

Business Edge

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**Building Wealth
Through Real Estate**
REDEV Properties
See Page 13



Airports take long-range approach to development

Skyrocketing fuel prices fail to halt expansion projects

By Laura Severs
Business Edge

Canada's airports remain in expansion mode despite dark clouds looming on the horizon.

As skyrocketing fuel prices force major North American airlines to cut back routes and services, airports on this side of the border remain confident and have no immediate plans to halt major development projects.

"Airports plan on a 40-year basis," says Barry Rempel, president and CEO of Winnipeg Airports Authority. "Airlines plan on a month-by-month basis. Our role as an airport is to ensure we have the right size pipe. It doesn't matter if a carrier flies more or less, because the market size is the market size, regardless of which carrier they're going on."

Billions are being spent on increasing capacity, improving infrastructure and modernizing airports. Major construction is moving forward in Vancouver, Edmonton, Winnipeg and Ottawa, among other airports.

Toronto recently completed a \$4.4-billion redevelopment that will allow it to handle an additional seven million passengers. Calgary plans to spend \$1.8 billion to add a dedicated international/trans-border concourse with 20 new gates by 2015, as well as a fourth runway to be in service by 2014.

See HORIZON

Page 3

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NEWSSTAND \$2

Homeward bound



Bayne Stanley, Business Edge

Digging the junk business

Launi Skinner has taken a roundabout way to return home to Canada as president and COO of 1-800-Got-Junk? The former Starbucks Coffee Co. executive, who hails from Summerland, B.C., sees major growth potential in the junk-removal business and is excited by the challenge of the new job. See **20 Questions** on **Page 8**.

Enabling the average investor to enter the lucrative commercial real estate market.

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See Page 13

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Index

• 20 QUESTIONS

B.C. native and new 1-800-Got-Junk? president and COO Launi Skinner is busy preparing to step into her role with the Vancouver-based junk-removal franchisor.

Page 8

• FINANCIAL EDGE

Bissett Investment Management chief investment officer Gary Aitken is focused on finding high-quality, growing companies that have stood the test of time.

Page 12

• STREET LIFE

Internet gaming software developer CryptoLogic Ltd.'s stock is struggling despite the company's launch of a new 25-payline online slot game.

Page 14

• EDGE@WORK

As Boomers approach retirement age, companies are looking for ways to

retain these experienced workers and part-time consulting is a popular choice.

Page 18

• OPINIONS

A grocer's promise of price stability will be tough to deliver in the face of rising energy costs for all grocery chains and their suppliers, says columnist D'Arcy Jenish.

Page 20

• TECHNOLOGY EDGE

In the wake of iPhone's introduction into Canada, can an iPhone vs. Blackberry-type commercial based on the PC vs. Mac template be far behind, asks columnist Tom Keenan.

Page 22

• REAL ESTATE BALANCE

Canadian residential real estate markets are reacting to increased listings and decreased sales.

Page 23

Business Edge Online

For more business news, check out our website - www.businessedge.ca - including these stories:

- **'Fuel-saving' devices set to siphon your cash:** As fuel prices rise, people attempting to separate you from cash will crawl out of the woodwork.
- **Milk price hike helps offset dairy farming costs:** Unprecedented rising costs have led to a rare decision to boost payment rates to dairy farmers, but some claim the industry is pricing itself out of the grocery cart.
- **'Rule book' needed for carbon capture and storage:** Guest Opinion columnist Jenette Poschwatta, a Research Associate for the Canadian Institute of Resources Law at the University of Calgary, examines carbon capture and climate change.

100 tips

for growing your business

Wardell Professional Development

30 Find great people by asking your best employees who they know. It's a universal principal that "like attracts like". So your best employees are likely to know other people with similar qualities to them. Ask them to help you build a world-class team. Some companies even offer incentives to their employees to facilitate this process.

29 Consider buying struggling competitors as a recession-proofing strategy. Though not the simplest strategy, this can be a relatively quick way to increase market share, reduce proportional overhead and improve economies of scale. Taking over an existing company has its own particular set of challenges of course, but when it works, it can be highly effective.

28 Use the employment classifieds as a last resort. If people are out of work it's often for a good reason, especially in a labour-shortage market. Although there will always be a few jewels in the haystack, it's an enormous job to separate the wheat from the chaff. If you must take this route however, you can improve your odds by making your advertisement as specific as possible. For example, if the job involves cold-calling, say so. It's better to get a few on-target resumes than a whole stack that don't fit.

27 Make your market position more effective by considering new sectors. Very often a company can sell an existing product to a new target market with little more than a shift in market positioning. Some companies can significantly increase their customer base by doing this. For example, Nintendo has successfully expanded their market share with the Wii product by promoting video games to the previously untapped market of middle aged women. So ask yourself, who else might be interested in your products or services?

26 Keep great people by not taking them for granted. If you have invested time into building a valuable team of employees, learn to appreciate them and acknowledge their efforts often. Say "thank you", and mean it. It's a little thing that goes a long way towards turning a group of individuals into a loyal and motivated workforce.

to be continued...

"Like an athlete, raw talent doesn't always ensure success. Wardell offers a comprehensive approach - like a practical MBA, designed to coach the business owner and ensure optimal business performance."

Brian Beutemann, CEO, 1-800-GOT JUNK?

"Wardell worked with our growing business side by side, giving us control of our growth process. Thanks to Wardell, our business is now at a point where it runs itself."

Kim Web Leung, President, Kim's Farm Market



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HORIZON from Page 1

Airports, airlines operate as different business models

Airports need to take a longer planning horizon because of their capital-intensive nature, says Bob Cowan, senior vice-president of engineering for Vancouver Airport Authority. "These projects take a long time to plan and deliver," he adds.

Despite the forward-looking developments, passengers are facing greater challenges as airlines lay off staff, downsize their fleets and slash routes and capacity.

Add to this an onslaught of new charges, with fees being tacked onto airline tickets for fuel surcharges, checked bags, and in some cases, higher costs for booking through an airline's call centre or for redeeming airline miles for flights.

Even the free in-flight beverage is not immune. At least one airline, Tempe, Ariz.-based US Airways, will



Barry Rempel

sell all non-alcoholic beverages (including pop, juices, bottled water and coffee) in its domestic coach cabins for US\$2 as of Aug. 1, when it will also boost the cost of alcoholic beverages by US\$2 to US\$7.

"Unfortunately, in this very high (cost) fuel environment, all airlines are doing whatever they can – U.S. carriers have much more fuel-inefficient fleets, we've already done those transitions," says Calgary-based airline analyst Rick Erickson, managing director of RP Erickson and Associates. "Both WestJet and Air Canada are sitting on the strongest balance sheets any airlines in Canada have ever had."

Airlines north and south of the border are fighting to survive, let alone compete. Atlanta-based Delta Airlines recently reported a net loss of US\$1 billion for the quarter ended June 30, 2008.

However, Delta is merging with Minneapolis/St. Paul-based Northwest Airlines and says it will have one of the strongest balance sheets in the industry once the merger is completed over the next 12 to 24 months.

Air Canada will reduce fall and winter capacity in response to record price of fuel, stating that every \$1 increase in the price of a barrel of oil adds an estimated \$26 million to its annual fuel expense. For now, WestJet says it will stay the course, citing its low-cost structure as the reason for enabling it to deal with the economic turbulence other airlines are facing.

Airport authorities are continuing to take a long-term view.

"When I hear people say, 'Carriers are in trouble, why are airports continuing to plan for the future?' it's important to understand we operate two very different (business) models and



File photo by Larry MacDougal, Business Edge

Despite current economic turbulence, analyst says WestJet and Air Canada balance sheets are strong.

on different timelines," says Winnipeg Airports Authority's Rempel.

But there's much more to the recent round of airport expansions than just expanding for expansion's sake, officials say. Cities including Edmonton, Ottawa and Winnipeg are playing catch-up to soaring passenger numbers. In some cases, earlier expansions were delayed due to 9/11, SARS and other crises that rocked the aviation sector.

There's also the need to replace aging facilities.

"These were airports that desperately needed upgrading," says Erickson, referring to facilities Ottawa turned over to local authorities on long-term leases starting in the early 1990s. "One of the reasons the federal

government got out of airport ownership was because they couldn't afford to make the capital investments required."

Winnipeg's James Armstrong Richardson International Airport is perhaps the best example of an airport that was in urgent need of upgrades.

"In 1997, when our airport authority was established, this airport was in the worst condition of any airport in Canada," says Rempel. "We had to replace all of our runways; we did that on a cash basis. We felt it was more important to get the infrastructure up before we looked at the terminal building itself."

Winnipeg spent \$215 million on runways. Now, it's spending \$585

million on a new terminal – an independent audit shows the building is no longer sustainable for the mid- to long-term and that renovating the terminal would be more expensive than constructing a new one – as well as parking and related facilities.

"There will be nothing left on this airport that has not been replaced by 2011," adds Rempel.

Edmonton's airport found itself busting at the seams last year due to an unexpectedly strong Alberta economy. It had already spent more than \$275 million on expansion between 1998 and 2005, an undertaking that was to accommodate its passenger growth to 2015.

See EXPANSION

Page 4

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EXPANSION from Page 3

Growing passenger numbers spurring airport development

"Even with the latest expansion that was to accommodate 5.5 million passengers – we expected to reach that by 2015 – we hit 6.2 million passengers last year in a building that right now is at overcapacity," says Edmonton International Airports president and CEO Reg Milley. "Every morning there's a plane at our gates and a second one waiting, and a third one behind it. If we don't do the (new \$1.1-billion) expansion, we're going to artificially cap any growth. We're completely out of gates in the mornings."

In the last three years, Edmonton International has seen growth of 10.5 per cent, 15.5 per cent and 16.3 per cent. The numbers so far – as of May 31, 2008 – show a 7.4-per-cent increase in passenger volume over the same period in 2007. Typical airport growth is two to four per cent per year, says Milley.

Other airports are also showing strong passenger numbers. Phase 1 of the expansion to Ottawa's airport was completed in 2003, with a new terminal designed to accommodate five million passengers. However, current passenger numbers are now just in excess of four million.

"We've been experiencing record-breaking growth year over year since we've opened this terminal," says Krista Kealey, vice-president of communications and public affairs for the Ottawa International Airport Authority.

The authority is now poised to fully open its \$95-million Phase 2 expansion later this year – one that will add 12 gates. "This should basically keep us in very good standing to 2020 and beyond," says Kealey.

Airline analyst Erickson doesn't see any Canadian airports that are overbuilt. "I think Toronto was very aggressive, it may be somewhat underutilized but it has future capacity expansion now," he says. "Many economic benefits will come from the fact that it was built to the size it is. Toronto is very well positioned. It's got an exceptional geographic position."

Airports are very conservative, adds Garth Atkinson, president and CEO of Calgary International Airport. Calgary passenger volumes reached an all-time high in 2007, surpassing 12.2 million annual passengers – an increase of 8.4 per cent, or almost one million more passengers, than in 2006.

"In the next 10 years, our investment program is \$3 billion – everything, renovation and the two big expansions at about \$1.8 billion – and it's predicated on a relatively low-growth scenario of three per cent to 3.5 per cent a year, which is about a third of the growth we've had in the last five years," says Atkinson. "We build on forecast demand; our build plan is based on a very conservative growth forecast."

But airport authorities will still keep a cautious eye on the economy, adds Erickson.

"The beauty with all airport expansions is that you can stage it for short, medium and longer development terms," he says. "Once you put up the main structure – almost all of them are modular – all you need to add is the gates. (And) they don't have to put all the gates in now."

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

Airlines receive a helping hand

Canada's airports are working to help airlines through their economic crunch.

With most major airlines in turmoil due to the high cost of fuel – Air Canada says fuel is its single largest expense item, accounting for more than 30 per cent of operating expenses – airports are trying to deal carriers a helping hand.

Stating that it recognizes the problems facing airlines is an industry-wide crisis, Ottawa International Airport reduced its general terminal fees by five per cent as of July 1.

Others, like Edmonton International Airport, are holding the line on fees. Edmonton is also asking its provincial government to remove the fuel-excise tax from domestic flights, a move that it says would save \$11 million for Canadian carriers. Alberta has already eliminated the tax for trans-border and international flights.

At Vancouver International Airport,

officials are working with airlines to improve efficiencies, including more self-service check-ins and self-service baggage tagging. Expansion at the airport will consolidate the number of baggage systems, in turn reducing costs for Air Canada as well as centralizing the airline's operation into one section to provide more efficiencies.

Vancouver also lowered its landing fees in 2007 and has committed to not increasing them until 2011.

In Winnipeg, a new central de-icing facility this winter will translate into lower costs for airlines, as each will no longer have to maintain their own de-icing equipment and supplies.

Meanwhile, the Winnipeg airport authority is holding the line on the rising fuel costs it faces for services like cleaning and plowing runways. It says it's absorbing those types of costs and trying to find ways to become more productive.

– Laura Severs

Cattlemen back new safety rules; BSE lawsuit proceeds

The Canadian Press

The president of the Canadian Cattlemen's Association says consumers have nothing to fear as Ottawa begins making meat-packing companies responsible for some parts of the food inspection system and considers reducing tests for mad-cow disease.

