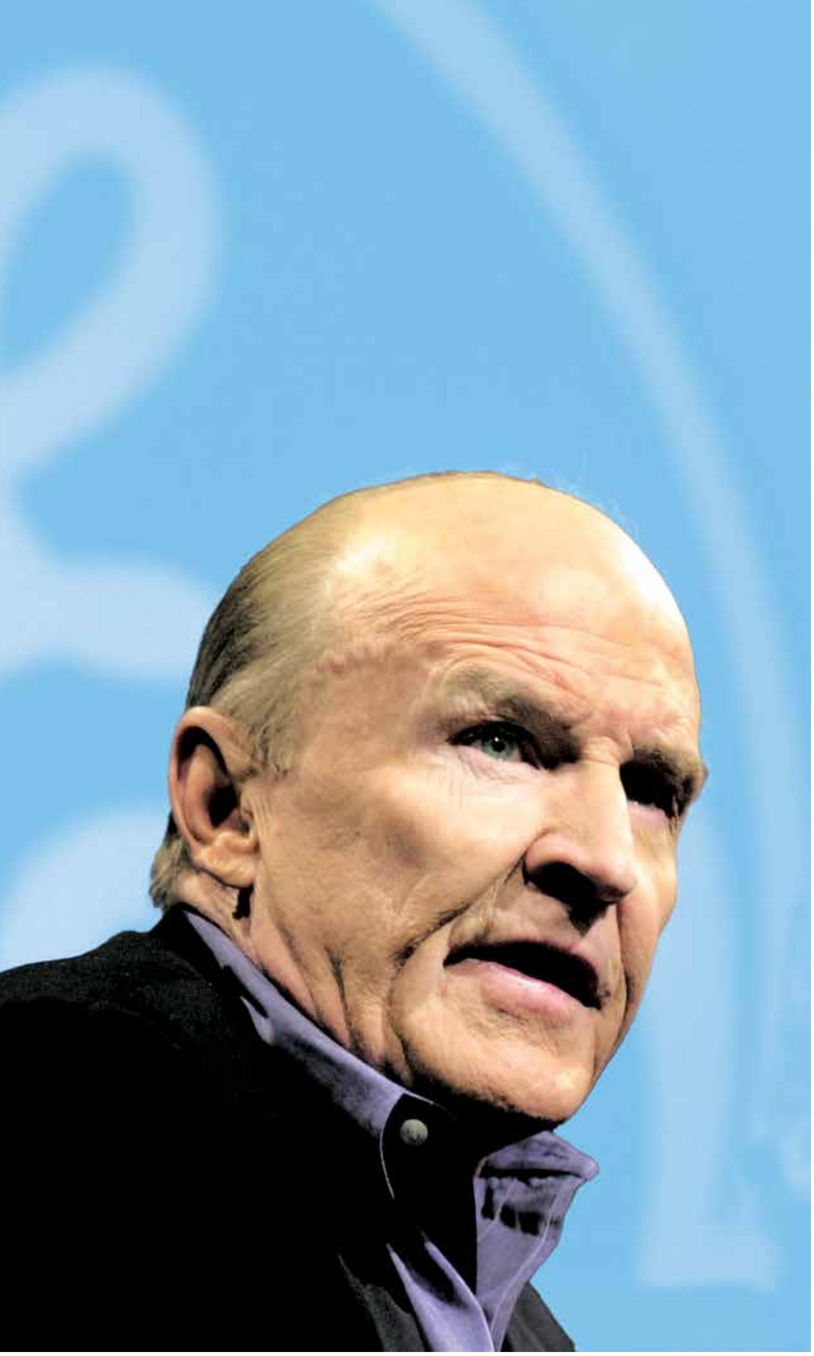
Compare that to the past when business leaders used to solely focus on serving shareholders and the bottom line, adds Daniel Skarlicki, a professor of organizational behaviour at UBC’s Sauder School of Business. “But today, having a high-performing, profitable company isn’t enough. In the boardroom, there’s a broader set of concerns that includes sustainability, climate change, equity, diversity and inclusion, and an overall commitment to ethical and responsible leadership.”

While many of the above concerns had been addressed by CEOs of the past two centuries, Skarlicki says they were usually viewed through a predominantly business-oriented lens. The environment, for example, was treated like an external variable that could boost or reduce profit, rather than as something holding value beyond quarterly reports. In many ways, he adds, this made life easier for a CEO.

Modern corporate business management first arose during the early years of the 20th century, with the first generation of corporate leaders including the likes of Henry Ford, president of Ford Motor Company, and John Rockefeller, oil tycoon and, later, philanthropist. In those early days, these leaders ran their companies like autocrats, with lower-level managers and workers mere extensions of their will.

Since they were often making up the rules for nascent industries that didn’t have them, these bosses relied on decisiveness and self-confidence to plot their course through uncharted waters. And, of course, they had an impact. Ford revolutionized car manufacturing—and mass production as a whole—by developing the moving assembly line system in his factories. Meanwhile, simultaneously with the labour movement, Ford increased his workers’ wages and reduced their hours to create something resembling the contemporary work week. As for Rockefeller, he played a major role in shaping the budding oil and gas industry before running afoul of antitrust laws that led to the breakup of his industrial behemoth, Standard Oil.

In subsequent decades, the personalities running the business world remained largely the same: charismatic and bold visionaries who made all the big decisions and ruthlessly executed their plans, à la Howard Hughes,



PHOTOGRAPH BY GETTY

the eccentric aviation magnate. Perhaps inevitably, these leaders tended to be heavily involved in every aspect of their businesses, shunning the delegation of responsibilities whenever possible.

By the 1960s, however, the growing complexity of large organizations that were now operating throughout the world meant the autocrat model was no longer practical or desirable. While the pyramid-shaped hierarchies of yesteryear were still in place, the CEO at the top had become what the *Harvard Business Review* defines as an "organization man"—which is also a recognition of the reality that very few women attained the position of CEO during this era.

Rather than concentrate on innovation, CEOs shifted to building their careers within established fields, with business school attendance and industry specialization becoming the norm for those in the C-suite. More akin to a prime minster than dictator, the organization man relied on management and people skills to supervise executives who handled the various branches of a company's operations.

The role of the shareholder had also risen in significance over the course of the 20th century. Once upon a time, many CEOs only had to worry about keeping a handful of key investors happy, but the prosperous post-Second World War period spread capital to a larger cross-section of the population, who were then investing their earnings in stock markets worldwide. Accountable to a bigger number of shareholders, as well as a board of directors, CEOs had to add pragmatic compromise and deal-making to their skill set, if they were to maximize investor returns and stay in their positions of power.

CEOs also had to contend with a growing level of government regulation when confronted by growing calls for issues like consumer rights, worker safety, affirmative action and environmental protections. This expanded regulation came hand-in-hand with a greater media scrutiny, as more households had access to television news. Consequently, leaders were becoming more image-conscious, especially those heading large multi-national corporations with substantial presence and sway in society. The public persona of a CEO was now a vital part of how their company was perceived. The importance of businesses giving back began taking root, with CEOs grabbing headlines with a steady stream of charitable works and donation pledges—motivated by a sincere desire to spread the wealth and contribute to a better world in certain cases, and occasionally by a calculated attempt to mitigate or counter bad press.

These evolutions in leadership culminated in the 1980s and 1990s with the Jack Welch style of leadership, which represented a synthesis of the autocrat and the organization man. To many, the longtime General Electric chairman and CEO perfectly encapsulated a great business leader: a classic "my way or the highway" alpha male who could wheel and deal with the best of them. Welch was also adept at delegating key responsibilities to his trusted subordinates in an intricate organizational pyramid he held together with an iron fist.

During his 20-year tenure at the helm of GE from 1981 to 2001, Welch turned a company mainly known for household appliances into one of the most profitable conglomerates the world had ever seen, with a portfolio containing holdings in virtually every major industry.

GE's success became a visible endorsement of the Welch leadership model in business schools and boardrooms across the planet.

However, Welch—who died at the age of 84 in 2020—has a complicated legacy. In 2000, GE peaked at around US$600 billion. Today, after a series of calamitous business decisions, its value has plummeted to less than US$100 billion and it is currently in the process of being broken up into three separate entities.

While Welch personally blamed GE's downfall on his erroneous choice in successor, observers have since called out the toxic results-oriented culture he'd created at the company. Pitting employees against each other in a survival-of-the-fittest world can boost short-term profits, but it can also create a toxic organization that can derail a company from within, says Sauder's Skarlicki. "When you're high-performing, all is well, but if your company stops performing, then the house of cards is going to collapse pretty quickly," he says, highlighting the misfortunes of GE as a chastening lesson for business leaders today.

