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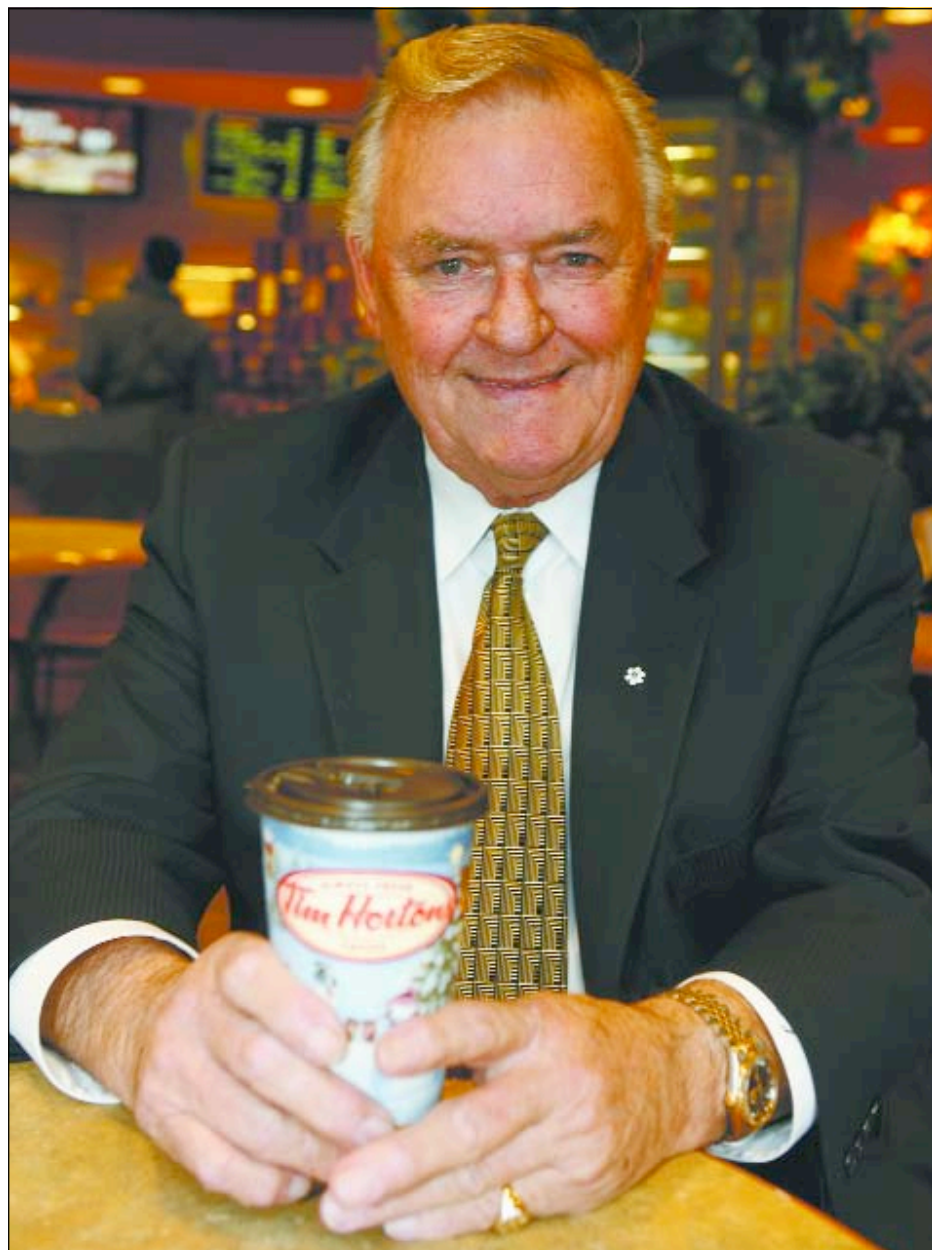


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DECEMBER 8, 2006 – VOL. 2, No. 25

NEWSSTAND \$2

GROUNDS FOR SUCCESS

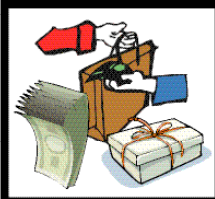


Larry MacDougal, Business Edge

He's no ordinary Joe

Ron Joyce's coffee-fuelled climb to the upper echelon of the Canadian business world has become the stuff of legend. The original Tim Hortons partner has now penned a new book about his experience, and his story of how the coffee and doughnut chain grew to become a Canadian icon (Page 6) is part of this week's **Special Report on Retail**.

SPECIAL REPORT RETAIL



Retailers gear up for 'green' Christmas

Consumers will dig deeper into pockets: analysts

By **Laura Severs**
Business Edge

It's going to be a white-hot Christmas for Canadian retailers.

Better yet, say analysts, the outlook for retail sales shouldn't dim once Santa has made his rounds, as sales are likely to remain strong into early 2007 before tapering off later in the year.

Shoppers, who spent \$55 billion in the 2005 holiday shopping season, are expected to dig even deeper into their pockets this year. Predictions are that they'll increase their spending by six to seven per cent.

In Alberta, consumers are expected to deck the malls with cash. No matter how much snow is on the ground, retailers there will have a very "green" Christmas, with sales projected to rise by more than the 16 per cent they rose in December 2005.

"It looks like Santa is going to be spending a lot more time in the province, as we forecast December sales this year to eclipse that figure," says Toronto-based TD economist Steve Chan.

But it's not just Alberta that will be powering Santa's sled.

In Saskatchewan, retail sales are expected to grow by six per cent this month, a slight rise in

spending from December 2005, when sales were up by 5.8 per cent. Manitoba at 6.4 per cent and British Columbia at 6.2 per cent are likely to match the same sales growth numbers they saw in December 2005.

The rest of the provinces, including Ontario (a 4.2-per-cent growth rate this month as opposed to a 5.4-per-cent gain in December 2005), should still see strength in December retail sales, although they will be below the national average, says Chan.

He is predicting a six-per-cent overall hike in retail sales this month, with Canadians pouring an additional \$1.6 billion into cash registers across the country.

Ernst & Young LLP foresees a similar escalation in spending, forecasting an increase of six to seven per cent for holiday sales, up slightly from a 5.9-per-cent rise in 2005. Low unemployment, greater consumer confidence and declines in energy prices from record highs earlier in the spring and summer are why shoppers will be spending more, says Logan Day, the Edmonton-based vice-president of transaction and advisory services for Ernst & Young.

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Disposal of nuclear waste at heart of public opposition

Re: Emissions pressure prompts nuclear nod, by Mark Lowey, for *Business Edge*, Nov. 10, 2006

I was interested in Mark Lowey's article in the Nov. 10 issue on the potential use of nuclear power in oilsands projects. However, while Lowey went to great lengths to show fairly how the energy sector is itself trying to comply with global expectations to reduce greenhouse emissions, like many journalists, he failed to capture the issue at the heart of public opposition to the expansion of commercial nuclear facilities – that is, what to do with the waste created from power generation, fuel processing and reprocessing, wastes which are radioactive for hundreds if not thousands of years and for which the

FEEDBACK

disposal methods are – at best – works in progress.

Yes, nuclear plants emit little or no carbon dioxide while they operate (construction may be another matter), and yes, the atomic energy industry has made great strides in improving the safety and viability of nuclear plants, and in reprocessing of nuclear fuel. But, a nuclear plant generates tons of radioactive waste over the course of its working life, mainly in the form of high-level radioactive waste which must be vitrified (turned into glass), encased in stainless steel and buried underground for hundreds of years because the fissile materials remain radioactive and toxic and extremely

dangerous for a very long time. While it is reasonable to expect that over the course of a few generations the buried waste would be monitored and cared for, it is also reasonable to expect that . . . after a couple of hundred years the expense involved in building and maintaining storage facilities would

become a tremendous burden on our society, perhaps to the point that it eventually becomes forgotten or neglected, until something bad happens. One need only look into the U.S. government's Hanford Atomic Reservation in Washington to see what happens when radioactive waste is

not dealt with properly and forgotten about. Perhaps this is the reason why – apart from the other risks associated with nuclear power – no new commercial reactors have been built in Canada or the United States since the 1970s.

– **Thom Pardoe**,
Calgary

Business Edge

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The weakening U.S. dollar is just part of a normal cyclical pattern, says Stephen Poloz.

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Trying to predict retail trends is not for the faint of heart, says columnist Tom Keenan.

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Top 10 signs

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it's time
to call

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10

Every year you find it difficult to find the perfect gifts for your loved ones, even though you leave work two hours early on Christmas Eve.

9

You're sure if you could find out where Santa hired his elves...

8

You ducked out of your staff Christmas party to get some work done.

7

Santa Claus spends more time at your home than you do.

6

By the time you think of a good New Year's resolution, it's April Fool's Day.

5

Holiday season? What Holiday season?

4

You see Christmas Day as a great time to catch up on paperwork.

3

Your assistant knows what your family has under the tree, while you're as surprised as they are Christmas morning.

2

No more visions of sugar plums, you already have more ideas than time.

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BARGAINS from Page 1

Big spenders on rise thanks to hot economy

Day says that while Internet sales generally peak in mid-December, and the popularity of gift cards means that holiday sales spill over into the week between Christmas and New Year's, most shoppers will still hunt for last-minute bargains on the two days before Christmas.

In dollar figures, Canadians will spend \$877 on holiday gifts, decorations or other items, according to TNS Canadian Facts' monthly *Consumer Confidence Index* tracking study.

That marks a significant 12-per-cent increase over last year, when the average amount doled out was \$782.

TNS, a Toronto-based marketing, opinion and social research organization, also says that the number of big spenders is on the rise: 13 per cent of Canadians plan to ring up more than \$2,000 in holiday purchases this season, up from nine per cent last year.

Doug Pepperdine, president of Calgary's PM Hobbycraft Ltd., which sells radio-controlled cars, boats and airplanes, along with plastic and die-cast models, electric trains, and decorating and art supplies, is already witnessing this spending pattern.

"People seem to be going for more of the big-ticket items," says Pepperdine. "One of the most popular ones is a radio-controlled nitro-monster truck that is about two feet long. They sell for about \$500.

"Everybody talks about our booming economy (in Alberta). I would probably suspect that's at least partially responsible," he adds. "When Calgary had a tough time, our sales moved to less-expensive items like plastic models. We're projecting that our November sales (once finalized) will be up by about 20 per cent. I would say December would probably be the same."

In Winnipeg, Cecely Neufeld, owner of Poppie Clothing, says early indications show sales are up by 10 per cent. Neufeld's boutique, which carries women's clothing and accessories and features Canadian designers, is just under two years old.

She's finding that her customers are buying more pieces as she is ringing up more multiple item sales than in the past. There are also more customers in the store, which she attributes to a strong local economy.

"Christmas shopping definitely started earlier this year than it started last year," adds Neufeld. "It's not necessarily people buying for other people. A lot of people are buying their Christmas outfits for parties they have and I've noticed the

JINGLE MALLS

This year, 83 per cent of Canadians are expected to shop for holiday gifts, according to the *eBay Merry Meltdown Report* conducted by Decima Research. The report also found that:

- 35 per cent of Canadians are Early Birds, with all shopping done by the beginning of December.
- 43 per cent are Typical Troopers and hit the stores in mid-December like everyone else.
- Men are twice as likely to be Last Minute Laggards (29 per cent) than women (14 per cent).
- Married folk are twice as likely to get their shopping done by the beginning of December (39 per cent) compared to singles (17 per cent).

Christmas parties are starting earlier."

All that is good news for her shop. "Christmas sales are incredibly important. They make up a large portion of my yearly sales as November and December are probably my two biggest months for sales," says Neufeld.

TD's Chan says of the roughly \$242 billion in retail sales in 2005, excluding automobiles and gasoline sales, about \$27 billion was spent last December. The amount is

approximately one-third greater than what is spent in previous months.

But while this may be the season to go shopping, Chan says retailers should also like what they see as 2007 gets underway.

"For the first quarter of 2007, we do expect retailers to deliver a moderate or good performance on the retail side," he says, noting this period will see strong year-over-year growth with some of the strength seen in December carrying over into the new year.

Chan does say that consumer spending will weaken later in 2007, as wage and job growth moderates. "Think of it as a soft patch. Things will slow down for a bit," he says. "I definitely don't see a recession; things are going to come down a tinge. If anything, the economy is going to start growing again going into 2008 and we're going to pick up."

The Conference Board of Canada agrees the outlook on the Canadian economy is very positive, says senior economist Michael Burt.

But while Burt says the board isn't playing the Grinch, it is predicting both dollar profits and margins will fall gradually in the retail sector in the near term.

"Although sturdy growth in unit sales is expected to keep revenues expanding throughout

the outlook period (2006-2010), price growth will be mitigated," the board says its report, *Canada's Retail Trade Industry Industrial Outlook*.

"Therefore, profits will fall over the rest of this year and in 2007, before rising again in 2008. By 2010, profits are expected to reach a new high of \$10 billion."

In 2005, retail profits hit \$8.8 billion.

"We don't have a particularly dour outlook," Burt notes. "Profits are weakening in the near term and will continue to grow over the longer term. It's a brief adjustment period, if you will, in the near term."

That adjustment comes

because of a slowdown in new-home construction, which has been growing at an unsustainable pace, says Burt, and somewhat higher interest rates.

A weaker Canadian dollar, which increases the costs of imported products – the Conference Board is forecasting that the dollar will be at US84 cents by 2010 – adds to the

mitigating factors.

"Certain components (of the economy) have been outperforming their potential growth over the last year or two and what we're seeing is more of a return to normal," says Burt.

(Laura Severs can be reached at laura@businessedge.ca)

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Home electronics hot sector for holiday shoppers

By Laura Severs
Business Edge

Electronics, pre-recorded DVDs and jewelry are what you'll likely find if you go searching through Santa's sack of gifts.

That's what's on the list of must-haves for Christmas 2006, according to the retail experts.

"My forecast for a sector that's hot is home-electronic stores," says TD economist Steve Chan, who wrote a special report on holiday sales. "Any store that sells home electronics or has part of their store devoted

to it should do pretty well this year."

Pre-recorded DVDs, including movies and TV series, should do very well too, adds Chan.

According to Ernst & Young's 2006 Holiday Sales Forecast, consumer electronics will be king with new gaming systems, a rising demand for flat-screen LCD and high-definition TVs, mobile phones and digital cameras leading the way.

But other stores will also do well, adds Logan Day, Ernst & Young's vice-president of transactions and advisory services.

Sales of jewelry and time-pieces are expected to do well, while the growing popularity of women's sports will be reflected in a wider variety of sportswear options, he adds.

However, Day says department stores may have a mixed holiday season. Luxury-goods retailers should continue to do well, he predicts, but the mid-range stores could find themselves squeezed between the upscale chains and value retailers.

Sales at big-box stores should rise slightly, says Chan – they average at about 35 per cent of total retail sales during the rest of the year – and reach to between 37 per cent to 39 per cent in December.

