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Retailers scramble to adopt new GST

Some merchants waited until last minute to lower tax

By Laura Severs
Business Edge

Canadian retailers are struggling to deal with the fallout of the recent cut to the federal goods and services tax (GST), industry officials say.

The drop from six per cent to five per cent hit retailers with a triple whammy on January 1.

Changes to cash register and computer systems had to be made on a holiday.

Customers were still flocking to stores as Boxing Week blowout sales continued and stores found themselves in the height of return season with clients lining up to exchange unwanted Christmas gifts.

Retailers were also coming off the make-or-break Christmas sales season and preliminary indications are that they had little time to do anything else except sell, sell and sell.

"We don't have any numbers yet, but we think it's a 100-per-cent certainty that retail holiday sales were up over last year (2007 over 2006)," says Peter Woolford, vice-president of policy development and research for the Ottawa-based Retail Council of Canada, which represents more than 40,000 retailers across Canada.

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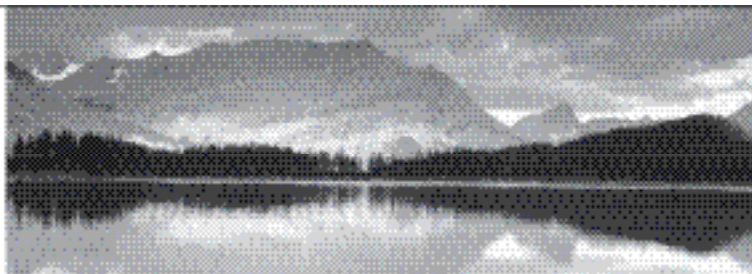


Daniel Alexander, Business Edge

Union boss ready to set new course

Canadian Auto Workers president Buzz Hargrove, right, checks out the assembly line at the Mississauga Seating Systems plant in Mississauga as an MSS worker applies the finishing touches to an automotive seat being installed at Ford's Oakville facility. As he prepares to step down as CAW boss, Hargrove discusses how he developed his philosophy in **20 Questions** on **Page 6**.

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Buzz Hargrove is gearing up for one final challenge as Canadian Auto Workers Union president – getting a deal with the Big Three automakers.

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Today's innovative tools can be tomorrow's landfill, says columnist Tom Keenan.

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Auto market picking up speed in South America

Business Edge

Asia gets the headlines but South America is the fastest-growing automotive market, and emerging economies will continue driving growth in the global industry this year, a Scotia Economics report says.

This follows a faster than expected rise of four per cent in worldwide auto sales in 2007, driven by a 20-per-cent increase in Latin America and China, according to the new study.

“Emerging markets will remain in the forefront in 2008, more than offsetting lower volumes in mature markets and lifting global volumes to a fifth consecutive record,” stated Scotiabank auto industry specialist Carlos Gomes.

“However, gains will moderate to one per cent, as purchases in the United States slump to the lowest level since the mid-1990s, undercut by the housing-led slowdown and credit crunch.”

Strong car sales across South America reflect economic growth in the region supported by agricultural and industrial commodity exports, Gomes said.

He expects overall South American economic growth to remain close to

five per cent as the continent has been largely unaffected by housing-market and financial-sector disruptions, and it depends on the United States for less than one-fifth of its exports.

In China, despite a ten-fold rise in auto sales over the past decade to more than five million in 2007, vehicle ownership remains low – 27 vehicles per 1,000 people, compared with a rich-world average of 610, Gomes said.

“While car sales gains moderated to 22 per cent in 2007 and will likely increase by 15 per cent in 2008 to 5.9 million units, China is on target to overtake the United States and become the largest automotive market by roughly 2020.”

India is also expected to continue double-digit percentage sales gains, with purchases forecast to reach three million by 2015, up from 1.1 million last year.

In North America, Gomes expects U.S. vehicle sales to decline to 15 million, the weakest performance since 1995, while the Canadian market is projected to soften to 1.61 million in 2008 from 1.65 million last year, “with the slowdown concentrated in Canada’s manufacturing heartland, Ontario and Quebec.”

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Ontario recruiting firm runs into red light

The Canadian Press

An Ontario-based recruiting firm that lured foreign workers to Alberta with the promise of jobs in exchange for thousands of dollars in placement fees has been ordered to stop.

World Wide Workforce, based in Woodbridge, violated Alberta laws by

charging fees of up to \$18,000.

“They were operating in Alberta without the required licence and they were charging workers fees for their services, which was also a breach of our legislation,” said government spokesman Eoin Kenny. “Promises

were made and not kept. We do know that they were charging huge fees.”

Several workers complained that the jobs were already filled when they arrived in Edmonton, while others were paid far less than the wages they were promised by the recruiter.

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We hope you like what you see in the new Business Edge

By Terry Inigo-Jones
Business Edge

Welcome to the new-look *Business Edge News Magazine*.

Our regular readers will notice some big changes this edition. First, the size of our pages is smaller. Secondly, we are using new fonts and have a new layout style.

Both of these moves will allow us to save paper, but that was not the only motivation for the changes.

Being smaller will make it easier for transit commuters to read on their way to and from work and a better fit for briefcases. The type is also smaller, but without any loss of readability.

We turned for help to Joel Shane, of Vancouver, a typographic consultant with graphicmaterial.com and a graphic designer with Seven25 Design & Typography.

"I would like to explain a bit about why *Business Edge* is in renowned company in its new direction," says Shane.

"It is largely the sensitive use of the typeface (font) named Coranto, which has allowed for a 30-per-cent or so economization of space. Coranto is a face designed specially for use in

newspapers, and is used internationally, from the Brazilian financial newspaper *Valor* to *The Scotsman* and several Scandinavian papers.

"The designer of the typeface, Gerard Unger, is considered to be one of the few kings of contemporary type design, and has also designed the typeface used in *USA Today*. His typeface designs have saved countless dollars for newspapers and spared thousands of acres of forest, not to mention many readers' eyes.

"I had the benefit of being a student of his during my master's studies in type design in the U.K. and Holland, where I focused on economical typefaces for newspapers and magazines.

"The redesign should speak for itself. The editors took a courageous stance and worked with me to sharply tune up the complete tone of the paper, with immensely positive results.

"What you are holding is an example of a solid, sleek publication made from the highest-quality building blocks available."

We like our new look. We hope you do, too. Let us know.

(Terry Inigo-Jones can be reached at terry@businessedge.ca)

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RETAILERS from Page 1

Cash-register technicians having busy season

Despite the challenges, Woolford says any move that puts money back into customers' pockets is good. "Sure, it would be nice if it (the GST cut) came at another time. But we'll take it when we can get it."

Retailers have been through this experience before.

Ottawa lowered the GST from seven per cent to six per cent on July 1, 2006, forcing sales clerks to follow lengthy procedures for refunds or exchanges on items bought when the GST was one per cent higher.

This year, there have been reports of the odd store that wouldn't refund the full six per cent GST for an item purchased over the holiday sales season, if it was returned in 2008.

"We've heard some stories about people making purchases before the New Year, returning it afterward, and merchants accepting the merchandise but only providing a credit of five per cent on the GST, not six per cent," says John Williamson, federal director of the Ottawa-based Canadian Taxpayers Federation (CTF), a non-profit organization dedicated to lower taxes and accountable government.

"In some cases, we've even heard of some retailers not having changed their systems."

Williamson notes if any merchants continue to collect a GST rate of six per cent, they must remit it to Ottawa.

One store in Edmonton posted a sign stating it would only refund a five-per-cent GST rate for 2007 purchases returned after Jan. 1.

"I can understand there are computer issues, but we're not talking about complex math here," says Alberta CTF director Scott Henning, who saw the sign during his own Boxing Day shopping.

"Get a hand calculator and work it out, it shouldn't be a huge issue. The principle of the matter is you should get back what you paid."

Across the country, it appears the changeover has gone relatively smoothly for the technicians who were updating cash systems for merchants.

Rod Thompson, president and CEO of Winnipeg-based POS Systems Ltd., which supplies point-of-sales systems and cash registers to merchants in Ontario and the Prairies, says life was re-

GST Q & A

Customers who have found that they have paid a higher rate of GST than they should have should contact the merchant in question for a refund, speaking to a more senior person if necessary.

Here are some other scenarios:

Q: I invoiced a customer in 2007 for the sale of computers. The customer paid the invoice after January 1, 2008. What rate of tax do I charge on this sale?

A: Since the GST became payable on the date of the invoice and this was in 2007, you would charge the customer six per cent GST.

Q: In April 2007, we had a sales promotion where our customers purchased furniture without having to make any payments until April 2008. What rate of tax should apply to these sales, where our customers received ownership and possession of this furniture in April 2007, but will not receive an invoice for payment until April 2008?

A: If the customers received possession and/or ownership of the furniture in April 2007, under a written agreement entered into at that time, the GST is considered to be payable at the end of May 2007. Since this date is in 2007, six per cent GST applies to the sale of this furniture.

Q: In September 2007, a consumer buys a refrigerator under a layaway plan. Under the written agreement, the consumer must make six equal monthly payments from September 2007 to February 2008 (the payments become due during each of these months). Possession and ownership of the refrigerator will be transferred to the consumer after the final payment is made in February 2008. What rates of tax apply to these payments?

A: GST at the rate of six per cent will apply to the monthly payments required to be made in 2007. Payments required to be made on or after January 1, 2008 (January and February 2008) will be subject to GST at the rate of five per cent.

Q: What rate of tax applies to a magazine subscription renewal if it is accepted and paid by the customer in 2007 but the magazines will be provided to the customer in 2008?

A: If the magazine subscription renewal payment is made in 2007 or becomes due in 2007 the amount will be subject to six per cent GST, even though the magazines will be provided in 2008.

Source: Canada Revenue Agency

turning to normal as of mid-January.

"We went back to work on the Wednesday (after New Year's) and the calls started coming in. We ended up doing something in the area of 450 changes, and these were just the ones we were able to do on the phone with people," says Thompson, noting that technicians had to be sent out in other cases.

"I love our government when they bring down taxes, but it would be great if they didn't do it on a long weekend or a time that didn't include New Year's Eve."

Vancouver-based Donovan Sales Ltd., which also sells cash registers and point-of-sales systems, hired extra staff to deal with the crunch.

As of mid-January, Donovan estimated five per cent of his customer base was still waiting to have their cash register systems updated.

To speed up the process, the com-

pany has been sending out faxes to clients with instructions on how to change their own registers.

"About 60 per cent of our cash registers are really simple to change, but it's human nature for people to leave everything to the last minute," says Margarita Donovan, the company's director of sales and marketing.

Part of the last-minute rush is also being attributed to retailers who did not want to eat the loss of one per cent on their sales by adjusting their registers a day or two early. If they dropped the GST to five per cent before the official January 1 implementation date, Ottawa was still owed a GST rate of six per cent on sales that were made.

The possibility of technical glitches can throw retailers unexpected curves, says Beverly Gilbert, of law firm Borden, Ladner, Gervais LLP's commodity tax group.

In one past case, she says, a system was programmed to make a one-per-cent sales tax change. But instead of dropping it by one point, it charged no sales tax at all. A number of purchases were made before the error was discovered, and being cash sales, the merchant could not recoup the lost taxes that needed to be collected from the customers.

"Any change that has been made needs to be well tested," says Gilbert. "That was done (in a lot of cases) through the Christmas holidays with staff running tests making sure the change was being implemented properly."