In fact, the association which represents 90,000 cattle producers hopes the Harper government moves quickly with the changes.

Association president Brad Wildeman says it does not change the risk to human health because removal of specified risk materials in slaughterhouses removes the risk of transmission of the disease to humans.

Wildeman says making the industry responsible for some aspects of food safety can work with proper monitoring and supervision by the Canadian Food Inspection Agency.

Meanwhile, the Supreme Court of Canada won't stand in the way of a proposed multibillion-dollar class-action lawsuit on behalf of some 100,000 cattle farmers hurt by the 2003 mad-cow scare.

The high court declined last week to hear an appeal by the federal government and Winnipeg-based feed com-

pany Ridley Canada.

At issue is whether farmers who suffered economic losses as a result of the 2003 border closure over BSE-contaminated cattle could sue for what they argue was negligent regulatory policy.

The Ontario Court of Appeal last year cleared the way for much of the protracted lawsuit to proceed to the next step, which will determine whether the case can be classified as a class action.

Co-ordinated suits from producers in Alberta, Saskatchewan, Ontario and Quebec are seeking at least \$7 billion in losses and another \$100 million in punitive damages.

Cattle farmer Bill Sauer, the lead plaintiff in Ontario, has argued that Ottawa introduced regulations in 1990 that specifically allowed the feeding of cattle parts to other cattle.

That's the way bovine spongiform encephalopathy, or mad-cow disease, is spread.

The Canadian regulations came in a full two years after Britain had banned the practice, and three years after Canada barred uncertified cattle imports from the United Kingdom because of BSE fears.

Canada didn't ban the dangerous feed practices until 1997.

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Convention operators see uncertain future

Industry ponders strategies to deal with impact of rising fuel prices

By **Monte Stewart**
Business Edge

Canada's convention centre operators and meeting planners are watching to see how much of a bite high fuel prices will take out of future events.

Mike Fitzpatrick, past-chairman of Convention Centres of Canada and the general manager of Edmonton's Shaw Conference Centre, says it's likely facility operators and meeting planners will have to adopt strategies to counteract high fuel prices in the future, but it's difficult to determine what to do at this point.

"We all seem to be agreed that we've got to do something," says Fitzpatrick.

He says the Edmonton convention centre generates \$40 million in economic spinoffs per year.

But economic impact measurement standards vary greatly across Canada. And, with events held outside convention centres at hotels and other venues, the impact is likely much greater than perceived.

"It's quite probable that (strategizing) would occur," says Fitzpatrick. "It's also a bit early for us to determine what (those strategies) are going to be."

In B.C. alone, the price of gas shot up as much as 10 per cent per litre in some communities after the province's carbon tax took effect July 1.

Other provincial and federal fuel taxes loom as Ottawa and the provinces attempt to reduce Canada's greenhouse gas emissions in accordance with the Kyoto protocol and beyond its 2012 timeframe.

"We're sort of waiting with bated breath," says Sarah Lewis, president of North Vancouver-based Sea to Sky Meeting Management Inc., which co-ordinates conventions and other large events across the country. "On one hand, we're a little bit anxious, because (the high price of gas) could prevent attendance at conventions. On the other hand, it won't stop people from doing what they really want to do."

Since most conventions are booked as many as 10 years in advance, Fitzpatrick says, meeting planners have not really given much thought to strategies related to fuel prices. Fuel costs are not yet angering convention industry-goers the way they are upsetting leisure travellers.

"You don't see the same immediate impact that may be evident in leisure travel, where the family decides, 'Well, we're not going to drive as far this vacation because the gas prices are high,'" says Fitzpatrick.

"With the convention delegate, the commitment made is made much further out - usually - so it takes a lot

longer for the impact of something like high gasoline prices to really take effect.

"From our own experience so far, we're not seeing that particular concern in the convention market. But we do see a very real concern about environmentally sustainable practices and

recycling (and) composting. Those kinds of things are paramount in meeting planners' minds these days."

Fitzpatrick says that people's need to meet in person may actually trump high gas costs.

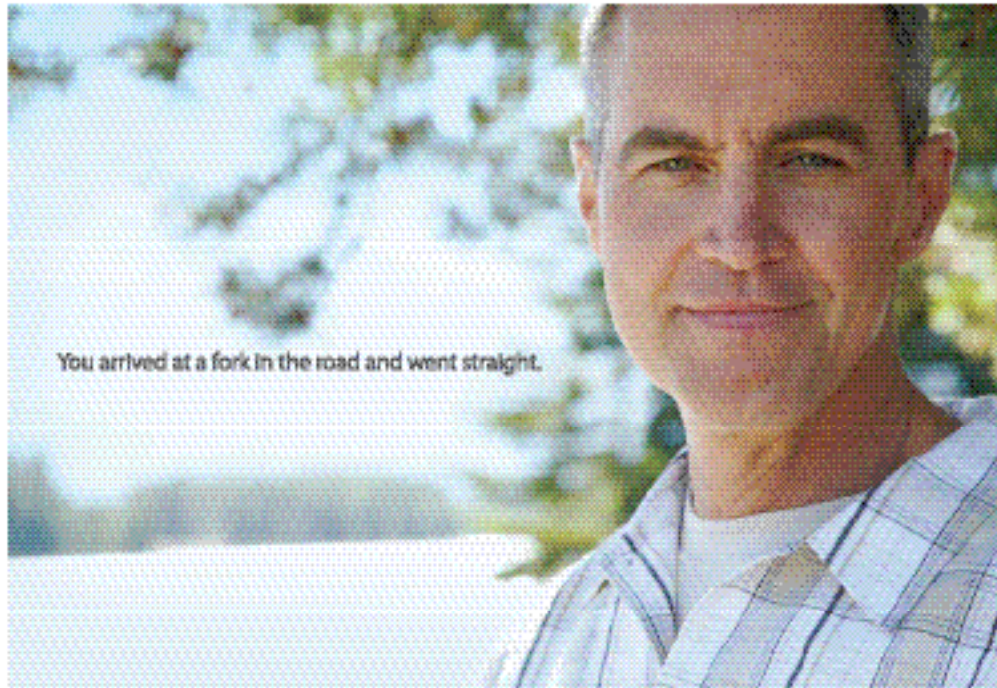
He predicts a higher price at the pumps may change people's conven-

tion-going habits, but will not completely eliminate the need to meet in the same place at the same time.

"Higher gas prices aren't going to prevent people from meeting," says Fitzpatrick.

See MEETINGS

Page 11



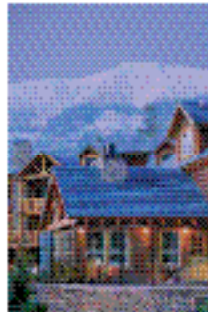
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Peer lending helps budding entrepreneurs

Poor credit rating or lack of collateral no longer barriers to getting a loan

By Sheldon Gordon
Business Edge

It sounds like a fledgling entrepreneur's dream come true. You need a small loan to start your business, but you have no credit rating or collateral with which to impress a bank.

No problem. You can turn to peer lending. Your application will be weighed on the basis of your business plan and your personal character. And you'll join a lending circle of like-minded owners who offer ideas and encouragement.

Peer lending, which has its origins in developing countries, is now a growing movement in Canada.

A lending circle is a group of individuals supporting each other by meeting monthly to share business success stories, marketing strategies and business development ideas, while also encouraging each other to keep current with their loan payments.

Vancouver City Savings Credit Union was one of the first Canadian credit unions to offer peer lending, starting in 1998. Until last year, Vancity's average annual portfolio of peer loans was about \$100,000. But that grew to \$150,000 in 2007 and is expected to reach \$200,000 this year.

"Our peer loans are one of a number of specialized loan products we offer to folks who traditionally find themselves 'under-banked' by other financial institutions," says Catherine Ludgate, manager of community business banking for Vancity.

Vancity's peer loans usually start at \$1,000 per borrower in a lending circle, or if the members of the circle are graduates of a self-employment program, then the loans start at \$2,000.

Most members take three loans (\$1,000, then \$2,000 or \$2,500, then \$3,000 or \$4,000) before "graduating" to conventional credit.

They graduate, typically, when they have built or rebuilt their credit history, and have grown their small home-based business into something larger.

"The repayment rate is about 96 per cent, which we consider tremendously successful for these small loans," says Ludgate.

Don Dorofay is typical of the program's borrowers. He runs a video-production and graphic-design business out of his home, serving a niche market of musicians and other independent artists.

Dorofay started with a \$500 loan, eventually moving up to \$5,000. He took his most recent loan four months ago at prime plus four per cent, with a three-year repayment period. He is using the money to buy a high-definition video camera "to keep up with HDIVs."



Larry MacDougal, Business Edge

Erin Melnychuk, left, a business development co-ordinator with peer lender Momentum, discusses a loan with Danielle Duguay of Blood, Ink & Steel Tattoo Studios in Duguay's Calgary studio.

"My loans officer is my peer lending group," says Dorofay. "We know each other and each other's businesses."

Because the members of the lending circle are in similar businesses, Dorofay says he can communicate his plans to them in language that would be alien to a traditional banker.

Many of the participants in Vancity's peer lending are immigrants from developing countries who lack a credit reporting history or assets. One-third are from Africa.

Others are Aboriginals living off reserve who don't have a credit history. And many are single moms who have taken a self-employment program seeking new ways to manage

their lives with infants.

Typical businesses include catering, sewing/tailoring, handcrafts, jewelry arts, small-scale importing and resale, and beauty and health products. All require little inventory or overhead, and can be done from a small home base.

For its peer loans, says Ludgate, the approval rate is about 70 per cent. Some loans are declined outright, others are sent back to be reworked or are reconsidered for a lesser amount or a different payment schedule. "The time spent in a training program like self-employment really improves the viability of the business plan, in our estimation," adds Ludgate.

In addition to some credit unions, community economic development organizations also do peer lending.

One such group, Calgary-based Momentum, has made more than 300 micro-business loans, investing more than \$900,000 in the past decade.

A registered charity, Momentum has two portfolios, one for entrepreneurs with disabilities and the other for people who have taken self-employment programs.

"The vast majority can't offer collateral," says Erin Melnychuk, business development co-ordinator at Momentum. "So most of the time, they cannot access bank credit. Some have credit cards, but if they're looking longer term, the higher interest rates on credit cards would be a problem."

Momentum makes 95 per cent of its loans on the basis of character. All applicants have to present a business plan, and a loans program officer evaluates their character through the plan-development process.

The key trait is honesty. How well do the applicants fulfil their existing obligations, such as credit card and rent payments? Do they regularly attend their peer group meetings? (They are expected to attend a minimum of four business peer-support group meetings in order to apply for the loan.)

The applicant's income level is also a major factor. For example, an applicant in a four-person family must have a household income below \$36,247 to be eligible.

The initial loan is up to \$5,000. Once it has been repaid, clients can seek a second loan up to \$7,500. The interest rate is prime plus 1.5 per cent.

In the event of a default, "they need to phone us and let us know they're in trouble," says Melnychuk. "We're flexible. We may extend the loan repayment period. But if they don't contact us, we report them to Equifax and refer the account to a collection agency."

Danielle Duguay of Calgary became a recent client of Momentum, enrolling in a six-month entrepreneurship program before launching Blood, Ink & Steel Tattoo Studios with her husband.

She had previously been a stay-at-home mom to her two young children. "It's hard to find a good job when you haven't been working for five years," she says.

With her husband's experience as a tattooist, the couple had, for several years, weighed starting up a studio to do tattoos and piercings and sell body jewelry. When potential investors for the venture backed out, she turned to Momentum for a \$5,000 loan and last May opened the studio in downtown Calgary.

LENDING from Page 6

Consumers advised to use caution with online sites

"It's really rewarding to have a situation where you can do it for yourself," she says.

Most of the funds were spent on a computer, a carbon-copier for making stencils and on related art supplies. The studio serves about 20 clients a week, mostly "well-educated women in their 30s and 40s," she says.

Duguay, who sports a mermaid tattoo from her hip to her ankle, got the Momentum loan at prime plus 1.25 per cent, and hopes to have it paid off in under two years.

"It's a booming industry," she says. "We're doing pretty well right now."

The latest fad in peer lending is online auctions, a concept popularized by the U.S. service Prosper.com and the British service uk.Zopa.com.

The Canadian pioneer was IOU Central, in Montreal, but it was short-lived. Launched in February, it was forced to shut down a week later by the Quebec Securities Commission over regulatory concerns. "Posting of new loan requests and the placing of new bids on loans has been temporarily stopped," says its website. "Any loans which have already closed and been funded will be repaid and serviced in accordance with the borrower and lender agreements."

Quotable

"You have to be careful about providing personal information, such as your social insurance number and your credit score. How do you know if the lending service is legitimate?"

-Martine Belanger, spokeswoman for the Financial Consumer Agency of Canada

IOU Central says it will co-operate with the regulators in order to resume its operations.

Peermint.com, an online venture in Vancouver, announced a \$2.5-million round of venture capital funding last December, but its startup date is uncertain. It did not respond to an interview request.

