

Business Edge

News Magazine

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Corporate charity to be tested by slowdown

Fundraisers await fallout from economic slump

By Laura Severs
Business Edge

Canada's corporate sector has stepped up to the plate this year when it comes to charitable donations, even with a global economic slowdown eating into its bottom line.

But that good news could be fleeting.

Most companies put their charitable plans in place early in the year and prospects for 2009 are not looking anywhere near as bright as the beginning of 2008, when both the Canadian and world economies were much stronger.

Officials in Canada's fundraising sector remain hopeful economic conditions will turn around next year, but they say it's too early to tell what effect the downturn will have on corporate charitable donations in 2009.

"Most United Ways do their corporate campaigns pre-campaign (before the full campaign launch). The economic downturn didn't happen until September, so there we're tracking ahead of last year," says Bonnie Morris, vice-president of resource development for the United Way of Canada.

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NEWSSTAND \$2

Enter the Dragon



Brennan O'Connor, Business Edge

IT entrepreneur stays cool in *Den*

Robert Herjavec is building a powerful IT security and infrastructure integration presence with the Herjavec Group, but the Canadian entrepreneur has found a new passion – TV. The CEO loves his role as a panelist on CBC-TV's *Dragons' Den* and meeting up-and-coming business stars. See **20 Questions** on Page 8.

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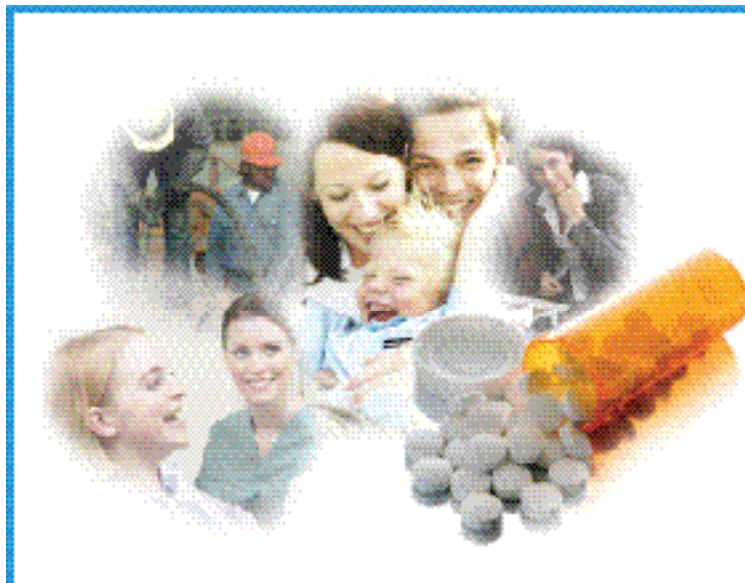
The decision by the chief executives of America's Big 3 automakers to arrive in Washington on private corporate jets to request a \$25-billion government bailout for their struggling companies is the height of chutzpah, says columnist D'Arcy Jenish.

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• **TECHNOLOGY EDGE**

A study by the Canada West Foundation notes that Western Canada has much to learn from the success of economic powerhouses like Ireland, says columnist Tom Keenan.

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Corporate citizenship key component of reputation

“The corporate impact could be next year. When we now think of the economy, we wonder where the bottom is. The question is, will it come back in time for next year’s donations?”

However, a recent U.S. study may bode well for the future.

The Boston College Center for Corporate Citizenship survey, released in mid-November, showed that half of the 50 members surveyed believe that corporate citizenship will become more critical to corporate reputation and business success, even as corporate budgets get slashed.

Most of the rest believe the situation will remain unchanged, while less than 10 percent see the corporate role diminishing.

Michael Hall, vice-president of research for Toronto-based Imagine Canada, says the study is encouraging.

“To me, it just shows that although many people expect this kind of economic downturn will make business look at their community investment and reduce it, this is quite the opposite,” says Hall.

Imagine Canada, which works to advance the role and interests of the charitable and voluntary sectors, recently completed a major research project on corporate philanthropy.

Quotable

“We’re definitely not up, but so far, we’re doing OK ... They might not be giving as much, but they are still giving.”

– Andrew Burditt,
Territorial public relations
director for the
Salvation Army

The project examined 93 of Canada’s largest companies (annual revenues exceeding \$25 million) and their community investment practices, providing the first-ever, comprehensive portrait of business contributions to charities and non-profit organizations in Canada.