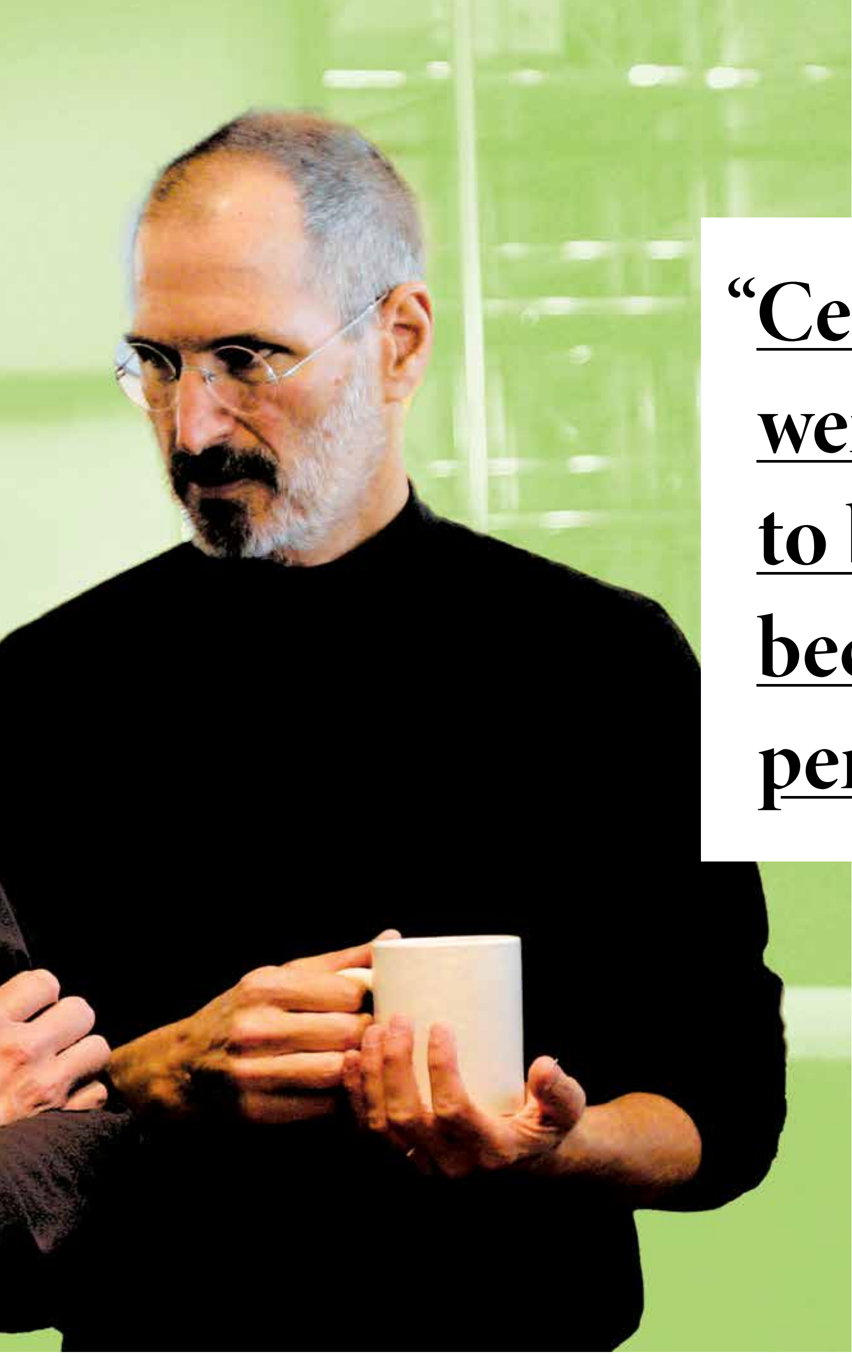
Skarlicki also notes there's been a historical conflation of effective leadership with high corporate performance. He points to the leadership approaches of both Welch and Apple's Steve Jobs, two celebrated success stories who were both known to treat their employees poorly behind the scenes, and in certain instances, with behaviour tantamount to abuse. Were their companies successful because of their abrasive management styles, or in spite of them?

■ Tim Cook brought wise stewardship to Apple after the visionary volatility of Steve Jobs

"If you scratch the surface of a company like Apple, you'll discover that Jobs had a team of unsung heroes doing all the work he took the credit for in his public presentations," says Skarlicki. "Jobs played the all-important role of visionary and he set the tone for the company, but would Apple have been successful without the contributions of people like [future Apple CEO] Tim Cook, the man responsible for its remarkably consistent and effective supply chain?" In that sense, poor leadership can potentially be masked by success due to a variety of other factors. "Certain leaders were also given latitude to be jerks because they were performing well," adds Skarlicki. "If their companies weren't successful, they would be gone just like that."

Nowadays, Tesla's Elon Musk is grabbing the lion's share of media attention with his "draconian" overhaul of Twitter since acquiring it for US$44 billion last fall. After becoming the new owner and CEO, Musk laid off half of Twitter's staff, including several high-level executives and previous CEO Parag Agrawal. Hundreds more employees subsequently resigned in protest to an ultimatum from Musk calling for their commitment to "long hours at high intensity." Despite these controversial maneuverings, Musk still draws some praise for being an uncompromising visionary, while still facing much-warranted criticism in the face of plummeting Twitter stock and losing a record-breaking $182 billion in 2022. Skarlicki argues that Musk is in a class of CEO of his own, an anomaly among a growing number of whom he classifies as the "servant model of responsible leadership."

As the name suggests, CEOs in this model, in addition to being visionaries for their companies, operate as servants to the organization and its employees, devoting their efforts to providing support, coordinating activities,



PHOTOGRAPH BY GETTY

"Certain leaders were given latitude to be jerks because they were performing well"

and instituting a nurturing culture where employees can all thrive. Gone are the pyramid-style hierarchies with the Welches of the world at the top. Instead, this model thrives on more flexible flatter hierarchies that revolve around shared leadership built on a clear mission and purpose. "Today's leaders are enablers," says Schulich's Holzinger. "Enablers put their team first by tackling questions like, 'How can I put my employees in roles where they can make the most positive impact?" What resources do they need? What obstacles can I eliminate?" However, that doesn't mean a sole leader isn't needed anymore, Skarlicki cautions. "There still has to be somebody at the helm who sets the tone and says 'the buck stops here'."

The servant model works best with CEOs who possess a high degree of emotional intelligence: a leader's emotional intelligence extends to understanding their own emotions, abilities and values, as well as the emotional needs of their employees. While it's a useful trait to have in any field, Skarlicki points to organizational research that has consistently shown that emotional intelligence trumps cognitive ability when it comes to leadership effectiveness.

In reaction to the unpredictable challenges of running a business in the 21st century, current CEOs are also more dynamic, adaptable and agile than the previous generation of business leaders. Five-year strategic plans are no longer practical since global markets and a company's value can change in an instant. That's why strategy has evolved into an ongoing process of continuous re-evaluation. Throw in 24/7 news coverage and CEOs also have to contend with every possible mistake going viral, no matter how minor.

To establish just how drastic this transformation of the business landscape has been, Skarlicki equates the tasks of past CEOs to the challenge of sending a rocket to space. "How do you do that? It requires a linear, systemic and controlled approach," he says. However, current CEOs face a challenge more comparable to the one parents face when raising a child, which entails a non-linear approach that can tackle a vastly greater number of variables, nuances and harder-to-predict pitfalls. "Success in the previous context doesn't always lead to success in the other, and vice versa," says Skarlicki. With so much change happening today, a strong and enduring corporate culture is incredibly vital. To assist leaders in creating this culture, traits that would have been perceived as weaknesses a few decades ago,

Business schools now teach leaders how to deal with complex and unpredictable problems

■ Mary Barra, the first female CEO among Detroit automakers, is steering the company into a sustainable future

like humility, are now prized. “When you’re humble, you begin to see and support greatness in others,” says Skarlicki.

Part of this culture change in leadership personalities also has to do with a recent demographic shift in people who are becoming CEOs. For example, as they retire or move on to new ventures, the “organization men” and “autocrats” are sometimes being replaced by female CEOs, with PwC in 2014 estimating that by 2040 women will represent some 30 per cent of the top 2,500 global CEOs—a remarkable rise compared to the average of 2.1 per cent between 2004 and 2008. Women like GM’s Mary Barra—the first female CEO of a Detroit Three U.S. automaker—as well as Oracle’s Safra Catz and Citigroup’s Jane Fraser have shaken up the conventional wisdom surrounding leadership. What have traditionally been characterized as feminine traits are now being steadily adopted by current CEOs. Along with generally scoring higher when it comes to emotional intelligence, female leaders tend to also value interpersonal relationships to a greater extent compared to their male counterparts. “As the world becomes more and more complex, a leader’s effectiveness will depend on the quality of relationships that he or she has developed,” says Skarlicki.