But these manual interventions also meant many customers spent long delays in gift-return lines.

See CONSUMERS

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CONSUMERS from Page 4

Shoppers pocketing GST savings

Ultimately, consumers are expected to come out on top, saving between \$10 billion and \$12 billion annually due to the two separate one-per-cent GST reductions.

The CTF says each one-per-cent GST drop should mean shoppers will save \$150 to \$200 a year, or a total of \$300 to \$400 annually, compared to when

the GST was seven per cent.

While the CTF believes it would be better economic policy to cut income tax rates, "in general, we have been supportive of the move to lower the GST from seven per cent to five per cent," says Williamson.

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

CanWest gets OK on Alliance Atlantis buy

CanWest Global Communications Corp. (TSX:CGS) has received final approval from the CRTC for the acquisition of Alliance Atlantis's broadcast assets, which include the HGTV and Showcase specialty channels.

The transaction had been controversial because New York-based investment house Goldman Sachs put up most of the upfront funds for

the deal, although Winnipeg-based CanWest asserts it will remain in control of the business.

The CRTC had said in its conditional approval that it was satisfied enough safeguards were in place to ensure CanWest remained under Canadian control, as required under the federal Broadcast Act.

—The Canadian Press

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20 Questions

Autoworkers' leader enjoys creating buzz

Hargrove prepares for Big Three contract talks in union swansong

By Monte Stewart
Business Edge

Canada's auto industry is abuzz these days. When the high Canadian dollar is not causing concern, plant closures, climate-change issues and new vehicle models are grabbing the headlines in this critical manufacturing sector.

It's Buzz Hargrove's job to make sure that workers' interests aren't forgotten.

Hargrove is serving his final full year at the helm of the Canadian Auto Workers Union (CAW), the largest private-sector union in Canada. And it will be a pivotal year for both the CAW and Hargrove as members seek a new deal with the Big Three automakers – General Motors, Chrysler and Ford.

The Big Three talks will challenge Hargrove's claim that the CAW prefers respectful negotiations over strikes. "There's not many unions anywhere near our size that don't have 10 or 12 disputes going at any one time," he says. "With us, if it's one or two, that's a lot."

Hargrove has experienced, if not caused, many of these disagreements. Since the mid-1960s, he has helped the CAW form its own organization – after breaking away from the U.S.-based United Auto Workers union – and expanded the organization into a variety of other sectors ranging from aerospace to fisheries.

Over the years, he has squabbled with the Canadian Federation of Labour, severed the CAW's long-standing formal ties with the federal New Democratic Party, pranced privately and publicly with prime ministers and chafed chief executives and CAW members alike through actions that included a no-strike guarantee in a contract with Frank and Belinda Stronach's Magna autoparts manufacturing firm.

Say what you will about him, Hargrove knows how to generate buzz . . .

1. How did you get the name Buzz?

"My name is Basil. When I was in school, everyone used to call me Baz. I went into several workplaces and I was always Baz. In Chrysler – I went in there in '64 about the same time Buzz Aldrin went to the moon – when I said Baz, they just started calling me Ol' Buzz. I just took up Buzz and it stuck with me in the plant. I ran for election. I figured if I ran on Baz or Basil, nobody would know me. So I ran on Buzz and I've been Buzz ever since."

2. What were some of the important lessons that you learned while growing up in

Daniel Alexander, Business Edge

CAW president Buzz Hargrove enjoys a laugh with union members of Mississauga Seating Systems.

New Brunswick?

"Hard work, honesty and respect for other people, regardless of religion, race, colour or sex."

3. Who were your mentors?

"My mom was my closest mentor. There was a man by the name of Bill Clark whom I lived with, off and on, while I was going through my (early teen years). Also, my Uncle Alvin, who lived with him. We used to call them the Odd Couple. Alvin was divorced and Bill's wife had died. Bill had had 18 children. A number of them were still home in a big place in Hartland, N.B. I stayed there with them. He worked for the local undertaker, but he had been a farmer all of his life. He was very warm (and) intelligent. I've always considered myself a socialist, but he was probably the only true socialist I ever knew. He always voted Conservative, but his practices were socialist. He would take anybody in off the street. I didn't get along well with my dad at all (because of a divorce situation) so he was kind of like a father to me."

4. What were some of your early passions?

"I didn't play any sports or anything. I loved reading – I do still today – and travelling the country. I worked in almost every province in the country before I settled in the auto industry in Windsor in 1964. I was always a good people person. One of my greatest strengths in my success

as a union leader has been my ability to read people in the bargaining committees and the management we're dealing with."

5. What were some of your memorable experiences during your travels?

"I got fired from a job up in northern British Columbia. We were working for a pipeline company called Campion out of Edmonton. I wrote about this in my book, *Labour of Love*. I was ordered by the superintendent to go into the cold, rushing water in the dead of winter. I refused, and I was fired. I'll also always remember when (then-U.S. president) John F. Kennedy was shot. I was working on the South Saskatchewan River Dam in Outlook, Sask. There were a lot of new immigrants from Europe there, including Eastern Europeans. I'll always remember the mood amongst all of those people, who thought, 'The Russians have killed him. This is the beginning of the Third World War.' I (also) worked for Alberta Government Telephones (which eventually merged into Telus). That was the first time I got downsized. Two companies, one out of Edmonton, one out of Calgary. One bought the other, then they laid off the 50 or 60 most junior people to save money. I think I was about 19 years of age at that time."

6. How did you get steered**toward a career related to the auto industry?**

"I really didn't. I was working on the South Saskatchewan River Dam and I had every intention of going back. I still had an apartment in Calgary and I was going back there once the dam project was finished, which was only in two or three more years. I worked on a survey crew and the project shut down for the winter. We had another six or eight weeks of working to prepare the site for the spring when the big machines come back. When I finished that, I came back to Calgary. Then I took my time driving across Canada to visit my mom in New Brunswick and my half-brother, Carl, living in Windsor. Carl talked me into putting in some resumés to different companies. I was not looking for a job, but just to satisfy him . . . I put in the applications and I went on to New Brunswick. When I got down there, I got a call. Chrysler had called me to go in for a medical and go to work. So that's how I ended up on that job. Even then, I was only going to stay a couple of months until the dam project re-opened. But once I was there, I liked the work. The money was better than what I had been making out west. I just decided to stay and got hired on April 28, 1964."

7. How did you get steered toward union leadership?

See 20 QUESTIONS

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Corporate travel expected to rise in '08

But reports differ on whether businesses face increased costs

By Laura Severs
Business Edge

Canadian companies and their employees expect to both travel more and spend a greater amount on travel costs this year.

Organizations are expected to increase their level of business travel by a "solid" average of 4.2 per cent, according to the Ottawa-based Association of Corporate Travel Executives Canada (ACTE), which has 300 members.

This in turn is expected to fuel an expansion in corporate travel spending, with Canadian companies enlarging their business travel budgets accordingly.

ACTE Canada's 2008 Business Travel Outlook notes the top three reasons for higher travel spending include a greater number of international trips to destinations other than the United States, rising travel prices and growth in domestic travel.

Both the ACTE Canada report and the National Business Travel Association Canada (NBTA) say Canadian travel costs are generally expected to remain flat or rise minimally, while attributing business travel growth to a strong economy.

ACTE Canada's report was done in conjunction with the Conference Board of Canada and surveyed 43 major Canadian companies.

It predicts corporate airfares for domestic or trans-border travel to the U.S. are expected to edge up by an average of 1.2 per cent over last year.

International airfares, it says, will climb slightly higher - by 1.6 per cent. Companies also said they expect higher hotel prices, with an increase of 2.5 per cent, and only a slight increase of 0.6 per cent in corporate rental car rates.

Calgary-based NBTA Canada surveyed Canadian corporate travel buyers for 95 corporations from coast to coast. Most said they expected airfares, hotel room and car rental rates to remain flat.

"With increased travel as the pri-

mary driver of business travel growth, travel managers are looking to contain costs with effective travel policies," says NBTA Canada president Tanya Racz. "But it's an exciting time in Canada. We're starting to see a lot more companies involved - the mid-market is starting to recognize the importance of a travel program to help them manage costs."

But a third report, from Markham-based American Express Business Travel, predicts that business travel in 2008 will make a much bigger dent in travel budgets, with higher costs for airfare, hotel rooms and rental cars.

The report says that domestic or short-haul airfares will cost businesses two to five per cent more in 2008, while international or long-haul flight costs will rise by seven to 10 per cent.

It also says mid-range hotel costs are projected to go up by five to seven per cent, upper-range hotel rates will jump by six to eight per cent, and that car rental rates will cost an additional two to four per cent this year.

"With high prices expected to continue well into 2008, companies need to start thinking and acting more like bargain-hunting consumers, so they can better manage their travel costs," says Lyell Farquharson, vice-president and general manager for American Express Business Travel.

Canadian companies should use their corporate travel policies to negotiate lower rates and availability in order to maximize their benefits, he adds.

All three reports agree on one thing: Tougher travel negotiations lie ahead for travel buyers.

"As Canadians (businesspeople), we are travelling more - internationally, domestically and then trans-border," says Onita Dey-Frankian, the industry and association liaison for ACTE Canada.

"Because of the economy being what it is, business travel will be at an all-time high. Increasing demand sparks higher prices and travel managers will have to try to balance costs."

As more and more companies try to cut travel costs, airlines are offering more business-friendly options.

Calgary-based WestJet says that even though it doesn't offer a separate business-class option, its share of the domestic business travel market has been steadily increasing.

See TRAVEL Page 15

100 tips

for growing your business

Wardell Professional Development

55

Share your dreams with your employees. World class people are attracted to world class opportunities. As an employer, you need to continuously share your exciting plans for the future with new (and existing) employees. By inviting your whole team to take part in fulfilling your company with you, you create a motivating environment. Which is exactly the type of place great people choose to work.

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Become an expert - on your customers, that is. Reaching new customers is far more challenging than getting in touch with the customers you already have. By surveying your current customer base, you can quickly discover why they do business with you and quite possibly, what would lead them to do more business with you.

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Systemize your business. To make your business more efficient, and thus more profitable, it needs to become systematic. To achieve this, you need to create manuals documenting everything involved in operating your business. For example, how to hire employees, detailed job descriptions for each position, production procedures, production work-flow, marketing, etc. Documenting all procedures serves to motivate employees and develop a culture of accountability and professionalism needed to take your business to the next level.

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Hire like people who fit with your corporate culture, which means first you need to know who you are. Excellence comes in many forms. Whether you're a fun, energetic team of graphic artists or a cautious group of detail-oriented accountants, you need to be as explicit as possible about your corporate culture when you're seeking to build your team, so that you don't waste time meeting people who won't fit in.

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Empower your employees. No matter how hard you work, you simply can't do it all yourself. So quit being such a "control freak" (you, you) and start empowering the team around you to be responsible for the day-to-day tasks involved in managing your company. You'll be amazed at what they can do without you.