But these specialty stores could face a hit from value retailers such as Wal-Mart,

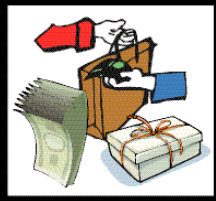
which may try and cut into the market, especially in the toy and consumer electronics sectors, adds Day.

Wal-Mart Canada Corp., meanwhile, says sales so far across Canada – it started stocking Christmas material in September – show that the hottest trends in Christmas

decorations are angels, outdoor decor and all things silver.

In B.C., it says shoppers are grabbing energy-efficient LED-light sets. In Saskatchewan, pre-lit Christmas trees are the hot item, while in Ontario, customers preferred to get the early selection on lighted wire sculptures for their yards.

SPECIAL REPORT RETAIL



Identity theft keeps Canadians on edge

But one-third fail to protect themselves

Business Edge

One in three Canadians are not protecting themselves from identity theft, according to a new Internet survey.

The same poll reveals 70 per cent of Canadians are worried about this growing crime. About two million people have been affected by ID theft at some point in their lifetime, notes Royal & Sun-Alliance Insurance Co. of Canada (RSAI), which commissioned the poll.

ID theft occurs when a fraudster uses someone's personal information (an individual's name, home address, age, SIN number, credit card PIN number or payment records) to commit a crime such as fraud, theft or forgery.

People put their identity at risk by not shredding their personal documents before throwing them in the garbage, says RSAI.

Young people are even worse when it comes to protecting their identities, with one-half of 18- to 24-year-olds surveyed not shredding their personal documents and one in ten keeping their PIN number in their wallet or bag.

Some even keep it on their cellphones, reveals the survey.

Respondents were unsure about what to do if they suffered from ID theft, with 78

per cent saying they did not know how to get their identity back.

Christmas is a prime time of year for fraudsters to have their own happy holiday at somebody else's expense, says RSAI. A quarter of Canadians surveyed will be shopping online during the holiday season and 80 per cent will use credit and debit cards, so it is important people take measures to protect their identity.

Royal & Sun-Alliance offers the following advice for identity protection:

1. Shred statements, bills and direct mail, don't just throw them in the garbage.

2. Only take the credit and debit cards you need out with you when shopping.

3. Keep track of what you spend.

4. Only shop on secure websites. Do not enter any financial information if you see a broken-key or open padlock symbol on your Internet browser.

5. Protect your PIN numbers.

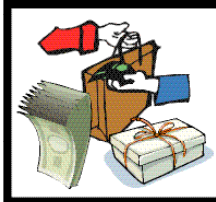
6. Always check bank statements and credit card statements thoroughly.

7. Be aware of what personal information you are sharing and the measures in place to protect it.

8. Review your credit report annually so that you can identify any abnormal activity. There are two credit report agencies in Canada: Equifax and TransUnion.

The research was carried out by TNS Canadian Facts, with 1,023 online interviews completed between Nov. 2-6.

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Eaton Centre rockin' despite competition

By **Christina Friedrichsen**
Business Edge

Suburban Toronto malls and big-box stores might be bustling with shoppers this time of year, but they haven't taken business away from the downtown Toronto Eaton Centre, says general manager of retail Susan Allen.

According to Allen, the Eaton Centre is thriving. She says retailers in the shopping centre have reported an increase in sales of six to eight per cent in the past four months and they expect the holiday season to be better than last year.

She attributes the brisk business to the variety of stores.

"It's the great stores we have," she says, citing that one of the biggest draws is the fact that the Eaton Centre is home to several retailers, such as Sephora and Apple that have no other locations in Canada.

Allen says that eight new stores have opened in the Eaton Centre in the past six months, including Abercrombie and Fitch, Lucky Brand Jeans and Marks Work Wearhouse, as well as giant retailers Canadian Tire and Best Buy. This brings the total number of stores to 285.

"We have a lot of high-performing stores."

She says the Eaton Centre provides people with a different shopping experience than in the suburbs. "It's very different. It's very urban," she says.

Part of the shopping "experience" is getting into the Christmas mood. The Eaton Centre attempted to do that when it unveiled a 35-ft. revolving Swarovski Crystal Wish Tree in late November. A performance by the Radio City Rockettes as well as a fashion show with Canada's Top Model contestants also helped to kick off the season.

"The holiday season is all about Christmas spirit here at the Eaton Centre," says Allen, who adds that strolling carollers, as well as photo ops with Santa for kids and pets add to the festive mood.

Extended hours on Boxing Day, as well as afternoon hours on New Year's Day, satisfy the demand for shopping opportunities during the holidays.

Mark Barsanti, owner of the new Canadian Tire at the Eaton Centre, says traffic at his store, which opened in September, has exceeded his expectations.

"Traffic flow from both the street and through the mall is phenomenal," he says, adding that the two-level, 58,000-sq.-ft. store is expected to be in the top 25 per cent in sales for Canadian Tire stores across Canada. "We've had a very positive response."

Barsanti says he's pleasantly surprised not only by the traffic at his store, but also in the Eaton Centre.

"When I go out into the Eaton Centre, I'm amazed at the traffic. It's wall to wall people," he says, adding that the centre's iconic stature is part of the appeal.

According to Barsanti, the Canadian Tire store attracts a high number of commuters and urban dwellers, and it has been tailored to meet the needs of this clientele.

"We try to keep an assortment for the condo dweller," says Barsanti. "The downtown population is growing significantly."

That means the store stocks lots of housewares and other products that appeal to city folk with smaller living quarters.

"I think I'd have a hard time selling ATVs at this location," he jokes.

The store has a city feel, right down to the staff's uniforms, which are edgier than the uniforms in suburban stores, he

says. "We play it up."

Barsanti says the store is filling a void in the downtown core, where a one-stop shopping venue is appealing. He says people appreciate being able to purchase holiday décor, as well as toys and other gifts at one place.

Interestingly, the store's busiest time is between noon and 2:30 p.m. on weekdays, he



notes. Weekends are also busier than expected. "We didn't think the weekends would be as strong."

He says the store has a more ethnically diverse clientele than suburban stores. "Our staff is very multicultural,"

he says, adding that the store also attracts a significant number of tourists.

See **LOCATION** Page 15

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20 QUESTIONS

Former coffee czar brews bittersweet tale

By Monte Stewart
Business Edge

In the 1960s, Ron Joyce was a cop who liked to dream. His goal wasn't that complicated. He just wanted to find a way to earn more money to support his young family in the Hamilton area.

In the process, Joyce helped develop one of the most prominent retail brands in Canada – Tim Hortons – as he built the Canadian coffee and doughnut chain that he calls “an icon.”

Joyce also became a billionaire after, or sometime before, he sold the firm to the U.S.-based hamburger joint operator Wendy's International Inc. in 1996.

“There have been so many misconceptions about the Wendy's deal, that Wendy's provided the financing for the growth we've had since they became the owner, which is nonsense,” says Joyce.

“If anything, we were subsidizing them. They didn't have to provide anything, because we were cashflow-sufficient to develop a system.”

Many retailers can only dream of building a chain such as Tim Hortons. It has grown from the first store in Hamilton that Joyce managed to approximately 3,000 outlets in Canada and the U.S. today.

Unlike the coffee that he once peddled, Joyce's journey through life and business has not always been smooth. He dropped out of school after Grade 9 and moved to Ontario from his native Nova Scotia, and, as he reveals in his autobiography *Always Fresh: The Untold Story of Tim Hortons by the Man Who Created a Canadian Empire*, he has had many disagreements along the way.

His adversaries have included the widow of the chain's legendary namesake, whom he often dated. He's also locked horns with Wendy's brass and others who were closest to him.

“I've been married twice and divorced twice,” says Joyce. “I've lived alone for 30 years. I'm the only person I can get along with.”

Despite their occasional disagreements on how to run a company, Joyce “got along extremely well” with Tim Horton. The legendary National Hockey League defenceman launched the business before he died in 1974 in a car accident while returning to Buffalo after the Sabres had met his former club, the Toronto Maple Leafs, at Maple Leaf Gardens.

Joyce was among the last to see Horton alive as they jawed into the early morning over Horton's expenses before the ex-Leaf met his fate. The friendship with Horton helped Joyce develop the means to acquire future stakes in several other ventures.

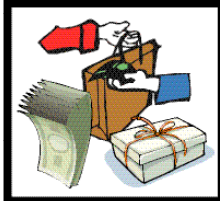
His interests now include 20 small-market B.C. radio stations



Larry MacDougal, Business Edge

Ron Joyce saw his stake in Tim Hortons grow from a single store in Hamilton to a North American business giant.

SPECIAL REPORT RETAIL



operated by privately held Duncan, B.C.-based Vista Broadcast Group Inc., oil and gas stakes in Alberta and Argentina, and the Fox Harbour golf resort in Nova Scotia.

Joyce is also a former minority owner of the Calgary Flames and retains board positions with Calgary-based Shaw Communications Inc. and other private firms that he declines to disclose.

The father of seven and grandfather of 11 has also set up the Tim Hortons Children's Foundation and supported many other community causes, including the Canadian Youth Business Foundation.

He provides annual stipends to three of Horton's four daughters, while the fourth daughter, Jeri-Lyn, is married to Ron Joyce Jr.

Joyce won't go into details about his payments to the Horton family members, and a *Maclean's* reviewer has criticized him for not spilling all the coffee beans in his book – contending it's “as unabashedly self-congratulatory as the title suggests.”

But Joyce still serves up some steaming-hot stories.

“I like to think I'm a pretty good Canadian,” says Joyce, who has homes in Burlington, Calgary and Nova Scotia. “I'm proud of what I've accomplished in my life. I'm able to give back financially, whether (to) universities, hospitals, children or whatever. I like to think that I've done my share when it comes to

being part of the Canadian business scene.”

1. Why did you decide to write your book?

“People would say, ‘Why don't you write a book and tell the story of Tim Hortons? Because you're the guy that was there for the beginning and from Day 1.’ It's a story that should be told. I struggled with whether I wanted to or not for several years and, finally, I said, ‘Aw, I'm going to do it.’ In fact, I'm glad I did. I tell the story of how it all started. I think there's a good business story.”

2. What qualities do you have that enabled you to succeed in business?

“Probably focus, tenacity and work ethic. I worked a lot of long hours through difficult periods of time, trying to develop a system. I also believe that focus is an important thing. When you find something you love to do, for gosh sakes, you'll never work again. But when I fell in love with the food-service industry, it was consuming to a great degree. As I developed the system, it was just a tremendous experience.”

3. What was it like growing up in Nova Scotia?

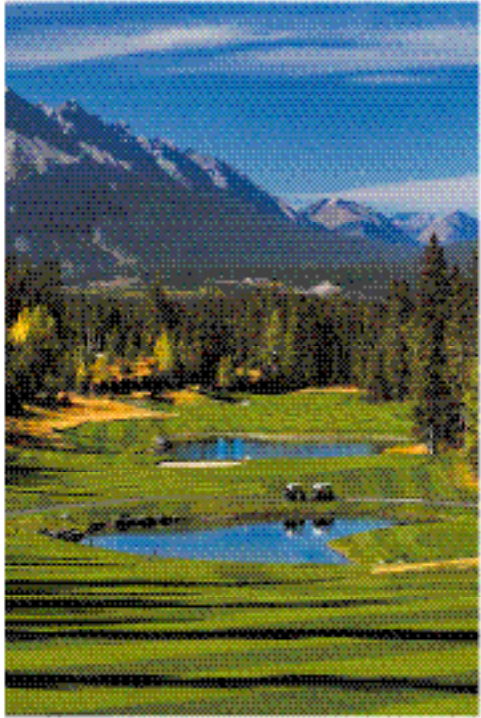
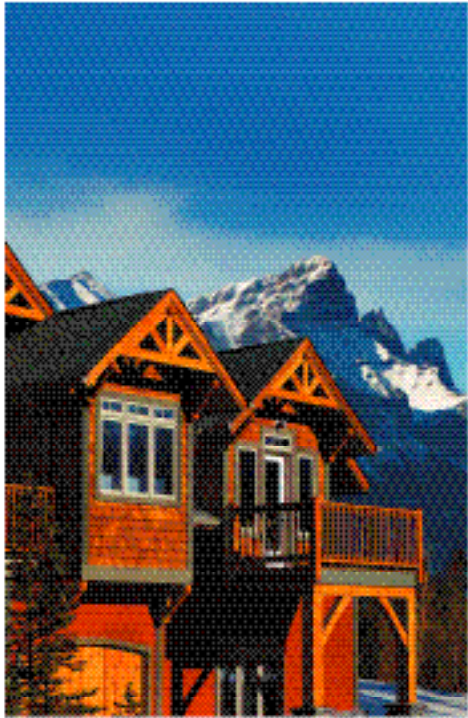
“We were brought up in the small village of Tatamagouche. We had a humble home. We were always well-fed and warm. A small village doesn't offer a lot of things (economically), but it does offer some other great things. Our quality of life wasn't too bad. I did enjoy my young years. I look back at it now from where I'm

sitting today, and it was certainly a different quality of life. My mother was widowed at a young age when she was pregnant with my sister. I also had a brother. I was the oldest. So she raised three children on her own. She tried to do about anything she could do to help supplement her income on a mother's allowance. That started off as a meagre amount. She did all kinds of different things to help (provide) food and clothing for our family, including being a telephone operator. She did house cleaning and just a lot of different things to survive during those years.”

4. When did you move to Ontario?

“I decided to leave home in the '40s when I was 16 years old. There wasn't much opportunity for good-paying jobs in that immediate area and that's when there was a lot of migration of people from Atlantic Canada, which was the industrial heart of the country at that time – and it still is, I suppose. I went to Hamilton from Tatamagouche. I had saved up \$35. It was \$30 for the train fare, and I thought I would live dollar-for-dollar until I got a job. I arrived in Hamilton and the very first day I found a job and went to work – the same day. There was lots of opportunities for work for young people – or for anybody, I should say. (My job was at) a big can company. They produced cans for the oil industry and things like that. Then I bounced around the tobacco fields.

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20 QUESTIONS from Page 6

'I love ya, Blub' was Horton's final farewell

"I worked at several different factories and ended up going to the Firestone Tire and Rubber Co. I was there for three or four years before I joined the navy (and served in Korea and Japan). "I left the navy in 1956 and joined the Hamilton Police Department. I was there for nine years and then left to open the first Tim Hortons store."

5. What was your career like as a police officer?

"I was in uniform and I was a plainclothes (officer.) I did all the usual things. It was a job that I rather enjoyed, but it didn't pay any money. I had four children and I was making \$4,000 a year.

Eventually, I ran into an old navy buddy who had a Dairy Queen in Hamilton. My wife and I went for an ice cream cone and we had a reunion. He said, 'Get yourself one of these. They're a licence to print money.' So that was the beginning of my food-service career. There was an ad in the paper for two or three Dairy Queens for sale, so I called and purchased one. The first year we had the store, we did three or four times the revenue, or money or profit or whatever you want to call it, than I did as a police officer. On top of that, it was easier to sell ice cream cones than it was traffic tickets. You didn't have any happy customers when you were giving a speeding fine."