CommunityLend, a Toronto-based online lender, is scheduled to begin its activities this summer.

CEO Michael Garrity says his service has spent eight months trying to satisfy securities regulators across Canada.

Prior to co-founding CommunityLend, Garrity was vice-president

of sales and marketing at epost, the online bill presentment and payment service. Barry Campbell, a former Liberal MP, is chairman of the board.

If you're a would-be borrower with CommunityLend, you sign up, then create a loan request by stipulating the amount desired, the interest rate you're prepared to pay and the description of your loan.

This loan request is then posted for auction online, and individuals who wish to be lenders bid for parts of your loan. When you receive enough bids to complete your loan, CommunityLend creates loan documents and payment arrangements between you and the lender, and the loan amount

is moved to your bank account.

The loans are all personal loans, says Garrity, and can be used for purposes such as a car purchase, home improvement or refinancing credit-card debt. But you may also use the funds for a business, and the lenders can ask to see your business plan.

Martine Belanger, spokeswoman for the Financial Consumer Agency of Canada, a federal agency, warns that consumers should "do their homework" before using a peer lending website. "You have to be careful about providing personal information, such as your social insurance number and your credit score. How do you know if the lending service is legitimate?"

"You're entering into a contract," she cautions, "and you should understand all the provisions of the contract - even have a lawyer review it."

Belanger says the agency does not condemn online peer lending, but is concerned that some borrowers, attracted by the social-networking concept, may accept interest rates that are actually higher than those they would be charged by a credit union or a bank.

(Sheldon Gordon can be reached at gordon@businessedge.ca)

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20 Questions



Bayne Stanley, Business Edge

New GotJunk? president and COO Launi Skinner sees great growth potential with the Vancouver-based junk-removal franchisor.

Go-getter trades coffee career for junk job

Changes at Starbucks spurred executive to reflect on life's priorities

By Monte Stewart
Business Edge

Chances are you have seen one of those blue and green 1-800-Got-Junk? trucks.

If Launi Skinner has her way, you'll see plenty more of them in the future.

Skinner, who helped open about 600 Starbucks stores annually before leaving her post as head of the coffee firm's U.S. division earlier this year, is the new president and chief operating officer of the Vancouver-based junk-removal franchisor. She assumes the presidency from company founder Brian Scudamore, who remains CEO.

Skinner won't officially start with 1-800-Got-Junk? until Aug. 18, but her story is about to begin . . .

1. How did growing up in Summerland, B.C., prepare you for where you are today?

"I grew up with a lot of family and friends who instilled a really strong sense of values in me. One of the reasons that I'm where I am today is because I have a strong sense of those values. I think that a small community, where you're surrounded by friends and family, is absolutely an unbelievable foundation in building the character of who I am. I also think growing up in a small community . . . provided a level of confidence. There was always that belief that you could do whatever you wanted to do. Whether it was playing basketball, riding horses or the school, there was always an incredible support structure of people who cared a lot about your success, to

be there to help you, to guide you (and) advise you. That really instilled in me a strong belief of who I am as a person, what my values are and a confidence that I think is really important."

2. How would you describe those values?

"I grew up with a family-value system that everybody is important. It didn't matter about your wealth. It didn't matter about your educational background. It didn't matter about who you were as an individual. I've taken that wherever I go. I really like people, and I believe everybody offers something that I think is meaningful. I really try to care about everybody to bring that out in them. That really came from being part of a small community with lots of family and friends."

3. What did your parents do?

"My mom was a secretary in the school system. She worked at a bunch of different schools in the Summerland district. My father worked in the packing house for fruit. I don't know what his technical title was, but he was, basically, the mechanic. He was responsible for the maintenance of all of the equipment and anything mechanical."

4. What was your childhood dream?

"As a child, I loved riding horses, and I rode horses competitively. At one point, I wondered if there was a future career in horses. But for the most part, my childhood dream was to go into business. (The dream) changes. When I was in Grade 10, I thought I wanted to be a pharmacist, so I went and did this after-school

program where I worked in a pharmacy. After doing that for a year, I realized that it really wasn't what I wanted to do. So I went into business because I liked numbers and I really liked the game of business. I always liked people, so I always wanted to go and run a business."

5. Did you have a business that you preferred?

"At that time, no. I've dabbled. I've always tried to do businesses or industries, if you will, because I believed in the product or the service, and it was something where I felt that there was a purpose or a need behind it. For example, when I worked at Starbucks coffee company, the need was really about how you create this environment – this really great place – for people to enjoy a cup of coffee, whether it's because they need a break or they want to slow down or because they want a pick-me-up. One of the reasons I like 1-800-Got-Junk? is that it's a service that helps simplify people's lives. When you're wondering what to do and how to get rid of stuff, we make it pretty easy for you, and we're really professional about it. I just think there is something worthwhile in it."

6. What was your first job after university?

"I went to work for a Western Canadian company called Mohawk Oil. They're still there, but I believe they're now owned by Husky. I went and worked in the retail accounting department."

7. What did you do there?

"We did all of the accounting for the service stations. Back then, in the early 1980s, everything was manual.

So all of the gas stations – and they had convenience stores – would have to report their gas sales, their cigarette sales and their coffee sales every single day. They'd do a reconciliation of their sales and balance, and they would have to send in the information. I worked with the team that would actually get the information and make sure that the reconciliation was correct and was accurate. I did that for a couple of months and then I was promoted to retail accounting supervisor, supervising up to 11 people. I did that for three or four years with a team of people that did all of the accounting and all of the reconciliation for all of the gas stations."

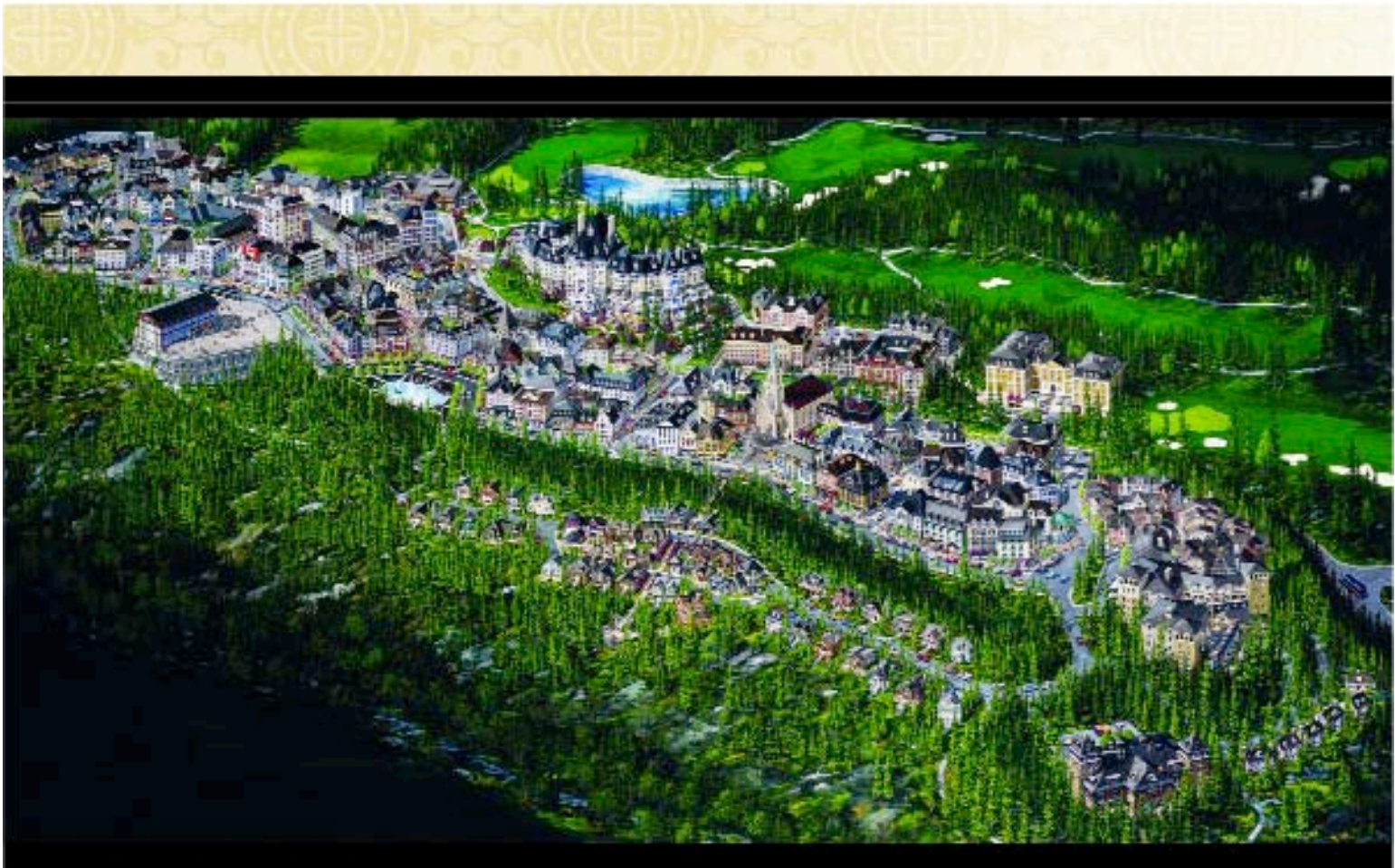
8. Where did you go from Mohawk?

"After I worked at Mohawk – and I was there for almost seven years – I went to a company called McGavin's Foods. In addition to baking the bread and distributing it, they also operated a chain of retail stores called The Bread Basket. I was brought in to manage the Bread Baskets for British Columbia. There was a regional manager for each one of the provinces. I think there were 17 Bread Baskets in B.C. that I was responsible for – everything from the profitability to hiring, coaching, leading the teams of people that worked in the Bread Baskets, to renewing the leases, to wanting to have complementary products like cookies, working with different vendors to bring products in, and the prices."

9. How did you end up joining Starbucks?

See 20 QUESTIONS

Page 10



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20 QUESTIONS from Page 8

Junk firm's growth strategy was appealing

"I knew of the company because I had met the person who was in charge of Starbucks at the time, Rollie Moore, when I was working at Mohawk Oil. He did some consulting work for Mohawk Oil that I worked with him on, and he helped me get the job at McGavin's Foods. He had a retail consulting business then but left and then was employed by Starbucks. I can't remember his title. He was the retail manager of whatever. So I knew that he had gone to Starbucks. I had gone into the Starbucks on the corner of Robson and Thurlow (in Vancouver) and I loved it – and I wasn't a coffee drinker. I wasn't a big coffee drinker at all. But I walked in and I just loved the experience. I thought that everything that they did – every little detail – was just clever. I could tell that it was a company that had a pretty good conscience of what it was trying to do with some of its messaging... I just really loved the concept, so I called Rollie Moore and said, 'Hey, I think I'm interested in leaving McGavin's Foods.' I loved the job I had, but I knew, from future career perspectives, there wasn't really anywhere for me to go. It was a bakery and a manufacturing business. I realized that I didn't want to be on that side. I liked the service side. I liked leading teams of people. So I phoned him and said: 'Do you have any positions?' At the time, they were hiring for a district manager, so I went through the process of interviewing and I got a job with Starbucks."

10. How did you manage to start up so many Starbucks franchises?

"I was real fortunate to have an excellent team of people that I worked with. I've always believed that you're only as good as the people that

you surround yourself with. It was the team that really came up with the ideas, the way, the strategy and the approach to do it."

11. How did you manage to get ranked as one of four women to watch on the Forbes list of the Top 50 Most Powerful Women in 2007?

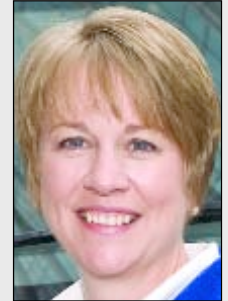
"I believe I got on the list just because Starbucks is a Fortune 500 company, obviously. It has a globally admired brand. The revenue business that I was responsible for was significant enough that that catapults you into that arena."

12. Why did you decide to leave Starbucks?

"I left because, at the time, the company was going through a tremendous amount of change. Sometimes, when there's change, it gives you time to reflect and understand what's important to you. There were some things that had happened that gave me a chance to go through that reflection. After 14 years of constantly being there, it was time, I felt, to step away and spend a bit of time with my family and really understand: Where do I want to go next and what do I really want to do? I love the culture of the organization at 1-800-Got-Junk? I also think there's a tremendous amount of growth. When I also look back at my time at Starbucks, I was there through all of this growth – and I loved the growth. I loved putting the strategy in place,

Launi Skinner

- **Title:** President/COO.
- **Born/raised/age:** Summerland, B.C./43
- **Education:** Skinner holds a business administration diploma from Okanagan College. She also obtained her certified general accountant designation.
- **Family:** Married to Dave Rawlyk, two daughters: Sophia, 6, Madeleine, 17 months.
- **Career:** Skinner began her career as an accountant and accounting supervisor with Mohawk Oil in Vancouver. She then became a regional manager with McGavin's Food and later moved to Starbucks Canada. During her more than 14 years with the coffee company, she advanced to vice-president at Starbucks Canada and then became senior zone vice-president for the Northwest U.S. and, finally, president of U.S. operations and head of global store design. She officially joins 1-800-Got-Junk? on Aug. 18.
- **Moonlighting:** Skinner has served with several community organizations in Canada and the U.S., including the Northwest Hospital and Medical Center in Seattle.
- **Passions:** Golf and other outdoor activities.