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20 QUESTIONS from Page 6

CAW chief stoked union passion on shop floor

"I was working steady nights – six days a week, which meant Monday through Saturday night. I had no social life at all. Some of the older guys said, 'Well, why don't you talk to the union? See if they can get you on days.' So I did. Through that conversation, I got to know the union. I had to talk to 'em every day for a few days before the (shift change) was done. There was a chairperson who became

my friend and mentor in my union life. Ken Gerard was a mountain of a man. He weighed about 300 pounds, but he was a gentle giant. He got to telling me about the union and he invited me to membership meetings. I started going and I started hanging out with him. I'd go out for dinner with him and his wife and talk about the union (and) talk about politics of the union. Then the rumours started in late '64 that the Canada-U.S. Auto Pact was going to be signed between (then-prime minister) Lester Pearson and (former U.S. president) Lyndon Johnson. This was going to create thousands of new jobs in the auto industry in Canada. Sure enough, I hung in at Chrysler. They signed the pact and (Chrysler) announced the second shift in the Windsor car-assembly plant. They hired 2,000 brand-new people off the street. From across the country they came – from farms, from factories and from university and from school. They all were new to the plant, to the company and to the union. So I was seen as one of the more senior guys, having almost one year of seniority, and the union asked me to run for shop steward on the second shift. I did. That was in March of 1965 and I've held a union position at one level or another ever since."

8. Did you face adversity early in your union life?

"The workplace in those days was really like a war zone. The union and the management fought continually on every issue. Management had no respect for the union or workers. They were driving people to get more work out of them and to get the (assembly) line to speed up. Health and safety were big issues on

the shop floor. When I started, we were building 14 different vehicles in one factory that all required different parts and different packaging. So you can imagine what the plant looked like in terms of cardboard and steel racks and wooden racks. It really was a very unsafe situation. So I was part of a mini-revolution that changed all of that, that forced the company to start doing things differently – to start respecting the union."

9. You say you're a pacifist, but you don't shy away from confrontation. What's your view on dealing with confrontation or conflict?

"Defending people or defending

my beliefs, I don't shy away from that. I'm 63 years of age. I take great pride in saying that I've never harmed a hair on any human being's head in all those years. Every (union and) management relationship we've had has always been confrontational. We're doing some things to try to change that. The recent Magna (auto parts) agreement is one example of that, where they made a pledge that they would recognize the union without interference with the workers. We pledged not to strike and they pledged not to lock out. I've always said those are avenues that should be explored.

See NATURE

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At Work with CAW

- **Brass:** Buzz Hargrove, president; Jim O'Neil, secretary-treasurer; Luc Desnoyers, Quebec director.
- **Profile:** The CAW, one of Canada's largest private-sector unions, began in 1937 as the Canadian region of the U.S.-based United Autoworkers Union. In 1984, the CAW split from the UAW in a bid to negotiate its own contracts. The CAW has since merged with several smaller unions, including the Fishermen, Food, and Allied Workers and the Canadian Brotherhood of Railway Transport and General Workers. Today, the CAW's 261,000 members include workers in many sectors.
- **Structure:** The CAW is governed by an elected National Executive Board that oversees union councils and locals.
- **Website:** www.caw.ca
- **HQ:** 205 Placer Court, Toronto, M2H 3H9
- **Phone/Fax:** (416) 497-4110 / (416) 495-6559

Buzz Hargrove

- **Title:** President, Canadian Auto Workers Union.
- **Born/raised/age:** Bath, N.B./Holmesville, N.B./63.
- **Education:** Dropped out of high school in Grade 10.
- **Family:** Married Denise Small on Dec. 22, 2007. Father of five children through his first marriage and other relationships. Six grandchildren.
- **Career:** After leaving school, Hargrove worked at different jobs around the country, including as a labourer on a pipeline in northern B.C. and a dam project in Saskatchewan. By chance, he landed a job at a Windsor auto plant and decided to stay in Ontario. After first winning election as a CAW shop steward in 1965, he held various elected positions until he joined the union's staff in 1975. In 1992, he was acclaimed as president and has won elections every three years since.
- **Moonlighting:** Hargrove serves as a Canadian Labour Congress vice-president and sits on the board of Toronto-based Pathways to Education. He also volunteers with Eva's Phoenix, a Toronto-based organization that aims to reduce youth homelessness and poverty.
- **Passions:** Reading and travel.



Buzz Hargrove

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NATURE from Page 8

Labour-relations history scarred by conflict

"Companies shouldn't be afraid of unions – and unions shouldn't be declaring war on companies. But the nature of the beast – the history of labour relations – is that once workers decide they want a union, the company does everything possible to try to keep the union out."

10. What's your response to those who say Canada is losing its manufacturing industries because labour costs are too high?

"That's absolutely not true. There's not been one workplace that's closed that's blamed labour costs – and I deal with a lot of companies. There are a lot more non-union manufacturing operations that are going under than there are union. That's a flippant response by people who don't have any intellect to deal with the real problems that manufacturing is facing. The problem is the dollar and the incredible escalation of the dollar against the U.S., where most of our products are shipped, over a short period of time."

11. What else is wrong with Canada's manufacturing industry?

"The North American Free Trade Agreement (NAFTA) allows companies to take advantage of lower wages in the southern United States or Mexico and take advantage of very lax or unenforced environmental laws in countries like Mexico. That's a major problem, and also the unfair trade that we have with the rest of the world. We're the Boy Scouts of trade – bear markets on almost every product. Wide open. Come on in. Take our jobs. Every other nation in the world has (key) industries. They find a way to defend those industries and support their entrepreneurs and to support the workers and their families. I can't even get a meeting with the prime minister. After two years in office, (Stephen Harper) still refuses to meet with our union. I don't think he should meet with Buzz Hargrove because I'm Buzz Hargrove, but the leader of the auto workers' union is representing not just the auto industry but the airline industry, railway, transportation, fisheries, mining, hospitality (and) gaming. I think it's an absolute disgrace that this prime minister has refused to meet with the top leadership in our union."

12. How many prime ministers have you met with?

"We had a large group of people that met with Lester Pearson back in the mid-60s, and (I've met with) every prime minister following that, from Pierre Elliott Trudeau to Brian Mulroney to Joe Clark, John Turner, Kim Campbell, Jean Chrétien and Paul Martin. I had several meetings with Paul Martin, including once at his home on 24 Sussex Drive. (Harper) is so indifferent to what's happening to

people out there. All he does is take comfort that the overall economy is strong because of our commodities."

13. Was Paul Martin the only prime minister who invited you to his home?

"Chrétien did at one point, but the (planned meeting) fell apart because of his schedule. Intellectually, Paul Martin was probably the brightest prime minister we had. He really wanted to know and understand and talk through the issues. He wanted to know what, if anything, the government could do to assist, and wanted to be challenged about what could be done and what was possible. In that regard, he was quite a different prime minister than others."

14. Why don't you like the deal that workers signed with GM and Chrysler in the U.S.? (The United Auto Workers recently agreed to a controversial four-year deal that allowed for big wage concessions.)

"I don't think it's good for workers and their families and communities. I don't think it's good for the company – and I know it's not good for the union. If you put it in the Canadian perspective, if we were to do the same thing, young people would be coming into our workplaces at the rates of pay that their moms and dads got hired at over 20 years ago. I ask myself: How are young people working at \$14.25 per hour going to buy a car? They're

not. They're going to be building them and somebody else is going to be buying them. How are they going to buy a home? How are they going to raise a family? I just think (the U.S. deal) is absolutely wrong."

15. What are the other key issues in the contract coming up?

"I don't know, it's too early. We don't open (negotiations) until July ... But one of the issues, clearly, will be on not going down the road of cutting wages or creating a two-tier wage system and second-class workers in the plant."

16. What do you see as some of your accomplishments at the CAW's annual meeting this past December?

"Getting approval of the Magna agreement. The CAW council is what we refer to as the parliament of our union in Canada. It has about 875 elected representatives from all local areas across Canada and it is a political body. If there's anything controversial going on in the union, we put it on the floor there for debate and vote. If the council says it's wrong, don't do this, we don't do it. We had an overwhelming vote. After four hours of debate, 98 per cent of our delegates voted in favour of the Magna agreement. That was very important to me as the leader."

17. How would you describe your negotiation style?

"I think most companies, if you asked them, would say that I'm straight up. The thing that they like about me is my integrity. They know that 99.9 per cent of the time if they shake hands with Buzz Hargrove, they've got a deal."

18. Are you planning to write a sequel to your autobiography now that you're near the end of your career?

"A number of publishers have asked me if I'm going to do something and would like to work with me. I think I probably will. I wrote *Labour of Love* in '98. A lot has happened since then."

19. What kind of legacy are you hoping to leave?

"I've always said that the challenge for me is to try to leave the union in better shape than I found it, and to ensure that we have a transition of union leaders without a major split in the union. The union was about 120,000 members when I was elected in 1992. It's 261,000 today. Our peak was 265,000 a couple of years ago. We've doubled the staff in our union from around 80 to 160. We've doubled our education programs. We've doubled our organizing budget and our organizing effort, and we've added additional people to our national executive board of the union."

See PUBLIC

Page 12

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Drawn by a soft U.S. greenback and numerous buying opportunities in a lively local market, Canadians are digging into their pockets, pulling out their own revitalized loonies and getting into Hawaiian real estate in unprecedented numbers.

Satisfied international buyers say there's no discernible downside. A little quick figuring brings this remarkable investment opportunity into clear focus. With the Canadian dollar hovering near par, buyers are paying as much as 35 per cent less for prime Maui real estate than they would have coughed up only a few years ago.

Yet the value of recreational property in Hawaii has steadily appreciated during that time and there's no apparent end in sight. It's useful to remember that Mother Nature won't be creating any more gems like Maui. Once she achieved perfection, she broke the mould.

A land of lush beaches, gleaming sands, fascinating history, marvellous weather and a thriving artistic and cultural life, Maui casts a spell of languid, lustrous enchantment. Fond memories of this ocean paradise haunt everyone who ever had the good fortune to visit.

But let's leave visions of scenic splendour aside for the moment. From a practical point of view, there are any number of sound economic reasons why Canadian investors are taking a close look at Hawaiian property, at a time when global markets are volatile and unpredictable.

The world's a big place. But there



The paradise of Maui has never been more affordable.

are a limited number of top-shelf properties to go around. That's why the enduring long-term value and appeal of property in Maui seems assured – particularly when it's able to double as income-generating rental property.

Can you imagine a more restful place to kick back in the sun, sipping a cool beverage, secure in the knowledge that your investment is building additional wealth with each refreshing swallow?

And while you're back in Canada, working hard to prepare for your next visit to the golden sands, accomplished professional management teams can be working on your behalf, maintaining and caring for your invaluable property. It's a simple matter to hire a full-time marketing professional to ensure that your temporarily vacant property is rented and protected during your absence.

Face it, this is a no-brainer, no matter how you slice it. Here's an unbelievable opportunity to combine an intelligent long-term investment with a leisurely lifestyle.

Put it this way. Where else would you rather retire?

Here's something else to consider: those in the know insist that Hawaii remains insulated from the economic woes that many analysts are forecasting for the mainland U.S.

As recently as last December, the *New York Times* reported there has been no slump in sales of luxury homes or proposed development projects in the Hawaiian Islands.

On the contrary, foreign buyers from Canada and such Pacific Rim countries as South Korea, China and Japan are taking a fresh interest in a real estate market that promises incomparable long-term value.

So don't believe everything you hear about slumping U.S. real estate markets. If anything, things are picking up in Maui and that lends a sense of urgency to the situation for those who are thinking about taking advantage of Canada's healthy currency. An expert cited by the newspaper added that demand from interested shoppers has spurred a wave of reinvestment and high-end speculative redevelopment. Fortunately, many prime properties remain available and new listings continue to appear almost daily.

Hawaii remains near the top of preferred destinations for vacationers – and home buyers – from around the world.