Relationship-building skills are now emphasized at business schools worldwide. For example, Holzinger is coordinator of Schulich’s core “Skills for Leadership” course. “We introduce students to the notion that the complex problems they’ll be facing as leaders are highly unpredictable and don’t typically have obvious solutions that everyone will agree on,” he says. “To address these problems, we highlight the need to build relationships with people they may disagree with in order to get as many diverse inputs as possible.” And a key part of building relationships is great communication skills, adds Holzinger. “Some people may be very good at specific fields like accounting or finance, for example, but if they can’t effectively listen and communicate their knowledge to different stakeholders who come in with different perspectives and knowledge bases, then it’s hard to make an impact as a leader,” he says.

The attributes of a CEO employing the servant model tie into an overarching concept of

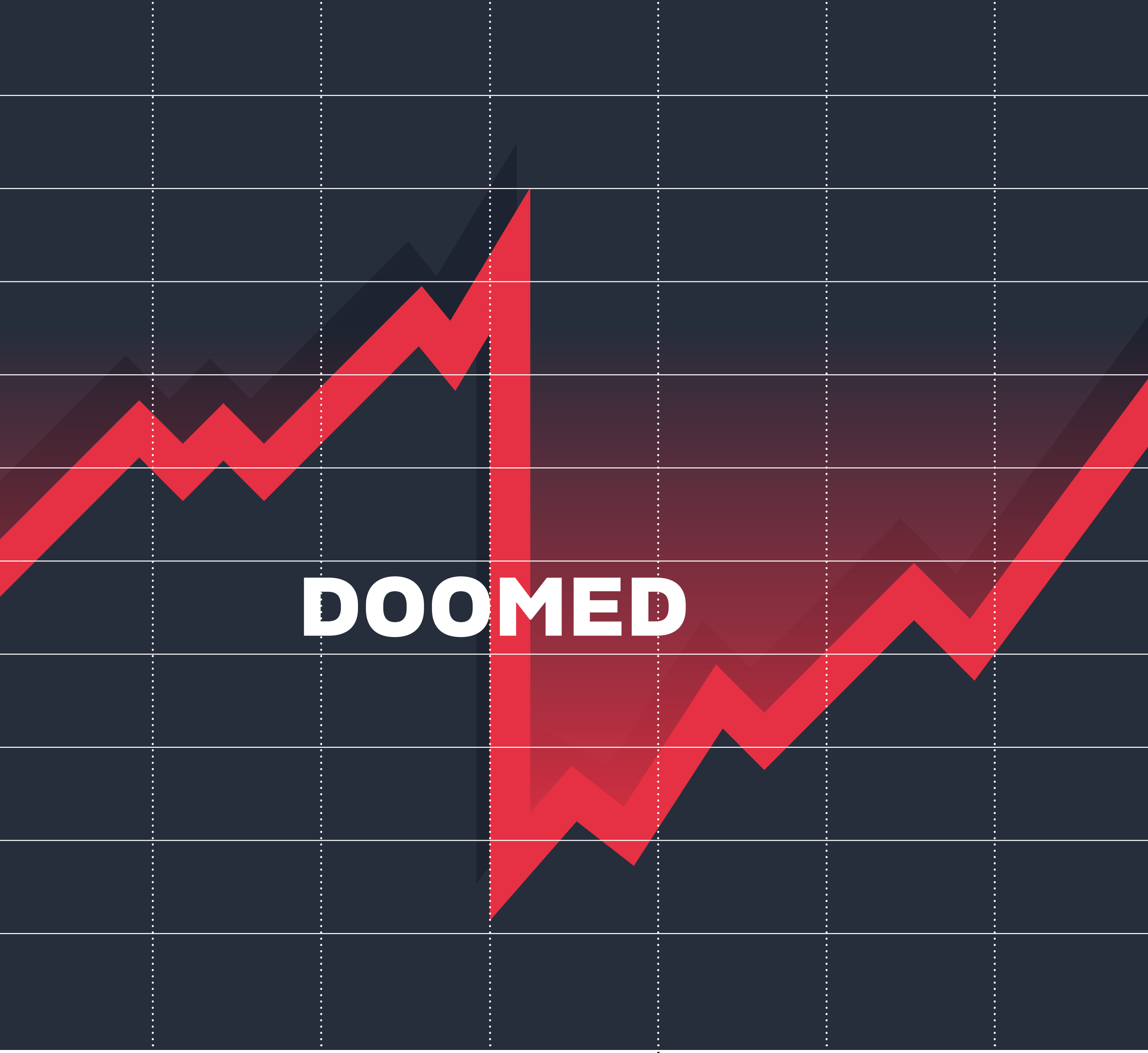
responsible leadership that takes on issues like climate change, human rights and diversity, equity and inclusion—even if that potentially chips away at profits. One prominent Canadian example of a leader who's a trailblazer in this regard is outgoing Maple Leaf Foods CEO Michael McCain. In 2015, McCain committed to an extensive sustainability plan aimed at dramatically improving the treatment of animals and reducing the company's environmental footprint by half within 10 years. Four years later, Maple Leaf Foods became the world's first major carbon-neutral food company. "It became clear to us that we needed to be part of the solution, and not an ongoing part of the problem, for the benefit of future generations," reflected McCain in early 2022. While investor pressure on CEOs have seen them focus on short-term gain rather than long-term responsibility, McCain has long challenged the primacy of shareholders above all other stakeholders including the environment itself.

PHOTOGRAPH BY GETTY

Companies are now also ramping up their charitable efforts, with business leaders seeing them as a primary focus of their work. Last fall, Patagonia founder Yvon Chouinard and his family committed to dedicating all profits not reinvested back into the US$3 billion apparel maker to projects that tackle climate change and protect the environment. The Chouinard family's privately held stock is now owned by a trust and a group of non-profits that expect to donate roughly US$100 million annually. Around the same time, Lululemon founder and billionaire Chip Wilson donated $100 million to protect B.C. forests and a further $100 million to muscular dystrophy research. In a similar vein, CEOs are increasingly taking ethical stances that could potentially scare away investors—an unthinkable tactic to many who led publicly traded companies in the past. After Roe v. Wade was overturned by the U.S. Supreme Court in June 2022, potentially leading to abortion rights being rolled back in nearly half the country, Salesforce CEO Marc Benioff offered to help pay travel costs for employees seeking access to abortions and other medical procedures out-of-state.

Skarlicki predicts that the servant model will continue to grow in popularity over the next decade. While there is no one right approach to good leadership, he notes that the servant model and its values of responsible leadership have helped many leaders adapt to the pandemic, and will likely continue to do so when the next unexpected global shock comes along, especially as the climate crisis is projected to worsen over the course of the 21st century. "Responsible leadership is the future largely because we don't have a choice otherwise," says Skarlicki.

At the same time, Holzinger notes there's a pandemic-inspired trend of "deglobalization" in the political sphere as global superpowers look inward in an attempt to become more self-reliant. Simultaneously, many people are turning to charismatic populist politicians who can guide them through periods of uncertainty in our fragile and fragmented world. Holzinger is worried this trend could spread to the next generation of business leaders. "I don't believe we can get rid of our global problems by leaning on that strong, charismatic leader who solely makes all the decisions," he says. "The better approach is to embrace our diversity and listen to different stakeholders for solutions to tackle the existential threats that impact us all." ◆