6. How did you get connected with Tim Horton?

"I was the third franchisee in nine months and I bought the first store. Shortly after that, I met him for the first time. His partner (Jim Charade) and he split. That was 1965 and in 1966 he had opened a third store in Kitchener-Waterloo and I managed it for him. Jim (Charade) was really the guy that dreamed of the idea of Tim Hortons – but he couldn't execute. There were a lot of financial problems. So Tim bought him out and I became his partner."

7. How would you describe your relationship with Tim Horton?

"It was excellent. We had a good friendship and we worked well together. We shared an office right up to his death and we got along extremely well. More and more as the chain started to develop, he left me to manage the food-service part of the (business) and he played hockey. I kept him informed of pretty well everything, but he was comfortable that everything was fine. So he started taking the summer

RON JOYCE

- **Title:** Former president/CEO of TDL Group Corp. (TDL was the licensing agent for Tim Hortons franchises.)
- **Born/raised/age:** Tatamagouche, N.S./Tatamagouche/76.
- **Education:** Dropped out of school in Grade 9.
- **Family:** Father of six sons and one daughter. Grandfather of 11.
- **Career:** Worked as a labourer with a can company, Firestone Tire and Rubber Co., and other firms before joining the Royal Canadian Navy in 1951 and serving for five years. After leaving the navy, he was a Hamilton police officer for nine years and then bought a Dairy Queen franchise. He then became the first Tim Hortons franchisee store owner and eventually acquired full ownership of the company. Since selling his stake to Wendy's International, he has lived the life of an entrepreneur.
- **Moonlighting:** Board member for Shaw Communications and other private firms.
- **Charitable efforts:** Set up the Tim Hortons Children's Foundation. Supports several other non-profit groups, including the Canadian Youth Business Foundation.
- **Awards/honours:** Appointed to the Order of Canada. Member of Canadian Business Hall of Fame and recipient of Canadian Franchise Association Lifetime Achievement Award. Holds honorary degrees from St. Mary's, McGill and McMaster universities. Has received several other awards, including the Gary Wright Humanitarian Award for contributions for the betterment of communities across Canada.
- **Passions:** Flying, sailing, golfing, fishing.

months (off.) He got a cottage up north (in Ontario) and spent his summer months there."

8. In your book, you reveal that you spent time with Horton on the morning he died. What were your last words to him?

"We'd had a great conversation and I convinced him that he should come to my home. It was four o'clock in the morning. I had to be in Sarnia at 8 a.m. So I said, 'Look, I've gotta get some sleep. Come on to the house and stay there with me.' He said, 'OK, I'll lock up and I'll see you at the house.' He said, 'I love ya, Blub.' That was his nickname for me. I went on home and he went by me on the trip home. I just assumed that he just kept right on goin' to Buffalo. Of course, that's what happened. The accident happened in St. Catharines. I was very emotional, as you can appreciate. We were good, close personal friends. He was my business partner and we just loved each other. It was a very difficult period. But out of that came some good things. That's when we decided to build the Tim Horton Memorial Camp in Parry Sound. He died in '74 and we opened in '75, and today there are 11 of those camps across the country and one in the United States. They have over 11,000 kids each summer as guests of the store owners and the (Tim Horton) Foundation. Of a tragedy, something good happened – and that's something that we're all very proud of."

9. How did you keep the company going following Horton's death?

"There was actually no impact at all, really, as far as sales go. There was some concern from some of the owners, now that the founder was gone. But the reality is, the business had already been established by the time he died, and there was really no negative impact. It continued

TIM HORTONS INC.

- **Brass:** Chairman James V. Pickett; president, CEO, and director Paul D. House.
- **Profile:** The Tim Hortons chain was launched by late National Hockey League star defenceman Tim Horton and his then-business partner Jim Charade. The first shop opened in Hamilton in 1964. Ron Joyce, the first Tim Hortons franchisee store owner, became a full partner with Horton and became sole owner in 1975 after acquiring the interest of Tim's widow Lori for \$1 million. In 1996, Tim Hortons merged with Wendy's International, Inc. but continued to operate as a separate entity.
- **Locations:** Tim Hortons shops are located across Canada and in Michigan, New York, Ohio, Kentucky, Maine, West Virginia, Massachusetts, Connecticut and Rhode Island. The Canadian operation is 95-per-cent franchise owned and operated, and most future U.S. outlets will also be owned by franchisees.
- **IPO:** Tim Hortons completed an initial public offering last March. It was fully spun off into a separate company, Tim Hortons Inc., that now trades on the Toronto and New York stock exchanges.
- **Stats:** Tim Hortons Inc. reported third-quarter net income of \$51.84 million, down 21.8 per cent from \$66.26 million in the same period in 2005, when the company was still private. The company's year-to-date net income climbed 8.9 per cent to \$191.74 million from \$174.6 million a year earlier.
- **Recent stock price (TSX, NASDAQ):** \$29.85 (52-week range, \$33 - \$23.79).
- **Website:** www.timhortons.com
- **HQ:** 874 Sinclair Rd., Oakville, L6K 2Y1
- **Phone/Fax:** (905) 845-6511 or 1-888-601-1616/ (905) 845-0265.

to grow quite rapidly and Mrs. Horton became my partner for a couple of years and she sold her interest to me (for \$1 million) and from there we continued to develop the chain. We were selling 40 to 50 stores a year and it became 100 stores a year."

10. How did the lawsuit with Lori

Horton affect you?

"That was just a very sad or difficult time or whatever words you want to use, because 15 years after the fact, she decided to sue for half the company. Anyway, the proper conclusion came out from the courts."

See FOCUS

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Rank	Company name	Business sector	Gross revenue '05 (\$'000s Cdn)	Net revenue '05 (\$'000s Cdn)	Gross revenue '04 (\$'000s Cdn)	Net revenue '04 (\$'000s Cdn)	Contact information	Top manager/ Year established	Description
1	Manulife Financial Corp.	Finance	\$32,047,000	\$3,291,000	\$26,967,000	\$2,551,000	200 Bloor St E, Toronto, ON M4W 1E5 416.926.3000 www.manulife.com	Dominic D'Alessandro, President & CEO Founded 1867	Financial services company providing a range of financial protection products and wealth-management services
2	George Weston Ltd.	Finance	\$31,363,000	\$898,000	\$29,798,000	\$428,000	22 St. Clair Ave E, Toronto, ON M4T 2S7 416.922.2500 www.weston.ca	Ralph A. Robinson, President Founded 1882	Operates food processing operations and retail distribution. Holds controlling interest in Lotbines.
3	Royal Bank of Canada	Bank	\$30,594,000 ^b	\$3,579,000 ^b	\$26,205,000 ^c	\$2,996,000 ^c	PO Box 1, 200 Bay St, Toronto, ON M5J 2J5 416.974.5151 www.rbc.com	Gordon M. Nixon, President & CEO Founded 1901	Provides wealth management services, insurance, corporate and investment banking and transaction processing services on a global basis
4	Imperial Oil Ltd.	Oil & Gas	\$27,797,000	\$2,800,000	\$22,408,000	\$2,052,000	237 4 Ave SW, Calgary, AB T2P 3M9 403.237.3737 www.imperialoil.ca	T.J. Heam, President & CEO Founded 1880	Producer, refiner and marketer of petroleum products. Imperial's discovery at Leduc heralded the Canadian petroleum industry
5	Power Corp. of Canada	Utility	\$26,613,000	\$1,053,000	\$24,343,000	\$949,000	751 Square Victoria, Montreal, QC H2Y 2J3 514.286.7400 www.powercorp.com	Paul Desmarais Jr. & Andre Desmarais, Co-CEOs Founded 1925	International management and holding company. Subsidiaries include Power Financial Corp., Power Technology Investment Corp. and Gazco Ltd.
6	Alcan Inc.	Metals & Mining	\$23,893,120 ^d	\$150,414 ^d	\$50,057,350 ^e	\$310,838 ^e	1188 rue Sherbrooke O, Montreal, QC H3A 3G2 514.848.8000 www.alcan.com	Dick Evans, President & CEO Founded 1902	Global materials company with operations in bauxite mining, alumina processing, primary metal smelting and technology, power generation and more
7	Sun Life Financial Inc. ^a	Finance	\$21,918,000	\$2,430,000	\$21,730,000	\$1,984,000	150 King Street W, Toronto, ON M5H 1J9 416.979.9908 www.sunlife.ca	Donald A. Stewart, Chairman & CEO Founded 1871	Financial services company providing a wide range of savings, retirement and pension, life and health insurance product and services
8	Toronto-Dominion Bank ^a	Bank	\$19,846,000 ^b	\$4,773,000 ^b	\$16,264,000 ^c	\$2,962,000 ^c	TD Bank Tower, PO Box 1 TD Centre, Toronto, ON M5K 1A2 416.982.8222 www.td.com	Ed Clark, President & CEO Founded 1955	Provides retail banking services under the TD Canada Trust banner and online discount brokerage services through its subsidiary, TD Waterhouse
9	Bank of Nova Scotia	Bank	\$19,106,000 ^b	\$3,273,000 ^b	\$16,720,000 ^c	\$3,008,000 ^c	44 King Street W, Toronto, ON M5H 1H1 416.866.6161 www.scotiabank.com	Richard E. Waugh, President & CEO Founded 1832	Offers a diverse range of products and services including personal, commercial, corporate and investment banking.
10	BCE Inc.	Utility	\$19,105,000	\$1,961	\$18,368,000	\$1,593	3700 1000 rue de La Gauchetière O, Montreal, QC H3B 4Y7 514.870.8777 www.bce.ca	Michael J. Salta, President & CEO Founded 1983	Provides telephone services, wireless communications, high-speed internet, digital television and voice-over IP
11	Canadian Imperial Bank of Commerce ^a	Bank	\$19,065,000 ^b	\$(159,000) ^b	\$17,017,000 ^c	\$2,212,000 ^c	199 Bay St, Commerce Court W, Toronto, ON M5L 1A2 416.980.2211 www.cibc.com	Gerald McCaughey, President & CEO Founded 1867	Provides financial services to retail and small business customers as well as corporate and investment banking customers
12	Petro-Canada Ltd.	Oil & Gas	\$17,585,000	\$1,791,000	\$14,270,000	\$1,757,000	150 6 Ave SW, PO Box 2844, Calgary, AB T2P 3E3 403.296.8000 www.petro-canada.ca	Ron Brenneman, CEO Founded 1975	Integrated oil and gas company spanning both the upstream and downstream sectors of the industry
13	Bombardier Inc.	Transport	\$16,906,921 ^d	\$285,877 ^d	\$19,267,712 ^d	\$(105,349) ^d	29e étage, 800 boul René- Lévesque O, Montreal, QC H3B 1Y8 514.861.9481 www.bombardier	Laurent Beaulieu, Chairman & CEO Founded 1942	Manufactures business jets, regional aircraft and rail transportation equipment, and provides related services
14	EnCana Corp. ^a	Oil & Gas	\$16,699,452	\$3,994,716	\$14,228,668	\$4,232,462	1800, 855 2 Sts SW PO Box 2800, Calgary, AB T2P 2S5 403.645.2000 www.encana.com	Randy Bresman, President & CEO Founded 2002	Explores, develops, produces and markets natural gas, crude oil and NGLs. Has interests in Canada, the U.S. and other international locations
15	OneX Corp. ^a	Holding Corporation	\$16,559,000	\$965,000	\$13,639,000	\$35,000	PO Box 700, 161 Bay St, Toronto, ON M5J 2S1 416.362.7711 www.onex.com	Gerald W. Schwartz, Chairman, President & CEO Founded 1980	Operates through subsidiaries in electronics services, healthcare, real estate, communications, theatre exhibition and more
16	Bank of Montreal	Bank	\$16,376,000 ^b	\$2,424,000 ^b	\$15,706,000 ^c	\$2,370,000 ^c	1800 100 King St W, Toronto, ON M5X 1A1 416.867.6642 www.bmo.com	Tony Comper, President & CEO Founded 1817	Provides diversified North American financial services, including banking, wealth management, investment banking products and solutions
17	Shell Canada Ltd.	Oil & Gas	\$14,394,000	\$2,014,000	\$11,288,000	\$1,286,000	400 4 Ave SW PO Box 100 Station M, Calgary, AB T2P 0J4 403.691.3111 www.shell.ca	Clive Mather, President & CEO Founded 1911	Explores and produces natural gas and NGLs, sulphur, bitumen and synthetic crude oils. Manufactures, distributes and markets refined petroleum products
18	Sobeys Inc.	Food	\$12,985,400 ^h	\$187,800 ^h	\$11,697,800 ⁱ	\$176,900 ⁱ	115 King St, Stellarton, NS B0K 1S0 902.752.8371 www.sobeys.com	Bill McEwan, President & CEO Founded 1998	National grocery retailer and food distributor. Operates and franchises stores under retail banners that include Sobeys, IGA, IGA Extra and Price Chopper
19	Noritel Networks Corp. ^a	Telecom	\$12,269,818 ^l	\$(3,002,450) ^l	\$11,464,877 ^k	\$(249,394) ^k	100 8200 Dille Rd, Brampton, ON L6T 5P6 905.863.0000 www.noritelnetworks.com	Mike Zaffrowski, President & CEO Founded 1995	Provides technology and infrastructure to enable IP data, voice and multimedia services spanning wireless, wireline, optical networks and more
20	Husky Energy Inc.	Oil & Gas	\$10,245,000	\$2,003,000	\$8,440,000	\$1,006,000	707 8 Ave SW Box 6025, Station D, Calgary, AB T2P 3G7 403.298.6111 www.huskyenergy.ca	John C.S. Lau, President & CEO Founded 1936	Integrated energy and energy-related company operating in Canada, China and Indonesia

Footnotes

Sources: Company representatives and annual reports (audited, when available). Where applicable, gross revenue is before royalties. Except as noted, annual reporting period ends Dec. 31. Numbers reported in \$US are converted to \$Cdn

according to the average interbank exchange rate on the last day of the reporting period, according to www.oanda.com. Gross revenue for banks does not include interest expenses.
a. Unconfirmed info.
b. 12-month-trailing ending Jan. 31, 2005.

c. 12-month-trailing ending Jan. 31, 2004.

d. Converted from \$US at 1.166.

e. Converted from \$US at 1.2048.

f. Year end Jan. 31, 2006. Converted from \$US at 1.1481.

g. Year end Jan. 31, 2005. Converted from \$US at

1.2394.

h. 52-week-trailing ending Feb. 4, 2006.

i. 52-week trailing ending Jan. 29, 2005.

Business Edge makes every attempt to publish accurate information, but accuracy cannot be guaranteed.
Research: Alexis D. Smolenski (alexis@businessedge.ca)

Fair-trade advocates gaining momentum

Retailers responding to consumers

By Saul Chernos
Business Edge

A growing number of Canadian retailers are responding to rising consumer demand for ethical consideration in the goods they sell.