According to the *Times*, buyers from B.C. and Alberta have been particularly active in the Hawaiian market while the Islands hold considerable appeal in the eyes of Asian purchasers, because it is considered a safe destination with fresh air and water and very little pollution.

Another real estate professional quoted by the *Times* added thoughts of his own: "Hawaii has an advantage because it's more attractive than other destinations . . . After you go on a holiday to Cambodia, you aren't thinking about retiring there.

However, it's just the opposite in Hawaii."

Clearly, the time to act is now, with a strengthened Canadian currency helping you gain the maximum bang for your buck.

Meanwhile, if you're one of the unlucky few who has never experienced the magic of Maui, you owe it to yourself to take a look, up close and personal. You're in for an irresistible treat, whether you're interested in climbing, golf, whale-watching, hang-gliding, snorkelling, seeking out the rich island heritage and culture, or simply lounging on the world's most magnificent beaches

There is a power and a majesty about Maui that can sweep you off your feet, right from the moment you step off the plane. Explore dormant volcanos, surrounded by one of the most desolate landscapes on earth. Travel a few miles further and find yourself in the heart of a luxuriant rain forest.

Fabulous wineries. Historic points of interest. A wildly diverse and entertaining arts scene. Verdant landscapes, pastoral meadows, dazzling surf and some of the most exquisite foliage and wildflowers to be found anywhere.

Readily accessible from most Canadian cities, Maui is a land of limitless appeal. It's also home to the happiest and friendliest people you'll ever meet.

What better locale to enjoy an annual vacation on your own property – in your own home?

Maui can be yours for life and it's time to get busy. Put your rejuvenated Canadian dollars into Hawaiian real estate while this remarkable window of opportunity remains open.

Even the airlines are doing their part. Canadians have plenty of options for daily flights to Maui, including WestJet's new service offering return trips for less than \$500 from Calgary and Vancouver.

A home purchase in Maui can mean so much more than just a financial investment. It's more than a gain charted on a balance sheet.

So whether you're thinking retirement or simply about a practical investment for your current lifestyle and portfolio, now's the time for fresh beginnings. It's your time to explore bold new horizons, to enjoy all the pleasures that tomorrow can bring.

Why not seize the moment? Think Maui.

Properties in Paradise



For many upper-bracket Canadians, renewed strength in the dollar has opened the doors to a dream. As we speak, they're prowling the Wailea beachfront in Maui, inspecting the most spectacular luxury homes now available in U.S. markets.

"Everybody who walks through my door seems to be Canadian," grins Brad MacArthur, one of the most knowledgeable real estate brokers in the Hawaiian Islands. A sixth-generation resident of Maui, MacArthur and his family head up the distinguished sales team at Wailea Realty. If you haven't heard, they're the people who know Wailea best. As a group, the MacArthur family and their staff have watched property values climb steadily over a period of 30 years or more. But they can't recall ever seeing so many Canadians checking out the highly desirable market in wonderful Wailea.

At the moment, there are several magnificent properties available within the 1,500-acre Wailea Resort on Maui, a master-planned community which includes three championship golf courses and which sits right on the sundrenched Maui coast.

These are exquisite luxury homes, single family dwellings as well as condos, starting in the neighbourhood of \$1 million. Live on the beach or the golf course. It's your call.

"This market is particularly attractive for Canadian buyers," continues MacArthur. "They're seeing more choices available than has typically been the case."

As he explains it, local home vendors are well aware of the housing crunch which has contributed to real estate

slowdowns on the U.S. mainland. As a result, mainland buyers are shying away from opportunities in Wailea.

"That means Canadian buyers enjoy a stronger bargaining position than ever before," MacArthur reasons.

There's another point to consider. Longtime Wailea residents no longer welcome new developments which may threaten to compromise the beauty of their tropical paradise. In response, local regulators have begun to slam the door on new building proposals. That means there's a limit to the number of prime properties which will be available in the future.

Of course, when you shop on unfamiliar turf, you need the help of a friendly face and a veteran hand. With his extensive background in sales, Brad MacArthur has a wealth of professional experience upon which to draw. When you work with Brad, a smooth and trouble-free transaction is virtually guaranteed.

In short, there's nobody better qualified to show you around the neighbourhood while acquainting you with the ground rules of U.S. purchases. By the way, it's a lot less complicated than you might think.

Brad's integrity, knowledge and professionalism are second to none and he enjoys the respect of his clients and peers throughout the Hawaiian Islands. Why not give him a call (TEL: 808.357.5000) or send him an email (brad@wailearealty.com). That way you can find out for yourself. Meanwhile, please visit the Wailea Realty website: www.wailearealty.com.



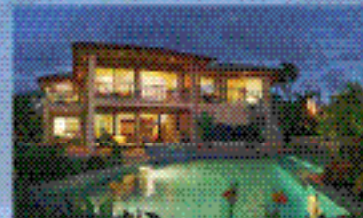
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Coming Events

- **Maximizing Efficiency Through Consolidation and Skills Improvement** (Jan. 24, 5:30 - 8:45 p.m.) – Speakers: **Saul Cadoch**, VP of logistics for Lyreco Office Products, and **Martin Queen**, national logistics manager for Sears Canada Inc. Location: Paramount Conference & Event Venue, 222 Rowntree Dairy Rd., Vaughan. Cost: Supply Chain Logistics members \$75, others \$105. Info/register: www.sclcanada.org
- **Untangling the Web** (Jan. 29, 7:30 - 9 a.m.) – Enterprise Toronto seminar on what the Internet is all about, and whether you need a presence on it. Location: Toronto City Hall, Committee Room No. 4, 100 Queen St. W. No fee. Info/register: www.enterprisetoronto.com
- **Advanced Seminar** (Jan. 29, 9:30 - 11 a.m.) – Public speaking. Location: Toronto City Hall, Committee Room No. 4, 100 Queen St. W. No fee. Info/register: www.enterprisetoronto.com
- **Business Planning Seminar** (Jan. 30, 8 - 9:30 a.m.) – How to write a business plan, why you need one and what it means to your business. Location: Etobicoke Civic Centre, 399 The West Mall, Committee Room No. 1. No fee. Info/register: www.enterprisetoronto.com
- **Giants for Sale: The Hollowing-out of Corporate Canada** (Jan. 30, 7:30 - 9:15 a.m.) – Research briefing pre-

sented by **Ken Smith**, managing partner, SECOR Consulting. Location: The National Club, 303 Bay St., Toronto. Cost: Strategic Leadership Forum members \$48, others \$75. Info/register: www.slftoronto.com

• **Etobicoke Chamber of Commerce Networking Breakfast** (Feb. 6, 7:30 - 9 a.m.) – Speaker: **John Watkis**, freelance speechwriter and motivational speaker. Location: Strate's Restaurant, 365 Evans Ave. at Kipling. Cost: C of C

members \$14.16, others \$18.87. Info/register: www.bot.com

- **Empire Club** (Feb. 7, noon) – Topic: Canadian Regional Subsidies: Killing the Golden Goose and Weakening Canada. Speaker: **David MacKinnon**, former Ontario senior public servant. Location: Fairmont Royal York Hotel, 100 Front St. W. Cost: Members \$40, others \$55. Info/register: www.empireclubfoundation.com
- **Eggs 'n' Icons** (Feb. 8, 7:15 - 9 a.m.) –

Speaker: **John Furlong**, CEO of Vancouver 2010. Location: Sheraton Ottawa Hotel, 150 Albert St., Ottawa. Cost: Ottawa Chamber members \$30, others \$40. Info/register: www.ottawachamber.ca

• **Canadian Club of Ottawa** (Feb. 12, noon) – Speaker: **Alex Baumann**. Location: Fairmont Chateau Laurier, 1 Rideau St. Cost: Members \$35, non-members \$45. Info/register: www.canadianclubottawa.ca

PUBLIC from Page 9 Leadership changeover is assured

"I've made some changes to the constitution, for example, to make it compulsory that the president and secretary-treasurer and all elected officers and appointed (personnel) must retire at age 65 to ensure us in the future that we're going to have younger people constantly taking over leadership positions. And, I've opened the union up. It's much more democratic in the sense that we're more public. Every meeting we have now is open to the media."

20. What will you do when you're not running the CAW anymore?

"A couple of universities have talked to me about coming in and doing some lecturing a couple days a week on labour-management relations. I've had some government people talk to me about whether or not I'd be willing to play a role in some type of advisory capacity. And, I've had some of the social movements that have asked me to spend more time fundraising. I look forward to that."

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

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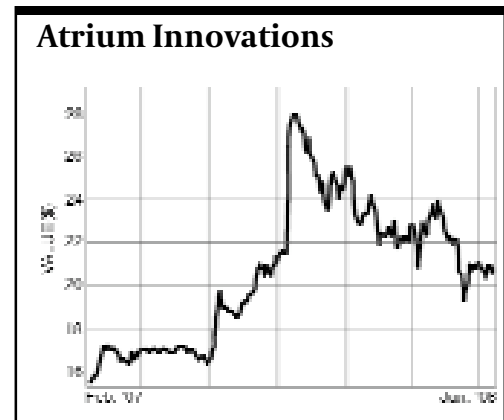
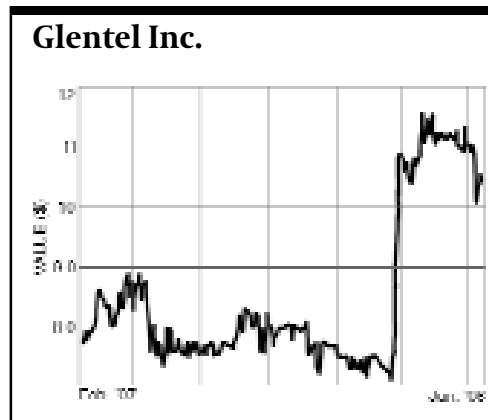
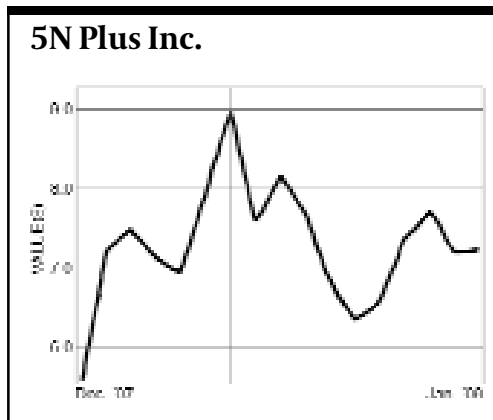
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Financial Edge



Tardif senses danger; plans to stay course

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

FEATURED PRO: Jean-Francois Tardif is a portfolio manager with **Sprott Asset Management** (www.sprott.ca). He is the lead manager for the **Sprott Opportunities Hedge Fund**.

Fund form: Sprott Opportunities Hedge Fund is currently showing a one-year after-tax return of 19.3 per cent and a three-year return of 23.8 per cent.

Management Expense Ratio: Seven per cent

Tardif's Strategy: "The danger is still there with the markets this year.

There are a lot of people selling assets to stay alive. I plan to stay with the same strategy and be consistent. There is a lot of discussion whether we will see a recession and what effect it will have on the markets. I will say that you will see a recession this year (in the United States). In Canada, provinces like Ontario and Quebec will suffer, but Manitoba, Saskatchewan, Alberta and B.C. will still be strong. In Manitoba, you have strong commodities like the price of grain and wheat; in Alberta, you have oil and gas. We're not changing our strategy this year for the most part."