Launi Skinner

the excitement of doing what it takes to handle that growth. I'm very skilled in that growth."

13. What were some of the things that made you pause for reflection?

"It wasn't anything specific about the company per se. It was just that there was a lot of change going on. There was a lot of change going on in the economy. There was a lot of change going on in terms of what the growth models may or may not

be inside a new organization. There were some different changes in leadership. There's no question I left on great terms with the organization. It was one of the hardest decisions that I have ever made. But I'm just very pleased with where I've landed."

14. How did your move to 1-800-Got-Junk? come about?

See PROCESS

Page 11

1-800-Got Junk?

- **Brass:** Brian Scudamore, CEO; Launi Skinner, president and COO.
- **Profile:** The company bills itself as the world's largest junk-removal operation. The firm now operates franchises in Canada, the U.S. and Australia and plans more international expansion.
- **Stats:** The firm has 313 franchises, which generated revenues of \$142 million last year. It employs about 2,000 people.
- **Corporate Structure:** The firm is a privately owned franchisor and retains some corporate outlets. Most franchises are individually owned.
- **Website:** www.1-800-Got-Junk?
- **HQ:** #600-1055 W. Hastings St., Vancouver, V6E 2E9
- **Phone:** (604) 638-4412 or 1-800-Got Junk (468-5865)

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MEETINGS from Page 5

Organizers, delegates defy predictions of convention demise

"They might meet in fewer numbers, they might meet less often, but they'll still need to meet. I just can't see that (need) changing."

He says convention organizers and delegates have defied pundits' predictions that new technologies would spell the demise of convention-related travel and the need to meet.

"It used to be video-conferencing," he says. "It's been webcasting – any number of things that were supposed to reduce or eliminate the need to actually meet face to face. We've seen in the past that people do actually need to meet . . . perhaps, to get to know the people with whom they're going to be dealing if they're going to be buying a major piece of equipment

or a major piece of real estate."

In the case of small communities that require delegates to travel further, he predicts, higher fuel prices and increasing environmental concerns may result in a shift to more regional, rather than national or international, events.

Brian Dahl, a senior project manager with Vancouver-based event planner Prime Strategies Inc., says ground-transportation firms have added new fuel surcharges or increased old ones that range between five to 15 per cent. Airlines such as Air Canada and WestJet have also implemented their own fuel surcharges and imposed tighter weight restrictions for checked baggage.

Prime Strategies has begun to build these additional fuel costs into its preliminary budgets and is anticipating costs further ahead on future programs, says Dahl, also an outgoing board member for Meeting Planners in Canada.

Dahl's firm has maximized use of its transfer vehicles from both a cost-savings and emissions-reduction perspective and placed tighter fuel-related restrictions on its contractors.

"Many of our (requests for proposals) now require that contracted vendors and transportation suppliers implement and maintain more effective measures of fuel management," says Dahl.

"The entire meetings and conven-

tion industry should collaborate with industry partners such as airlines to minimize the impact of the high fuel prices by encouraging the airlines to maintain control of costs and opening up more seat availability, instead of reducing routes or cancelling flights altogether."

Sea to Sky's Lewis says high fuel costs have not shown much of an effect yet, but she is wary that they could affect an event that her company is organizing for Vancouver in 2009, which would require Americans to drive up the U.S. west coast into Canada.

Her firm is putting extra effort into marketing to ensure that its events are attractive.

While prices might be hard to predict in future, she says the industry is used to adversity.

"These fuel prices are causing anxiety for 2009-10," she says. "However, there's always something – 9/11 definitely had an immediate impact. Then it seemed to top out. Then came SARS.

"Then came (delays at) border crossings, you know (requirements for Americans to have) passports. Somehow, the industry keeps going and people still attend and Americans still respond."

Lewis adds high fuel prices likely won't affect international associations, because they book their conventions four to eight years in advance. But American groups may choose to hold their meetings closer to home.

Still, she says, the Canadian convention industry will manage to carry on.

"There always seems to be something (negative) that affects us, but we somehow come through it," says Lewis.

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

PROCESS from Page 10

Return to Canada key factor in job jump

"I left Starbucks in early March, and about three weeks later, I got a phone call from someone I'd peered with at Starbucks. He'd been with the company for a number of years. He said, 'Hey, I did some mentoring for a person who used to be at 1-800-Got-Junk? and I happen to know that they're interviewing for a president and COO position. It's in Vancouver and I thought that you might be interested in relocating back home, and it's a nifty little company that has an unbelievable culture. It's about as similar as you can get to Starbucks and has great growth potential.' He thought that I would be a great fit. At the time, I had actually never heard of 1-800-Got-Junk? I talked a little bit more with him about it and got the job specifications, and then I contacted their recruiter. It kind of went from there."

15. How long did that process take?

"A couple of months. I went through the process of doing a number of things to make sure it was the right move for me and for the company. I met with a senior franchise partner and went out with a truck team and went out and visited customers and saw what the business was like, and interviewed with a number of different people. So I did a number of things to make sure that it was the right next step for me and that I could add value to the 1-800-Got-Junk? organization."

16. When do you officially take your position?

"I officially start mid-summer, although I have started what I would call transitioning the organization. I've started an immersion. I've spent time up in Vancouver and I've certainly had lots of conversations with my (senior) team. I'm immersing myself so that, when I start, I'm ahead of the game a bit."

17. Why did you want to come back to Canada?

"One of the reasons we wanted to come back to Canada is to be closer to our family and our friends. Even though we've lived in Seattle for almost six years, we've remained really with our family and our friends. So that was an important factor for us in coming back."

18. How can you grow the company?

"I think there's huge opportunity to grow the company just from an awareness perspective. It's one of those things that so many people are in need of – how they simplify and how they re-organize their life, or at times when there's critical change in people's lives that they're moving or changing locations. To know that they can call a company, that they're going to get professional service, clean truck, on-time delivery, and to have somebody that they feel comfortable coming into their home to help them organize and simplify their life and their junk removal, there's huge opportunity. We've just started to scratch the surface of awareness of what the service is – and the capability. I also think there's a huge opportunity not just in what I would call the residential market, but the commercial space. When you think about property management or a retail environment, how do they effectively move their junk? There's garbage removal, and then there's a space between helping people just remove stuff. And how do we do it in a meaningful way?"

19. How would you describe your management style?

"I've been described as a person who can come in and understand that, first and foremost, we need to put a strategy in place about how we're going to work the plan. Then leverage people and empower people

to deliver against that plan. I can assess talent, develop people, talk to people and take a very focused approach with achieving what we want to achieve in our strategic plan. I like to say that I'm more of a service leader."

20. What excites you about your new job?

"I think 1-800-Got-Junk? like Starbucks is a really great brand. Just to take a service, like helping people to move their junk in a way that's professional and exceeds their 'wow' factor, I think, is a pretty cool thing. It was a place that had developed a brand that I really like. There were a lot of similarities that reminded me about Starbucks when I first joined them. When I look at that, that excites me."

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

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Financial Edge



Aitken's picks must stand test of time

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

By Fern Brooks
Business Edge

FEATURED PRO: Gary Aitken became chief investment officer of Calgary-based **Bissett Investment Management**, a subsidiary of **Franklin Templeton Investments** (www.franklintempleton.ca), earlier this month with the retirement of **Fred Pynn**, a former contributor to *Pro's 3 Stars*. Aitken also became the lead manager of the Bissett Canadian Equity Fund after having been co-manager with Pynn since October 2005. Other funds managed by Aitken include **Bissett All-Canadian Focus**, **Bissett U.S. Focus** and **Bissett Energy Corporate Class**.

Fund Form: As of June 30, the Bissett Canadian Equity Series A units posted a one-year return of

Pro's 3 Stars

-7.22 per cent and a 6.31-per-cent average over three years, compared with a group average of 1.96 per cent and 12.81-per-cent average, respectively.

Management Expense Ratio: Bissett Canadian Equity Fund, 2.47 per cent.

Investment Strategy: "It really doesn't change. It's a consistent focus on trying to find what I would characterize as high-quality, growing companies (with a) very strong track record of consistent profitability and where we see that persisting in the future. We want companies that have stood the test of time and will be around for years down the road. We very carefully calibrate the fundamentals that we envision for the business with the security price. We want to ensure there is intrinsic value support with any investment we make. It's a

combination of excellent businesses and attractive valuations."

FIRST STAR

• **Canadian Natural Resources Ltd.** (TSX:CNQ)

• **Recent Price:** \$92.50

• **52-Week High/Low:**

\$111.30/\$58.88 (06-06/01-23)

• **Snapshot:** CNQ is a senior oil and natural gas exploration, development and production company. The company's operations are focused in Western Canada, in the U.K sector of the North Sea, and offshore West Africa.

• **President and COO:** Steve Laut

• **Head Office:** Calgary

• **Vital Stats:** Price/Earnings Ratio



Gary Aitken

(trailing 12 months), 16.3; Revenue (last fiscal year), \$11.5 billion; Earnings Per Share (ttm), \$5.69; Market Cap, \$50 billion.

• **Aitken's View:** "This has been a longstanding holding at Bissett in our various equity funds and remains a significant holding here, notwithstanding the big movement that it and its counterparts in that sector

have experienced in 2008 with the surge in both crude oil and natural gas prices. What we like about this story: It's got a management team that is unparalleled in the industry.

See 3 STARS

Page 16

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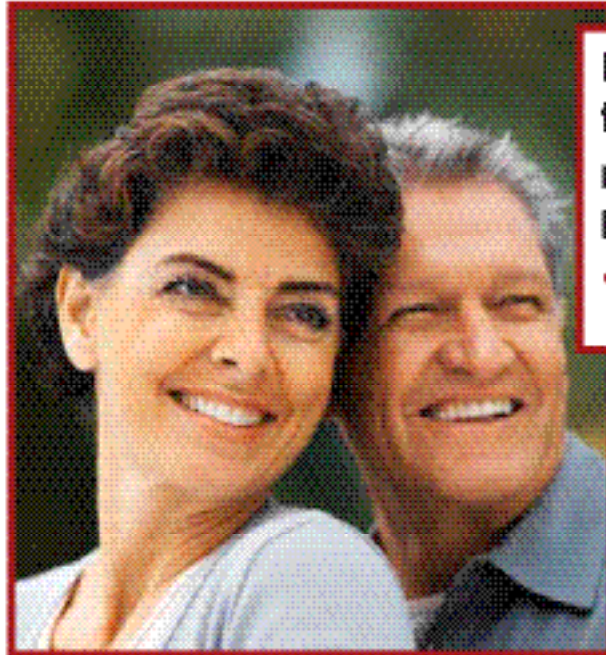
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Internet gamer needs a super-hero boost

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

By Nicole Strandlund
Business Edge

Act I: Game on

- **The Player:** CryptoLogic Ltd. (TSX:CRY)
- **Action:** Down 16 per cent in a month (from \$15.34 June 13)
- **Recent Price:** \$12.96
- **52-Week High/Low:** \$24.95/\$12.55

Comic readers unite: There's a new online casino game pack featuring Marvel superhero Sub-Mariner (one of the first Marvel Comics legends).

CryptoLogic, the Irish developer and supplier of internet gaming software, has launched a new 25-payline online slot game featuring Sub-Mariner, Spiderman, The Hulk, the Fantastic Four, Iron Man and The X-Men, along with a multi-hand video blackjack game in which players can play up to five hands at once, against up to 50 dealer hands.

CryptoLogic stock, however, could use a super-hero boost of its own, as it is down 48 per cent in a year (from \$24.80 July 16, 2007) and scraping new 52-week bottoms. Cryptologic Exchange (TSX:CXY) is also down 17 per cent in a month (to \$13.90 from \$16.75 June 13) and down 44 per cent in a year (from \$24.72 July 16, 2007).

Act II: Warrant Whiplash

- **The Player:** Novagold Resources (TSX:NG.WT)
- **Action:** Down seven per cent in a month (from \$1.45 June 13)
- **Recent Price:** \$1.35
- **52-Week High/Low:** \$13.27/\$0.80

Let's hope metal and gold investors were wearing their seatbelts over the last few months.

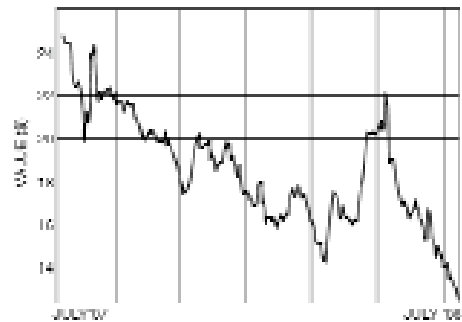
It's been a particularly wild ride for warrants of Novagold Resources, the Vancouver-based gold company: From \$2.85 on Jan. 1, the warrants climbed 93 per cent to \$5.50 on Jan. 28, making them that month's best TSX gainer (and earning them a spot in *Street Life*).