And while not all have the clout of a retailing behemoth such as Wal-Mart – which has recently included fair-trade coffee on its shelves in the United States – a pattern is emerging as the market attempts to cater to an emerging social consciousness among many consumers.

Following the growing popularity of organic foods, which have moved from the domain of speciality and health-food shops into mainstream supermarkets, an organized fair-trade movement is now tracking goods

QUOTE . . .

“Consumers are becoming increasingly concerned about where their products come from. Fair trade ensures factory workers, farmers and other producers receive a fair price.”

– Rob Clarke, executive director of TransFair Canada, an Ottawa-based non-profit public education group that promotes fair trade-certified goods

across entire supply chains and offering independent, third-party verification of its origins.

“Consumers are becoming increasingly concerned about where their products come from,” says Rob Clarke, executive director of TransFair Canada, an Ottawa-based non-profit public education group that promotes fair trade-certified goods.

“Fair trade ensures factory

workers, farmers and other producers receive a fair price,” Clarke says. “It’s about paying a minimum price that reflects the true value of the labour and allows people to continue what they’re doing.”

TransFair Canada holds Fair Trade Certified rights in Canada and is part of a growing global network established under the Fair Labour Organization, an international

body that works to build networks of fair-trade suppliers and conducts detailed onsite audits to authenticate claims.

Workers in most western countries are protected by basic labour standards, yet compromises are sometimes made in order to import manufactured goods at a discount – a price paid by workers, some of them children, who toil in sweatshop conditions for scant wages.

Decades of protest and consumer boycotts have drawn attention to the plight of these workers, scoring occasional victories. Among the most recent was Nike’s announcement in late November that it cut off a Pakistan-based supplier of hand-stitched soccer balls that violated the company’s labour, environmental and health-and-safety rules.

“We are developing new sources with factories commit-

ted to upholding our standards and treating workers fairly,” Nike president and CEO Mark Parker said in a statement.

TransFair Canada’s Clarke says foreign producers of popular commodities such as sugar and cocoa are often at the mercy of protectionist western subsidies, which drive down prices and leave them selling goods for less than the cost of production. Products

that are certified must meet prescribed standards governing worker rights, environmental protection and overall sustainable business practices.

“We have minimum-pesticide requirements, we’re helping farmers move away from single cash crops to multiple products, and we’re becoming more and more involved in helping people develop local, domestic markets,” Clarke says.

SPECIAL REPORT RETAIL



See FAIR

Page 11

FOCUS from Page 8

Regionalizing company helped to meet goals

“They fully supported the deal and the case was dismissed.”

11. When did you decide to build the company from a fairly small operation into a large operation?

“In the late ’80s, we had a meeting, all of my senior executives at a retreat. I was the sole owner by this time and I said to senior management that, if we were going to be the leading brand in this segment of the industry, we had to move the numbers up. In 1992, we made the decision that we would have 1,000 stores by 1995. So that became our goal. Then we said our next goal was 2,000 stores by 2000, and we accomplished that. After that we just ramped everything up. The real estate department had to have more people. We regionalized the company. We had four regional offices – one in Nova Scotia, one in Ontario, one in Quebec and one in Calgary. We also had one in British Columbia. It allowed us to focus on those key parts of the country and each area was given a goal to achieve in more stores to open. So that became the tipping point for the significant growth of the company – and that’s gone on to this day.”

12. Why did you sell your interest in Tim Hortons to Wendy’s?

“It was part of my estate planning. Also, I wanted to have the opportunity to grow with an American brand of significance like Wendy’s. I thought that would give us an opportunity to take our chain into the United States, which is exactly what is happening. I felt we



were better off having a partner that had a business down there than trying to develop on our own. The unfortunate part was, Wendy’s was not as strong or well-recognized as I had perceived them to be. They had a lot of problems in their company – and still do, I think. Hortons has really carried the load for them for the better part of 10 years, until the initial public offering. (Joyce has declined to invest in Tim Hortons since its IPO last spring.)

13. What was your relationship like with late Wendy’s founder Dave Thomas?

“We were good friends. We played a lot of golf together and went boating together. He loved to play gin. He used to come to Canada on a pretty regular basis when he travelled. He was a good guy.”

14. So why was there this acrimony between you and Wendy’s while you had this good relationship with Dave Thomas?

“Eventually, the relationship deteriorated as the (merged) company grew. We were both going in different directions. Finally, in frustration, I resigned from the board because I couldn’t make the changes that I perceived would have to happen to turn the thing around. So we were at loggerheads with senior management. I’m still not on friendly speaking terms. But that had nothing to do with David in the early years. It was the management of the company – which was very weak – that caused the problem.”

15. Switching gears, when did you decide to invest in the Calgary Flames?

“After I lost the (NHL) franchise bid for Hamilton (during the league’s recent expansion in the early 1990s), I got to meet a lot of the owners of the Flames and they were looking to change the focus of ownership. Some of the people wanted to get out, like (Canadian Football League legend) Normie Kwong (now Alberta’s lieutenant-governor) and Mrs. (Sonia) Scurfield (widow of late Flames owner Ralph Scurfield). So they brought in several new partners and I was one of them. We needed to strengthen the ownership and take the team to the next step.”

16. Did you invest in the Flames with the idea of possibly moving the team to Hamilton?

“No. Absolutely not. There’ll never be a team in Hamilton, I don’t think. It infringes on Toronto and Buffalo’s area. The team is doing very well. It’s nice to see that they’re starting to win again.”

17. What do you think of this idea, which people have suggested, of putting a second NHL team in Toronto?

“Right now, you can’t get seats for the Leafs games. They’re sold out. I think two teams in Toronto would work. They even have three (teams) down there with New Jersey. (Toronto) is a huge growth population.”

18. Would you be interested in owning a second NHL team in Toronto?

(Joyce laughs.) “Not at this point in my life. I’m getting too old to do that sort of thing. I’m pretty well retired now.”

19. You bought your own airplane and became dissatisfied. Why?

“I had set certain goals in my life. One was to have a pure jet rather than prop airplanes. That was another turning point, I suppose, when I accomplished that dream and it didn’t meet the expectations somehow or another. It’s amazing when you set goals – do things in life – and you attain them. All of a sudden, they’re done. Now where do I go? It’s the same with the golf course (in Nova Scotia.) It’s virtually done and now I’ve gotta find another vehicle that I have to create – to keep (my) mind active and doing things. I have a sailing boat that I use – that I love. It’s a fairly large boat that I had built in New Zealand. I travel a good part of the world in that sailboat. I crossed the Pacific to New Zealand. I went over for the Americas Cup in 2003 and I’ve gone across the Atlantic and the Mediterranean.”

20. What are your future business goals?

“I’m still very much involved in investing in companies. My son here (in Burlington) has a packaging company he’s developing that we’re very excited about. I’m an investor in a lot of different startup companies through a fund that I’m one of the senior partners in. We manage to keep ourselves busy. I have a charter airline for executive-type aircraft and we have seven airplanes. We have our own FBO – fixed-base operation – where we do our maintenance, (refuelling) and so on and so forth. I feel I’m retired, but I still have these irons in the fire.”

(Monte Stewart can be reached at monte@businessedge.ca)

FAIR from Page 10

Pricing, quality key in competitive market

Producers have access to lines-of-credit of at least 60 per cent of the value of individual orders, and consumers who choose fair-trade goods ultimately pay a small social premium to be invested in communities where production occurs.

These funds are controlled by locally elected, independent bodies and spent on schools, healthcare facilities and other infrastructure improvements.

On the consumer-facing side, TransFair Canada counts hundreds of participating retail locations across Canada, from neighbourhood businesses to supermarkets.

One of the biggest is Loblaws, with 64 fair-trade stock-keeping units (SKUs) and a selection that includes coffee, tea, sugar and chocolate.

Loblaws spokeswoman Elizabeth Margles says the company plans to add a dozen more SKUs by year's end.

"We have one frozen dessert made with fair-trade chocolate and we look forward to listing a rice in the near future," Margles says. "We keep a close pulse on what consumers want."

Margles says Loblaws stocks fair-trade items in its Natural Value section, along with organic products and ones that, while not certified fair trade, tout some form of social responsibility.

While the volume of fair-trade items is relatively low compared to conventional products – Margles wouldn't give numbers for proprietary reasons – she says shoppers buy a variety of products, so fair-trade items add to the draw.

Capers Community Market is decidedly mid-size, with four locations in Vancouver. Yet, it carries a substantial number of certified fair-trade items.

"We position ourselves as an organic and natural leader," says

marketing manager Aron Bjornson. "We have an onsite bakery at each of our stores, and we switched to organic fair-trade cane sugar in more than 90 of our recipes. That was a really big move for us and not something we've seen from the rest of the industry to date."

Bjornson says fair trade has grown substantially in the past few years and he sees this trend continuing as people learn about working conditions abroad.

"There will be more traction in mainstream grocery. You will be able to walk into supermarkets on a regular basis and get an assortment of fair-trade products, and the numbers will continue to grow as fair trade goes into more commodities."

Even though the larger chains carry fair-trade items, pricing and quality are key in a competitive environment.

"There are ethical reasons for buying a product, but something has to taste good and be at a price point in line with what the business is," Bjornson says.

At Earth's General Store in Edmonton, owner Michael Kalmanovitch sees fair trade as a central business principle.

"We want to make the world a better place, and we can do

that by changing people's lifestyles, attitudes and consumption levels," Kalmanovitch explains. "We introduce people to environmentally friendly products, reduce their packaging and change their mindset, so that they can become more socially conscious consumers."

Earth's carries a variety of fair-trade goods, from footballs to organic cotton clothing. There's even a coffee roaster in-house, and customers can bring their own containers to refill.

"A lot of stores sell green products, but they also carry lots of normal, not very environmentally or socially friendly products on their shelves. We take the benchmark of their best products and go from there."

Dean Neu, a business professor and director of the Centre for Public Interest Accounting at the University of Calgary, says time will tell how large discount retailers will incorporate fair trade into their operations.

"Large companies in the supermarket industry have been jumping on the bandwagon

trying to provide more fairly traded products," Neu says.

"Their dilemma will be to figure out how price-elastic these products are. If people are willing to pay more, then there's really not a huge problem because they can just pass on increased costs to the consumer. But if the products are more price-sensitive, they will have to figure out how to meet certification standards and keep prices low."

Growth in the fair-trade market could result in economies of scale and help keep prices in line with conventional products.

However, Neu says fair trade need not be cost-prohibitive in the first place.

"A factory might pay 12 cents to sew a T-shirt, and a discount retailer might sell that shirt for \$6 to \$8. But a fairly traded salary for workers might be around 40 or 50 cents, depending on the country.

"It's not a lot but it would make a huge difference – it would basically quadruple their wages."

(Saul Chernos can be reached at chernos@businessedge.ca)



Auto industry woe cramps Ontario's export growth

Business Edge

Ontario's export growth is forecast to remain flat in 2006 before declining three per cent in 2007, according to a provincial export outlook by Export Development Canada (EDC).

"Ontario exports experienced another tough year in 2006 as the automotive, consumer goods and forestry sectors struggled under the strong Canadian dollar, excess capacity and increased global competition," said Stephen Poloz, senior VP of corporate affairs and chief economist.

"In 2007, expect lower prices for industrial goods such as metals and petrochemicals to add to the ongoing weakness in forestry and autos."

The woes affecting domestic auto producers will lead to declines in export earnings through 2007, compounded by closures and shift cuts throughout southwestern Ontario.

Declining North American vehicle production will also drag down exports of auto parts in 2007. Overall, EDC expects Ontario's exports of autos and parts will finish 2006 with a decline of five per cent, followed by another decline of six per cent in 2007 as U.S. vehicle sales and production continue to slow.

However, a number of recent investment announcements from GM, Chrysler, Ford and Toyota and Honda have bolstered the long-term outlook.

Exports of industrial goods are on track to rise by 10 per cent in 2006, bolstered by strong prices and demand, says the EDC.

Aluminum, precious metals and some sub-sectors of the chemical industry are showing decent growth this year. The sector is forecast to decline by two per cent in 2007 as foreign demand moderates and commodity prices ease.

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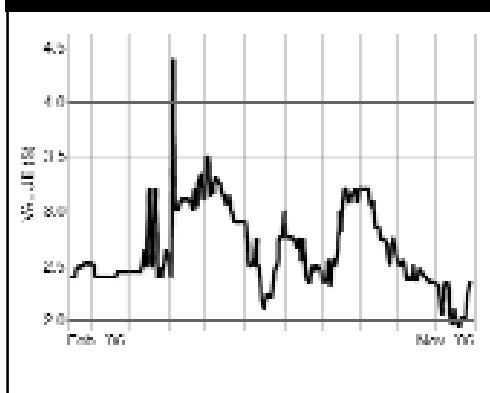
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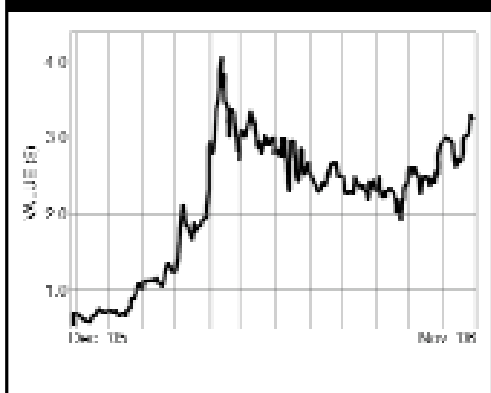
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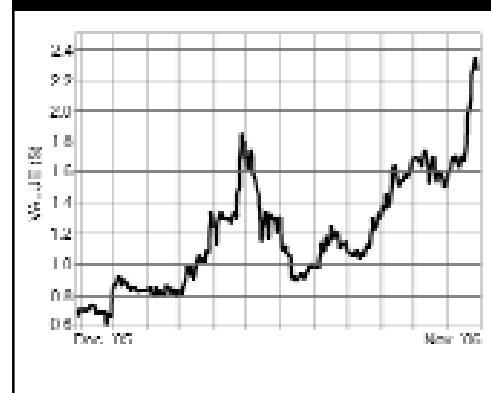
★ 1: FAIR SKY RESOURCES



★ 2: CONS'L'D THOMPSON



★ 3: YGC RESOURCES



Harris looks for upside in natural gas cycle

(Business Edge writer Sasha Konotopetz regularly profiles the top stock picks of some of Canada's most accomplished investment pros.)

FEATURED PRO: Bill Harris is principal and portfolio manager of **Avenue Investment Management** (www.avenueinvestment.com), a Toronto-based investment counselling firm that manages equity and fixed-income accounts for clients. Avenue is also an adviser for the **Terra Flow-Through Fund** (www.terraresources.com).

Management Fees: Two per cent plus performance fees.