Jean-Francois Tardif

Pro's 3 Stars

such as solar energy panels, medical imaging equipment and infrared detectors.

- **CEO:** Jacques L'Ecuyer
- **Head Office:** Saint Laurent, Que.
- **Vital Stats:** Price/Earnings Ratio (trailing twelve months), 64.60; Revenue (last fiscal year), \$21.9 million; Earnings Per Share 0.12; Market Cap \$220 million.

• **Tardif's View:** "They are in the business of refining rare metals to be used in electronic devices. The one application that has the most potential is with thin-film solar panels. There is a huge amount of growth lately in the solar industry and 5N Plus appears well poised to take on that growth.

They just announced the opening of a big plant in Germany that will become operational later this year. They also have some big contracts in the pipeline. The only thing is, this is not cheap on trailing or past earnings, so there is a certain amount of risk attached."

- **Risk Rating:** High
- **Web Watch:** www.5nplus.com

SECOND STAR

- **Glentel Inc.** (TSX:GLN)
- **Recent Price:** \$10.89
- **52-Week Range:** \$12-\$7.03 (11/20-10/18)
- **Snapshot:** Glentel Inc. sells wireless products and plans to consumers, business and government, and operates corporately owned fixed/mobile terrestrial and satellite wireless systems in Canada and

the United States.

- **CEO:** Thomas Skidmore
- **Head Office:** Burnaby, B.C.
- **Vital Stats:** Price/Earnings Ratio (ttm), 17; Revenue (last fiscal year), \$181.72 million; Earnings Per Share (ttm), 0.64; Market Cap, \$106 million.
- **Tardif's View:** "Glentel has phone stores in retail malls and other locations. A couple of things are going in their favour this year: Eventually, when Apple releases the iPhone in Canada, they should have it in their stores. They have also opened a lot of new stores in the past year that are driving revenue. These stores are inside Costco locations, kind of a store-within-a-store concept. Sales were up 100 per cent in 2007 and I expect

they will continue to do well this year."

- **Risk Rating:** Medium
- **Web Watch:** www.glentel.com

THIRD STAR

- **Atrium Innovations** (TSX:ATB)
- **Recent Price:** \$20.95
- **52-Week Range:** \$29.77-\$14.52 (07/13-01/11)
- **Snapshot:** Quebec-based Atrium Innovations Inc. is a leading developer and manufacturer of science-based products for the cosmetics, pharmaceutical, chemical and nutritional industries. The company says it focuses primarily on parts of the health- and personal-care markets that follow the trend toward healthy living and an aging population.

See 3 STARS

Page 17

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TRAVEL from Page 7

Canadian airlines pursue business-travel market

“Business travel is an important component of our service. Roughly 45 per cent of our seats are occupied by business travellers – the majority of that would be domestic,” says Richard Bartrem, WestJet’s vice president of culture and communications.

“For an airline that started as a ‘visiting-friends-and-relatives’ airline, we’ve grown quickly to become a formidable choice for business travellers. We have a number of large corporations – including Wal-Mart – that have

signed agreements with us.”

Both WestJet and Air Canada have taken steps to woo business travellers.

WestJet cites its on-time performance as second only to Hawaiian Airlines. It was also the first airline in North America to introduce electronic boarding passes. It now has pay-per-use third-party lounges at Vancouver, Calgary, Winnipeg and Ottawa airports and it also boasts a liberal credit-transfer policy that allows travellers to transfer a purchased ticket to

a co-worker or family member.

Air Canada, meanwhile, is continuing to upgrade its fleet, with deliveries of new state-of-the-art aircraft to continue throughout 2008. All international Air Canada flights will feature lie-flat bed suites for its Executive First customers, while all North America flights will feature new seats for all customers in executive and economy class, says Air Canada spokeswoman Angela Mah.

Mah adds that Air Canada’s flight passes – buying air travel on a subscription basis, similar to purchasing a cellphone plan or magazine subscription – are being well received.

“As you don’t have to go buy a ticket each time you fly, it is a single transaction for several trips, and you lock in the price you pay so you don’t have to worry about fare changes,” says Mah.

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

500 jobs lost as automotive parts manufacturer shuts down shop

Business Edge

The Collins & Aikman Canada Inc. plant in Guelph will close, forcing just over 500 people out of work.

The struggling automotive parts manufacturer has recently seen a steep decline in its contracts with major automakers. Last year the company began to lay off dozens of employees and went into bankruptcy protection. About 510 employees re-

main at the plant and the date of its closure is not yet known for certain.

Guelph Mayor Karen Farbridge said while there are significant challenges in the manufacturing sector, the city’s diversified economy should be able to weather the storm. Guelph MPP Liz Sandals said Collins & Aikman Canada’s financial difficulties have been known for some time, and she was not surprised to learn of the plant closure.


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 - cool
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 - 6 hours and 10 min. (if you go and never return!)
 - All of the above
 - None of the above (if you take a boat)

Answer: You earned an "A" if your answers were all "C's", but the truth is we're just having a little fun while grabbing your attention. Send an email to KimDavid@mauihi.com and we'll be glad to give you our expert opinion! Better yet, check out our virtual tours of active Maui listings at www.mauihi.com, give us a call at 1.866.879.9933 then come on down to the Sunny Side of MAUI to take a look for yourself.

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Kim Morrell
 Real Estate Broker
 The Sunny Side of Maui

COLDWELL BANKER
 ISLAND PRISTINE

FDA rejection leaves medical firm feeling ill

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

By Nicole Strandlund
Business Edge

Act I: Caught by surprise

- **The Player:** PreMD Inc. (TSX:PMD)
- **Action:** Down 70 per cent in a day on news (from \$1.30 Jan. 14)
- **Recent Price:** \$0.39
- **52-Week High/Low:** \$2.10/\$0.30

Is your cholesterol too high? Your blood pressure may well be, if you're a shareholder of PreMD.

Stock of the Toronto-based "predictive medicine" company plunged recently when the U.S. Food and Drug Administration (FDA) rejected the company's regulatory submission for its skin cholesterol test.

In a press release, PreMD announced that it was shocked by the decision, as it had submitted the claim back in June 2007 based on study design that was approved by the FDA, yet the recent claim rejection is related to the "clinical utility of evaluating skin cholesterol with carotid wall intima thickness as the clinical endpoint."

PreMD shares plummeted more than 76 per cent to hit a new 52-week low on the news, and closed down 70 per cent, or 91 cents, to \$0.39 the day of the announcement.

Act II: Party like it's 1608

- **The Player:** WestJet Airlines (TSX:WJA)
- **Action:** Down 21 per cent or \$4.70 year-to-date (from \$22.51 Jan. 1)
- **Recent Price:** \$17.81
- **52-Week High/Low:** \$23.49/\$14.11

Quebec's having a party, and everyone wants to go – at least that's what WestJet is hoping.

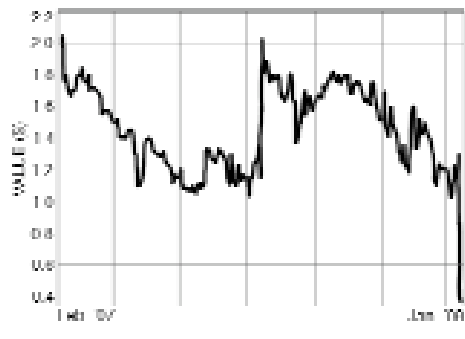
The Calgary-based airline recently announced it will offer flights to and from Quebec City beginning in May of this year, coincident with that city's 400th anniversary (and resulting year of parties, concerts and special events).

But don't count on the usual antics (read: English-language buffoonery during a recorded French safety message) while taxiing.

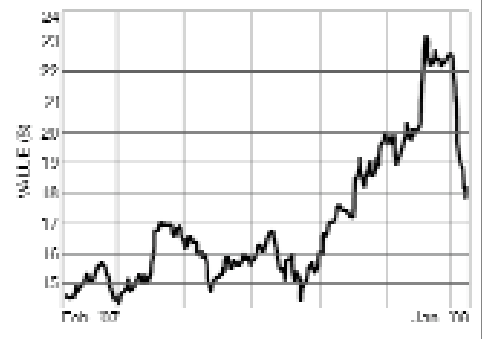
The airline promises it will offer "proper" bilingual service on the flights. One can only hope the WestJet jokes we've all come to love flow just as freely in both languages.

Shares of the airline have taken a beating in 2008, falling 21 per cent from a Jan. 1 close of \$22.51 to \$17.81 Jan. 15, on fears of rising oil prices and economic uncertainty.

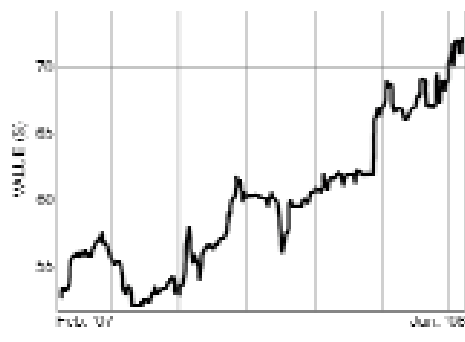
PreMD Inc.



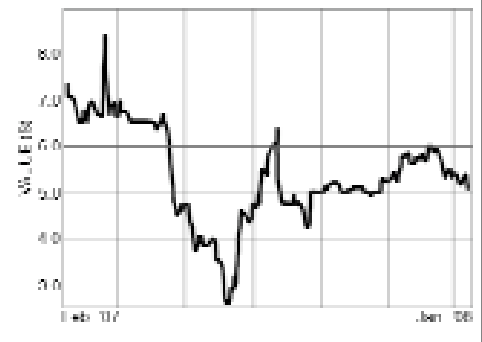
WestJet Airlines



Canada Bread Co.



Canadian Satellite Radio



Street Life: Analysis

Act III: Making dough

- **The Player:** Canada Bread Co. (TSX:CBY)
- **Action:** Up three per cent or \$2 year-to-date (from \$69 Jan. 1)
- **Recent Price:** \$71
- **52-Week High/Low:** \$73.84/\$51.50

There's money in sandwiches.

Just ask Canada Bread Company Ltd., a Toronto-based manufacturer and marketer of flour-based products such as breads, rolls, bagels and sweet goods. Canada Bread, which is 88-per-cent owned by Maple Leaf Foods Inc. and currently markets under such labels as Dempster's, Olafson's and Olivieri, has recently announced its second

major expansion into the sandwich market.

For an initial price of \$42 million, Canada Bread is buying Aliments Martel Inc., a private Quebec-based maker and distributor of sandwiches, meals and sweet goods. (The price of the deal may rise by up to \$23 million, depending on Martel's performance over the next three years.) This follows a deal in 2006, when Canada Bread bought Toronto-based Royal Touch Foods. After the announcement, shares of Canada Bread closed at \$71, holding steady near the recently marked 52-week high of \$73.84.

Act IV: Canada rocks

- **The Player:** Canadian Satellite Radio (TSX:XSR)
- **Action:** Down five per cent or \$0.25 year-to-date (from \$5.30 Jan. 1)

See STREET LIFE

Page 17

Did you know . . .

A noted aerospace analyst predicts the shares in Canadian aviation company, AeroMechanical Services (AMA – TSX V), could soar to \$3.00. Now that's flight!

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'Weakening' will feel like a recession: experts

Banks' chief economists say it will be a close call for Canada's economy

By David Hatton
Business Edge

Canada will not "technically" experience an economic recession this year, even though many of the conditions may be in place, senior economists say.