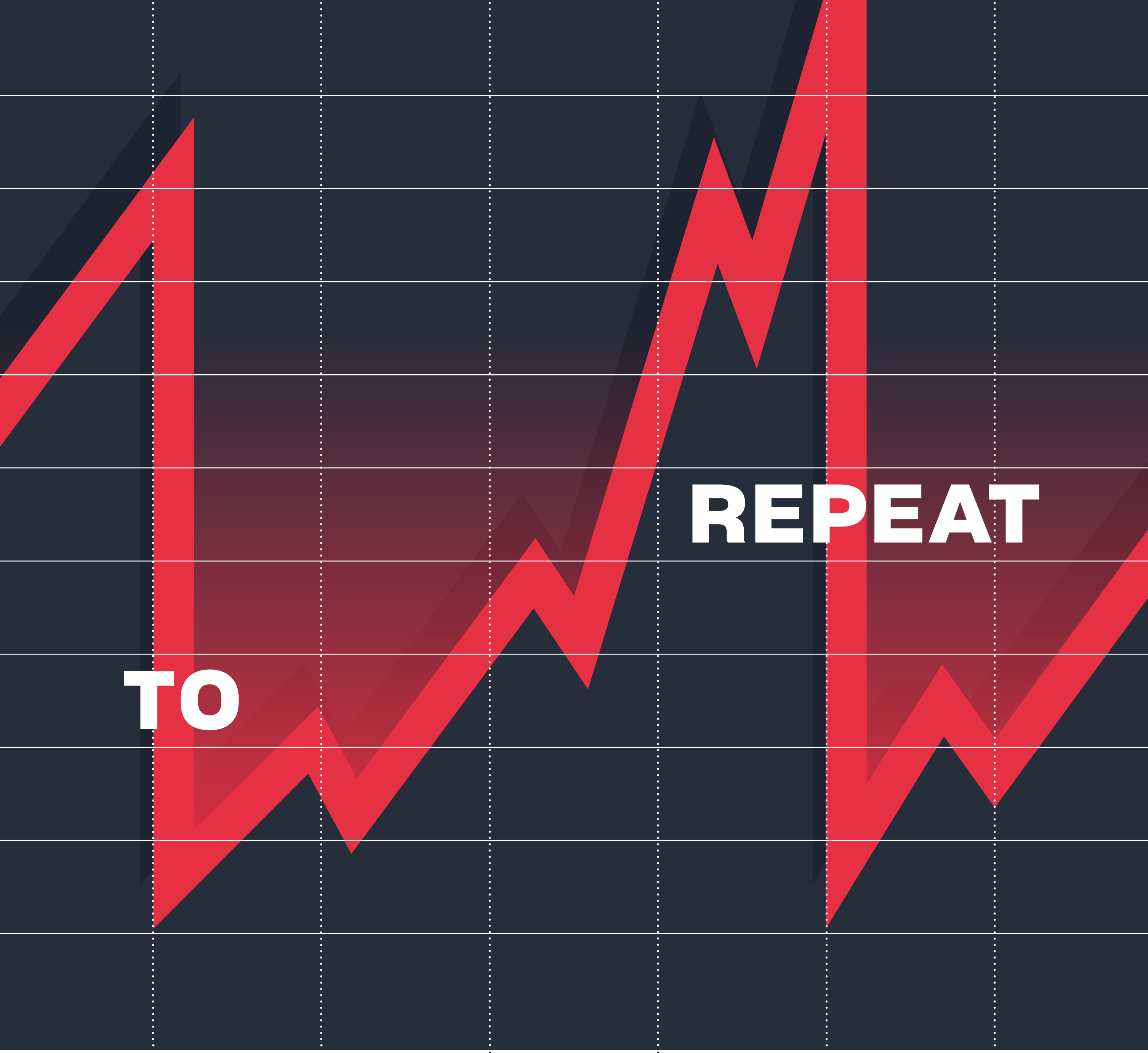
DOOMED

With financial crises coming at a more frequent rate, what have we learned from this continuous cycle?

By Mary Gooderham

THE RECENT NEWS that inflation is cooling, interest-rate hikes are easing and the slowdown in the economy could be more gradual than predicted has been welcome for Canadians who feared that a painful recession was on the horizon.

But the market roller coaster ride continues, and for those who have been bracing for a looming threat in the financial sector, these recent months of volatility have brought the sobering recognition that preparing for the worst may be in order. While some wonder if this economic hangover is as bad as forecasters warned, others feel we are not nearly out of the woods, given a confluence of crises that could bring us closer to a depression than a recession.



TO REPEAT

"I've been hearing talk of a global polycrisis," says Frances Zomer, a CPA who is also founder and CFO of Pascal WealthTech, a company that is building an integrated wealth platform for financial advisers to manage their practices. "We've got war, we've got the aftermath of COVID-19, we've got inflation, we've got food shortages, we've got people losing their jobs, our hospitals are backed up, you name it."

Amid this polycrisis, "people are under an enormous amount of stress," she says, and they especially worry about the impact of world events on their livelihoods and long-term finances. "When in history have we had an environmental crisis, wars, and the loneliness factor at an all-time high? How do you even navigate that?"

Helping individuals and businesses weather a major financial downturn is an important role for CPAs, allowing them to focus on personal finance, saving and budgeting in turbulent times, now and in the future.

"I think the best thing that we can do is to caution people to be sensible," says Warren MacKenzie, CPA and head of financial planning for Optimize Wealth Management. "Follow a disciplined process, take no more risk than necessary and be clear on your goals."

He worries that the COVID-19 pandemic created new investors, stay-at-home dabblers who lack the advice and background to handle the ups and downs of the markets. This is adding a new layer of complex psychology to these tumultuous times.

"They're more inclined to herd mentality," MacKenzie explains. "As soon as there's some really bad news—maybe the market drops by 15 per cent or the pundits turn negative—they'll follow the herd."

Helping people cope with such volatile news is especially important given the barrage of it coming online, he notes. "You get more information every day, while 40 years ago there was no internet and people were not trying to live as quickly."

Some experts suggest the actual structure of the economy could be fundamentally changing, making a return to a pre-pandemic "normal" more difficult. That's what economist Mohamed El-Erian, chief economic adviser at Allianz, writes in an article in *Foreign Affairs* titled "Not Just Another Recession." He notes that "to say that the last few years have been economically turbulent would be a colossal understatement," from the surge in inflation and geopolitical tensions to supply-chain disruptions and rising interest rates. "Yet for the most part, economists and financial analysts have treated these developments as outgrowths of the normal business cycle."

This tendency to see economic challenges "as both temporary and quickly reversible" is problematic, El-Erian argues. "Rather than one more turn of the economic wheel, the world may be experiencing major structural and secular changes that will outlast the current business cycle." He expects even more uncertainty in the future as shocks grow more frequent and more violent. "In such a world, good decision-making is difficult and mistakes are easily made."

People can end up running scared in volatile times, cautions Zomer, whose integrated-wealth platform for advisers includes behavioural finance elements, part of a questionnaire for clients to determine their risk tolerance. "You have to get to the behaviour that's behind it. Because when we're in a crisis, it's the subconscious that really comes through."

People are affected in different ways by recent events and the current climate of uncertainty, she says. "Some are even in denial and running up credit-card debt…There's a sense that after being

1933

Great Depression

Black Tuesday's stock market crash in 1929 signaled Canada's entry into the Great Depression. One in five Canadians became dependent on government relief as the Second World War neared.

CAUSE: Widespread drops in world commodity prices and sudden declines in economic demand and credit.

SOLUTION: The Bank of Canada Act centralized the splintered banking system to regulate credit and currency in the public's interest. WWII also helped bolster the economy by increasing government spending and employment rates.

- Unemployment rate up to 24% (1933)
- Gross National Product of Canada dropped 40% between 1929 and 1939
- GDP dropped 18.83% in 1932

1982

Early 1980s Recession

The decade kicked off with MTV, the advent of personal computers and the most severe recession in Canada since the 1950s.

CAUSE: The fallout of the 1979 oil crisis which caused a spike in oil prices due to the Iranian Revolution.

SOLUTION: By hiking interest rates, the central bank encouraged recession and job loss to fight inflation.

- Inflation: Food up 11.4% and consumer goods up 12.8%
- Unemployment rate up from 7.6% (1981) to 12% (1983)
- GDP dropped 3.2% in 1982

PHOTOGRAPHS BY ISTOCK; MARCH COURTESY OF LIBRARY AND ARCHIVES CANADA (C-029397) locked down for a couple of years, there's this freedom to be able to be out and enjoying life." On the other end of the spectrum, people can end up chasing losses and fretting about the market, she says. "Somebody pushes a button, and we're reacting in a way that's not rational."

Helping businesses deal with uncertainty is also an important role for CPAs, Zomer notes. "Two keys to weathering the next crisis will be purpose and agility," she says. "Businesses need to have a clear sense of purpose in order to assess the opportunities that will emerge."

"When in history have we had an environmental crisis, wars, and loneliness at an all-time high? How do you even navigate that?"

While some business leaders will focus on cuts, others will see opportunity, she comments. "Agile companies that have invested in digital strategies over the past several years will be positioned for growth."

What's most important for companies now is to "have a realistic outlook on what is happening in the economy," she says. That is another instance where behavioural finance can make a difference. "By helping business leaders understand their biases, they will be better able to interpret the conflicting market data we're seeing," she notes. This can avoid the "confirmation bias" that comes from looking for data that is consistent with existing beliefs.

"I personally think it's going to be a stormy ride ahead," adds Zomer. "But we don't want people panicking and worrying that it's the end of the world. Our capacity for innovation has never been greater. I see hope in our collective ability to meet the challenges of this decade." ◆

2008

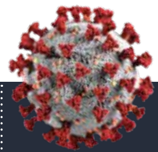
The Great Recession

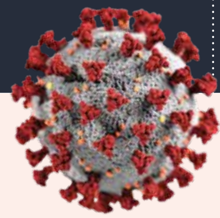
A financial crisis so widespread and impactful that even Hollywood told the tale in *The Big Short*. Its origins could be traced to the bursting of the U.S. housing bubble in 2008, lasting until 2009.

CAUSE: Sub-prime lending in deregulated banking sectors, mainly in the U.S.

SOLUTION: The government introduced Canada's Economic Action Plan that pumped more than $63 billion in fiscal stimulus, encouraging growth and boosting jobs.