Harris's Strategy: "My two big themes are natural gas and base metals. In theory, we should be at the bottom of a cycle with what we've gone through in the past couple of months. The (natural gas) stocks have really been wiped out this year. Now we have to go back to the point of view where these companies actually have to be operating and profitable businesses. All that hot money that was invested because of the previous business model – converting to an income trust – is gone (due to the government ruling on trusts) and that really hit the junior (oil and gas) space. That said, it has created some pretty exciting opportunities."

"In the base-metals sector, we think that prices will stay higher longer, but we're looking for individual projects that we actually think are going to become a producer. When you have assets that are going into production, that's where you get the most consistent return on your investment. A company we own has to become an operating mine."

"(In the gold sector), we're looking for a Canadian (mine) becoming a Canadian junior

PRO'S 3 STARS

producer and there are very few of these (companies) out there."

FIRST STAR

■ **Fair Sky Resources Inc.** (TSXV:FSK)

■ **Recent Price:** \$2.10.

■ **52-Week Range:**

\$1.92-\$4.50.

■ **Snapshot:** Fair Sky Resources is an Alberta-based oil and gas exploration company. Formerly Primax Capital Corp., Fair Sky has proven and producing reserves of 600,000 barrels of oil equivalent from its Alberta and Saskatchewan wells and is in the process of licensing three wells in Alberta and six in Saskatchewan.

■ **CEO:** Tim Kemp.

■ **Head Office:** Calgary.

■ **Vital Stats:** Revenue (last 12 mos), \$310,000; Earnings/Loss (last 12 mos), \$567,000 Loss; Market Cap, \$23.9 million; Shares Outstanding, 11.4 million.

■ **Harris's View:** "It has a \$6 net asset value and it's going from 400 boe (barrels of oil equivalent per day) now to what I hope will be over 1,000 boe per day at some point mid-year next year. It's insanely cheap. Prior to this shakeout, junior oil and gas companies traded at two times net asset value and now I'm looking at something that's less than 0.5 (times net asset value). That's a massive mismatch – as long as it's an ongoing business."

■ **Risk Rating:** High.

■ **Web Watch:** www.fairskyresources.com

SECOND STAR

■ **Consolidated Thompson Iron Mines Ltd.** (TSXV:CLM)

■ **Recent Price:** \$3.07.

■ **52-Week Range:**

\$0.54-\$4.10.

■ **Snapshot:** Consolidated Thompson Iron Mines is a mining company focused on its claims in the Bloom Lake iron ore property in Quebec.

■ **CEO:** Richard Quesnel.

■ **Head Office:** Toronto.

■ **Vital Stats:** Revenue (last 12 mos), \$0.0; Earnings/Loss (last 12 mos), \$5.6 million Loss; Market Cap, \$102.5 million; Shares Outstanding, 33.4 million.

■ **Harris's View:**



Bill Harris

"(Consolidated Thompson) needs to raise the money to build the mine. We think that somewhere in this range – around \$3 (stock price) – they should be able to finance the mine and, longer term, we think that the stock will be worth twice as much. The key thing is this: You don't usually get to see stand-alone investment opportunities in iron ore."

■ **Risk Rating:** High.

■ **Web Watch:** www.consolidatedthompson.com

THIRD STAR

■ **YGC Resources Ltd.** (TSX:YGC)

■ **Recent Price:** \$2.29.

■ **52-Week Range:**

\$0.60-\$2.40.

■ **Snapshot:** YGC Resources is an exploration company with an emphasis on the discovery and development of gold deposits in the Yukon, B.C. and Arizona. The company's foremost project is its 100-per-cent-owned Ketz River property in the Yukon, replete with 300 mineral claims and leases. The company also has exploration prospects in silver, zinc and copper.

See 3 STARS

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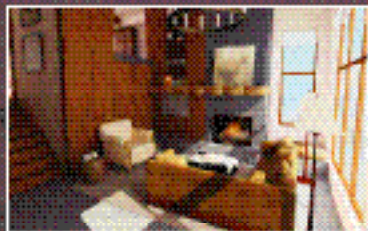
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Forgettable name, but winning profit picture

(Street Life is a regular feature that profiles what's playing in the stock market.)

By Nicole Strandlund
Business Edge

■ **ACT I:**
The Etch A Sketch
Jewett-Cameron Trading
Co. Ltd. (TSX:JCT)
Recent Price: \$16
Action: Up 42 per cent or
\$4.70 in less than a month
(from \$11.30 Nov. 9, 2006)
52-week high: \$20.88
(April 4, 2006)
52-week low: \$9.20 (Dec. 9,
2005)

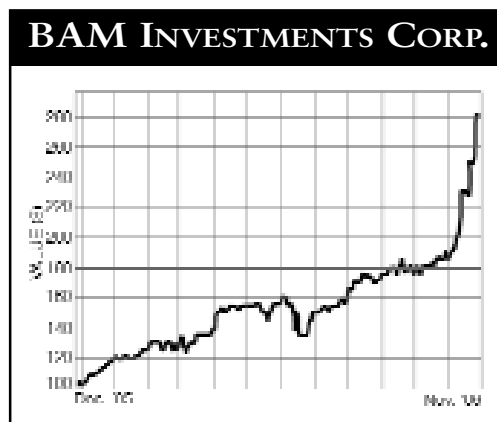
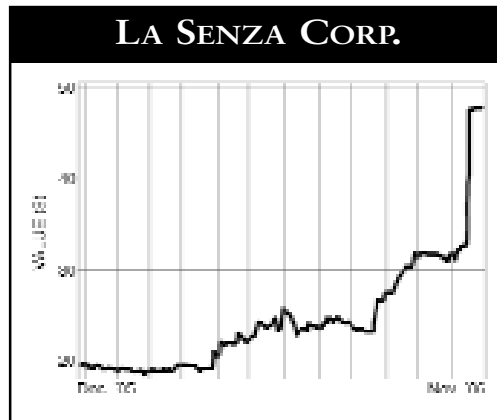
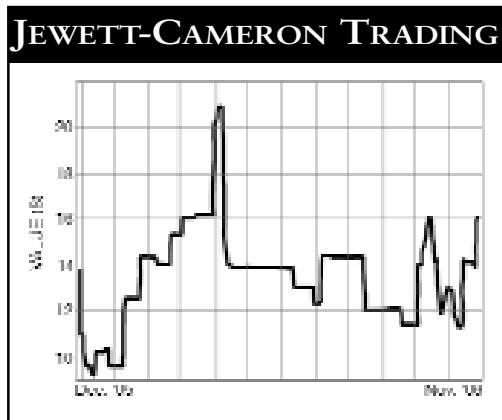
For a good chunk of 2006, Jewett-Cameron's stock chart looks remarkably like an Etch A Sketch drawing – one done before the artist learned the trick of making diagonals. However, light-volume trading will do that.

Recently, interest in this stock seems to be picking up. And why wouldn't it? The company – which is involved in selling building materials, industrial tools and processed agricultural seeds and grains in the U.S. – announced record sales and record earnings for 2006. (Reported revenue of US\$76 million for the 12 months ending August 2006 was up roughly two per cent over the previous year. Net income for the same period was \$610,000 compared to \$315,532 in 2005.)

So what's the holdup? Why aren't more people jostling for the stock? Perhaps it's the utterly forgettable company name. But Donald Boone, the company's president and CEO, says the company will “step up its focus in 2007 to increase awareness in Jewett-Cameron.”

And once it does that, which way will the stock go? That all depends on which Etch A Sketch knob twitches first.

■ **ACT II: If the Cup Fits**
La Senza Corp. (TSX:LSZ)
Recent Price: \$47.75
Action: Up 46 per cent or



STREET LIFE: ANALYSIS

\$14.91 on takeover news
(from \$32.70 on Nov. 14 to
\$47.61 on Nov. 15)
52-week high: \$47.90
(Nov. 27, 2006)
52-week low: \$18.40
(Jan. 13, 2006)

People have been investing in lingerie for years, and it may not always bring them the return they were hoping. But this is one conquest they can brag about to their friends.

La Senza, the Canadian intimate apparel retailer with 318 stores in Canada and 327 international stores operated by licensees, has received a takeover bid from Limited Brands Inc., which owns and operates 3,534 stores, including Victoria's Secret. The offer of \$48.25 per share is expected to close mid-January 2007.

And for you reality-show-a-

holics, don't worry. Laurence Lewin, the stylish president of La Senza, one of the five dragons on CBC's Dragon's Den, isn't going anywhere – managing staff and management style are expected to remain the same.

■ **ACT III:**
Anybody want a nickel?
Skye Resources Inc.
(TSX:SKR)
Recent Price: \$11.15
Action: Down 28 per cent
or \$4.80 in one day on
news (from \$17.10 Nov. 13,
2006 to \$12.30 Nov. 14)
52-week high: \$18.20
(Oct. 31, 2006)
52-week low: \$2.60
(Dec. 2005)

The picture didn't look too bad for a while. From mid-June of this year when the stock hit \$6.29, it has been on a pseudo-steady climb up to the \$17.50 range. But then the company had to go and release third-quarter results.

In August, the company announced it would investigate “strategic alternatives,” including merging or selling the company in order to finance Fenix, a Guatemalan nickel project.

There were no takers. “The Fenix project represents a world-class asset and one of the most attractive undeveloped nickel projects in the world,” says Gordon Bacon, Skye's chairman of the board, in a statement.

It's hard to tell which it was – either the ‘Fine, if no one wants it, then we'll do it ourselves’ US\$1 billion financing announcement, or the \$24-million, nine-month loss report, both released on Nov. 14 – that sent the stock tumbling.

Either way, shareholders learned a hard lesson that anyone who enters a candy store these days already knows: A nickel doesn't get you much anymore.

■ **ACT IV:**
Kickin' it up a notch
BAM Investments Corp.
(TSX:BNB)
Recent Price: \$280
Action: Up \$95 or 51 per
cent in less than a month
(from \$185 on Nov. 1,
2006)
52-week high: \$296
(Nov. 27, 2006)
52-week low: \$102
(Nov. 30, 2005)

This stock has had a great month, and has nearly tripled from \$102 merely a year ago. The investment company with a principal holding in Brookfield Asset Management released third-quarter results on Nov. 10, which included net income of \$2.3 million compared to a loss of \$200,000 for the same period in 2005.

Brookfield, the former Brascan, has more than US\$50 billion under management, including property, power and infrastructure assets. And if you've been holding this stock in your portfolio since a year ago, you'll be able to buy some sizable assets too.

There's only one word to describe this kind of performance (besides a four-letter one if you've missed out) – and that is the trademark catchphrase of the chef Emeril Lagasse: “BAM!”

■ **NOTE:** The above is not intended as investment advice to buy or sell any mentioned securities. Investors should do due diligence before investing. Quotes are based on results through Nov. 27, 2006.

(Nicole Strandlund can be reached at nicole@businessedge.ca)

3 STARS from Page 12

Resources firm looks for golden future

■ **CEO:** Graham Dickson.
■ **Head Office:** Vancouver.
■ **Vital Stats:** Revenue (last 12 mos), \$352,000; Earnings/Loss (last 12 mos), \$1.4 million Loss; Market Cap, \$132.3 million; Shares Outstanding, 57.8 million.
■ **Harris's View:** “We actually think that (YGC Resources) should have \$50 million in cashflow in a couple of years once the mine is up and running, which is sort of half of its market cap. It looks like they have the ability to double their reserves over time. That's what I hope.”
■ **Risk Rating:** High.
■ **Web Watch:** www.ygcr.ca

■ **Harris's Edge Record (last 12 mos):** +24.6 per cent. **Best Pick:** Falconbridge Limited (TSX:FAL.LV) +78.8 per cent (based on price at time of completion of the takeover by Xstrata). **Worst Pick:** Gentry Resources Ltd. (TSX:GNY) -14.4 per cent.

■ **Disclosure:** Harris owns shares in the Avenue Investment Management portfolio and the Terra Resources Flow-Through Funds in which the featured stocks are held.

(This feature is provided for informational purposes. Investors are advised to do their own research or consult a qualified investment professional before making investment decisions.)

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LOCATION from Page 5

Consumers lack sense of urgency

Chain store Eddie Bauer, which recently moved to a new location on the second floor of the Eaton Centre, is also doing well, says sales leader Andrew Clerigo.

"As far as I can see, the numbers are beating last year," he says. Incentives that give discounts to regular customers and their families have drawn traffic to the store during the holiday season.

The Sony Store's numbers are about the same as last year, says Sean Mueller, general manager. He notes there is more competition this year.

"Now with Best Buy opening it brings a little competition to my store. They weren't open last year," says Mueller.

He says the holiday frenzy hasn't started yet, and that typically it doesn't get "crazy" until two weeks before Christmas.

"Because of the sheer volume we are used to doing on a daily basis, it's average business right now," he says, adding that The Sony Store in the Eaton Centre is the busiest in Canada, outselling all other Sony Stores in the nation.

Not everyone has positive reviews of this year's season.

"It's been a weird season so far. October, which is usually a little bit slower than November, was really busy and November was really slow," says Nicole Robinson, manager of cosmetics store Lush.

She says in 2005 the last two weeks of November were "crazy busy" at the store.

"There seems to be more of a lackadaisical attitude towards Christmas this year," she says.

According to Robinson, customers at Lush are buying small items for stocking stuffers, not the more expensive gift baskets. She speculates that people aren't in the Christmas spirit because of the unseasonably warm temperatures in November.

"There is no urgency for Christmas. It's warm, not snowing. There hasn't been that winter feel yet. I find that retail is really dependent on the weather."

She says after talking to other retailers, she's realized she's not the only one who has noticed that business was down in November.

"The mall is dead," she says.

She says the retailers that she has spoken with are hopeful that December will be busier. According to Robinson, Lush at the Eaton Centre has added incentives this season to entice

customers to the store, which include a variety of specials that change each week.

"We like to bring people in to have a good time," she says, adding that in the four hours that the parties last, sales usually jump \$500-\$1,500.

(Christina Friedrichsen can be reached at friedrichsen@businessedge.ca)

Online shopping takes a holiday hit

Business Edge

Only 24 per cent of Canadians plan to beat the crowds by buying gifts online this holiday season, says a new survey.

Respondents to Symantec Corp.'s national survey say that online security and privacy concerns trump the convenience of shopping online.

Even more disconcerting for online merchants, says the poll, is that nearly two-thirds (62 per cent) of regular Internet buyers have curtailed their online pur-

chases, saying they would only increase their online commerce if they felt their personal and financial information was safer.

Moreover, 49 per cent of Canadians fear their credit card information may be stolen when they shop online, even though nearly 90 per cent believe they have taken every precaution to protect themselves while surfing the Internet.

Other survey findings: ■ One in two Canadians are most concerned about having their credit card information stolen when shop-

ping online (49 per cent).

■ Residents of B.C. (29 per cent) are most likely to do a portion of their holiday shopping through the Internet, whereas residents of Manitoba and Saskatchewan (14 per cent) are the least likely.

■ Canadian adults with a household income of more than \$80,000 are most likely to make online holiday purchases.