But facing a rough metals market, it's been a downhill slide since, dropping to \$0.85 on July 11.

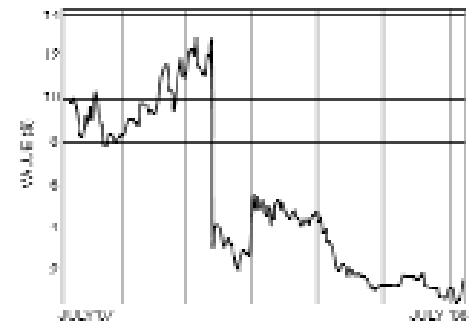
Novagold stock (TSX:NG) rode a similar roller-coaster. From \$8.89 Jan. 2, NG climbed to a high of \$12.38 during the month before closing at \$11.66 Jan. 28, then headed downward for the next months, closing at \$7.62 July 11.

Q2 results released July 11 (\$8-million loss compared to a \$3.2-million loss in Q2 2007, on revenue of \$0.3 million compared to \$2 million in

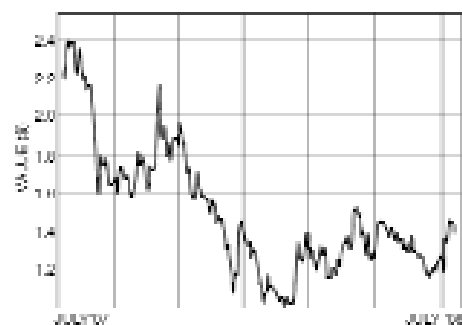
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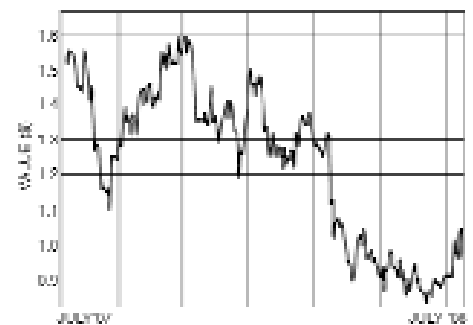
Novagold Resources



Rubicon Minerals



Claude Resources



Street Life: Analysis

Q2 2007), pushed the warrants up on the day to \$1.35 and NG stock to \$8.30.

Act III: Gold Bonanza

- **The Player:** Rubicon Minerals (TSX:RMX)
- **Action:** Up 13 per cent in a month (from \$1.29 June 13)
- **Recent Price:** \$1.46
- **52-Week High/Low:** \$2.48/\$0.95

Reading a recent news release for Rubicon Minerals, it's hard not to hear the theme song for a famous TV show and imagine the Cartwright family on the Ponderosa ranch.

Rubicon, based in Vancouver, announced a

bonanza-grade gold find in the Red Lake district of Ontario. (The TV show *Bonanza*, incidentally, got its name from the Comstock Lode in Nevada, which was an extremely large and rich mineral deposit of silver). Rubicon's most recent hole results confirm a second bonanza-grade intercept of 10.55 oz./ton gold over 5.9 feet (811 g/t gold over 0.8 metres), expanding the gold system (the F2 zone) the company first discovered in February.

Act IV: The Contrarian

- **The Player:** Claude Resources (TSX:CRJ)
- **Action:** Up 20 per cent in a month (from \$0.87 June 13)
- **Recent Price:** \$1.04
- **52-Week High/Low:** \$1.65/\$0.84

See STREET LIFE

Page 16



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'Fuel-saving' devices set to siphon your cash

Whether you're the manager of a fleet of semi-trailer trucks or Granny driving her 1982 Toyota Tercel to Tuesday afternoon bingo, you'd probably pause and listen if someone told you about a sure-fire way to consume less fuel.

How about this?

"Run Your Car on WATER and Gas to Double Mileage," trumpets a gaudy ad. "Convert Your Car TODAY to Run on Water and gas to save over 40 per cent on fuel costs!"

"Create your own water hybrid! The conversion WILL NOT void your warranty because it is 100 per cent reversible."

"Whoa!" I said to myself during my stroll through Google. "This is hot stuff!"

So I took a closer look. Yep - you could really run your vehicle on water.

According to the "miracle" promoters running this website, it's all based on an "old forgotten science" that is "well documented in U.S. patents."

They showed mechanical drawings that look like part Rube Goldberg and part blueprints to a UFO power plant. And they display glowing testimonials from stalwarts like "Eric, from Wisconsin"; "R.A. Foreman (U.S.A.)"; and "Heelah Cohen (Los Angeles)."

"Alert the media!" I thought, trying to grasp what appeared to have eluded human understanding all this time. I explored and found that they were willing to part with a conversion kit for a bargain US\$49.97, compared with the regular price of US\$297.

But I paused when I arrived at the order form. Suckers wishing to make their purchase supposedly can do so through bank cards such as Visa, MasterCard and American Express, or through PayPal.

This brought back memories of my years in charge of handling complaints at the Better Business Bureau of Southern Alberta, and how criminals used such tactics to scoop up suckers' personal banking information and sell it for the purposes of identity theft.

So here's a potential double-whammy: First, they con you out of your money; then, they con you out of your personal banking information so they can do it to you again.

Consumer protection agencies have seen it all. "Consumers should know the Competition Bureau has yet to find any fuel-saving device that improves fuel savings as claimed," the Competition Bureau of Canada warned in a recent news release.

Truckers have seen it all, too.

"We've had those presented to us in the industry for years," says Mayne Root, executive director of the Alberta Motor Transport Association. "Most of our carriers are very wary of them."

Root adds his association advises its

members to be cautious when presented with such devices. "Don't use it unless you have some sort of proof that it can work," he advises. "Certainly, most of them don't."

His comments are echoed by Al Rosseker, executive director of the Saskatchewan Trucking Association. "We've all heard of the carburetor that

Brock Watch



Brock Ketcham
For Business Edge

General Motors and Ford are 'hiding.' If it's too good to be true, it's probably not true," he says, adding his association does not endorse such products. "It's too tricky."

Stephen Laskowski, vice-president of the Ontario Trucking Association, notes there is a clear role for government in researching fuel-saving products that come on to the market.

"There are products out there that are as phony as a three-dollar bill," he says.

Both Laskowski and his West Coast counterpart - B.C. Trucking Association CEO Paul Landry - say several programs have been launched that are aimed at equipping truckers and fleet operators with sound fuel-saving information.

These include:

- Canadian Trucking Association's enviroTruck program. This consists of tractor-trailers equipped to showcase fuel efficiency technologies (www.cantruck.com).
- SmartWay Transport Partnership, a

partnership of the U.S. Environmental Protection Agency and the freight industry that shows ways to increase fuel efficiency (www.epa.gov/smartway/transport).

• Cascade Sierra Solutions, a U.S. West Coast organization dedicated to saving fuel and reducing emissions (www.cascadesierrasolutions.org).

"There's real cynicism on the part of our members," said Landry, who is concerned those feelings may interfere with investment in legitimate fuel-saving equipment such as air-deflection shields for trailers.

In its recent news release, the Competition Bureau said dramatically rising fuel prices prompted it to reissue the warning. "Similarly, the United States Environmental Protection Agency evaluated over 100 alleged gas-savings devices and found that none significantly improved gas mileage," the bureau said. "Some even damaged car engines or caused substantial increases in exhaust emissions."

In recent years, the Competition Bureau has taken enforcement action against fuel-saving device peddlers. These have included proceedings against Econopro, Fuel Saver Pro and Platinum Vapour Injector.

The bureau advises anyone looking for ways to cut fuel costs to be skeptical of fuel-saving devices when significant fuel savings are claimed, claims are difficult for purchasers to evaluate, effusive testimonials are published and claims of government

approval are made.

"No government agency endorses gas-savings products for cars," says the Washington-based U.S. Federal Trade Commission (FTC).

It's always fun for law enforcers to try to ferret out these wrongdoers and break all their pencils, but these bottom-feeders have been with us for millennia and they'll likely be with us for many more.

Purveyors of fuel-saving devices share several characteristics with colleagues in similar lines of endeavour, such as the sale of phoney medical devices and questionable weight-loss devices or programs.

Regulators sometimes become disheartened in the face of their inability to stamp out this sort of fraud. However, they find ways to get a laugh while striving to educate the public.

A few years ago, "FatFoe Eggplant Extract," a so-called fat blocker, appeared on the internet. It promised to be the hottest thing since buttered bread - you could stuff your face to your heart's content while "watching the pounds melt away."

"Click Here to ORDER NOW!" the website urged. Anyone who did so was not asked how they wanted to pay. Instead, they were greeted with a warning by the Competition Bureau and FTC about diet ripoffs. Certainly food - and fuel - for thought.

(Brock Ketcham is an Edmonton-based writer who specializes in consumer and public policy issues. He can be reached at brock@businessedge.ca)

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				Lethbridge	1,500	Kamloops	1,550
				Cranbrook	700	Kelowna	2,500
						Vernon	1,100

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3 STARS from Page 12

TMX Group riding vibrant capital market

"Very experienced, an excellent track record of managing the business as a low-cost producer and consistently able to grow cycle over cycle. The current growth driver is their Horizon Oilsands Project. We would anticipate that Horizon will come onstream later in 2008. That really takes them to another level in terms of production base and cash-flow generation. Excellent conditions for this company and others in that sector, given the commodity price environment."

- **Risk Rating:** Moderate to low
- **Web Watch:** www.cnrl.com

SECOND STAR

- **TMX Group Inc.** (TSX:X)

- **Recent Price:** \$33
- **52-Week High/Low:** \$57.25/\$32.40 (12-07/07-11)
- **Snapshot:** TMX Group operates two national stock exchanges, TSE serving the senior equity market, and TSX Venture serving the public venture equity market; Natural Gas Exchange (NGX), a North American exchange for trading and clearing of natural gas and electricity contracts; and Shorcan Brokers Ltd., a fixed-income inter-dealer broker.
- **CEO:** Thomas Kloet.
- **Head Office:** Toronto
- **Vital Stats:** Price/Earnings Ratio (trailing 12 months), 15.3; Revenue (last fiscal year), \$439 million; Earnings Per Share (ttm), \$2.15; Market

Cap, \$2.2 billion.

• **Aitken's View:** "TMX is the entity that came from the merger of the Montreal Exchange and the TSX Group. This is now the dominant equity force in Canada. (They are) a virtual monopoly in Canada, but certainly, they don't rest on their laurels. There continues to be opportunities for them to grow and provide additional data and services. There is a very vibrant capital market in Canada and they are a beneficiary of that. At the same time, I would anticipate that there will be a well thought-out expansion geographically from the TMX Group as they go beyond the confines of the Canadian border. It's a stock that's been volatile and generally weak since problems surfaced last summer. There's been choppy markets and the stock has sold off because of that. It's a very well-run business, a profitable business and a business we think will be much larger in size in the future. The valuation with the correction we've seen makes it particularly attractive at this juncture, in our opinion."

- **Risk Rating:** Moderate.
- **Web Watch:** www.tsx.com

THIRD STAR

- **Canadian National Railway** (TSX:CNR)
- **Recent Price:** \$47.60
- **52-Week High/Low:** \$61/\$42.51 (07-18/01-21)
- **Snapshot:** Canadian National Railway crosses the continent east-west and north-south, serving ports on the Atlantic, Pacific and Gulf coasts while linking customers to all three NAFTA nations.
- **President and CEO:** E. Hunter

Harrison

• **Head Office:** Montreal

• **Vital Stats:** Price/Earnings Ratio (trailing 12 months), 11; Revenue (last fiscal year), \$8.1 billion; Earnings Per Share (ttm), \$4.33; Market Cap, \$23 billion.

• **Aitken's View:** "Another long-time holding, one of our largest. It's interesting and somewhat unusual that a growth manager such as ourselves should be talking about a company that operates in such a mature industry as the railroad market, but I think what we've got here is another high-quality company. I think railroads in general in North America are well positioned right now. CNR is the beneficiary of a truly North American network that spans across the continent. It's a story where over the years, management has been very good at continuing to take costs out of the business. So we have seen efficiency improvements year in and year out, in conjunction with pretty steady revenue growth. We have seen an acceleration beyond that in terms of earnings growth. So we would expect that to continue, probably in the 10-per-cent-plus range. It's got an extremely good competitive position. So it's a profitable business, a consistent grower. We think the valuation is excellent on this."

- **Risk Rating:** Low.
- **Web Watch:** www.cn.ca

Disclaimer: Aitken owns all three stocks indirectly in Bissett funds.

(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.)

Hudson's Bay Co. to get makeover

The Canadian Press

The Hudson's Bay Co. has been bought by the owner of upscale American department store chain Lord & Taylor, which plans to expand its brand into Canada and give a fresh approach to both The Bay and Zellers.

HBC, which has a 338-year history that contributed to the exploration and development of large parts of Canada, has been under American ownership since 2006, when it was bought for \$1.1 billion by entrepreneur Jerry Zucker.

Since Zucker's death in April, there had been speculation that HBC would be sold.