- Inflation: Food prices up 8%
- Consumer Price Index: Down 0.9%
- Commodity Price Index: $391.92 (monthly BCPI) down from $881.31
- Unemployment rate up from 6.14% (2008) to 8.34% (2009)
- GDP dropped 2.93% in 2009





2020

Pandemic

According to the C.D. Howe Institute, the COVID-19 induced recession lasted from March 2020 until 2021, making it the shortest — but deepest — recession since the Great Depression.

CAUSE: Global pandemic causing the closure of businesses worldwide.

SOLUTION: While still technically in a recovery phase, an initiative that has helped is the digitalization of certain jobs leading to a teleworker boom from February to May 2020, from 16.6% to 32.6%.

- S&P/TSX Composite Index had its biggest single day drop since 1940 (12.34%)
- Unemployment rate up from 5.4% (2019) to 13.4% (2020)
- GDP dropped 5.54% in 2020

Give the gift of insight

Subscribe Now.
1 Year For Only
$40

Subscribe today at canadianbusiness.com/subscribe

Find out more about membership at
canadianbusiness.com/corporate-memberships

PHOTOGRAPH COURTESY OF NEMI

EXTRAORDINARY ITEM

SNACK ATTACK

The case for buying drought-friendly snacks

BY TAYO BERO

In the last few years, droughts across Europe and in the U.S. have caused crop yields to drop significantly, while population growth puts serious pressure on the global freshwater supplies that help power our agriculture industries. These conditions have forced everyone in the food business, from grower to retailer, to think about how best to use and maintain what limited resources are available—and that includes a new wave of snack companies that are turning to drought-resistant crops for ingredient inspiration.

"Food companies are recognizing that these challenging weather conditions can pose some supply side challenges in their ability to source agricultural ingredients for their food products, and that that will create a knock-on effect for consumers," says John Cranfield, a professor of agricultural economics in the Department of Food, Agricultural and Resource Economics at the University of Guelph.

Nemi's products include nopal, a Mexican cactus

Crops like wheat, sorghum, barley, mustard seeds, sunflower seeds and soybeans generally thrive even when water is scarce, which is why they are increasingly being used as ingredients in everyday snacks. Fresh Bellies, which makes healthy Cheetos-like snacks, uses sorghum in their products. According to their founder Saskia Sorrosa, they carry some of the first vegan, non-GMO offerings to feature the eco-friendly "super grain."

Meanwhile, snack company Nemi makes their products from nopal, a kind of cactus that's a staple in Mexican cuisine. The company's founder, Regina Trillo, told The Spoon that "one of the things I noticed when I moved [to the U.S.] was going into the ethnic aisle at grocery stores and not feeling represented." Trillo adds, "a lot of the brands that were selling 'Mexican' products were inauthentic."

With Nemi, she developed a product that would deliver that authentic taste, and had the added benefit of being good for the planet.

The company sources all its nopal, also known as prickly pear cactus, from independent growers in Aguascalientes, Mexico. And while the plant's 'paddles' can be sautéed, fried or even roasted, Nemi sun-dries their cacti and turns them into a powder. Then, they blend the cactus powder with other ingredients like chia, amaranth, turmeric and pea protein to make thin, crispy sticks that come in flavours including chili and turmeric, smoky chipotle and churro.

According to Cranfield, farmers who are looking to adjust their production systems in the wake of all the recent droughts are not just worried about their immediate crop yields, but also about how viable their farms will be years down the line.

A CERTAIN SET OF CONSUMERS ARE WILLING TO PAY MORE FOR SUSTAINABLE FOOD PRODUCTS

"It's not just about the profit that they're earning today," he says. "It's about thinking forward four or five years and even into the next generation, so that if you want to pass that farm on to your kids, the land they're going to be able to use is as fertile and productive as it once was."

This is why farmers generally take the lead when it comes to sounding the alarm on sustainability. But as more and more consumers make environmentally conscious buying decisions, their behaviour is in turn influencing what food and snack companies offer.

"Retailers aren't going to do something if there isn't someone there to buy it," Cranfield says. "So, this isn't retailers with an agenda trying to shape what consumers buy. This is a natural market mechanism response to hearing that there are consumers looking for products [that have] some kind of assurance or guarantee or statement or claim around [being] produced in a sustainable way."

According to Simon Somogyi, the Arrell Chair in the Business of Food at the University of Guelph, thinking about consumer habits around sustainability might also mean better business for some of these companies. "There is a set of consumers—relatively small compared to the whole marketplace—that are willing to pay more for [something] sustainable," he says. "Whether it be environmentally or socially sustainable products, [they're] willing to pay what is a higher price for them."

As we cycle through even more extreme weather events and the depletion of natural resources, with little input from the industries and corporations who have contributed most to the climate crisis, it's easy to see why some might look at drought-resistant snacks as a trendy stopgap, rather than a robust, sustainable long-term solution.

"I had looked at some of those products and it's a little bit of a marketing ploy," says Somogyi. "There are breeds of grains and oil seeds that have been developed to be more drought resistant and that's been happening for quite a long period of time. They're pointing out something that isn't entirely new or innovative, they're just working it into their marketing."

Marketing ploy or legitimate solution, though, Cranfield says there's no doubt that sustainability in the food industry is here to stay, and we'll likely see similar moves from even more brands as the climate crisis worsens. ◆

PHOTOGRAPHS COURTESY OF NEMI

Breathe Biomedical's device analyzes VOC levels

HEALTH

OUT OF BREATH

A Canadian company invented a non-invasive breath test that will detect cancer, neurodegenerative diseases and respiratory illnesses **BY SHELLENE DRAKES-TULL**

What if learning what's happening in your body was as simple as taking a deep breath and blowing into a plastic mouthpiece? If start-up Breathe BioMedical has its way, that's exactly what Canadians will be able to do within just a couple of years.

The Moncton, NB-based company has pioneered a breath test that could be the key to unlocking health diagnoses—and helping people get the treatment they need early and easily.

"Currently, in Canada, most lung cancer is detected in Stage 3 or 4. That's when treatment options really are limited," explains the company's CEO, Stephen Graham. "It's been widely studied and shown that if you can detect lung cancer earlier, in Stage 1, the patient survivability rate [was 10 times higher] than those diagnosed at Stage 4. There is a benefit to getting people screened so we can diagnose the cancer earlier and get more immediate and effective treatment for better outcomes."

Here's how it works: Your breath contains volatile organic compounds (VOCs) that are present at different concentrations when disease is in your body. So, patients just need to breathe normally into a special device for 20 to 25 minutes to generate a sample. From there, Breathe BioMedical's technology, which builds on 30 years of scientific research, analyzes the VOC levels in the sample using infrared light.

The company is working with Saint John Regional Hospital to collect data to complete its first study on lung cancer, which has so far shown 86 per cent accuracy in detecting the disease. (The Canadian Task Force on Preventive Health Care currently recommends high-risk Canadians screen for lung cancer through annual low-dose CT scans, which have been found to reduce lung cancer deaths, but also come with a risk of false positives.) The company is also carrying out a different study on breast cancer and is so far reporting 82 per cent accuracy in diagnosing breast cancer in its early stages.

And the benefits of this type of testing go beyond early diagnosis. It could also improve access to healthcare, especially for those in rural or Northern communities who may not have a hospital or specialized healthcare centre nearby. In fact, the technology is designed so that someone with zero medical training can learn to use it in two hours.

"It could be in nursing stations in very remote areas and the test you take would be the same one you would take in downtown Toronto," explains Dr. Graham. "It really does make it more accessible. It's a movement toward health equity."

It may be a couple of years before we see a breath test for lung cancer in your doctor's office or pharmacy, but that's the company's first goal. Its plans also include a test that can detect multiple illnesses with just one breath sample.

"We are a platform technology that can detect numerous diseases," he says. "You've got your blood. You've got saliva. You've got different bodily fluids and breath is the next one." ◆

BOOK VALUE

TOP READS OF 2022

A look at last year's finalists of the National Business Book Award **BY BRIAN BETHUNE**

Readers have been known to say they hit the books in search of information, but in truth, if there's anything that they really love, it's a story. Happy ending or sad conclusion, humdrum setting or fantasy world, no matter—we are the story species. Nothing else catches our attention or carries us inexorably from beginning to end the way narratives do. That goes even for business book prize jurors, as much as they may also be looking for solid, profit-generating (or at least loss-stemming) tips.