■ Canadians aged 18-34 are the most likely to make online purchases this holiday season compared to previous years (30 per cent).

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Creativity key in tackling labour crunch

Prospective employees have lucrative options

By Monte Stewart
Business Edge

Canada's retailers are having a harder time wooing skilled employees than customers into their stores this holiday season.

The relatively strong Canadian economy, particularly in Western Canada, is prompting prospective Christmas seasonal employees to look for more lucrative positions in other sectors – at a time when retailers require tech-savvy and customer-friendly staff.

"This year, there's no question, (recruiting)'s more challenging than it ever has been," says Kevin Evans, western vice-president for the Retail Council of Canada.

Retail sales growth in Alberta has been well above the rest of the country while B.C. is in second, so demand is highest in Western Canada, says Evans. Retailers in Eastern Canada, where the economy has slowed, are not feeling "as much of a pinch."

The hiring targets of two large national retailers offer some insight.

Hudson's Bay Co., which operates The Bay, Zellers and Home Outfitters, recently launched a recruiting drive to hire 15,000 new employees for its 550 outlets across Canada. Vancouver-based Future Shop attempted to recruit 1,200 staff in Western Canada and 2,200 in Eastern Canada.

"(Demand for seasonal staff) is pretty significant, because there is obviously increased traffic in the stores through November to January," says Evans. "To provide the level of customer service that people have come to expect and are demanding, you need to have more staff on the floor."

"Retailers this year have perhaps been more inventive and creative and focused on attracting people than in years gone by" – when they could have held a seasonal hiring fair and attracted a lineup of people around the block.

In October, the retail council held a hiring fair in Edmonton that involved 27 companies and also held a news conference in Calgary to drum up employee interest.

Product knowledge and cus-



Bayne Stanley, Business Edge

Ensuring adequate staffing levels for the Christmas season has been crucial for Nicole Cox, Future Shop's senior management retail recruiter for Western Canada.

tomers-service skills are two qualities that employers are looking for.

Many customers are much more knowledgeable of products because they research them on the Internet before going into a store, so they're expecting staff that are sufficiently tech-savvy.

"If you're selling these new plasma TVs . . . you need to know your stuff," says Evans. "Customers are not going by price alone."

Dan Kelly, the Calgary-based western vice-president for the Canadian Federation of Independent Business (CFIB), says retailers are facing a nationwide labour shortage. As a result, he predicts customers won't get the same level of service that they're used to, and some retailers will struggle to keep their doors open during the holidays.

"Retailers are lucky these days if they have somebody to man the till," he adds.

The Retail Council's Evans says they are also looking at the issue of recruiting year-round employees, rather than just seasonal staff.

Last summer, the group launched a retail labour-supply study with the Alberta government that is now being implemented.

Evans praises new measures introduced recently by federal

Immigration Minister Monte Solberg to ease entry for temporary foreign workers. But the council does not view immigration as a "silver-bullet" solution.

Temporary foreign workers should also have opportunities to obtain Canadian citizenship, he adds, while Aboriginals, the disabled and other underutilized demographic groups should also be recruited.

"We don't have a temporary problem," says Evans. "We have a long-term problem."

In 2007, the council will launch a marketing campaign that promotes retail as a career.

Many people don't realize retail employs people in 150 different positions, and 45 per cent of retail workers are in management and professional capacities, he adds.

Compensation is always going to be a factor, he allows, because retail is not going to be able to compete with a lot of other industries, especially the Alberta oilsands. But because of low profit margins, employers realize they have to meet market pressures.

This winter, Future Shop tried to get a head-start on hiring, because it recognized that a lack of staff on the sales floor could reduce profits, says Nicole Cox, the firm's senior management retail recruiter for Western Canada. Cox also oversees seasonal hiring of sales staff.

The electronics chain, which

operates 119 stores across Canada, does 50 per cent of its annual business between Dec. 15 and Jan. 15, with a large chunk of that 50 per cent coming on Boxing Day alone.

"In every store, we've trained the head (customer service reps) to be training captains, so basically they've been taken off the floor for over a month and all they're doing is hiring," says Cox.

Future Shop's level of hiring demand has not changed, but the firm has taken a different approach with its recruiting methods to keep up with the competition. The company launched an online advertising campaign with Working.com and also set up an online application form that candidates can fill out at home or in-store kiosks.

"The applicant can actually sit down at one of our kiosks and fill out our online form, and then they get interviewed on the spot," says Cox.

"So, really, if everyone is doing what they should be doing, an employee can be hired within six hours."

Future Shop, which ended its recruiting drive Dec. 1, also offers a range of bonuses to employees who referred candidates who landed jobs. A successful referral of a B.C. seasonal employee was worth \$50, while a referral that led to the hiring of a general manager in Alberta earned \$5,000.

Some small retailers have

started offering employers "retention incentives" – for example, \$1,000 for 1,000 hours worked. One Calgary Mexican restaurant offered a free trip to Mexico for employees who stuck around for a year.

Many retailers do half of their annual business during December and January, says the CFIB's Kelly, whose group represents 10,000 small and medium-sized enterprises across Canada. But most retail staffing levels are quite low to begin with, he adds, and firms can't boost their employee rosters because they are just scraping by with staff that they have during slower seasons.

Other retail-chain franchisees are subject to set prices across Canada, so they can't boost their margins and lure people with higher wages. The shortage transcends companies of all sizes.

"The larger you are, the larger your roster of people, so you have a little bit more flexibility," says Kelly. "But if you're a three-person shop and one person's out sick and the other person's taking the day off, you're hooped."

As a result, some retailers have been forced to shut down either temporarily or permanently. "(Store operators) are having to put a sign on their doors that says, 'Closed today,' or they're not even opening their doors altogether," says Kelly.

Stores that would like to have extended hours during the holidays have also been forced to close earlier in the day. Meanwhile, companies enjoying strong growth have decided not to open more stores.

In the past, the retail and service sectors served as the "training grounds" in other industries. But medium-sized and large resource firms are now hiring the people who would have been entry-level staff in the retail and service sectors.

Like the retail council, the CFIB is calling for the easing of restrictions on immigrants' entry into Canada, and more employment programs for the disabled, Aboriginals, seniors and other marginalized groups.

Kelly says the economy-wide labour shortage is the top concern for CFIB members in Alberta and the most significant growing issue in B.C., and remains a concern for at least 50 per cent of members in all regions of Canada.

"I can only imagine how bad Boxing Day is going to be this year, given the shortage of labour," he adds.

(Monte Stewart can be reached at monte@businessedge.ca)

Women's fashion apparel leading retail sector

Consumers take advantage of increased competition

By David Hatton
Business Edge

Vera Wong walked into the downtown Toronto clothing store and headed straight for a few tables piled high with cashmere sweaters.

Her worried expression quickly turned into a smile when she pulled one from the bottom of the pile. "I found it. They have it in my size and everything," she said, heading toward a cash register.

Analysts say consumers are taking advantage of increased competition in the estimated annual \$10.4-billion women's retail apparel sector, especially after recent high-profile players such as Zara and H&M have entered the market the past few years.

Meanwhile, Canadian clothing chain Winners has reacted by sharpening its marketing, introducing a sleek new logo and opening stores in upscale locations. Even grocer Loblaw Companies Ltd. elbowed its way into the business by launching its Joe Fresh clothing line in its 40 Real Canadian Superstores across the country last March.

"It certainly is an interesting time right now," says Gregory Antrobus, a retail analyst with J.C. Williams Group in Toronto. "It's getting tougher and tougher for retailers though, because the competition is forcing downward pressure on prices while consumers' need for greater selection is going higher."

"You also have the need for things like liberal return policies. Expectations are constantly being raised. Your margins are probably suffering for a lot of people as a result."

Despite this, major players including Zara and H&M have still been setting a brisk pace by opening new stores across the country, Antrobus noted.

"They have indicated they still want to expand. There are no signs of scaling back at all. First, they came into Canada and laid down roots in major urban centres. Now they are trying to move beyond that base, which would lead you to believe things are going well," he said.

Both the Spanish-based Zara and Swedish-based H&M specialize in European designer-style fashions made from lower-priced materials. Most items retail for less than \$100.

QUOTE . . .

"It certainly is an interesting time right now. It's getting tougher and tougher for retailers though, because the competition is forcing downward pressure on prices while consumers' need for greater selection is going higher."

— Gregory Antrobus, a retail analyst with J.C. Williams Group in Toronto

Product teams see something on the runway of a Paris fashion show, and then quickly head back to the office to create a similar, lower-priced version. Within days, the clothing gets couriered to retail stores around the world.

The challenge with that business model, according to one analyst, is that if inventory doesn't move during a relatively short sales cycle, the retailer is left with lots of supply and little demand.

Zara is owned by the Spanish-based Inditex Group, with more than 3,000 stores operating under different banners in 64 countries around the world. There are currently 14 Zara locations in Canadian cities.

H&M started after a Swedish women's clothing retailer bought a hunting store in 1947 that came with an inventory of men's clothing. The store then switched to selling men's and women's clothing and expanded throughout the years. It now has 620 stores in 13 European countries. The company launched two Canadian stores in March 2004, followed by four more stores later that year.

But nothing prompted quite the same reaction as another European retailer, which opened Canadian locations at about the same time. FCUK, which stands for French Connection United Kingdom, specializes in a hip, edgy and rebellious type of teen fashion.

According to the company's website, "fcuk's advertising has always encouraged the viewer to discover a hidden meaning, like french connection me (and) my place now."

The company was forced to tone down its suggestive brand name last October, however, after a "sales slump". The eight-year-old FCUK logo was removed from collections and taken off advertising billboards.



While Zara, H&M and FCUK are battling for the teen and young adult market, at least some Canadian-based retailers appear to be doing well. Reitmans (Canada) Ltd. reported on Nov. 22

that third-quarter profits increased to \$23.4 million from \$19.2 million a year earlier due to "strong sales growth," according to the company.

They added same-store sales — where results are compared between stores open at least a year — were up 4.8 per cent for the quarter. Reitmans also sells women's clothing under the Smart Set, RW&CO., Thyme Maternity, Penningtons and Addition-Elle banners.

Another Canadian retailer selling designer originals is celebrating 25 years in business next year. Winners, a 187-store Canadian chain based in Mississauga, specializes in "opportunistic buying," said company spokeswoman Shannon Johnson. "You might have someone who has ordered too much inventory or a supplier stuck with a returned order. One of our buyers will make a deal with them for a fraction of the going rate," she explained, adding store prices are usually 30 to 70 per cent off department store prices.

The company was started in 1982 by Toronto's David Margolis as a five-store chain near the city's downtown core. By 1990, it was acquired by U.S. retailer TJX Companies, which calls itself the world's leading off-price retailer of apparel and home fashions.

TJX expanded what Winners was offering and pursued an aggressive strategy of opening new stores. A home-accessory and giftware department started in 1995 and footwear was added in 1997.

Almost nine years after buying Winners, TJX had opened the 100th location for Winners in

the Montreal suburb of Marche Central. The pace has continued the past few years, with a high-profile new location on Toronto's Bloor Street and, earlier this year, in the Scotia Plaza office tower downtown.

The Bloor Street location is also known as Yorkville and serves as home to high-end boutiques such as Hermes, Prada and Gucci. Rents are reported to be among the highest in North America, rivalling locations like New York City's Fifth Avenue.

Johnson says Winners sells fashions for the entire family. But the Bloor Street store has only a tiny men's clothing section at the back of the third floor next to women's lingerie. The company added another location last October in the retail concourse of an office building in Toronto's financial district. In an interview, Johnson refused to talk about

the cost of the new locations. She also declined to say how many stores the company was planning to open in the coming year, or even during the current month of December.

"It's not our policy to talk about anything related to business strategy," Johnson said.

Antrobus said he was impressed by Winners. "I haven't seen anything really that they've done wrong. Again, they are opening new locations so it must be going well."

The recent Bloor Street and Scotia Plaza locations might be expensive, but they are high-profile and target another segment of the market for Winners, he added.

"Overall, I would say it's a good move from the standpoint of strategy, but we'll just have to see."

(David Hatton can be reached at hatton@businessedge.ca)

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Edge@Work

Don't let stress break your company's back

Flexibility can help ease difficulties in work/life balance

(This is the second of a two-part series on stress at work. In this instalment, columnist Sharon Adams looks at the issue from an employer's perspective.)

Once worked for a company with a CEO who bragged he was a bully.

And he installed bullies as heads of key departments.

Soon, even the company's best performers felt threatened, undervalued. The workhorses felt beaten up. And the underachievers became positively paranoid – with good reason. It's tough to feel safe when you think you see target signs on the backs of even the most valued employees.

One joked that the company should have installed a Prozac dispenser next to the water cooler outside all corner offices.

But stress is no joking matter for business. The Canadian Mental Health Association estimates one-fifth of a company's payroll is burned up dealing with stress-related problems such as absenteeism, disability leaves, employee turnover and prescription costs.

Health Canada pegs the cost to Canadian business as high as \$10 billion annually.

One-third of disability claims now relate to mental-health problems, making it the leading cause of worker disability. (Count up the number of people you personally know who have had, or are on, medical or stress leave).

It's anybody's guess how much productivity is lost from all the walking wounded, who are too tired, too stressed, too worried by conflicts between work and home life to give their job their full attention.

The Global Business and Economic Roundtable on Addiction and Mental Health says mental-health problems (which include stress and problems caused by stress, such as depression and addiction)

cost the country \$33 billion a year.

Health Canada's environmental and workplace health website (www.hc-sc.gc.ca/) says stress-related risk can be "shut down to a trickle at source when managers choose to make different kinds of decisions about how they govern the workplace."

But it's easier said than done because managers, supervisors and business

owners are themselves under increasing stress-loads, too.

"We've seen a change in the pervasiveness of work," says Rod Phillips, president and CEO of Shepel•fgi, which designs and supplies employee assistance programs.

Flattening of organizations has meant expansion

of management and supervisory functions. And then there's the electronic revolution, which can make managers available 24/7.

It's routinely expected that managers will work 10- to 12-hour days, says Phillips, and be available on days off.

"It's not sustainable over time," he says. It's resulted in increasing levels of absenteeism and managers now taking more and more advantage of employee assistance programs.

OK, so we're all under more stress. And just as we can individually work at reducing and minimizing personal stress risk, companies can reduce the corporate stress risk.

The Whitehall Study, a long-term research study examining the health of more than 10,000 British civil servants, draws a direct link between the worst health effects and two work factors: High demand and low control over work, and lack of appreciation of what you do. There are other stressors, of course, but these two are correlated with the worst problems, such as heart attacks and mental illness.

So any company that wants to lower the stress risks – and associated costs – could begin by addressing these two issues.



Photo illustration

A change in corporate culture can help reduce stress levels.

OPINION



Sharon Adams
Business Edge

QUOTE . . .

“Acknowledgement can take many forms . . . from recognition from peers, special awards from the company, pizza during the big push to make a deadline, telling anecdotes at meetings about special contributions, to raises and promotions.”