The buyer, New York-based NRDC Equity Partners, plans to give HBC operations a major facelift that will expand on the behind-the-scenes work that Zucker had initiated.

NRDC launched a similar plan in 2006 when it acquired the Lord & Tay-

lor group for \$1.2 billion in cash and took a bottom-up approach to reworking the image of the company.

NRDC also owns Fortunoff jewelry stores and Creative Design Studios home-decor chain.

The value of the deal hasn't been publicly disclosed, but representatives for The Bay and NRDC have said it's "slightly" higher than the initial sale price of \$1.1 billion two years ago.

The combined company, to be known as the Hudson's Bay Trading Co., has 75,000 employees and annual sales totalling more than US\$8 billion.

Jeffrey Sherman, who has held senior positions at some of the biggest names in American retailing, including The Limited, Polo Ralph Lauren and Bloomingdales, has been chosen to manage the makeover. As chief executive officer of the Canadian icon, Sherman will be responsible for all of its banners, including The Bay, Zellers and Home Outfitters.

STREET LIFE from Page 14

Resource company changes strategy to shed energy assets

As many companies scramble to get a piece of the Alberta oil and gas extravaganza, one Saskatoon-based company wants out.

Claude Resources recently put a "For Sale" sign on its oil and gas assets in Saskatchewan and Alberta, choosing instead to focus solely on gold.

Claude owns 10,000 acres in the prolific Red Lake district of Ontario, and has produced around 820,000 ounces of gold from its mining operation in northeast Saskatchewan.

Changes in Claude's board and staff have led to the change in strategic

plan and a desire to shed the "distraction" of oil and gas, said president and CEO Neil McMillan.

Claude shares, which have been languishing under a dollar since mid-April, have finally broken up through the \$1 barrier.

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 July 14, 2008.

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

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Cope claims CEO chair at BCE, keeps president's title

Business Edge

George Cope, who had been president and COO of **BCE Inc.** (TSX:BCE) since October 2005, has succeeded **Michael Sabia** as CEO, retaining the role of president. Chief corporate officer and executive VP **Lawson Hunter** has left the company, to become counsel at law firm **Stikeman Elliott LLP**, where he was once a partner. The changes come as an investor consortium led by the **Ontario Teachers' Pension Plan** is closing in on completing a takeover of the telecommunications giant later this year in a deal worth \$52 billion.

Rik Parkhill is leaving **TMX Group Inc.** (TSX:X) after serving as interim co-CEO of the former TSX Group as it completed its acquisition of the Montreal Exchange. The financial markets operator said Parkhill, executive VP of TMX Group and president of TSX Markets, "has decided to leave the company effective Aug. 1." The announcement came on the first day of work for **Thomas Kloet** as new CEO of the company, which owns the Toronto Stock Exchange and TSX Venture Exchange as well as the Montreal derivatives market and the Natural Gas Exchange. Parkhill and CFO **Michael Ptasznik** had served as interim co-CEOs following the departure of **Richard Nesbitt** to CIBC at the end of February.

Pacific Safety Products Inc. (TSXV:PSP) says **Jacques Bonaventure** is its new VP of sales and marketing. **John Allen** has resigned his position as VP of operations and president of **APS Distributors**. He will remain with PSP through September to assist with integrating APS and PSP support activities. PSP produces and distributes safety products for the defence and security markets. Its head office is in Arnprior.

Peace Arch Entertainment Group Inc. (TSX, Amex: PAE) has named **Gerry Noble** as CEO, replacing interim CEO **Jeff Sagansky**. Sagansky remains co-chairman of the board. Noble was most recently president and CEO of Transit TV Network. Peace Arch produces and acquires feature films, television and home entertainment content for distribution to worldwide markets. Its head office is in Toronto.

GMP Capital Trust (TSX:GMP.UN), a Toronto-based broker and investment company, has promoted **Harris Fricker** as the next president of **GMP Securities LP** to succeed **Thomas Budd**, who retired at the end of June. Fricker will also continue in his existing roles as vice-chairman and head of investment banking of **GMP Securities** and co-chairman of **GMP Europe**, the company said. GMP Capital does

Moving On

business through **GMP Securities LP**, **Griffiths McBurney Corp.**, **GMP Securities Europe LLP** and other entities in the investment banking, wealth management and institutional equity services businesses.

BRC DiamondCore Ltd. (TSX:BCD) says that **Theo Botoulas** will continue as CEO until a replacement is appointed, and will work as a consultant. **Danie Van Der Merwe**, currently head of operations in South Africa, will be appointed COO. **Brian Scallan** will join the company as interim CFO. He brings a background in arranging and structuring corporate finance. BRC DiamondCore is a diamond explorer active in South Africa and the Democratic Republic of the Congo. Its head office is in Toronto.

Transition Therapeutics Inc. (TSX:TTH, Nasdaq:TTHI) has named **Elie Farah** president in addition to his duties as CFO, while **Nicole Rusaw-George** has been appointed VP of finance. She had been director of finance. Transition is a biopharm developing treatments for disease indications with large markets. Its head office is in Toronto.

Sierra Minerals Inc. (TSX:SIM) has named **Philip Davies** as COO. Davies' career spans in excess of 30 years in diverse minerals. **Wayne Acton** has resigned as CFO due to professional commitments. Sierra is a gold production and exploration company with head office in Toronto.

Centenario Copper Corp. (TSX:CCT) has appointed mining engineer **Richard Leclerc** as COO effective Aug. 4. Leclerc is currently VP of operations in Chile for Teck Cominco Ltd. He will work in Santiago. Centenario is a copper company operating in Chile. Its head office is in Toronto.

Toronto-based junior miner **Carlisle Goldfields Ltd.** (TSX:CGJ) says that **Stephen Mlot** has stepped down as president and CEO. He will continue directing development of the company's Lynn Lake properties. **Carl McGill** becomes president and CEO effective immediately.

Delta Uranium Inc. (TSX:DUR) has named **Colin Bowdidge** as VP of exploration. Bowdidge comes with 35 years of practical experience in mineral exploration and mine development. Delta also appointed **Baldo Minaudo** as VP for corporate development. The company says Minaudo has spearheaded marketing and communication initiatives for major banks. Delta explores for uranium in the Kenora and Timmins areas of

Ontario. Its head office is in Toronto.

Titanium Corp. Inc. (TSXV:TIC) has appointed **Kevin Moran** VP of process development. Moran joins from **Syn-crude Canada Ltd.**, where he managed research and pilot programs in oil-sands bitumen extraction and froth treatment technologies. He will work in Edmonton and continue in his role as adjunct professor with the University of Alberta. Titanium is developing technology and processes to integrate the recovery of heavy minerals and bitumen contained in the froth treatment tailings of oil-sands operations. Its head office is in Toronto.

Gowest Amalgamated Resources Ltd. (TSXV:GWA) has hired **Janet O'Donnell** as CFO. She will replace **Donald Rankin**, who remains a director, as secretary. O'Donnell was most recently CFO of a Canadian manufacturing company that sold consumable products to the mining industry. Gowest is an exploration company focused on gold and molybdenum in Eastern Canada. Its head office is in Toronto.

Active Control Technology Inc. (TSXV:ACT) has appointed **Cameron Sturgess** as VP for sales of **ActiveMine**,

its wireless communications and locating system for mines. He brings more than 20 years' experience in sales and marketing. Former VP of sales **John Steckley** moves to VP of account management. **Active Control** designs and markets wireless network control and communication systems. Its head office is in Burlington.

Mantis Mineral Corp. (CNQ:MINE) has appointed **Tony Millo** as CFO, replacing **Vicki Rosenthal**, who remains a financial consultant to the company. Millo was previously VP of finance at a Toronto securities dealer. Mantis is a resource and exploration company with head office in Toronto.

AIM Trimark Investments has named **Scott Margach** as VP and portfolio manager. Margach was most recently VP and director at **TD Asset Management Inc.** AIM Trimark has about \$42 billion in assets under management. It is a subsidiary of **Invesco Ltd.** (NYSE:IVZ).

— with files from
The Canadian Press

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Older workers look to ease into retirement

By Tess van Straaten
Business Edge

When Heather Dalcourt decided to retire just over a year ago, she knew she wouldn't be spending her days playing shuffleboard or lawn bowling.

"It's hard to imagine not working at all," says the 64-year old Vancouverite. "It adds a richness to my life and a good feeling of contribution and being valued."

A former senior executive in human resources management, Dalcourt took six months off before opting to return to her field as a consultant.

Now working a few days a month for human capital firm Knightsbridge, she couldn't be happier.

"I'm loving it, I'm really loving it," Dalcourt says. "It's part-time, it's very flexible and I have more discretion as to what I do and when I do it."

More and more people are finding that to be true as the trend to keep working on your own terms gets a big boost from Baby Boomers. No longer a cut-off date, it seems retirement is something that many workers would prefer to ease into.

"Baby Boomers have had a tendency over their careers to work really hard, to work long hours and for them to just stop working one day and do nothing is really hard," explains Danley Yip, division director for Robert Half Management Resources.

"You can only golf so much and many people at or nearing retirement age are really itching to do work and they like the idea of transitioning into retirement."

Indeed, a recent national survey by Robert Half Management Resources in Toronto found that 70 per cent of chief financial officers polled viewed consulting as an attractive segue into retirement.

While the survey only targeted CFOs, Yip believes the results are representative of what is happening across the board in the workforce.

"In all sectors and in all industries this is becoming quite common," Yip says. "We're finding that people are being brought on part-time or on a short-term contract basis and that there's a growing demand for this."

A more gradual bridge to the golden years has obvious benefits for employees – from flexibility to the financial incentives – but experts say it can also be a big bonus for employers.

"For someone hiring a (retiring

Quotable

"The changing demographics mean that employers have to be more creative. Retaining these workers in some capacity retains their knowledge and experience and can preserve corporate memory, which is a really big issue as more people retire."



– Gail Evans,
president of
the Wynford Group

worker) as a consultant, it's really a win-win situation because of the knowledge and experience they bring to the job," Yip explains. "They can mentor more junior staff, coach co-workers, share ideas and really provide a wealth of knowledge and experience."

With Statistics Canada reporting that, in less than a decade, Canada may have more people at an age where they can leave the labour force than at an age where they can enter it, many companies are now actively recruiting retiring workers.

"The changing demographics mean that employers have to be more creative," says recruitment and retention expert Gail Evans, president of the Wynford Group in Calgary.

"Retaining these workers in some capacity retains their knowledge and experience and can preserve corporate memory, which is a really big issue as more people retire."

Getting workers to stay on – or come back – is also a cost-effective way to get the job done.

"When you bring in someone senior, there is really very little ramp-up time and hand-holding because they are experienced and can just come in and get the work done," Yip adds.

"There are no fixed costs, you can just bring them in as required and you only pay for the hours you use, so it gives companies a lot of flexibility."

Flexibility is also the major attraction for experienced workers, which is why these less rigid work arrangements can be such a good fit.

Shorter days, working from home and more time off are all things for which the knowledge generation is looking.

"It's not just about money, because Boomers don't have to work, so it's

about creating an environment they want to be in," Evans explains.

"Employers need to find ways to keep older workers happy so they want to keep working."

Some innovative incentives to keep retirement-age workers on the payroll include wellness accounts, where employees can book time off for health and fitness activities; financial planning assistance, such as free seminars or workshops; and extra leave for charitable work.

"As people get more advanced in their careers, they often want (unpaid) time off for charity work," Evans says. "It's something employers can offer to attract or retain workers and it doesn't really cost them anything – they just have to be supportive of the request for time off and not fire people for wanting more time off."

Hiring back workers, especially in the public sector where retirement ages are set, is not without its challenges. Pensions are a big issue,

particularly when they limit what a former worker can do.

"Some organizations are actually having to create new job categories to hire people under so that bringing them back won't jeopardize their pension," says Evans.

"Scheduling is also an issue – part-time workers often have other interests and may not be available for extra work every time you need them, but that all has to do with planning and if you plan far enough in advance, you can work around other commitments."

For Dalcourt, whose other commitments include volunteer work, it all comes down to priorities.

"Volunteering is important to me, so if I have a commitment there, I wouldn't change that commitment to work, but if I had a golf game, I could skip it," she says.

"You need to know what your priorities are and have that in your mind so that when the phone call comes (for work) you know what you can take on."

"I think attitudes are changing – even if we just look around ourselves at the grocery store and in retail I see a lot more people like myself behind the counter than we would have a while ago," Dalcourt says. "If there was a stigma to age, I think it's softening so that it's less of a barrier to people who have something to offer."

With a lot to offer herself, Dalcourt plans on keeping one foot in the door for as long as she can.

"It's such a pleasure to do interesting work, to do a good job, and to be valued for doing it so I'll keep working as long as I'm feeling good and I see that being a very long time."

(Tess van Straaten can be reached at tess@businessedge.ca)



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Now, it's The Art of Business by Sun Tzu

Companies, executives can learn much from ancient military classic

By Romana King
Business Edge

A military mindset is a familiar concept in modern-day business. Take the notion that a company needs to “crush the competitor,” or “dominate the field,” or even “bring out the big guns.”