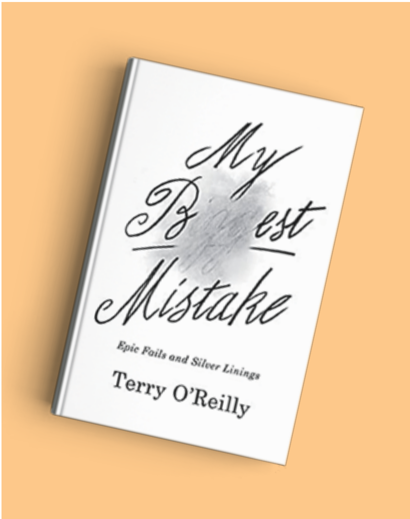
Consider the prestigious $30,000 National Business Book Award, with a demonstrable history of preferring a rollicking rise-and-fall story, whether of business titans, business charlatans or the corporations themselves. Books like the 2016 NBBA winner *Losing the Signal: The Extraordinary Rise and Spectacular Fall of BlackBerry*, or 2005's champion *Wrong Way: The Fall of Conrad Black*, both co-authored by veteran business writer Jacquie McNish.

Last year, the smart money would probably have landed on the eventual winner among 2022's three finalists. And *Billion Dollar Start-up: The True Story of How a Couple of 29-Year-Olds Turned $35,000 into a $1,000,000,000 Cannabis Company* by Adam Miron, Sébastien St-Louis, and Julie Beun, is one great story. Set out in diary format, it's a collaborative memoir about the rise of HEXO, which was born in 2013 as medical marijuana company Hydropothecary Corp., before it began a wild roller-coaster ride as recreational cannabis was legalized in Canada in 2018. The book is co-authored not just by the two brother-in-law company founders (Miron and St-Louis) but HEXO's former publicist, content strategist and senior writer (Beun).

In short, it's the inside track personified, a beautifully written account of multiple near-disasters, overcoming regulatory hurdles (always a vital but under-reported skill in amassing wealth in Canada), navigating a black hole as far as market data was concerned, and an eye-popping cash-burn rate. Then, when the tale is supposedly over, come a few hints and some outright statements that the cannabis industry chaos was far from over, and a lasting happy ending no sure thing. Indeed, both co-founders are now departed, and HEXO is again fighting for stability and profitability. The NBBA jurors knew that and they still loved the story. Volume two, anyone?

Not that there aren't stories—two dozen, in fact—to be found in 2022 nominee *My Best Mistake: Epic Fails and Silver Linings* by Terry O'Reilly. The CBC Radio host recounts errors with happy endings, from the seemingly catastrophic (NBC news anchor Brian Williams and his career-derailing claim of having been in a U.S. military helicopter fired upon in Iraq) to a simple typo. Every one of the accounts is engaging and well-told, and there can be no disputing the two themes woven through the book—don't give up and life is uncomfortably more random than we like to think—but the stories that linger longest in readers' minds may well be the most whimsical of them.

That typo, for one. When Joseph-Armand Bombardier saw his first five snowmobiles come off the production line in 1959, he meant his news release to call them Ski-Dogs, given



A DIVERSE COLLECTION OF BOOKS THAT KEEP READERS HOOKED WITH COMPELLING STORIES

that he considered them mechanical replacements for sled dogs. But a typo meant his brochure had them as Ski-Doos. Bombardier looked at the error, was reminded of a popular American slang term of his youth—"23 skidoo" meaning, "get out of here quickly"—and decided to keep what is now the iconic name of an iconic Canadian invention.

The situation is different in the third finalist. Management consultant Bobby Siu's *Opening Doors to Diversity in Leadership*, is not a narrative but a book of analysis and policy. The topic as a whole is a huge one within contemporary businesses, leading to most proclaiming their commitment to diversifying themselves from top to bottom—and numerous critics more likely to discern window dressing than actual progress. Especially, Siu stresses, at companies' highest positions.

He considers how current leaders—high-level executives and boards of directors—view their relationships with diverse groups and what goes into their recruitment choices, performance evaluations and workplace culture. Self-scrutiny and self-reflection are crucial, Siu writes, because there is no other way to eject unconscious biases from the workplace. Finding and identifying systemic biases woven into the structure of HR practice as it has evolved over decades will have to be ongoing for years to come.

The heart of *Opening Doors,* however, lies in the same clear fact that compels genuine diversity efforts within those companies that grasp it. But removing systemic barriers to flourishing diversity at the highest levels is not only a question of moral justice, the author convincingly argues. It's also a matter of profound self-interest for companies, given demographic trends nationally and globally, and Siu builds a compelling business case for greater diversity in leadership, recruitment, and retention. Not a great story, perhaps, but a very good book. ◆

Harry Styles channelling David Bowie's Ziggy Stardust

DESIGN

IN THE GROOVE

The surprisingly enduring appeal of '70s design aesthetics

BY CORRINA ALLEN

Look no further than superstar Harry Styles for confirmation that the 1970s aesthetic is back in a big way. The former boy band member turned solo artist, actor and fashion icon was an early adopter of the era's gender fluid fashion, a signature look he's built with the backing of Gucci's former creative director, Alessandro Michele.

As the label's brand ambassador, Styles made a Coachella appearance in a jumpsuit covered in rainbow-hued, disco ball-esque paillettes and a bold geometric-patterned suit in shades of brown and burnt orange. He's appeared in the company's ad campaigns wearing shirts embellished with unmistakably '70s oversized, pointed collars paired with jackets featuring wide lapels and loud, cheerful '70s prints. He's finished looks with huge, shaggy coats and accessorized with boas, pussy bows and poet blouses in vivid hues of lilac, powder blue and lime green.

It's edgy and fresh and inspiring all at once… but it isn't new. David Bowie did it first, with the advent of androgynous glam rocker Ziggy Stardust, a theatrical alter ego the artist created in 1972. Here we go again.

For designers like Michele, born in the year Bowie released his breakthrough album, the appeal of revisiting the decade likely involves a level of sentimentality. "There's this underlying sense of nostalgia," says Dori Tunstall, design anthropologist and dean of the Faculty of Design at OCAD University in Toronto. "When I think of [the 1970s] I think of the fashion. Like my auntie's large afros, like the platform shoes. I have this image of Pam Grier in Blaxploitation [films]—the pussy bow collars and psychedelic colours with the long duster

PHOTOGRAPHS COURTESY OF GUCCI/ANTHONY PHAM


TREES FOR LIFE
Plant a tree. Thank a hero.
First responders. Nurses. Frontline workers. We're honouring the sacrifices of those who serve us by planting trees in their names. Together, we can help plant living tributes to the people who matter. Donate today at **treesforlife.ca.**

and high boots. Those images are of my parents and my grandparents."

Our current nostalgia for the 1970s extends beyond the world of fashion. The decade is exerting its influence on the way we style our homes, too—though perhaps in a less psychedelic way. Benjamin Moore colour and design expert Sharon Grech says that 1970s home decor is returning in the form of refreshed vintage vases, planters and furniture, and via warm and soothing earth tones for walls and flooring. "The use of strong patterns or shapes with decor and furniture can create an impact and tie in time," she says.

THE STYLE AND FASHIONS OF THE 70s EXPRESSED THE TENSION LEFT BEHIND BY THE TURBULENT 60s

That said, revisiting the trends of an era doesn't mean mimicking them note for note. Instead, it's about resurrecting the best elements. "I definitely do not think we're going back to paisley-patterned carpets or paisley sofas," says design journalist and editor Mairi Beautyman. "But the sculptural curves and some of the colours from the seventies are coming back. Like the mustard colours—those are popular, but in contemporary shapes."

Beautyman says that, in general, heritage design is extremely popular with firms who are increasingly reaching back into their own archives for inspiration. When it comes to the 1970s, however, the question is, why that era and why now? Why, for example, are we seeing mushroom-shaped lamps everywhere from on shelves at Urban Outfitters to exhibits at Milan's annual design fair, Salone del Mobile?

Both Beautyman and Tunstall say that it has a lot to do with the impact of global events that have occurred over the last few years. "We were already moving toward 'hygge' and comfort and now, after COVID, it's even more plush," says Beautyman. "We want to be in some kind of environment that embraces you. No one wants rough edges and no one wants coldness. We're sort of licking our wounds and emerging from this pandemic still. So, I think we just want to be cozy."

Tunstall says that design can also act as a kind of escape hatch. Comparing the last few years with the end of the turbulent 1960s, she says that in some ways, "the style and fashion of the seventies expressed that tension. It's not surprising coming out of the pandemic, coming out of Black Lives Matter, coming out of the recognition of Indigenous rights, there's a desire to tap into that feeling of possibility."

Like Bowie before them, Tunstall says that what her Gen Z students want from fashion and design is freedom from restriction and rules. "When my students talk about it, I think what resonates with them is the sense of infinite possibility for how they can dress. When you think of the seventies, you think of David Bowie. There was a lot of ambiguity in terms of gender."

In this way, the '70s have a cross-generational appeal. For Gen Z, it's an era to mine for inspiration and expression while for older millennials and Gen X, it's about familiarity. And for Tunstall, the resurrection of certain 1970s design elements is also about connection. She points to the Canadian Modern exhibit that is currently on at the Royal Ontario Museum.