– Rod Phillips, president and CEO of Shepel•fgi, which designs and supplies employee assistance programs

Look at the most stressed-out employees and managers. What can be done to hand them more control over their work?

Flexible hours can go a long way to reducing stress around work/life balance. And some companies have found productivity increases when employees telecommute.

In fact, I believe flexibility can relieve a lot of stress. In corporate situations (we all know the assembly line is different), does it really matter when and where the work is done, as long as it is done on time, there's enough of it and it's of high quality?

Allowing an employee to shift start and quitting times to suit personal responsibilities – such as dropping off kids and checking in on aging parents – can relieve a lot of stress on the employee and the organization. Doesn't fit because you need someone in early? Have you considered part-time positions and job-sharing?

How about allowing some-

one to telecommute a couple times a week – or more?

Or – here's an idea a long time in coming – how about asking employees for their opinion?

One German company (The RWE Group) invited workers in this situation to form teams to identify and suggest improvements. It resulted in a change in corporate culture, in which business meetings turned into co-ordinated team discussions and problem-solving sessions, greatly reducing the need for management to solve problems and make directives. And, I suspect, decreasing the amount of stress perceived around lack of control.

Health Canada's website suggests a job inventory with an eye to equalizing workload. Another excellent resource is the Lambton County website (www.lambtonhealth.on.ca) called Healthy Living @ Work, which offers a detailed workplace action guide for organizational stress management as well as smoke-free

living and physical activity.

Companies that want to go further can give Health Canada's stress, satisfaction and health survey to employees to measure the level of stress and pinpoint its sources.

I once worked for a great boss who believed fervently in matching an employee's jobs to skills and habits. And my stress level as a manager went down tremendously with two simple changes. We switched one person who struggled with details into a job that required more creativity and fewer financial figures, and altered working hours for another whose workday (and thus, mine) stretched over 12 hours regularly because he performed better in the morning than the late afternoon. An earlier start for him meant an earlier finish for me. Not to mention lower overtime claims from him.

I'll make special mention of the dreaded Blackberry invasion. Just because you can reach an employee 24/7 doesn't mean you should. Write a policy. Then nobody can inadvertently abuse the situation or be inadvertently (or advertently) abused. If you don't see a need for it, reread George Orwell's 1984 for an idea of what happens to people who feel they have no privacy. Big Brother could very well be you, or one of your managers or supervisors.

The second major variable from The Whitehall Study is very easily addressed – recognition for a job well done.

"It's so remarkably simple," says Phillips. And yet so few companies actually do it.

The success of every company is due to its employees – from the assembly-line worker who turns out a perfect product hour after hour, to the clerk whose attention to service keeps customers coming back, to the supervisor who makes sure every employee is delivering, to the manager who envisions the future path the company will tread.

"Acknowledgement can take many forms," says Phillips, from recognition from peers, special awards from the company, pizza during the big push to make a deadline, telling anecdotes at meetings about special contributions, to raises and promotions.

Manulife appoints senior executive VPs

Business Edge

Manulife Financial Corp. has announced two senior appointments.

Paul Rooney becomes senior executive vice-president and general manager for Canada, and **Robert Cook** becomes senior executive VP and general manager for Asia. Both appointments take effect early in 2007.

Rooney joined Manulife in 1986 and held various actuarial positions in the corporate and U.S. divisions prior to joining the Canadian division in 1998. Cook joined Manulife in 1978 and has held management positions in various divisions.

Manulife (TSX, NYSE: MFC) is a Canadian-based financial services group. Its head office is in Toronto.

Siemens Canada Ltd. has named **Guenther Scholz** as president and chief executive officer. Scholz was most recently executive VP of Siemens' power transmission group.

Siemens Canada has its head office in Mississauga and is a wholly owned subsidiary of Siemens AG of Munich, Germany.

Robert Howald has been named acting president and CEO of **Canada Lands Co. Ltd.**

He is currently the acting VP of the eastern region real estate section of Canada Lands as well as senior VP of Queens Quay West Land Corp.

MOVING ON

Canada Lands is a federal Crown corporation that oversees the disposition of surplus federal real properties and the holding of other properties. Its head office is in Toronto.

Paul Ski has been named to the new post of president of **CHUM Radio**. He joined CHUM in 1972 and was previously executive VP for radio at **CHUM Ltd.**

CHUM Ltd. owns and operates a number of radio stations, TV stations and specialty channels. Its head office is in Toronto.

BluMont Capital Inc. (TSXV:BCC) has promoted **Stephen Kangas** to CEO. He has been with the company since January 2004 and has been president since December 2005.

Toronto-based BluMont Capital provides alternative investment products to Canadian investors. BluMont is 61.4-per-cent owned by Integrated Asset Management Corp.

3M Canada has promoted **Bill Boyce**, a 25-year company veteran, as regional director for Alberta and the Northwest Territories with a focus on opportunities in the oil and gas industry.

3M is a diversified technology company with global head office in St. Paul, Minn. 3M Canada's head office and original manufac-

turing site is in London.

Bennett Environmental Inc. (TSX:BEV, AMEX:BEL) has appointed **Jack Shaw** as its new CEO.

Shaw has held executive positions with Laidlaw, Philip Services and Mosaic Chemical.

Bennett provides high-temperature treatment services for the remediation of contaminated soil throughout Canada and the U.S. Its head office is in Oakville.

Stuart Mitchell has joined the **Farber Financial Group** as a partner following 22 years as a partner at two international chartered accounting firms.

The Farber Financial Group provides services and advice in forensic accounting, insolvency, turnarounds, crisis management, corporate finance, mergers and acquisitions. Its head office is in Toronto.

Arius Research Inc. (TSX:ARI) has hired **Warren Whitehead** as CFO, succeeding **Catherine Auld** who has been interim CFO and continues to consult during the transition phase. Whitehead, a CMA, was most recently CFO of Labopharm Inc.

David Young, the founder of Arius and its president and chief scientific officer since inception, is now president and CEO.

Arius is a biotech company focused on cancer therapies. Its head office is in Toronto.

Electronics manufacturer **Celestica Inc.** (TSX,

NYSE:CLS) has promoted **Craig Muhlhauser** to president and CEO, succeeding **Stephen Delaney**.

Muhlhauser was previously Celestica's president. He joined the company in May 2005.

Celestica operates a global manufacturing network. Its head office is in Toronto.

GeneNews Ltd. (TSX:GEN), formerly ChondroGene Ltd., has appointed **Roman Zastawny** as VP of biomarker development. Zastawny has worked at a number of medical device and biotech companies.

GeneNews is focused on the application of functional genomics for early disease diagnosis and intervention. Its head office is in Toronto.

Aur Resources Inc. (TSX:AUR) has named **Ed Guimaraes** executive VP of finance and CFO.

Guimaraes, a chartered accountant, has been with Aur since 1995 and was most recently vice-president and controller.

Aur is an international mining company with its head office in Toronto.

Medipattern Corp. (TSXV:MKI), a Toronto-based developer of diagnosis software, has appointed **Janet Sterritt** to the position of VP of sales and marketing.

Sterritt served in several key roles with iCAD during the last 13 years, most recently as VP of women's health.

Duluth Metals Ltd. (TSX:DM) has named **John Francis** as CFO and **Mara Strazdins** as director of corporate communications.

Francis is a CA with more than 25 years of experience in the mining and natural resource sectors. Strazdins, a geologist, worked as a corporate communications specialist with CHF Investor Relations.

Duluth Metals was founded to develop copper, nickel and platinum group metal deposits

in North America. Its head office is in Toronto.

redCity Search Co. (TSXV:RDC), a local Internet search-engine company, has appointed **Mahmoud Al-Daccak** as chief technology officer.

Al-Daccak was most recently CTO for Maximum Throughput Inc. redCity's head office is in Toronto.

Route1 Inc. (TSXV:ROI) has appointed **Rene McIver** to the newly created position of chief information security officer and promoted **Yamian Quintero** to chief scientist and director of applied research.

Prior to joining Route1, McIver was technologies director for Bioscript Inc.

Quintero was previously senior cryptographic developer with Kasten Chase Applied Research.

Route1 provides secure, identity-managed computing solutions. The company's head office is in Toronto.

Sirit Inc. (TSX:SI), a provider of radio frequency identification reader technology, has appointed **Bruce Roesner** its CTO and VP of engineering.

Roesner is the author of numerous publications and presentations on high-technology electronics.

Sirit's head office is in Toronto.

Vicwest Income Fund (TSX:VIC.UN) says that **Robert Skull**, its president and CEO, is on a leave of absence to recover from an illness. In the interim, fund chairman **Bryan Held** will assist the management team.

The fund's Vicwest business unit manufactures metal roofing, siding and other metal building products. Head office is in Oakville.

(E-mail notices and photos at least two weeks before publication date to murdoch@businessedge.ca)

COMING EVENTS

■ **Global Business Trends – The Impact of Emerging Economies** (Dec. 8, 7:45 – 9 a.m.) – Guest speaker: **Nani Beccalli**, president and CEO of GE International. Location: Toronto Board of Trade downtown centre, 1 First Canadian Place. Cost: Toronto BOT members \$55, others \$75. For info or to register, go to www.bot.com

■ **Canadian Club of Ottawa** (Dec. 12, noon) – **Clair Morris**, president and CEO, Association of Universities and Colleges of Canada. Location: Fairmont Chateau Laurier, 1 Rideau St. Cost: Members \$35, others \$45. For info or to register, go to www.canadianclubofottawa.ca

■ **Strictly Business Breakfast** (Dec. 12, 7:15 – 9 a.m.) – Guest speaker: **Jacqueline Richards**. Topic: Yoga For Your Personal Finances. Location: Camilio's

Restaurant, 902 Sheppard Rd., Gloucester. Cost: Eastern Ottawa Chamber of Commerce members \$12, others \$15. For info or to register, go to www.easternottawa.com

■ **Institute of Corporate Directors Ontario Chapter** (Dec. 13, 7:15 – 9 a.m.) – ICD blue-ribbon commission roundtable on the governance of executive compensation. Location: Fairmont Royal York Hotel, 100 Front St. W., Toronto. Cost: \$80. For info or to register, go to www.icd.ca or call (416) 593-7741 ext. 221.

■ **Toronto Venture Group** (Dec. 13, 7:30 – 9:30 a.m.) – Two Solitudes: The real differences between running an Internet startup now and during the dot-com boom, with speaker **Mark Evans** of b5media Inc. Location: Toronto Board of Trade, 1 First Canadian Place. Cost: Members \$47.70, others \$53. For info or to reg-

ister, go to www.tvg.org

■ **Eastern Ottawa Chamber Christmas Luncheon** (Dec. 14, 11:30 a.m. – 2 p.m.) –

Guest speaker: **Nancy Hughes-Anthony**, president of the Canadian Chamber of Commerce. Location: Pine View Golf Course Club House, 1471 Blair Rd. Cost: Chamber members \$35, others \$40. For info or to register, go to www.easternottawa.com

■ **Institute of Corporate Directors Ottawa Chapter** (Dec. 20, 7:15 – 9 a.m.) – ICD blue-ribbon commission roundtable on the governance of executive compensation. Location: TBC Ottawa. Cost: \$35. For information, go to www.icd.ca or call (416) 593-7741 ext. 21.

(E-mail your events at least two weeks before publication date to murdoch@businessedge.ca, or fax us at (403) 264-4439. For online listings of events, visit our website at www.businessedge.ca)

@WORK from Page 18

Thanks not a swear word

Why don't companies do more to acknowledge the importance of employee (and manager) contributions?

They're afraid that by singling out one employee for recognition, they'll put some other employee's nose out of joint.

"They always say, 'What if I miss someone?'" says Phillips. If you miss someone, say so

– and thank them, too. Your employees will know that you don't overlook anyone's stellar contribution. And it gives you more than one opportunity to say thanks.

Alas, says Phillips, "most often it's easier to do nothing." Easier, yes. But not less expensive.

(Sharon Adams can be reached at sharon@businessedge.ca)

Opinions

Canadian miners bucking Mexican exodus

Tourists often behave like jittery sparrows, especially when they travel to foreign destinations. They tend to congregate in the same places (beaches, resorts, famous cities) and they scatter at the first sign of trouble – something Mexico is learning the hard way.

The number of visitors to that country has dropped by some four million this year due in part to a war between competing drug cartels that has left some 2,500 people dead, mainly in northern states such as Sinaloa, Sonora and Chihuahua.

In the southwestern state of Oaxaca, a teachers' strike that began last summer has morphed into a general protest aimed at forcing the resignation of Gov. Ulises Ruiz. The schools did not open in September. Big chunks of the capital city, also named Oaxaca, have been shut down. Clashes between dissidents and federal police have left 15 dead, including a freelance U.S. journalist. Soldiers with automatic

Tourism tumbles in wake of civil unrest, drug war

weapons are patrolling the beaches and the turmoil is scaring the tourists away.

But despite such problems, Mexico is a fascinating blend of right-up-to-date and way-

behind, which I discovered during a recent 10-day business trip. Civic officials in many cities are crazy about speed bumps and have installed them everywhere to slow down otherwise half-mad drivers in Hummers, Escalades, Navigators and sleek, late-model sedans.

Street vendors, ranging from seven-year-old kids to 70-year-old men, hang around intersections and when a light turns red they wander among the vehicles hawking newspapers or assorted trinkets and baubles.

Mexico City, the national capital, is a virtual city state of some 20 million people and extends about 50 miles from end to end. There are so many drivers on the roads that freeway traffic is a daily nightmare. My centrally located

hotel was a 20-minute drive from the airport at 6 a.m. During the evening rush, the same trip took two hours.

But even as tourists head for the exits, mining companies are arriving in droves and Canadian-based enterprises are leading the charge. Currently, there are 228 foreign firms exploring for minerals or operating mines and 171 are from Canada.

The Aztecs and other aboriginal people were extracting silver and gold from mountainous deposits when the Spanish arrived in 1512 and mining has occurred non-stop in the five centuries since then. Mexico is the world's leading silver producer, it is fifth in lead, zinc and molybdenum, and 11th in copper.

Yet, the country's mineral potential remains underdeveloped in large part because until 1993 a restrictive law prevented foreign companies from owning more than 49 per cent of mining properties. That changed after Mexico joined NAFTA. The government of the day reformed its investment law and some big outside companies began acquiring

assets. But most shut down their operations and pulled out when commodity prices started tumbling in the late 1990s.

For the past several years, many base and precious metals have been trading at record levels. Exploration money, a lot of it raised in Toronto and Vancouver, has begun to flow again and the miners are back. For them, Mexico is a new frontier, relatively unexplored or mined by contemporary techniques, and full of potential.

Most of the companies are operating in the northern states of Sonora, Sinaloa, Chihuahua and Durango. The north is the most prosperous part of the country and its residents tend to be more open to foreign investment, free trade and liberal economic policies. By comparison, the south is poorer, it is the source of most of the country's political turmoil, and the people there are prone to being wary and resentful.