"There will be a general weakening, but we don't believe it will turn into a recession," TD Bank chief economist Don Drummond told a recent Economic Club of Toronto meeting.

Drummond, who was joined by several other economists at the event, predicted the critical gross domestic product (GDP) indicator will average out at growth of about 1.9 per cent by the end of this year.

"The economy is going to be weak, we've all said that. I think that's the

key thing. The challenge is going to be whether it satisfies the technical (aspect of) a recession or not," said Drummond.

A recession is defined by most economists as a significant decline in activity across the country spread over at least two fiscal quarters. Unemployment goes up, consumer spending goes down and companies cut back on production, often in a spiral-like effect.

Traditionally, the Bank of Canada will cut interest rates to restart consumer spending before a potential recession goes too far.

BMO chief economist Sherry Cooper agrees this year will be a close call. "We sure are not far from it and it will feel like a recession," she said.

Later during the Toronto meeting, Cooper cautioned people not to read

too much into the monthly numbers. "I get calls from people all the time, especially the media, asking what I think of this particular month's numbers. They ask me if it's a trend. I tell them, 'You have to look at the overall picture over a period of time for any trends.'"

Cooper predicted GDP average growth of about 2.2 per cent in 2008, which matches what the Bank of Canada called for in its own economic forecast last October.

CIBC World Markets chief economist Avery Shenfeld said people have been fooled in the past by thinking an economic slowdown was an important trend. "We should remind ourselves that other slowdowns in the past looked like recessions, but they didn't end up being so," said Shenfeld.

The biggest indicators to watch will be countries outside Canada, including the U.S. and Russia, noted Bank of Nova Scotia senior economist Warren Jestin.

"Russia will be very big. They have the resources the world wants and it will be very interesting to see how that plays out in the world market," Jestin said the most stable factor now on the horizon is Canadian population growth and aging, while the most unstable variable is the U.S. dollar.

The economists showed their sense of humour on the topic of U.S. elections.

"The real problem is, I don't think any of the candidates know where Canada is," Drummond joked. "Left-leaning democratic governments



Sherry Cooper

seem to pay special attention to cleaning up financial messes, but that's all speculative. Anything could happen."

Jestin said he would like to hear more from the U.S. candidates about immigration and border protection issues. "The challenge is to convince the U.S. we are not a threat, but a strong partner," he said.

Meanwhile, prospects for the individual provinces remain strong this year, Royal Bank chief economist Craig Wright said in an interview.

"The oil and gas industry will always be strong in Alberta, even with the issue of royalties," he told *Business Edge*. "Companies have too much money invested in the province that they can't just walk away." He added B.C. should continue to post strong employment and spending numbers leading up to the 2010 Olympics, while Ontario's pace will moderate slightly.

However, three recent reports are not as bullish about Canada's chances of escaping any recession.

The first report, from U.S.-based economic forecasting firm Global Insight, said Ontario has the most to lose if the U.S. economy goes through a mild recession. Assuming the U.S. economy grows 1.9 per cent and the Canadian economy posts growth of 2.2 per cent this year, these are the "weakest rates of growth since 2003 and well below the medium-term sustainable paces, near the three-per-cent range," according to the report.

See ECONOMY

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3 STARS from Page 14

Atrium catches analyst's eye

Last winter, it announced revenues of US\$306.1 million for the year ended Dec. 31, up 52 per cent from US\$200.9 million in the previous fiscal year.

• **Vital Stats:** Price/Earnings Ratio, 20.30 (ttm); Total Revenue \$314.68 million; Earnings Per Share, \$1.03; Market Cap \$635 million.

• **CEO:** Pierre Fitzgibbon

• **Head Office:** Quebec City

• **Tardif's View:** "I still think that Atrium is going to do well for the coming year. Management has a stable structure in place and wants to grow. All the factors show they should do well once they expand. The Baby Boomers are getting older and need wellness products. I use some of their products myself. This is a trend that should stack up well in the

coming year. It's reasonable to expect they could be trading at 20 times earnings by the end of this year."

• **Risk rating:** Medium

• **Web Watch:** www.atrium-bio.com

• **Tardif's Edge Record** (last 12 mos): +2.86 per cent. **Best Pick:** Genivar Income Fund (TSX:GNV.UN) +39 per cent. **Worst Pick:** Atrium Innovations (TSX:ATB) -9 per cent.

Disclosure: Tardif owns shares in the Sprott Opportunities Hedge Fund 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.)

STREET LIFE from Page 16

XM Canada rides U.S. advertising

• **Recent Price:** \$5.05

• **52-Week High/Low:** \$8.44/\$2.41

Some of our American friends may not be able to identify Canada on a world map, but the lack of attention certainly doesn't go both ways. In fact, Canadians are so attentive to the U.S. that even advertising in the States can affect Canadian spending.

Canadian Satellite Radio, which operates as XM Canada, announced that in the quarter ending Nov. 30, 2007, subscriber base increased 86 per cent to 350,300, revenue more than doubled to \$8.1 million, and loss decreased to \$16.2 million from \$23.9 million (compared to the same period a year earlier).

The company, which has been active in the Canadian market for roughly two years, credits its success to advertising in the States, saying Canadian awareness of the product and campaigns in the U.S. helped prepare consumers for the domestic rollout.

XM shares are down slightly from the \$6 range in December, but are holding steady year-to-date.

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 Jan. 15, 2008.

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

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Opinions

'People's Car' sign of times for automakers

It's auto show season again – that time of year when vehicle manufacturers from around the world fill acres and acres of exhibition space in big-city convention centres with their brightest and best new products.

More than 50 concept cars and production vehicles were slated to make their world debuts at the North American International Auto Show Jan. 19

and 27 at the Cobo Center in downtown Detroit. Not only that, five Chinese manufacturers were booked to display their products.

Next month, more than 1,000 new cars and trucks will be on display at the Canadian International Auto Show at the Metro Convention Centre and the adjacent Rogers Centre in Toronto. Promoters promised that green technologies would be prominently featured, which is undoubtedly a worthy objective, but won't generate much buzz among the masses. In fact, the most exciting recent announcement came from India of all places.

Tata Motors Ltd., the sub-continent's largest automaker with 2006-07 sales of US\$7.2 billion, upstaged

the big car shows and the manufacturers themselves in mid-January by unveiling the Nano, or what it is calling the People's Car.

It is compact (3.1 metres long and 1.5 wide), fuel efficient, powered by an all-aluminum, two-cylinder 623 cc engine and it's inexpensive. The Nano is slated to hit the Indian market later this year with a pricetag of \$2,500 and

Tata has plans to launch it in Africa as well as South America.

There's no chance the vehicle will be making its debut on Canadian or U.S. roads in the near future – it wouldn't meet the safety and emissions standards of either country – but the Nano does send an important message.

"It's a signal that the automobile is becoming a product that many, many countries can build and want to build," says Peter Frise, an automotive

engineer at the University of Windsor and scientific director of AUTO21, a research network of 110 Canadian industrial, government and institutional partners. "The automobile is a great product for creating jobs and many countries need car manufactur-

ing to further their development."

In this country, the auto sector directly employs 130,000 people and many thousands more work in related industries. And we need to keep those jobs, but that is becoming more difficult all the time.

"We want a high standard of living, with a secure economy, good health care and good education for our children," Frise says. "Our economy has to generate high-value jobs and we have to compete for those jobs because every other country wants them."

He adds Canada will remain an auto-producing nation in an era of global competition only if it can stay at the forefront of research and development and that's what AUTO21 is all about.

The federal government is funding the initiative to the tune of \$5.8 million annually and private-sector partners, including several automakers, parts companies and materials manufacturers like Stelco, DuPont and Alcan, are providing matching funds. That supports a network of 265 researchers at 42 academic institutions, government research facilities and private-sector labs. They are working on dozens of projects. Many are confidential for competitive reasons – manufacturers do not want to give away what could become significant

competitive advantages.

Some involve manufacturing processes. Others are looking for improved materials that will deliver enhanced safety and fuel efficiency. Many are looking for ways to get more mileage out of a litre of gasoline while reducing emissions. "All aspects of the auto industry are changing," Frise says. "The status quo is not an option."

He adds that a number of AUTO21 projects have produced tangible commercial results. Canadian Auto Parts Toyota, Inc. manufactures aluminum wheels in Delta, B.C., based on AUTO21 research. In the fall of 2006, Canadian Tire stores across the country began selling the Clek Booster Seat, which enhances the safety of children in automobiles. Scientists funded by the network developed the product and a division of Magna International makes it.

"We have to concentrate our efforts at the high end of the technological scale so our workers can compete," Frise concludes.

Otherwise, Canada's automobile sector could be marginalized or greatly reduced by ferocious competition from Asia and other low-cost manufacturing centres like so many other industries.

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

Opinion



D'Arcy Jenish
Business Edge

Free Trade Agreement has been a win-win deal

By Stephen Poloz
Export Development Canada

Twenty years have passed since the signing of the Canada-U.S. Free Trade Agreement (FTA), which went into effect 19 years ago. It's a good time to check the report card, to see how we are doing.

The architects of the deal told us that north-south trade would blossom, and they were right. Our exports of goods and services to the U.S. have more than tripled since 1988, from \$117 billion per year to \$398 billion, an increase of 240 per cent. Our imports of goods and services from the U.S. have not risen by as much – from \$108 billion to \$322 billion, an increase of just under 200 per cent.

A good part of Canada's relative success is due to higher resource prices. Adjusting exports and imports for inflation shows that export and import volumes have both risen by about 150 per cent since 1988. Still, that means that Canadian exporters

Analysis

have earned more through the arrangement.

Superficial analyses might leap on this and claim victory, but this would be wrong. Every transaction that would not have happened without the FTA should be seen as a victory, regardless of direction. When an American and a Canadian agree to a sale, they both get what they want, so they both win.

What makes the analysis of free trade so difficult is that we do not know what the world might have looked like today had there been no FTA. Some analysts look at employment, and they are often disappointed. After all, if everyone should win from free trade, shouldn't employment go up everywhere? The answer is "no".

Adjusting to free trade means that both countries produce more of what

they are good at, and produce less of the other things, which then are obtained through trade, instead. At the production level, then, there are both winners and losers, by definition.

And so it is that the manufacturing sector has seen a decline in employment over the life of the FTA, of about 50,000 jobs, while mining and oil and gas have seen an increase of 50,000 jobs. Within manufacturing, the durables sector is up 80,000, while employment is down 130,000 for non-durables.

In the context of a workforce of 17 million, these figures are small, but they belie a big increase in specialization beneath the surface, which has boosted productivity. Indeed, there has been a 43-per-cent increase in manufacturing productivity since 1988, or about 2.4 per cent per year. Not bad, except that U.S. manufacturing has done better, at 68 per cent, or more than 3.8 per cent per year.

It is at the consumer level that everyone wins, because the lower cost

of imports boosts total purchasing power, and the extra spending creates jobs across the board, since it is mostly spent domestically.

Accordingly, construction sector jobs are up by 360,000 since 1988, and service sector jobs by nearly four million. The latter include such occupations as health care (650,000), retail and wholesale trade (630,000), professional and technical (600,000), business support (410,000), hospitality (340,000), the financial sector (270,000) and so on.

The bottom line? It is very difficult to pin down all the effects of the FTA, especially since the effects of increased purchasing power are, well, everywhere.