"In some ways, the discourse on modern design is really problematic. It excludes racialized people, it excludes Indigenous people, in many cases it excludes women. But," she adds, "walking through there, I was like, 'Oh my God, I know this dress. I know this rotary telephone.' These objects are intimate and familiar to me because they're directly connected to the things that people in communities that I cared about were wearing, were engaging with and were aspiring to." ◆

BUZZWORD

COBOT

Introducing your programmable colleague **BY ALEX CORREA**

The "cobots" have arrived and they're ready to work. Unlike the scenarios that sci-fi movies warned us about, cobots aren't here to take over, but to join us in the workplace. You may recognize one of their forms in the now-ubiquitous self-checkout at many retail outlets, a technology that's existed for several decades.

More than a trend, the idea of collaborative robots is rapidly evolving and is now showing up in several different industries—Ottonomy IO's Delivery Robot, a temperature-checking bot used in Beijing during the 2022 Winter Olympics, and robotic surgery platforms used for non-invasive procedures where surgical precision is still required. AI and tech company ReportLinker says that the robotics market is expected to grow from US$76.6 billion by 2020 to $176.8 billion in 2025.

While it may seem that putting robots in the workforce is a means of replacing employees, some don't see it that way. Cobot Intelligence Inc., specializing in the servicing and training of collaborative robot units, claims they can solve labour shortages. By rehiring retired employees on a part-time basis, for example, these seasoned workers can work alongside a cobot in a manufacturing operation to make sure they're doing their jobs properly. As with human-to-human interaction in any workplace, collaboration is the key to success. ◆

PHOTOGRAPH COURTESY OF OTTONOMY IO

TECH

JUST LIKE CHICKEN

Lab-grown meat will soon hit grocery store shelves. Here's what that means for the future of food. **BY SARAH LAING**

In November 2022, the U.S. Food and Drug Administration issued a game-changing verdict: Lab-grown meat was safe to eat, and a California-based company called Upside Foods had the green light to begin using cells from live chickens to, well, grow more chicken meat in a lab.

As moments in food history go, this one's a biggie: Not only did it make the U.S. the second country in the world after Singapore to legalize something that seems straight out of a science fiction novel, but it seems to herald the dawn of a whole new way for our species to eat. Gold rush in aisle five, anyone?

If you're having visions of fully formed chicken breasts springing out of petri dishes, you're close. "Lab-grown meat"—or cultivated meat, or cellular agriculture, as it's variously called—would be more accurately described as bio-manufactured meat, explains Dana McCauley, chief experience officer at the Canadian Food Innovation Network (CFIN).

"In very lay language, the technique for making these kinds of proteins is to get stem cells and serum from a live animal—it doesn't hurt them in any way—and you take those cells, and you multiply them in a controlled environment," she says.

The cells grow by feeding on a starch that's left after all the protein has been extracted from a chickpea, for example. Then, a process called "precision fermentation" is used to give them the qualities we look for in meat-like products, like the chewiness of a steak or the juiciness of a burger. We've seen faux meat before (remember the Impossible Burger?), but unlike previous iterations, McCauley says these lab-grown meats are bio-identical to "real" meat. Nutritionally and molecularly, it's meat.

"We're in [a] golden age of food science," says McCauley. "This is a click-over point for us as food producers; it's historic. As the population of the world grows, we're going to need more protein, especially as people become more affluent, they want to eat more meat...and if we're going to satisfy all these people, we're going to have to have more ways to make meat for them, and we're not getting any more land."

One of those solutions could be found in Edmonton, Alberta, home to Future Fields, a biotechnology company that originally had a vision to produce Canada's first "cultivated chicken nugget," but pivoted to making "growth factors," which are essentially the fuel that makes those animal cells grow in the lab. Future Fields makes its growth factor using fruit flies.

"The cost of growth factors and growth media contribute up to 85 per cent of the overall cost of producing a kilogram of product," explains the company's VP of finance, Matthew Alexander. "Our goal through our biomanufacturing platform is to reduce that to a point where cellular agriculture companies can be closer to achieving price parity with conventional products."

But the potential benefits of this technology go well beyond price. It has the potential to help combat climate change, given that the production of meat makes up a significant portion of planet-warming greenhouse gases. There's also a real chance that this could help tackle global food insecurity, which our growing population and climate change are only exacerbating.

Still, not everyone is greeting the potential arrival of lab-grown meat with enthusiasm.

"IF WE'RE GOING TO SATISFY PEOPLE WE HAVE TO MAKE MORE MEAT. AND WE'RE NOT GETTING ANY MORE LAND."

Alicia Kennedy, a writer, cook and author of the forthcoming *No Meat Required: The Cultural History and Culinary Future of Plant-Based Eating*, sees a parallel between lab-grown meat and electric cars, which are touted as a solution to climate change, but carry their own increased energy demands, including natural resources used to power the batteries. Rather than changing the behaviour—eating less meat, taking public transportation—both could be swaps that ultimately do very little to combat climate change.

ILLUSTRATION BY DAN PARSONS

"When we're talking about lab-meat, we have to ask the same question: Is this actually going to be a net good?" Kennedy asks. "Or is this something that can replace a small amount of meat, or just the meat served at fast food restaurants, the meat that is the lowest quality and the most disruptive environmentally and destructive in regard to animal welfare and human labour?"

Instead, she says the solution to all the concerns we have around food—sustainability, climate change, animal and human welfare—would be better addressed by a system-wide overhaul that motivates people to change the behaviours that have gotten us here in the first place.

CFIN's McCauley disagrees with Kennedy, but she does acknowledge that there will likely need to be significant education around lab-grown food with the public—and it shouldn't be tackled by "profit-driven" marketers. Health Canada and other stakeholders should be involved as well. And the clock is ticking in Canada as she predicts we're at least five years out from seeing lab-grown products approved to be sold in stores.

What about specific concerns about making food in a lab, rather than growing it the way we've done for millennia? "There's no real mystery behind biotechnology and biomanufacturing," she says, pointing out that the same bio-reactors that are used to make kimchi and beer go into the process of precision fermentation too.

Or, in another analogy from McCauley: In the same way that Henry Ford was able to make a "motorized horse" thanks to other existing discoveries into vulcanized rubber and the combustion engine, a lab-grown chicken breast will be the culmination and combination of dozens of other existing technological innovations—DNA, genomics—and older techniques like fermentation being used in new ways.

"It's not one mad scientist in a lab," she says. "It's a systemic, scientific milestone that's happening which is going to allow us to do things we couldn't do before." ◆

TRAVEL

WHEN YOUR DATA TAKES A TRIP

Travel companies are harnessing data—with some assistance from AI—to help their clients make holiday decisions, improve customer experience and boost their own bottom lines **BY ANDREA YU**

Bryan Baker admits that travel is behind other industries when it comes to using artificial intelligence (AI). In February 2022, he became the first vice-president of analytics and insights at Fresh Tracks Canada, a 26-year-old Vancouver-based vacation planning company. "When you look across industries, travel and tourism, in general, is one that is catching up in that space," Baker explains. "It's been a big priority for Sushant Trivedi, our CEO, to ramp up the analytical and data powerhouse of our organization to help us work smarter."

For Fresh Tracks, 'work smarter' means leveraging its mountains of data—they've sent more than 25,000 people on trips since the company started in 1996, and regularly gather customers' feedback via post-vacation surveys—to inspire repeat travellers. AI also helps Fresh Tracks target which website visitors are more likely to make a purchase using an algorithm developed internally with an analytics partner. Once a prospective customer fills out a form to request a quote for a trip, Fresh Tracks can then see how many brochures they've downloaded from the website, and how many promotional emails they've opened. The algorithm determines what combination of actions tends to lead to a booking. "It's all based on what has happened in the past, but it's updating in real-time every day because those interactions change every day," says Baker.

This also helps the company allocate the time of its sales agents more strategically, and improve the customer experience too. "We don't want to call people if they're not ready to book a trip," Baker says. "We want to be there when they're ready."

The algorithms and Fresh Tracks' new loyalty program, both of which were deployed in early October 2022 have already proved fruitful. The company's current fiscal year shows bookings from repeat customers jumped from 0.4 per cent to 6 per cent. Baker remains hopeful about their ongoing impact. "As opposed to us treating our customers like one-and-done bucket list travellers, this gives us an opportunity to maintain that relationship and inspire future travel experiences," he explains.

Fresh Tracks isn't the only travel company that's leveraging AI and data to build its business. According to a 2020 article by Jacques Bulchand-Gidumal, professor of digital business and tourism at the University Institute for Tourism and Sustainable Economic Development at the University of Las Palmas de Gran Canaria, "tourists provide data before, during, and after their trip in five ways: online activities, offline activities, biometric and emotional data, wearables, and user-generated content… A user profile can be created by joining these data sources together. This profile can then be used to recommend products and services that are tailored to the user's needs." But the benefits go beyond

"A LOT OF IT IS LOOKING THROUGH DATA AND COMING UP WITH A PROBABILITY OF WHAT A TRAVELLER WILL DO"

simply increasing the number of bookings a travel company receives; AI can also be used to improve customer experience, track customer preferences more accurately, save on labour costs and even assist with brand management by tracking negative reviews.