In part, it showed that 50 percent of companies surveyed are meeting or exceeding the contribution standard set by Imagine Canada’s Caring Company Program (one percent of profits to be directed to charities and non-profit organizations).

Other findings included:

- Ninety seven percent of the large corporations in the study made financial donations to charities and

non-profit organizations.

- Leaders of Canada’s largest corporations have very positive attitudes about the charitable sector.

- Almost eight in 10 (79 percent) agreed that most businesses would

donate to charity, even without financial benefits.

- Most (71 percent) strongly agree that these organizations generally improve the quality of life in Canada.

Like United Way’s Morris, Hall says that it’s premature to talk about what the global downturn will mean when it comes to corporate charitable contributions in 2009.

Steve Baker, president of the board of directors of the Edmonton chapter of the Association of Fundraising Professionals (AFP), agrees it may be well into 2009 before any new trend is noticed. “By that, I mean whether or not there are going to be some companies that make a dramatic change,” he adds.

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Group sees opportunity for other businesses to step forward

The AFP represents more than 30,000 members in 200 chapters around the world that work to advance philanthropy through advocacy, research, education and certification programs.

Baker says it's quite possible that some industries and some companies could scale back their corporate giving – but that provides others the opportunity to step in.

“There will be those, no doubt, that will for varied reasons – all very justified – have to reel back more than others. But there will be others that will step up to the plate even more,” says Baker.

“A corporation wants to thrive, and they thrive in a community that's healthy. A healthy community provides a healthy economy so it eventually comes back around.”

The Toronto-based Salvation Army also remains optimistic about corporations and charitable donations.

“So far, we're pretty consistent when it comes to corporate donations,” says Andrew Burditt, Territorial public relations director for the

Salvation Army.

“We're definitely not up, but so far, we're doing OK... They might not be giving as much, but they are still giving.”

Wal-Mart Canada is playing a bigger role in the Sally Ann's annual Christmas Kettle Campaign.

Even though it has allowed the fundraising program at its stores in the past, it has now partnered with the Army for the first-ever national Kettle Campaign launch in cities including Calgary, Edmonton, Ottawa, Saskatoon, Scarborough and Vancouver.

TAXI Inc., a Canadian advertising and design company, is also joining the Army and has been distributing jackets to the homeless in Vancouver, Calgary, Toronto and Montreal.

Other corporate sponsorships and involvement are pending.

“What our take is on this so far – anything to do with donations – is that it's really too early to know how it will affect us. But the services we provide will not stop, we will not cut services,” Burditt says.

“We have always found a way

through a century and a quarter to make things work, and we will continue to do that.”

Meanwhile, according to a new poll, a majority of individual Canadians plan to tighten their belts on gift shopping and entertainment this Christmas, but 82 percent say they will give as much or more to charity, in part because they realize the poor need their help even more this year.

According to the Ipsos Reid poll conducted for World Vision, charita-

ble giving will be the last of five areas where Canadians will cut back.

Dining out will be the first to go, with 74 percent indicating that they are likely to trim this expense, followed by Christmas gifts and entertainment (72 percent) and then clothing purchases (70 percent).

By comparison, when it comes to charitable giving this Christmas, 56 percent indicated they are likely to reduce the amount they will spend.

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

Oilsands partners delay upgrader

The Canadian Press

Petro-Canada (TSX:PCA) and its two partners in the Fort Hills oilsands development won't decide until next year whether to build the mining portion of the project and are shelving a proposed upgrader indefinitely.

Petro-Canada, UTS Energy Corp. (TSX:UTS) and Teck Cominco Ltd. (TSX:TCK.B) will review every supply and construction contract to find ways to bring down the development's nearly \$24-billion pricetag, said Neil Camarta, Petro-Canada's senior vice-president of oilsands.

“We'll be revisiting every one of those suppliers, every one of those contractors and having a little chat about how much more hungry they are than they were a few months ago,”

he told a conference call last week.

Petro-Canada has a 60 percent stake in the project, with Teck and UTS each holding 20 percent. They recently announced the project's cost had swelled from its original estimate of about \$14 billion.

So far, the partners have spent \$1.7 billion on Fort Hills. They previously aimed to make an investment decision by the end of this year, but now expect to do so for the mine in 2009.

Camarta said the reasons for the delay should be obvious.