It should come as no surprise, then, to learn that a professor of strategy, management and organization at the Nanyang Business School in China would analyse that nation's oldest and best-known military classic, *The Art of War* by Sun Tzu.

“The relevance of Sun Tzu's work is not confined to the military realm,” says Dr. Chow-Hou Wee. “In fact, much of his philosophy inspired countless corporate boardroom strategists both from the East and the West.”

For example, Langdon Morris, a researcher and partner at Innovation-Labs, performed an analysis of Fortune 500 and Forbes 100 companies over the past several decades.

He found that, between 1979 and 1983, one-third of the Fortune 500 went out of business or fell off the list; even more surprising was that the list had a six-per-cent annual turnover. The Fortune 100 list was almost as bad.

By extrapolating the data and projecting it forward we see that only a third of today's major corporations will survive as businesses for the next 25 years; most will die or be bought out and become absorbed.

Speaking to insurance and financial professionals at the Million Dollar Roundtable conference in Toronto last month, Wee said the root cause of the dropoff is the inability of business to adapt.

As a result, business leaders, like military generals, need three essential qualities in order to adapt, grow and win the business legacy war. These three qualities are:

- Be proactive;
- Be objective;
- Be willing to learn.

“By being proactive, a business will not only have ample time to prepare and gain market initiative, but will also have an opportunity to deal with the competition. By being proactive, a business owner will have more options and can respond more rationally and effectively under almost all circumstances.”

As an example, Wee cites a common set of answers that C-suite officials identify as their company goals: Maintaining market share, or staying No. 1. “If these were your answers, you are only half-right,” says Wee, “and saying half-right is an Oriental way of telling you politely that your answer is not good enough.”

Quotable

“The relevance of Sun Tzu's work is not confined to the military realm. In fact, much of his philosophy inspired countless corporate boardroom strategists both from the East and the West.”



— Dr. Chow-Hou Wee,
Nanyang Business School professor

This is because these answers come from a passive mindset – translated from Sun's 2,500-year-old epic work, a passive mindset leads to an idle army.

But the stance is not uncommon. Many companies forget how to hunger and earn for innovative gains, says Wee.

“The corporate executives become too concerned with defending and protecting their market share and forget how to lead. What happens? The leader becomes a follower.”

Most importantly, this passive mindset “violates the principles in the *Art of War* – namely to stay proactive at all times,” says Wee.

Instead, businesses must be encouraged to take risks – an attitude that must be nurtured from above.

“To be a leader, there is a need to continually innovate and be creative. This implies the necessity to take risks, to withstand stress and the ability to tolerate and accommodate mistakes,” says Wee.

One way a leader can accommodate mistakes (and nurture tactical risk-taking) is to appreciate and learn about their strategic advantage.

In *The Art of War*, Sun guides decision-makers by saying: “Never move your troops unless there is something to be gained and refrain from fighting unless the position is critical.”

In today's business environment, strategic risk-taking is the equivalent of corporate differentiation, says Wee.

By remaining objective, and creating a unique company culture (that includes product, service, customer and employee loyalty and everything in between) a business can differentiate itself from the market and create its own branding niche – thereby avoiding unnecessary and costly front-line battles.

Wee uses pricing wars as an example. If a leading company is always reacting to competitors' temporary price drops, it will exhaust its team and resources.

However, if a company concentrates

on the larger war at hand – to maintain and then surpass its current market share – it will develop strategies that do not include small skirmishes and wasted resources.

Instead, it will differentiate by creating distinction for its customers and the marketplace.

“Leading companies capitalize on their momentum of leadership,” says Wee. “They concentrate on mastering distance between they and their competitors, not on winning the battle of the day. Not surprisingly, corporate giants like Microsoft, Intel and Dell computers continue to dominate because they understand the inherent power of distancing.”

One way to develop a strong differentiation is to develop a willingness to learn, says Wee.

“Remember,” Wee says, “a proud and arrogant army is bound to face defeat. That means, when one is on top, one should not be arrogant. This is because there are still useful lessons to be learned from direct competitors who may be smaller, but more agile and adaptive.”

Wee uses the opening of Kentucky

Fried Chicken in China as an example.

Since opening its first location in Beijing in 1987, the chain has expanded rapidly. As of late 2007, there were more than 1,000 KFC restaurants across China. More importantly, it was the most prevalent foreign-owned fast-food chain in China.

“One would be tempted to think that, given its great success, (KFC) would have little to learn from its competitors, especially from the small, local Chinese food operators,” says Wee.

“Instead, (KFC) sought to learn from the product offerings of the smaller food operators. The result? Over the years, KFC introduced menu items that were popular with their resident population. This included Chinese-style vegetable soup, porridge and other dishes that cater to local taste-buds.”

Without diminishing its own differentiation in the market, KFC was able to create competitive distance and become a well-respected food establishment in a nation with a growing population.

Wee believes the entire process can be summed up in an aphorism by Sun regarding victory: “Thus it is that in war the victorious strategist only seeks battle after the victory has been won. Whereas he who is destined to defeat first fights and afterwards looks for victory.”

Says Wee: “It is always better when the enemy has to prepare himself against you than the other way round. And such an enviable position is only available to those enlightened few who know not only how to stay ahead of the field, but know how to distance themselves with differentiation and continue to learn and grow from that process.”

(Romana King can be reached at king@businessedge.ca)

Don't let workplace sabotage slide

Business Edge

Was that a pat on the back, or did your colleague have a knife in one hand?

Half of advertising and marketing executives polled by The Creative Group said that a colleague has tried to make them look bad on the job.

Professionals who are sabotaged by a co-worker shouldn't let the situation slide, according to respondents: Seven out of 10 said it's best to confront the offender directly; 10 per cent believe notifying their manager is the best course; and five per cent would alert colleagues. Five per cent would do nothing and 10 per cent had other responses or did not know.

The survey was conducted by an in-

dependent research firm. It is based on 250 interviews – 125 with advertising executives and 125 with senior marketing executives.

The Creative Group offers tips for discussing issues with co-workers:

- Take time to cool down. Don't respond in the heat of the moment.
- Look at the situation from every angle. What were your colleague's intentions? Did you play a role in the problem? Before you confront someone, try to identify his or her motives.
- Chat in person. Emailing about a sensitive situation can lead to misinterpretation.
- Know when to get help. Immediately alert your manager and human resources department to situations that appear serious.

Opinions

Price stability new mantra at Superstore But Wal-Mart's bold entry into Canadian food market turns up pressure

If you happen to do your weekly shopping at a Loblaw Superstore, as I do, you've probably noticed that the big Ontario-based grocer is plastering its outlets with gaudy yellow and black signs that announce its commitment to price stability.

There are two parts to Loblaw's messaging. The first is "Price Lock" and subtext is: "We've checked, lowered and locked prices on items you buy the most." The second is the "Weekly Special - Incredible savings this week only on our most popular items."

In every department - produce, deli and bakery, meats, dairy, frozen and dry goods - there are signs announcing that prices have been locked in at current levels or temporarily reduced. On top of all this, there is the Loblaw guarantee: "Prices you can trust."

As a consumer, I would like to take their commitment at face value. But the skeptic in me wonders how Loblaw can pull this off.

Energy costs are soaring, which means the company's heating, lighting, refrigeration, air conditioning and transportation bills are going up. Their suppliers - food manufacturers and wholesalers - are facing the same pressures and they surely must be trying to pass on some of those costs to Loblaw.

"The increased cost of energy is being transferred into food costs," says Barry Nabatian, general manager of Market Research Corp., an economic consulting firm based in Ottawa. "Prices are definitely going up for the suppliers."

And consumers are spending more on groceries.

"When we do supermarket analysis," says Nabatian, "we find that people are spending, on average, five per cent more on food at supermarkets than before."

At the same time, though, Loblaw, Sobeys, Metro Richelieu and other major Canadian grocers are under enormous pressure to keep a lid on prices and that's due entirely to Wal-Mart Canada's entry into the food business.

In October 2006, Wal-Mart opened its first Supercentre in this country and by the spring of 2008 the company had 34 of these behemoths

up and running in Ontario, Alberta and B.C.

They range in size from 140,000 to 180,000 sq. ft. and include both a complete grocery store and a start-to-finish assortment of discount, general merchandise all under one roof.

Furthermore, the company plans to open as many as 15 more by the end of January 2009.

A.G. Manoian, an independent grocery analyst based in Toronto, says the Canadian division is now following the template established by its U.S. parent.

South of the border, Wal-Mart now operates more Supercentres than traditional discount stores. He also notes that consumables, which include food, prescriptions and health and beauty goods, account for

nearly 60 per cent of the company's sales in the U.S.

Groceries have become a core part of the Wal-Mart offering, not a side-line and that means that a major competitor has entered the Canadian industry. In fact, Wal-Mart's sales in this country jumped 5.3 per cent in June, according to Nabatian, and he attributes a good part of the increase to food.

"They have been very successful in creating the perception that they are a low-cost retailer," he says, adding that Canadian grocers are now working hard to position themselves as price cutters.

This is happening at a time when the industry faces enormous pressures due to rising energy prices and that raises a question: What is happening to all those additional input costs?

Well, for one thing, food manufacturers are reducing the size of their packages because they can't pass on

their price increases to the retailers.

In a recent interview with *The Globe and Mail*, Unilever Canada chief executive officer David Blanchard acknowledged that his company had reduced the size of its Hellman's Mayonnaise containers from 950 ml to 890.

Unilever has shrunk its Breyers ice cream packages and it is also switching from glass to plastic containers in some cases because they are cheaper to manufacture and transport.

Others are doing the same. General Mills has cut the size of its Cheerios and Wheaties boxes. Kellogg Co. followed suit earlier this year and Wrigley's puts fewer pieces of gum in a pack of Juicy Fruit.

For consumers, the bottom line is that the price of many goods may be stable.

But if the package is smaller, you're still paying more.

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

Opinion



D'Arcy Jenish
Business Edge

Cartoon Corner



Smaller firms joining overseas talent hunt

Need for skilled workers prompts new companies to join job fair

By Monte Stewart
Business Edge

Canadian participation in overseas job fairs is on the rise as companies and governments alike attempt to offset skilled-labour shortages.

"It seems to be generally increasing and the size of companies is changing in that some of these missions – with groups of companies and governments – make it possible for smaller companies to participate," says Kerry Jochen, CEO of Victoria-based Human Capital Strategies, which assists companies, governments and First Nations with hiring.

In June, about 9,000 British subjects seeking employment in Canada attended job fairs in London and Leeds.

People lined up like prospective Rolling Stones ticket buyers for a chance to speak with representatives from a total of 22 Canadian companies and governments during the events staged by British firm Working In.

"In the past, before there were fairs overseas, quite often it was a large corporation that (went overseas to recruit)," says Jochen. "Now, with more of a co-operative approach involving governments and industry associations, there are instances where smaller companies, who could not otherwise do it, are participating."

Statistics Canada figures show professional, scientific and technical services hired 37,000 people in June. The sector's job growth has ranked among the highest in the country over the past year and was the only sector that saw a notable employment increase last month.

Jochen, former head of the B.C. government's Industry Training and Apprenticeship Commission, says the events are making a difference when it comes to recruiting skilled personnel. But they do not result in a huge influx of new employees.

"Obviously, (employers) don't go overseas to recruit somebody for low-skilled jobs," he says. "These tend to be professional and trade-type of jobs."

"The numbers aren't large in the overall scheme of things, but they're important positions that (employers) can't seem to fill by going to other provinces."

In other words, the overseas events do not meet the labour force's demand as more Boomers retire and largest immigrant demographic – people aged 18-34 – declines. Recruits are relatively few as companies match prospects with their hiring needs and attempt to get newcomers through the Canadian immigration process.

Participants in last month's job fairs in Britain included Wardrop Engineering Inc., a national firm; Calgary-based bus company Southland Trans-



Photo courtesy of Opportunities Expo Canada

Prospective British recruits line up for a skilled-trades job fair hosted by Canadian firms in London.

portation; the Alberta government; and MDA Space Missions Engineering, the Vancouver-based company whose sale to U.S. interests was blocked earlier this year by the federal government on national security grounds.

"We hadn't really done a whole lot of international recruitment before," says David Rempel, Wardrop's manager of talent acquisitions, from his Toronto office. "So this is not only an opportunity for us to recruit good people, but to go on a fact-finding mission and see what we want to do and how exactly we want to do it."

Wardrop, which specializes in mining, infrastructure and energy, exhibited at the fairs as part of its bid to recruit engineers, designers, managers and product-controls. The firm needs to hire upward of 100 people across all of its divisions, but expects to get 10-15 from its foray into Britain.

Canadian employers that exhibited in England are looking to hire permanent skilled immigrants, as opposed to temporary foreign workers, whom labour unions claim are often mistreated.

Wardrop chose to go to England because the firm felt the culture gap would be narrower, it would be easier to have British credentials recognized in Canada, and many Brits are keen to re-locate here. The company is also going to look into prospects in South Africa, Australia and Chile, "basically, wherever there are major hubs of industries that we support," says Rempel.

June Read, Southland Transportation's general manager of customer relations, says her firm's participation at the Working In events marked an "extreme" measure on the company's part. But it has been unable to hire enough full-time journeymen mechanics who are needed to sign off on provincially authorized bus-safety inspections.