Unsurprisingly, the companies that have best harnessed AI are booking websites such as Airbnb and TripAdvisor, which are using machine learning to guess what type of trip a website visitor is looking to book next based on their past bookings or even their IP address. "A lot of it is looking through the analytics and coming up with a good prediction of the highest probability of what that traveller wants to do," says Robert Cole, a hotel marketing strategy and travel technology consultant.

But other sectors, including the hotel industry, are still lagging behind when it comes to data and automation, Cole says. Hotels could be using past customer data to predict future needs based on data from prior stays—say, a feather-free pillow or opting out of turndown service.

Customization to this degree is commonplace in luxury hotels, where staff may manually enter preferences and data in a customer profile. But data and AI can help midrange properties offer similar services, at scale, without the high cost of labour. The issue is, according to Cole, outdated booking and operational systems. "They're really old but reliable," says Cole. "They may centrally be able to keep track of certain preferences, but to really get that down operationally into the property where it's systematized, it gets very, very complicated."

However, some mid-range hotels are taking steps toward this level of customization with apps like Marriot's Bonvoy. "I can open up an app and I can check off all the things I want, like an early check-in, a toothbrush kit, a shaving kit and extra blankets," says Jason Schenker, a financial futurist and chairman of the Futurist Institute. The apps offer a "semi-customized" experience, though the onus is still on guests to make those requests.

Still, despite its potential, most travel companies aren't yet keeping the right, or enough, records to take advantage of AI, according to Cole. "True AI requires very large, clean data sets," he explains. "Much of the travel industry, for example, a highly fragmented hotel industry, simply lacks the quality data at a scale that AI requires to create reliable results."

Of course, there are some precautions travel companies must take when they begin harnessing data. "Every company you've ever booked a trip with likely has historical data about where you stayed," Schenker says. "This is true of all companies, but [travel companies] have a fiduciary duty to try to keep that data as safe as possible, especially because it might have personally identifying information."

But since automation, AI and data are the way of the future (according to Schenker), these precautions are necessary. Travel companies, like all organizations, will need to become data-first to remain competitive, he says. "As data becomes more important, every company that wants to be successful in the decades ahead has to be, at its core, a tech company." ◆

ILLUSTRATION BY **MATTHEW BILLINGTON**; PHOTOGRAPH COURTESY OF **WARNERMEDIA**

***PIVOT* RECOMMENDS**

Off the clock

BY CHRIS POWELL

Watch

Matthew Rhys (*The Americans*) returns as America's most famous P.I.-turned-lawyer in HBO's reboot of ***Perry Mason.*** The noir drama, a gritty reimagining of the 1950s classic, debuted to tepid numbers in 2020, but steadily found its audience. Season two will introduce several new cast members, including Sean Astin (*Stranger Things*) and Oscar-nominated *Sound of Metal* star Paul Raci.

Read

When millennials first joined the workforce, employers struggled to attract and retain talented staff whose attitudes toward work differed from previous generations. Now it's Gen Z's turn with values and ideals that are similarly different from those of their predecessors. In ***Working with Gen Z: A Handbook to Recruit, Retain, and Reimagine the Future Workforce After COVID-19***, authors Santor Nishizaki and James DellaNeve explore what Gen Z wants out of work, what motivates them and how employers can keep them engaged.

Listen

According to Michael Hobbes and Peter Shamshiri, hosts of the entertaining new podcast ***If Books Could Kill,*** some books have "captured our hearts and ruined our minds." The podcast covers the ones that the hosts describe as "the superspreader events of American stupidity," known for espousing cockamamie theories that have come to be regarded as gospel. One episode, for example, covers Malcolm Gladwell's *Outliers,* which gave us the cute idea that it takes 10,000 hours of practice to become an expert in something.

CLASSIFIEDS

External Monitoring

CYCLICAL FILE INSPECTIONS, ENGAGEMENT QUALITY CONTROL REVIEWS, FINANCIAL STATEMENT PRESENTATION REVIEWS, COMPLEX TRANSACTIONS. Over 25 years of experience, practice inspection committee member, IFRS, ASPE, ASNPO specialist, public company experience. Visit www.jonesoconnell.ca, call 905-688-4842, or email email@jonesoconnell.ca

Professional Opportunities

Fully furnished CPA Public Practice Office Premises for Sale/Lease in North Calgary. 1220 Sq Ft. includes reception, five offices, storage, pantry and restroom. Three dedicated parking stalls are included. Please reply to cpacalgarynorth@gmail.com

Partnership Opportunity in Northwest Saskatchewan Highly profitable, well established and growing CPA practice with a mix of personal tax returns, compilation and assurance engagements. Reply in confidence with background information to CPApartnershipNWSK@outlook.com. Confidentiality ensured and expected.

Luxurious commercial office space available for lease at 812 King Street East, Hamilton. Great shared space with CPA firm. Three separate levels with newly finished spaces and boardrooms. Visit www.crescendorealty.ca for more information.

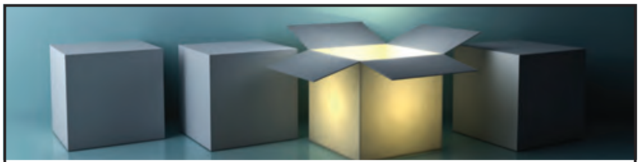
CPA practice for sale in Corner Brook, NL. Approximately $450,000 in sustainable billings plus extras. Growth rate of 7 to 10% should be achievable. Four full time staff plus practitioner and three part time, comprised of four CPA's, two CPA students and a part time bookkeeper. Practitioner is 68 years of age and wishes to slow down. Contact Richard at 709-640-1161.

Well established CPA firm in Vaughan, Ontario seeking experienced CPA on a per diem/contract basis. Candidate will be well compensated. Candidate should be either:
- Part time CPA Practice Inspector or;
- CPA Manager/Supervisor/Practitioner

Contact: orbstqualityassurance@gmail.com

Small CPA firm in Vaughan having assurance, compilation and tax work has an opportunity for a partner buy in. Ideally will be a growth minded CPA and ready to make an investment. 5 years minimum in a senior/manager position in public accounting firm a must. Contact vaughancpafirm@gmail.com Well established

A CALGARY BASED CPA FIRM IS AVAILABLE FOR SALE The Owners are planning to retire. We are paperless since 2012 and are cloud based.We have clients from all industries and are of various sizes. We have sizable number of professional clients (dental, physicians, optometrists, etc). 85% of our revenue is from compilations, reviews and T2s. The owners will work during the transition period. Our revenue is around $1.65m and will be sold at a premium. No payment options are available, it will be cash sale only. Interested buyers can email at the following address for details. Please provide your details with the request. Email: calgarycpaonsale@gmail.com



TASK MASTER

As a senior internal auditor for the City of Toronto, CPA Rhea Rasquinha's knack for details serves her well. But this CPA's side hustle uses this same keen eye to coordinate weddings with an accountant's precision.

BY ROB CSERNYIK

The secret to running a wedding smoothly is having a timeline that's been reviewed by all the vendors and allows for sufficient buffer time. **Things don't always go according to plan, so it's important to allow some leeway.**

Working as a CPA requires being very detail-oriented and not losing sight of the big picture. **In my day job, there are little details I need to track which inform a larger picture.** It's the same with weddings—a lot of little details behind the scenes.

In high school I enjoyed working with numbers, **but in university I quickly realized that being a CPA is a lot more than that. It's about working with people**, learning about organizations at a high level, and how multiple teams contribute to the overall goal of a company pulling things together.

What I like most about my day job is the variety of work on city operations that every single resident can relate to, like a parking ticket dispute process or red-light cameras on traffic lights. **I enjoy digging deep into these processes and recommending ways to improve them.**

I didn't have a coordinator at my own wedding and thought I could somehow stay on top of everything as I went through the day. Unfortunately, I got lost in the moments and forgot certain traditions that I intended to do, like the father-daughter dance. **I didn't have anyone to nudge me and tell me, "This is the time to do it." When it comes to other people's weddings, I'm that person.**

I try to focus on only two weddings a month during the summer and make sure that the couples have already made high-level decisions like booking venues, photographers and vendors. **I'm the person that goes into all the nitty gritty details that take place on the wedding day**, like music choices, the order of speeches and activities like cake cutting.

One of the things that I enjoy about coordinating weddings is working with the couples and with the vendors (photographer, venue, DJ), and each time it's a different team. **We come together with one goal in mind, which is that the couple has a wonderful wedding day.**

PHOTOGRAPH BY EBTI NABAG