Mining is always a precarious and unpredictable business, but Canadian companies got a break when Mexican voters went to the polls July 2 to elect a new president. They

chose by a very narrow margin the conservative, pro-business candidate, Felipe Calderon Hinajosa of National Action Party over the left-leaning Andres Manuel Lopez Obrador of the Democratic Revolutionary Party (PRD).

Lopez Obrador dismissed the outcome and his supporters shut down Mexico City's business district for six weeks this fall in protest. He also staged his own inauguration on Nov. 20, Revolution Day, which is the national holiday.

The defeated candidate proclaimed himself the legitimate president and introduced a parallel government before an estimated 100,000 supporters at a rally in the capital.

Lopez Obrador also promised to disrupt Calderon Hinajosa's inauguration on Dec. 1. That didn't happen and the new man took office, which ensures that Mexico will remain open for business for the next six years at least.

Canadian mining investments should be secure and the miners themselves will be staying put. But it's anybody's guess when the jittery tourists will return.

(D'Arcy Jenish can be reached at jenish@businessedge.ca)

OPINION



D'Arcy Jenish
Business Edge

Global slowdown spells volatile exchange rates

Weakening U.S. buck just part of normal cyclical pattern

The U.S. dollar has weakened against the major currencies in recent weeks, and many analysts are extrapolating a significant decline in the greenback. Chances are, though, the weakness will prove temporary, once again.

Traders are selling the dollar primarily because they have begun to digest the reality of a U.S. slowdown, which was widely doubted only a few weeks ago.

The collapse in U.S. housing is proving to be bigger than anyone bargained for, and the risk of spillovers onto the rest of the economy is growing.

This is fuelling speculation that the Federal Reserve will be cutting interest rates sooner rather than later, which could be a legitimate reason to expect the dollar to decline.

But this story also assumes that growth in Europe and Japan will be resilient to the U.S. slowdown, so that interest rates in those countries remain unchanged or rise as U.S. rates fall. Such unsynchronized growth would be unusual, to say the least, and would defy other evidence of globalization.

Some even believe that growth in Europe and Japan can increase, keeping global growth steady. However, the arithmetic suggests that this would be quite a stretch.

Keeping global growth steady in 2007 in the face of a slowdown in U.S. growth to around 2.2 per cent would require that growth in Europe and Japan increase to three per cent or better.

In both cases, this would put growth well above the economy's potential growth rate, creating inflationary pressures.

The global reach of U.S. consumer spending and the high reliance of both Europe and Japan on international trade make this outcome seem especially improbable. And even if it did begin to happen, both the European

and Japanese central banks would vigorously hike interest rates to reduce growth and prevent an inflationary outbreak.

In other words, if there was a surge in relative growth in Europe and Japan, it would probably be very short-lived.

Recent figures seem more supportive of the synchronization story. Japan's third-quarter growth of two per cent was below expectations, prompting the Bank of Japan to downgrade its outlook.

European growth is also disappointing, especially in France and Italy, and leading indicators point to more sluggish growth ahead, although Germany is beating expectations.

Meanwhile, exports have slowed in Taiwan, Singapore and South Korea, key bellwethers of the global economy.

What this all means is that expectations of higher interest rates for Japan and Europe are also likely to be scaled back in coming months. Once

ANALYSIS



Stephen Poloz
Export Development
Canada

these second-round effects are taken onboard, traders will begin to focus less on the relative performance of the major economies, and more on the overall economic performance of the world.

An appreciable slowdown at the global level will then mean increased default risk, lower commodity prices and exchange rate declines in the emerging markets – a recipe for U.S. dollar strength, not weakness.

The bottom line? The world economy is at a key cyclical turning point, and it is common for foreign exchange rates to be volatile in such circumstances.

Look for the emergence of a more synchronized story for the world economy in the next couple of months, and a firmer U.S. dollar.

(Stephen Poloz is a senior vice-president and chief economist for Export Development Canada. He can be reached at spoloz@edc.ca)

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Technology Edge

Retail's future rings with plastic, not cash

Credit cards, online shopping rule as technology trumps currency

NEW YORK, N.Y.

In the past month, I've had the amusing experience of having media types call me to assist them with stories proving, in one case, that "this will be the Christmas of e-shopping because stores can't get good help" and, just a week later, that "e-shopping is fading and people really want to go to stores."

Of course they're both right, and both wrong. Retail will be changing in some fascinating ways, but there's also a good reason why those big-box malls keep being built. I recently ventured into the heart of U.S. retailing, the New York metropolitan area, to see what's coming down the pike.

It's certainly true that more and more people are using online resources to research and even make their purchases. Statistics Canada tells us that Canadians ordered more than \$7.9 billion worth of goods and services over the Internet for personal or household consumption in 2005, placing almost 50 million orders online during that year.

Almost seven million Canadians actually shopped

online in 2005, while slightly more than nine million did some online "window shopping."

Yet, going to the mall retains its appeal for all ages. Unlike Canada, which has the post-Christmas Boxing Day shopping orgy, the U.S. wisely puts its festival of greed before Christmas, on the Friday after Thanksgiving. On "Black Friday," turkey-stuffed citizens haul themselves out of bed early to gorge themselves on bargains. It's the traditional start of the holiday shopping spree, and the day many retailers go into the black for the year.

This Black Friday, stores battled to open earlier than the competition. The Best Buy branches in New Jersey had a 5 a.m. opening time, with people camped out overnight for super deals on plasma TVs and computers for US\$398.

A New York City merchant offered 1-Gig flash drives for \$2.56 and sold spindles of blank DVDs for a penny per disc. Lines stretched around the block.

Shopper Trak, which monitors 45,000 U.S. mall-based



Photo illustration

Customers will race to cash in on Boxing Day sales, but retail innovations may relegate cash transactions to the sidelines.

retail outlets, reported Black Friday sales were up six per cent over 2005, with the sole exception of Wal-Mart stores, which saw a slight decline in same-store sales.

Of course, stores can't make a business out of selling below cost, and they're going to need to be smart to keep business moving.

One leader in this area is Polo Ralph Lauren, which has installed a 67-inch display screen in its shop window on Madison Avenue. Customers interact with the system by touching images projected on the glass. Think Tom Cruise flicking at ghostly data in the movie *Minority Report*.

Besides calling up images of RL's pricey goods, customers can actually do real shopping by swiping a credit card through a reader, then pick up their purchases inside or have them delivered. Another option is to build a virtual shopping list, then e-mail it to yourself.

After-hours window shopping in New York used to be a harmless pastime, but now the

credit cards can cause damage 24 hours a day, since this gizmo never sleeps.

It's worth noting that credit-card use has certainly reached a tipping point in New York City, where machines vend bus and subway MetroCards via Visa and Mastercard. Old hat for Asian cities, but many Canadian transit systems still make you fumble with change.

Another plus is that if you buy your monthly MetroCard this way, and then lose it, you can get it replaced for free. That's important, since they cost \$76. I also noticed the proliferation of electronic signature terminals to speed up credit card purchases, and what looks like a new policy of not requiring any signature at all for retail purchases under \$15. All in the interest of making those cash registers turn faster.

One retail innovation that hasn't taken off yet in North America is stored value, either in the form of credit cards or on your cellphone. Toronto based firm Dexit Inc. has been plugging away at the stored-

value market, using RFID tags like the ones you wave at gas pumps.

Despite ambitious plans to become like Hong Kong's wildly successful Octopus card, which can even be used to buy bottles of wine, Dexit has struggled in the electronic payments world. Last month, the company announced a new name, a new CEO (and lead investor) and a new focus. Dexit Hosted Solutions will now work with merchants on branded gift cards, which they claim was an \$18-billion market in the U.S. in the 2005 holiday season alone.

They also plan to offer features such as direct messaging to consumers' e-mail accounts, PDAs, cellphones or pagers.

Some pundits feel the day will come when we'll have to pay admission to stores, because they will actually be museums and showrooms where we touch and feel the products we're going to go purchase online. Indeed, Sony has tried just such a facility in San Francisco, at Sony Metreon, a showcase for Sony products where sales are low-key and infrequent.

Innovations like what Ralph Lauren, Dexit, and yes, even the New York City Transit Authority are doing point the way to the probable future of retail — an interesting hybrid of high tech, low tech, credit cards and other forms of plastic.

If anything is going away in retail, it will probably be cold, hard cash.

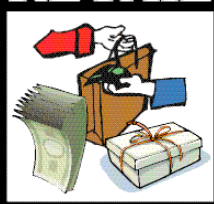
(Tom Keenan is a professor at the University of Calgary and an expert on technology and its social implications. He can be reached at keenan@businessedge.ca)

FUTURE/PRESENT



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SPECIAL REPORT RETAIL



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Consumer, trade shows flavour GTA tourism pie

Business Edge

A new tourism study points to consumer and trade shows as powerful economic drivers for the Toronto region.

More than 2.3 million people visit the Greater Toronto Area each year to attend a consumer or trade show, according to the study from the University of Guelph's school of tourism management.

Visitors and show organizers combine to generate direct expenditures of \$1.1 billion in the GTA.

"This independent study proves that trade and consumer shows are a major piece of the tourism pie," said Barry Smith, president and CEO of the Metro Toronto Convention Centre.

"We traditionally associate only big citywide conventions as generating significant economic benefits to the community, and for the first time we now realize how important trade and consumer shows are to our economic success," he said.

Toronto is the No. 2 destination for trade shows in North America, behind only Las Vegas, according to *Trade Show Week*.

Top consumer shows, such as the One of a Kind Christmas Show and Sale, can attract more than 140,000 people over several days.

"Most of the large consumer and trade shows are in off-peak tourism seasons, which means they are supporting hotels, restaurants and hundreds of businesses and jobs in the fall and winter period," said Arlene Campbell, GM of the Direct Energy Centre.

Other highlights of the study include:

- There are more than 200 consumer and trade shows each year in the GTA, drawing some nine million people in total.

- Thirty per cent of visitors and exhibitors come from outside Ontario.

- Visitors to the shows account for \$614 million in spending, or 56 per cent of the total. Exhibiting companies and show organizers account for \$482 million in spending, or 44 per cent of the total.

- Consumer and trade shows directly support 10,000 jobs in the Toronto region.

- Show organizers and visitors pay a combined \$260 million in taxes to all three levels of government.

Luxury home is still Canadian dream

Ottawa, Toronto show strong jump in sales

Business Edge

Canadians are embracing luxury living more than ever before, according to the *Carriage Trade Luxury Properties Report*.

As a result, the sales of luxury homes have skyrocketed in Canada's major markets, says the report from Royal LePage Real Estate Services.

The report found the greatest rises occurred in Calgary, Edmonton and Halifax, which all reported sales increases of more than 125 per cent, year-over-year, in the first three quarters of 2006.

Sales of luxury homes will not diminish anytime soon, suggests the report, with 37 per cent of Canadians aged 18 and older currently living in a luxury home, planning to buy a luxury home soon, or aspiring to one day be living in a luxury home.

In total, 1,004 Canadians were surveyed between Nov. 16-19. Results can be considered accurate to within ± 3.10

per cent, 19 times out of 20. The poll was conducted by Maritz Research Canada.

"The pronounced increase in the number of luxury homes sold across the country is a strong reflection of Canadians' confidence in the economy and the real estate market," said Phil Soper, president and CEO of Royal LePage Real Estate Services.

"House values have appreciated much more quickly than the underlying economy for much of this decade," added Soper.

Among the report's findings: Activity in the luxury homes market in Ottawa has been strong, with the number of units sold at or above \$750,000 increasing by 33.9 per cent to 75 units sold in 2006, compared to 56 units sold over the same period last year.

A significant number of luxury buyers in Ottawa are international buyers or come from out of province.

Rockcliffe Park is one of the leading neighbourhoods for luxury homes in Ottawa, and is home to many ambassadorial residences. Rothwell Heights is also popular, as well as Crystal Bay, which is popular among purchasers seeking waterfront homes.

In Toronto, the number of luxury home sales at the price of \$1 million and above has increased by 20.3 per cent year-over-year, in the first nine months of 2006. During January to September 2006, 1,309 units were sold, compared to 1,088 units sold in the same period in 2005.

Rosedale and Forest Hill remain the most sought-after areas to purchase a luxury home within the city's downtown core, while areas such as Lawrence Park, Hoggs Hollow and Post Road offer luxury living slightly north of the city.

In Calgary, sales of luxury homes priced at \$1 million and above have risen dramatically. Unit sales in the January to September period have more than doubled when compared to the same period in 2005, from 91 to 237 units sold, an increase of 160.4 per cent.

The phenomenal growth of Calgary's luxury home market is a direct result of the burgeoning oil and gas sectors. Many of the luxury homebuyers in the city are oil and gas executives or entrepreneurs with junior oil companies, a significant number of whom have relocated from other provinces or the U.S.

In Edmonton, sales of homes priced at \$700,000+ skyrocketed by 128.6 per cent, year-over-year, in the first nine months of 2006 to 96 units sold, compared to 42 units during the same period in 2005.

Demand for luxury homes has risen as corporate relocations to the city have expanded the pool of buyers. Demand has also been sustained by rising income levels fuelled by strong economic growth across the province.

In Vancouver, the number of luxury home sales at the price of \$1 million and above has increased by 57.2 per cent year-over-year, from 1,231 sales from January to September 2005 to 1,935 units sold during the same period in 2006.

Vancouver boasts being the city with the greatest number of homes sold over \$1 million-plus in Canada.

The pool of luxury buyers in Vancouver is comprised of both local and international buyers. Purchasers seeking luxury condominiums often have a luxurious primary residence located outside the city.

In Victoria, sales of homes priced at \$1 million and above rose by 27.3 per cent, year-over-year, from 121 units in 2005 to 154 units sold in 2006.



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Imperial Square is prominently situated at the northwest corner of Woodlawn Road West (Highway 7) and Imperial Road North, a short distance west of Hanlon Parkway (Highway 6). Woodlawn Road West is a major east-west thoroughfare which extends across the top of the city, extending past Toronto, 60 miles away, to Ottawa in the east and Michigan to the west. Imperial Square is in close proximity to a growing residential node and is well located with more than 3,000 people employed within a 3 block radius of the property.

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Only 60 miles from Toronto, Guelph benefits from a diverse and stable economy. The Guelph area is attractive not only to Advanced Manufacturing companies, but also to Life Science, Agri-food and Biotechnology firms and Environmental Management and Technology companies. The University of Guelph is well-known as a premier research university. Guelph is also home to the Ontario Ministry of Agriculture, Food and Rural Affairs. Guelph is considered to be the fifth fastest growing community in the 100,000 to 200,000 population range in Canada. The average household income in Guelph is \$75,500 which is 12% above the national average and its unemployment rate is below the overall Canadian average.

Property Profile...

- Imperial Square is a multi-tenant retail shopping centre (55,636 sq. ft.) on 9.75 acres of land built in 2004...
- Excellent exposure on Woodlawn Road West...
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