But if one accepts the basic premise that trade in both directions is good, then the FTA has surely made a positive difference.

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

ECONOMY from Page 17

U.S. problems cast pall over Ontario's economy

The forecast also says softwood lumber exports from British Columbia will weaken, along with incomes and profits, if the U.S. housing market drops further. Canada's exports of machinery, autos and other goods are also vulnerable.

"This will have a negative impact on all provinces, but particularly Ontario," the report adds. Global Insight predicts a 40-per-cent chance of a recession in the United States this year and a 25-per-cent chance of one happening in Ontario.

Meanwhile, New York-based investment bank Goldman Sachs sent a note to clients saying it expects the U.S. economy to go into a recession this year, which should prompt the Federal Reserve to slash benchmark lend-

ing rates to 2.5 per cent from 4.25 per cent by the third quarter of 2008, Reuters news agency reports.

A Merrill Lynch report that same week said the U.S. economy was already in a recession.

Statistics Canada has grim economic news of its own. A record 18,700 jobs were lost in December, the highest level since May 2003.

Most of the cuts came from the manufacturing sector, which was still showing the effects of last year's soaring Canadian dollar and slower U.S. demand.

A new poll of Canadians' economic expectations for the year ahead shows the most pessimistic levels in almost 25 years.

The poll, done by Pollara Inc. for the

Economic Club of Toronto, showed 40 per cent of people believe they lost ground financially in 2007 and another 50 per cent expect their household income to fall behind the cost of living in 2008.

Pollara chairman Michael Marzolini said that while 65 per cent of Canadians believe the country is in a period of moderate growth, 31 per cent expect the economy to improve and 26 per cent believe it will worsen. Another 61 per cent of Canadians believe the U.S. economy will worsen next year.

The poll showed 26 per cent of Canadians expect the employment situation to improve, while 28 per cent believe it will get worse and 38 per cent say it will remain unchanged.

Marzolini said about 36 per cent of Canadians expect the country's debt to increase this year while 38 per cent believe it will decrease and 19 per cent said it would not change.

"This is the first glimpse of optimism on this issue in 24 years of tracking public opinion," Marzolini said. "It shows increased communications by the (Stephen) Harper government are paying off with the public."

Partly operating under its former name of Insight Canada Research, Pollara did all the polling for the Liberal Party of Canada in the 1993, 1997 and 2000 election campaigns. The company name changed to Pollara in 1997.

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

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Generation Y turns tables on employers Companies learn different approach needed with younger workers

By Ian Harvey
Business Edge

Your next young hire will probably make no secret of their plans to leave in a couple of years, will demand more money than you're budgeting and want the latest and coolest tech toys on the market.

Guess what? You'll probably be happy to comply, because finding staff is only going to get tougher as the new cohort known as Generation Y becomes the only game in town when it comes to hiring.

The Boomers' offspring – Gen X – those born circa 1963 to 1980, are well along their career paths, leaving the entry-level jobs for their younger siblings Gen Y and to a lesser extent the Gen We babies coming behind them.

With between 55 and 57 per cent of Boomers themselves retiring over the next eight to 10 years, there's going to be a vacuum in the workforce that will pull Gen Xers up and create a fierce competition among companies for entry- and lower-level employees.

The effect is already being felt in the labour market, says the Conference Board of Canada in *Industrial Relations Outlook 2007* report.

"By 2015, there will not be enough qualified people in Canada to fill the jobs available," the report's author Christopher Hallamore says.

"Employers will struggle to hire and retain qualified workers and unions will struggle to maintain their membership base. Employers will become locked in a war for employees as they struggle to hire and retain qualified workers.

"Unions will also be affected as older members get ready to leave the workforce and the labour movement struggles to encourage younger workers to join unions."

Recruiting and retaining this group of workers is going to be a challenge, says Eitan Sharir, president of Dynamic Achievement Group Inc., a Vancouver consultancy, more so when the supply of workers can't keep up with the demand for employees.

"In heated job markets here in the West, a lot of them aren't qualified or trained for the positions or level of pay, but generally speaking it's a supply-and-demand issue," says Sharir, whose clients include Coca Cola, Telus and London Drugs.

The upshot is employers need to take a different approach with Gen Y than Gen X.

"There's no sink or swim, you can't throw them in and see if it works after three or six months," he says. "You have to work with them."

That, says Sharir, means not just training programs attuned to their learning style, but creating a corporate culture that is stimulating and structured to allow them to grow and gather transportable skills.

Recruiting is just the start.

Unlike past practice where companies simply posted jobs and waited for the resumé to roll in, employers need to get more proactive, like the Alberta operations of Canada Safeway Ltd., which has a paid recruiter at an immigration centre to refer potential workers to the grocery retailer and offers up to \$1,000 in finder's fees for referrals in hard-to-fill jobs such as meat cutting.

It also offers incentive programs like Air Miles reward miles and special ESL training for new immigrant employees.

In fact, it's an environment diametrically opposed to that of post-war

Boomers who worked in a top-down, ask-no-questions, do-as-you're-told-and-you'll-be-here-35-years-and-get-a-pension world.

Most expected their loyalty would be reciprocated by the corporation, but that vanished as mass layoffs became the norm while the economy contracted and expanded.

"There is no loyalty anymore," says Sharir. "They plan on staying three to five years maybe and moving on. You have to understand that and sell them on the organization, that they can get the skills they need with you. Tell them this will be the springboard to their career."

Instead of newspaper ads, post jobs online and internally with the latter being the best bet for suitable candidates.

"Your own people are your ambassadors, they'll tell their friends about jobs," says Gerry Madigan, president/CEO of MMI Training of Calgary, who has just published a book, *The TMI (Ten Minute Interview)* on the subject. "And you have to be prepared. You can

interview 15 people and, by the time you're ready to make an offer, 14 of them will have already taken a job."

Being honest is also crucial, says Madigan, because Gen Y's social networking skills mean they will either know someone directly who works for you or can find someone on sites such as Facebook.

"They'll ask: 'What's it really like working there,'" says Madigan. "What they're looking for is a sense of belonging and a creative working environment. You have to touch them on an emotional level."

Once they're on the job, the key is training and mentoring, say both Madigan and Sharir.

"You have to have face time, at least half an hour one on one, in which you are totally focused on them. What are you working on? What's important to you? How can I support you? What are the challenges you face and how are you going to overcome them?" says Sharir.

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Business Edge

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Empowering staff pays off for Best Buy

It's important, too, that managers shift away from the "control-and-command" style of interaction, adds Madigan. A Gen Y'er is a much more collaborative and social employee who seeks an environment where co-workers are "friends" and willing to share their thoughts.

At the same time, they're goal-oriented, but not in the traditional 9-a.m.-to-5-p.m. sense. They'll deliver if given parameters, but don't like managers hanging over their shoulders at every stage.

In fact, empowering workers, especially Gen Y, often leads to some interesting results, as electronics retailer Best Buy found when it launched its results-only work environment (ROWE) five years ago at its Minnesota head office.

Just as it sounds, employees were given tasks, goals and deadlines, but were left with the responsibility for delivering. They could set their own hours, work from home and were told the quality of their work and their ability to meet the deadlines would be the only standards by which they were judged – and compensated for at end-of-year reviews.

Despite some misgivings – and hostility – among senior managers who feared that if they couldn't "physically" see their employees, they couldn't manage them, says co-founder Cali Ressler, it was so successful that Best Buy spun it off into CultureRX, a separate HR consulting company and is testing it in its retail stores.

"Once you stop thinking of it as a risk and see it as an opportunity,

Quotable

"There is no loyalty anymore. They plan on staying three to five years maybe and moving on. You have to understand that and sell them on the organization, that they can get the skills they need with you. Tell them this will be the springboard to their career."



– Eitan Sharir,
president of Dynamic
Achievement Group Inc.

everything changes," says Ressler. "It scares the hell out of people in the beginning, but companies know they have to change their HR policies to recruit and retain the best talent."

Generation Y is the most confused group in the workplace, says Jodi Thompson, the other co-founder of Best Buy, because they've come from a social, empowered, collaborative and technology-driven environment only to find themselves in a cube with a desktop.

ROWE's results are impressive: A 35-per-cent gain in productivity and happier workers who report getting more sleep, have less stress and say the program is key to their continued desire to stay at the company.

As both Thompson and Ressler admit, ROWE was an idea whose evolution was brought about by

technology.

Gen Y is also the first generation to grow up in a completely digital world and, as such, is more likely to adopt and use the benefits of technology such as unified communication, which melds together e-mail, desk phones and mobiles into cohesive packages.

Far from resenting the technology as an intrusion, Gen Yers embrace it and integrate into their lifestyle, further blurring the lines between work and their personal life.

Best Buy workers e-mail from home, their cars, take conference calls while hiking or shopping and generally work on the principle that being chained to a desk doesn't make them more productive.

The result is an engaged workforce. While most companies would still

balk at such wholesale change. Their evolution can be incremental, say Madigan and Sharir, starting with a rethink of their corporate culture.

Such workplace changes are inevitable and won't end with Gen Y, nor with the younger sibling Gen We on its way through the public schools and ever more engaged in the social sharing of Web 2.0.

Gen Y workers want to break down silos at work and share – everything from their life stories to their current projects.

"They really want to be heard," says Madigan. "They will listen, but they also want to have their voice heard and contribute. They may know only a little about a lot of things but they have an amazing capacity to learn. And they will do a deep dive on something when they have to learn it."

Even though they may not stay for a long time – some Gen Yers will likely have four or five "careers" – there's no reason they won't come back.

That's what financial services giant KPMG is betting on with its alumni program – a newsletter and annual networking party – which seeks to maintain ties with employees who have left with an eye to letting them know the door is always open.

The newsletter, for example, is peppered with testimonials about young accountants – KPMG's most prized employees – who left after their initial start and then returned when their new-found experience combined with opportunity.

(Ian Harvey can be reached at harvey@businessedge.ca)

Ford of Canada announces new president, CEO

Business Edge

Barry Engle, a 15-year veteran of **Ford Motor Co.** who has been president of its Brazilian operations, was named president and chief executive of **Ford of Canada**, effective Feb. 1. Engle replaces **Bill Osborne**, who will become president of the Detroit automaker's operations in Australia. The change in management comes as Ford of Canada and the industry as a whole face a number of challenges. They include a long-term loss of market share by North American-based automakers to Asian and European competitors, and the strengthening of the Canadian dollar that's hurting most manufacturers that export to the United States.

• • •
CIBC (TSX:CM) gave its troubled investment banking division a facelift recently by unveiling plans for the head of the Toronto Stock Exchange to join as chief executive of CIBC World Markets. **Richard Nesbitt**,

Moving On

currently chief executive of the TSX Group (TSX:X), plans to quit Canada's stock market operator and join CIBC on Feb. 29. Leaving the bank will be current CIBC World Markets CEO **Brian Shaw**, as well as chief risk officer **Ken Kilgour**. Nesbitt joins the bank, where he worked a decade ago, as CIBC works to turn around a department mangled by writedowns and risky loans to the battered U.S. housing market. CIBC also said it would move chief financial officer **Tom Woods**, a 30-year CIBC veteran, into the position of chief risk officer, effective immediately. He will be replaced as CFO by **David Williamson**, who has been president and CEO of warehouse freezer company Atlas Cold Storage and CFO of the former Clarica Life Insurance.