"I was getting the extremes, the guy who is really qualified but only wants to work part-time or the young man who is just getting started and he wants an apprenticeship. But that's not what I need," Read says.

Southland was looking for 15 journeymen, preferably in their 30s, because most of its veteran mechanics are in their 50s and approaching retirement. Read says being able to meet an overseas recruit makes the hiring process easier.

"It's not like I'm seeing someone via video or Skype," says Read. "I actually know who they are. I sat and interviewed both the husband and wife. So I have a sense of understanding that it's not just his idea to go to Canada. There is really engagement on the part of both of them."

Read adds it has become difficult to hire Canadian skilled-trades workers because, many years ago, their talent was not acknowledged and high school students were not encouraged to enter the trades.

"Now, (the skilled-trades shortage) is the price that we're having to pay

for that mistake," she says. "Not everyone needs to be a brain surgeon."

Communities that find it even harder to attract people because they are outside urban centres are also increasing their participation in overseas recruitment fairs – with varied success.

In B.C., the Comox Valley's economic development authority has promoted the Vancouver Island region at events in France and elsewhere, while Venture Kamloops has sold the benefits of the city at events in several countries around the globe, as have organizations from Ontario and elsewhere.

While Jochen favours expansion of temporary foreign worker programs, he says Canada may have to look for permanent skilled immigrants from countries, such as Mexico, that now provide many temps for lesser-skilled positions.

"If you look at Canada... in terms of labour-force supply, the future is immigrants," he says.

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



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Technology Edge



BlackBerry vs. iPhone: More than meets the eye

It's not going to happen, but you can easily imagine the guys in the "PC vs. Mac" commercial picking up a BlackBerry and an iPhone.

The dorky PC guy in the ill-fitting khakis would be dutifully answering emails from the boss while pecking away at the little keyboard and wiping sweat from his brow. The cool Mac dude would glide the iPhone from his jeans, watch a YouTube video while taking a phone call from some hot chick and geo-locating the nearest happening nightclub.

Well, it's fun to envision seeing that on TV, but the iPhone vs. BlackBerry showdown is not quite that simple. The big news is that Canadian businesses now have a choice of ways to keep their employees connected.

The hype surrounding the July 11 launch of the 3G iPhone by Rogers Communications was massive. Flagship stores like the one at Yonge and Dundas in Toronto sold out almost instantly. The fact that some people stood in line all night in the rain (or paid someone to hold their place) is vivid proof of the device's "cool factor."

The 3G iPhone can certainly do some things a lot better than the BlackBerry:

- Almost everyone reports that the iPhone's web-browsing experience, with features like automatic resizing, is exceptional. Think of a scaled-down version of your computer screen, as opposed to the BlackBerry's little display that was really made for reading emails.
- It has a touch screen, and, especially for younger users, that's a much more intuitive way to interact than a conventional keyboard.
- It has sensors (like the Nintendo Wii) so, for example, if you rotate it 90 degrees when it's in calculator mode, it flips between a business and a scientific calculator.
- The iPhone integrates phone features like Visual Voicemail. According to the Apple website, this "plays your messages in any order you want, just like email."
- It's got a GPS and the smarts to make good use of it
- It's also an iPod – the hottest tech product since some caveperson started selling sticks to make fire.
- Apple is taking a very open approach to letting developers write

iPhone applications, and splitting the proceeds. There are already more than 500 of these, from games to a prescription drug database, at the iPhone App store.

The BlackBerry still seems to lead in terms of getting email to you quickly and reliably, having great battery life, and, my in-the-know friends tell me, having excellent security – good enough for the government folks. This device also benefits from years of field testing and experience. It's safe and reliable. To paraphrase the old adage about IBM, "nobody ever got fired from buying BlackBerries."

Right after the iPhone announcement, I was the guest on a radio phone-in show that invited calls from people who were switching from BlackBerry to iPhone. A small business owner from

Red Deer, Alta., said he was breaking his contract with Telus to buy an iPhone from Rogers, which currently has the only Canadian network that supports the iPhone.

His main reason was the ability to easily run web-based applications on the iPhone. He manages his people with salesforce.com, and feels that it will be a lot easier to use that application on the iPhone.

This caller also noted that since he was a businessman, price wasn't a consideration, and also said that the

break fee to get out of his current contract was "actually a lot less than people think it is."

The cost of the iPhone in Canada has been a source of concern for more price-conscious customers. In fact, an anonymous person started an online petition aimed at bringing down the prices of the Rogers data plan. It was submitted to the security guard at Rogers headquarters on July 14, bearing 57,086 electronic signatures of protest.

Why are Canadian wireless prices so high? Some bloggers have noted that Canada is a "wireless backwater" and that we are just used to being taken to the cleaners by our cellphone companies.

Blogger Andy Peatling created a comparison chart of the total cost of ownership of an iPhone over a three-year period in Canada, the U.S. and the U.K. He used the 400-megabyte (MB) per month figure for Canada, noting that data is unlimited for the U.S. and U.K.

Still, Canada topped the cost list at \$3,225, followed by \$2,231 for the U.S. and \$1,459 for the U.K. I haven't seen anyone disputing that these numbers are roughly accurate. We also get to suck back a longer term, 36 months, compared to our Yank and Brit cousins.

Because so many people are leery of that three-year lock-in, there were predictions that Canadians would take a wait-and-see approach to the iPhone launch. In what many feel is a

devilish move, Rogers is offering a more respectable data plan, six gigabytes (GB) of data for \$30 a month, versus the originally announced maximum of two GB/month, after which you pay by the megabyte. The catch is that you have to sign up by Aug. 31. The company clearly hopes to push the fence-sitters off their perch.

It's true that you can read a lot of email, even with attachments, and watch many, many YouTube videos with six GB. It's also true that there are other smartphones like the Nokia N95 and the HTC TyTN that have a similar look and feel to the iPhone.

But, let's face it, there's only one iPod and only one iPhone, and once you get it you will probably want to use it a lot.

If you have a solid business reason, or a chronic need to look like actor Justin Long (who plays Mac in the commercial), by all means indulge in an iPhone by Aug. 31.

But do remember that Long's credits include *Dodgeball* and *Herbie Fully Loaded*.

The PC dude (John Hodgman) comes from the far cooler *The Daily Show with Jon Stewart* and has written for the *Paris Review* and the *New York Times* magazine.

In life, as in technology, sometimes things aren't quite how they appear.

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

Future/ Present



Tom Keenan
Business Edge

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Real estate markets finding a new balance

Residential property listings set another monthly record, CREA notes

By David Hatton
Business Edge

A surge of new listings combined with a sharp decrease in sales for British Columbia, Alberta and Saskatchewan's housing sector this spring, creating some of the most balanced real estate markets in the country.

"I've been in this business for over 35 years and I don't think I've ever seen a perfectly balanced market between buyers and sellers," says Toronto real estate agent Kathy Judson of Homelife Prestige Realty.

Judson played down any idea of the excess inventory making it an overwhelming buyer's market during the second half of this year.

"It will naturally work itself out," she says. "It depends on what area you're in and a lot of different other factors."

The number of residential properties listed with real estate boards across the country rose an average of 1.8 per cent on a seasonally adjusted basis to 78,878 units in May 2008, setting a second consecutive monthly record for this year, according to statistics released by the Canadian Real Estate Association (CREA).

Seasonally adjusted sales activity on the Multiple Listing Service (MLS), meanwhile, edged lower by 1.2 per cent month-over-month to 38,133 units this past May.

It was partly due to fewer transactions in B.C., Saskatchewan and Alberta.

That was slightly offset by a monthly rise in activity in Ontario, which resulted from record sales in Ottawa and a rebound in Toronto's numbers, according to CREA officials.

Toronto's sales continued a steady decline on a month-over-month basis when compared with a record year in 2007, but average prices were still up, figures from the Toronto Real Estate Board (TREB) show.

The city's resale housing market recorded 9,411 transactions in May, a 16-per-cent decrease over the same month last year, when a record 11,146 properties were sold. It was up, however, from the 8,762 units sold the month before in April, which was a seven-per-cent decrease in the sales reported in April 2007.

Toronto real estate agents sold 8,600 properties in June, which was an 18-per-cent decrease from the June 2007 total of 10,451 units.

A press release from the CREA noted there was also a 22-per-cent increase in listings with 26,698 properties going on the market in June compared with 21,789 during the same period in 2007.



File photo by Larry MacDougal, Business Edge

Calgary's residential housing market is similar to many across Canada as it deals with a surge of new listings and a decrease in sales.

Judson noted a harsh Toronto winter kept at least some buyers away during the early part of this year. When people started attending open houses in the spring, gas prices were weighing heavily on their minds. "They don't want to drive that far to work if they don't have to," she said.

Federal Finance officials moved swiftly earlier this month to announce they were tightening rules for maximum mortgage amortization periods and imposing a minimum down payment.

Bank of Canada governor Mark Carney had dropped hints in recent weeks that he wanted to close loopholes that led to the credit crisis in the U.S. Many of the conditions, however – like NINJA (no income, no jobs, no assets) loans – already didn't apply.

ING Direct was the first bank to immediately announce it would be cancelling 40-year mortgages and zero down-payment plans. That was followed by two of Canada's biggest banks – BMO and CIBC – that quickly stopped taking applications that used those criteria.

Judson said despite concerns, buyers have no need to worry.

"This is an entirely different situation (to the U.S.). I mean, there is no chance of something similar happening here," she said. "They don't have anything like the CMHC (Canada Mortgage and Housing Corp.) or other safeguards that we have here."

Catherine DeLuce, president and CEO of Toronto-based Chestnut Park Real Estate, said her agents were enjoying a good year, especially after joining the newly formed Peerage Realty Partners network with Baker Real Estate Corp., also in Toronto.

"The market is very strong in Toronto's central core, where we do

most of our business," DeLuce said. "And I think the rest of this year is going to continue to be good."

The market is remaining steady across the country right now, said CREA chief economist Gregory Klump.

"Our numbers for the first six months of the year will be out at the end of this month, but I can't really see any major change from the forecast we did in May."

That forecast predicted national home sales would drop 11.5 per cent to 460,000 units in 2008 and settle a further four per cent the following year. CREA officials believe the market will be tightest in Saskatchewan and Manitoba, pushing price increases up to the highest in the country.

Members of the Winnipeg Realtors Association were popping champagne corks at the end of May and June after posting their highest dollar volume in the organization's 105-year history. Agents sold \$319.7 million in properties during May and \$317 million during June.

Winnipeg's average residential detached sale price in May was \$221,431, an increase of 13.7 per cent over the average closing price of \$194,728 recorded in May 2007.

Saskatoon's housing market stabilized during May with 1,015 properties being put up for sale, compared with 706 properties available during the same month a year ago in May 2007, according to the Saskatoon Real Estate Board.

That was offset by 367 homes valued at a total of just over \$110 million sold during May, board officials said. It was down 18 per cent over May 2007, when more than \$135 million worth of real estate was sold.

The board added the Saskatoon market still remains strong, with more than \$525 million worth of real estate being sold up to May. That is up 23 per cent from the same time period

in 2007, when almost \$429 million worth of real estate was purchased.

The average selling price of a residential single-family dwelling in May was \$301,527, a bargain compared with Calgary's average for the same month of \$479,564 and Edmonton coming in at \$383,167.

Meanwhile, an increase in new listings may create excess inventory and a buyer's market for Edmonton real estate agents, where 4,294 homes were listed in May and 1,821 sold. That's double the normal housing supply levels on the market, according to the Realtors Association of Edmonton.

"Our members report the market is very active with sales just slightly below the normal level," association president Marc Perras said in a press release.

MLS numbers from the Calgary Real Estate Board were down in almost all categories. Board data showed June listings of single-family dwellings fell 18.8 per cent over the previous month to 2,787 units.

Sales were also down in Calgary 18.1 per cent to 1,439 compared with the same month in 2007. They edged up slightly 5.2 per cent from the previous month's total of 1,368.

The average price of a single-family home in Calgary was \$473,774 in June, down 4.7 per cent from the same month in 2007, with an average price of \$496,890.

Prices in May didn't fare that much better, with an average of \$479,564 for a 1.6-per-cent drop from \$487,523 in May 2007.

That balancing act between increased new listings and lower sales was particularly evident in Vancouver, however, when the Greater Vancouver Real Estate Board released its statistics for May.

The number of residential property sales in the city declined 30.7 per cent to 3,002 in May 2008, compared with the 4,331 units that were sold during the same period in 2007. New listings for attached, detached and apartment properties, however, were up 20.2 per cent to 7,390 in May 2008, compared with 6,149 in May 2007.

Sales of detached properties in May 2008 dropped 33.4 per cent to 1,244, compared with the 1,805 sales recorded during the same period in Vancouver during 2007.

The board also noted buyers had better have big wallets this year.

The benchmark price for detached properties went up 8.4 per cent from May 2007 to \$771,250, according to its MLSLink Housing Price Index, a barometer used by the Greater Vancouver and Fraser Valley boards since 2004.

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



Kathy Judson

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