“The current costs on Fort Hills were pegged this summer. Since then, oil prices have dropped. We're facing a lot of uncertainty in the financial markets,” he said, as crude traded around US\$50 per barrel on the New York Mercantile Exchange.



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B.C. vows to hold line on oil and gas royalty rates

Battered by critics, Alberta opts to roll back portions of original plan

By Monte Stewart
Business Edge

The B.C. government is staying the course on oil and gas royalties while the Alberta government revises its controversial new scheme.

Alberta-based energy producers and service companies are happy to hear the B.C. government will not raise its oil and gas royalty rates. But some industry analysts have also dismissed the Alberta government's recent decision to revise its rules further after receiving heavy criticism.

Premier Ed Stelmach's government recently announced that producers will have the option of a transitional royalty program for new wells drilled at depths of 1,000-3,500 metres between Jan. 1, 2009 and Dec. 31, 2013.

The Alberta government says the new scheme, which allows producers to postpone royalty payments during more costly startup phases, will save producers \$1.8 billion over five years.

But existing Alberta wells are still subject to increases designed to provide the province with an additional 20 per cent, or \$1.4 billion, per year.

David Pryce, vice-president of Western Canada for the Calgary-based Canadian Association of Petroleum Producers (CAPP), says members welcome the B.C. decision to hold the line in wake of higher Alberta royalties.

"What's important for the industry is looking for the most competitive jurisdiction in which to invest our money," says Pryce.

B.C. Energy Minister Richard Neufeld says his government has no plans to alter its royalty framework as new investment pours in from Alberta.

"There's nothing on the horizon that says we're going to change anything," Neufeld told reporters after speaking at a Canadian Energy Pipeline Association conference in Calgary.

B.C.'s current royalty structure gives unconventional natural gas producers an advantage by charging them lower rates in the initial stages of development, and takes in higher rates once companies recoup their investment.

Under Alberta's new plan, the province will begin collecting about \$1.4 billion more in royalties from the oil and gas sector starting Jan. 1, 2009.

"B.C. will remain stronger this winter than Alberta may be," says CAPP's Pryce. "That's because the industry has put some large sums of money in the land sales in the past year."

Land sales refer to B.C. government auctions at which producers acquire mineral rights from the province. They do not actually buy the land.

This year, producers have spent

more than \$2 billion at B.C. land sales, compared to \$1 billion all of last year. Saskatchewan has also reaped higher land-sale revenues, thanks to its popular Bakken play.

"I wouldn't characterize (producers' interest in B.C.) as a backlash (to Alberta's higher royalties)," says Pryce. "The industry is simply looking for the best opportunities. The other jurisdictions are simply more competitive than Alberta at the moment."

But Roger Soucy, president and CEO of the Calgary-based Petroleum Services Association of Canada, says Alberta's royalties have contributed to a downturn in activity in the province.

He adds that Neufeld's comments, previously expressed to the industry, come as no surprise.

"There's a very good reason why (B.C.) is not raising them," says Soucy.

"If you look at the statistics, B.C. and Saskatchewan are way up and Alberta's down."

PSAC's recent winter drilling forecast anticipates that activity across Canada will decline four percent, or by about 650 wells, in 2008-09.

Alberta accounts for the bulk of the decline while B.C. and Saskatchewan are expected to see increases of 29 and nine percent, respectively.

Soucy says Alberta's well count will fall by 1,350 wells this year, largely because of the new royalty scheme.



Roger Soucy

The province's well count has dropped 46 percent to a projected 10,400 in 2009 from 19,250 in 2005. Saskatchewan, on the other hand, has enjoyed a 26-percent increase to 4,725 from 3,757 during the same period.

Since 2005, PSAC statistics show, drilling activity across Canada has declined 30 percent. Usually, Alberta has the most wells per year.

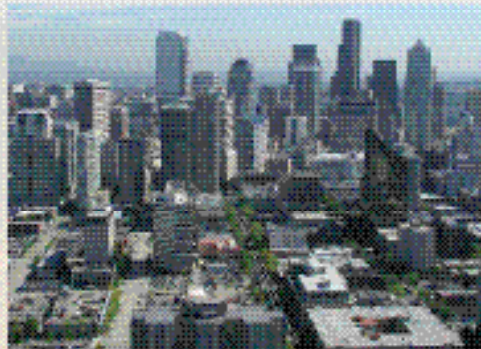
"Alberta doesn't have similar kinds of new plays that are attracting the attention of the producers," says Soucy.