• • •
Certicom Corp. (TSX:CIC) has

appointed **Karna Gupta** as CEO, replacing interim president and chief executive **Bernard Crotty**. Gupta was most recently president of the real-time billing division of Comverse Technologies. Certicom protects content, applications and devices with government-approved security offerings. The corporate office is in Mississauga.

• • •
Nortel Networks Corp. (TSX:NT) has hired **William Nelson**, formerly senior vice-president at EMC Corp., as executive VP for global sales. Nelson will work from Nortel's office in the Boston suburb of Billerica. Nortel's head office is in Toronto.

• • •
SuiteWorks Inc. has engaged **Peter Browne**, formerly VP of Nortel Network Corp.'s global real estate planning unit, as its president and CEO. SuiteWorks operates satellite offices that provide turnkey workspaces and supporting business services. Its head office is in Barrie.

• • •
Merchant bank **Tri-White Corp.** (TSX:TWH) has named **Robert Wright** CFO, succeeding **Donald Turple**, who becomes VP for corporate development after eight years as CFO. Wright was previously CFO at Renasant Financial Partners, in which Tri-White is the largest shareholder. Tri-White's other interests include 70 per cent of golf course operator **ClubLink Corp.** and 100 per cent of the **White Pass & Yukon Route Railway**.

• • •
EnGlobe Corp. (TSX:EG) president and CEO **Tony Busseri** has stepped down by "mutual agreement" with the company after heading the restructuring of the former Environmental Management Solutions Inc. While the Burlington-based waste management company seeks a new chief executive, CFO **Aline Belanger** has been named interim president and CEO.

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Technology Edge

don't grow it alone



See Page 8

Wearable computers among '08 tech trends But let's not forget that today's innovative tools are tomorrow's landfill

I just flew through all the pundit-blogs, scanning their prognostications for 2008 – and boy, are my arms tired.

Seriously, it's impossible to read everybody's guesswork, but there is a certain pattern discernable.

See if you can spot it in these examples:

Apple is going to introduce an improved version of the iPhone, and get into a big battle with RIM. We might even see an Apple submicro computer with flash memory instead of hard disks.

Designer PCs will become hot, with special models for gamers, business IT nerds, teenage girls, even fashionistas who crave the jewel-encrusted Ego Lifestyle Tulip notebook at \$5,000-\$350,000, depending on ornamentation.

Google and Apple may or may not get into making and/or selling their own hardware, from smartphones to TVs to refrigerators.

What all these "trends" have in common is that the items discussed (except maybe the bejewelled laptops) will all be in the landfill, or some more eco-friendly place, in 10 years time. Sure, tools are important, but there must be some bigger issues happening in technology and the workplace.

There certainly are.

One is the multigenerational workplace. This is where you are going to find yourself working in the next few years, unless you run a tiny business on your own, or are going to retire soon.

I know that "managing the multi-generational workforce" is trendy because I now get hired to give a lot of speeches about it. My "cred" for these gigs is that I wrote my first computer program for fun in 1963 and for money in 1965.

On the other hand, I spend each July running Shad Valley, a live-in environment for 60 of the brightest high school students from across Canada. So I have seen my share of Generation Xs (born around 1963-1980) and Gen Ys (born 1981-1995).

Here's what I can tell you, at least about the high-performing end of the next working generation, who are the ones you'll want to hire anyway. The

Gen Ys are indeed technology natives, who can set up your PVR or find the showtimes of a local movie theatre by instinct, without instructions or manuals. On the flip side, they can be quite emotionally needy, and seem to be piggishly demanding.

What do Gen Ys need to be happy? Work that's challenging but not too hard, frequent and regular feedback on their performance, task variety, flexible work schedules and a fun workplace, preferably with other Gen Ys.

Lest it seem that young workers are a demographic evil to be tolerated, it's worth noting that some firms have made great use of them. Proctor and Gamble, and Pearl Assurance have used younger employees to

help senior execs get tech-savvy without embarrassment. Closer to home, companies that hire our Shad Valley students often put them to work showing oldsters how to make a webpage, start a blog or get into social networking.

In a recent article in the Springer journal *AI & Society*, Carol Baily of Kingston College (U.K.) explains that every generation has its strong points. "Generation X are independent and entrepreneurial," she writes. "They are used to challenging their environment and love work. Generation Y are an ideas generation, living in virtual realities, who enjoy working as team members."

In her article, Baily advises us to seek out the techno-wisdom of youth, but cautions that their strong technical skills are not matched by strong soft skills such as listening and communicating.

"It is possible that teaching skills are not developed, which would lead to difficulties in coaching anyone, let alone someone who has the (perceived and perhaps real) ability to fire you."

If the multigenerational issue is a major trend, the multicultural one follows close behind. The 2006 census of Canada shows that about one in five Canadians were born outside the country, and a survey by Statistics Canada found that nearly three-quarters (71 per cent) of immigrants who arrived in Canada from 1991 to 2001

Future/ Present



Tom Keenan
Business Edge

Quotable

"Generation X are independent and entrepreneurial. They are used to challenging their environment and love work. Generation Y are an ideas generation, living in virtual realities, who enjoy working as team members."

– Carol Baily,
of Kingston College (U.K.)

rated at least one of their ancestral origins as important.

So, Canada is not the melting pot the U.S. claims to be and smart businesses will look for ways to turn ethnic diversity into an asset.

But please note that being diverse and multicultural doesn't equate to shipping work off to faraway places where it can be done for less. Air Canada seems to have learned that lesson, after having outsourced some of its phone support to Genpact, based in Gurgaon, India.

Customers generally hated the service and told the world about it in blogs. Lamented one writer: "Why is Air Canada outsourcing jobs to India? I mean these people haven't even heard of Goose Bay, let alone Postville, Labrador."

Air Canada's Western Canada spokeswoman Angela Mah confirms that the Genpact deal expired at the end of 2007, and a decision to not renew the contract was made. She promises a whole new suite of Air Canada computer systems, to be built in conjunction with Massachusetts-based ITA Software, will be rolled out in 2008.

Here are a few other Big Ideas that you probably won't see in the January flurry of tech predictions:

• **Conscious Machines:** Nokia Research scientist Pentti Haikonen has mused about artificial personal assistants "that are more than digital diaries, ones that are more like trusted friends."

What would these "friends" do for us? Perhaps order the coffee at Starbucks – Apple has just been granted a patent to allow en route ordering of a double-decaf skim milk latté while travelling to your favorite "Four-Bucks." Your iPhone could pay the bill

and your drink would be sitting on the counter, emitting mating calls to its techno-buddy. If it works for coffee shops, expect to see this technology in hair salons, auto-repair shops and Chinese takeout joints.

• **Privacy Pushback:** Amazingly, retail giant Winners parent TJX Corp. survived its huge 2005 privacy exposure quite nicely. But, hey, failure to protect government files did cost a senior U.K. government bureaucrat his job in 2007.

Facebook users, who are starting to define the ethical high and low ground, rose up to defend their privacy.

The protest group "students against facebook news feeds" attracted 700,000 members, and Facebook's Beacon advertising program drew so many complaints that it was changed from "opt out" to "opt in."

• **Wearable Computers:** You can already get sports clothing with intelligent devices such as in-fleece heating, heart monitoring sports bras and even avalanche detection, according to an article in *AI & Society*.

This may even help the ultimate fashion disaster, the IT geek. You know, the one who sports a Bluetooth earpiece, dangling Blackberries and pagers, and has eyes glued to a GPS navigation system.

With wearable computing, these could all be combined into a single unit, say, a stylish plastic pocket protector.

(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)

MOVING ON from Page 21

Magna Entertainment names insider as new COO

Magna Entertainment Corp. (TSX:MEC.A) has named **Ron Charles**, a company insider and thoroughbred horse owner and breeder, as its new chief operating officer. Charles joined the Aurora-based company in 2004 as executive director of **MEC California**.

ARISE Technologies Corp. (TSX:APV) has hired **Bert Pendergast** as VP and general manager for the **ARISE Systems** division. Pendergast was most recently Celestica's global VP and GM for aftermarket services. ARISE is dedicated to accelerating the use of solar energy in mainstream markets. Its head office is in Waterloo.

OccuLogix Inc. (TSX:OC) says seven vice-presidents have either left the company or are scheduled to leave by the end of January as part of a cost-cutting program at the financially troubled medical device maker. Toronto-based OccuLogix was set up as a subsidiary of **TLC Vision Corp.** (TSX:TLC) to develop a blood filtration process to treat a form of blindness. OccuLogix was later spun off as a public company with TLC as its largest shareholder. The departing executives include: **John Cornish** (VP operations), **David Eldridge** (VP science and

technology), **Julie Fotheringham** (VP marketing), **Steve Parks** (VP sales), **Steve Westing** (VP medical and scientific development), **Nozhat Choudry** (VP clinical research) and **Stephen Kilmer** (VP investor and public affairs). Kilmer will continue to work with the company on contract. Chairman and chief executive **Elias Vamvakas** and the company's president, **Tom Reeves**, have both agreed to remain and accept a 50-per-cent payout.

CI Financial Income Fund has named **Sheila Murray** as senior VP and general counsel. Before joining CI, she was a senior partner at Blake, Cassels & Graydon LLP specializing in corporate finance and mergers and acquisitions. CI Financial Income Fund (TSX:CIX.UN) is an independent, Canadian-owned wealth management company.

Denison Mines Corp. (TSX:DML, Amex:DNN) has hired **Curt Steel** as VP of marketing and sales and **Philip Buck** as VP of mining. Steel will work in New Milford, Conn., and Buck in Denison's Denver office. Steel comes to Denison from Nukem Inc. where he had been senior trader since 1998.

Buck was most recently GM for Canada of the mining services division of Dynatec Corp. Denison is an intermediate uranium producer in North America. Its head office is in Toronto.

RioCan Real Estate Investment Trust (TSX:REL.UN) has appointed **Raghunath Davloor**, the former director of investment banking for TD Securities Inc., as senior VP and CFO, effective Feb. 11. RioCan is one of Canada's largest real estate investment trusts. Its head office is in Toronto.

International Nickel Ventures Corp. (TSX:INV, INV.WT) has appointed **Candace MacGibbon** as CFO effective March 31. MacGibbon comes with extensive experience in the mining sector as a result of her previous work with RBC Capital Markets and BMO Nesbitt Burns. INV's head office is in Toronto.

Adolfo Vera has been named executive VP and CFO of **Silver Eagle Mines Inc.** (TSX:SEG). Vera was most recently CFO and CIO of a publicly traded mining company in Peru. He will work in Silver Eagle's Toronto head

office. **Frank Salvati** resigned as CFO at the end of last year but will remain as a consultant for the transition. Silver Eagle is redeveloping a historic silver property in the heart of the Mexican precious-metals belt.

Vena Resources Inc. (TSX:VEM) has named **Rod Ogilvie** to the new positions of VP of engineering and country manager. Ogilvie most recently supervised Cameco's work in Mongolia as director and COO. Ogilvie now will work in Lima. Vena Resources is focused on mineral properties in Peru. Its head office is in Toronto.

Canadian Satellite Radio Holdings Inc. (TSX:XSR), operator of **XM Canada**, has named **Janet Gillespie** as its new VP of marketing. Gillespie spent the past eight years at Palm Canada Inc. XM Canada also said **Donald McKenzie** is leaving as its senior VP of sales and marketing. Canadian Satellite Radio Holdings Inc.'s head office is in Toronto.

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