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Airlines told to better accommodate disabled flyers

The Canadian Press

Three of the country's major airlines are finally being forced – after a six-year-legal battle – to make additional seats available at no charge to disabled or obese passengers who need the extra room.

The Supreme Court of Canada cleared the way for the move last week, rejecting an application by Air Canada, Air Canada Jazz and WestJet for permission to appeal the new policy imposed by the Canadian Transportation Agency.

The ruling upholds an agency finding that the air carriers were discriminating against the disabled.

The agency issued an order last January requiring the companies to adopt a policy of “one person, one fare.”

That would mean, for example, that a disabled person who needs additional room for a wheelchair or stretcher, or an obese person who needs an additional seat, couldn't be charged extra. It would also mean that, if a disabled person has to be accompanied by an attendant,

the attendant would ride for free.

“This is going to make a huge difference for those people,” said David Baker, the Toronto lawyer who fought the case on behalf of disabled passengers.

Air Canada and WestJet said they will comply with the transportation agency's order, which carries a deadline of Jan. 9, 2009, for implementing the new policy.

Both airlines noted, however, that the order applies only to their domestic flights, not to international ones.

WestJet spokesman Richard Bartem said his company would consider extending the policy to international flights but hasn't decided whether to do so.

Peter Fitzpatrick of Air Canada said he couldn't speculate on that point.

Both carriers also said they will have to develop detailed eligibility rules about precisely what kind of disabilities qualify for free seats and train their staffs on the subject.

The agency estimated the cost to Air Canada at about \$7 million a year and to WestJet at about \$1.5 million a year.

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Industry expert says Alberta paying price

“However, having said that, part of the drop in activity in Alberta is due to the royalty changes that the government is bringing in.”

During his recent winter forecast presentation, Soucy contended the current world financial situation has changed the dynamics under which the royalty system was conceived, and created a situation that needs maximum flexibility and economic creativity.

Jock Finlayson, vice-president of policy for the Business Council of British Columbia (BCBC), says Neufeld made a smart move by not raising royalties because the B.C. government's energy policy and fiscal framework have attracted major investment in the upstream industry in recent years.

“We've seen quite a bit of growth, a big commitment of capital, a fair amount of new activity and, of course, the government itself has reaped a lot of the benefits of that through the royalties into the Crown,” he says.

“The second reason it's smart is, what Alberta did in their royalty review ended up creating a less-attractive environment, particularly on the natural gas side.

Northeastern B.C., once too costly and difficult to access, is believed to hold several trillions of cubic feet of natural gas in its shale formations.

Pryce says the Horn River and Montney plays, which spurred the

higher land sales, and favourable sites in Saskatchewan have turned producers' attention outside Alberta.

Some analysts have likened Horn River's activity to the oilsands boom.

“We know that in British Columbia, it's a bit more costly to access some of the areas because they're pretty remote,” Neufeld said.

“And so we need to look at different structures to actually encourage the investment in the area.”

Smaller unconventional producers have said Alberta's new measures would be particularly harsh on their developments.

Canadian Natural Resources Ltd. vice-chair Murray Edwards also said recently that Alberta's “punitive” new royalty regime will make many developments uneconomic.

Meanwhile, B.C. Energy Minister Neufeld repeated his pledge for more co-operation with Alberta on regulatory matters.

CAPP's Pryce and PSAC's Soucy say progress is being made on that front, but there is room for more.

Pryce says CAPP would like to see more harmonization on production reporting and measuring.

Producers also want more provincial and federal co-operation on reporting related to climate-change legislation.

Soucy says the Trade Investment and Labour Mobility Agreement

(TILMA) between Alberta and B.C. is starting to pay off as more employee credentials are recognized in both provinces.

But less progress has been made on environmental issues.

BCBC's Finlayson says it makes sense to streamline and harmonize the regulatory frameworks in B.C. and Alberta, considering that producers on each side of the border toil in the Western Canadian Sedimentary Basin and the same companies operate in both provinces.

He says rules could be harmonized “expeditiously” if there is enough political will.

“It's not as if the standards (in B.C. and Alberta) are drastically different,” he says.

“It's an excellent idea to simplify the rules without lowering the standards.”

— with files from The Canadian Press
(Monte Stewart can be reached at monte@businessedge.ca)

Industry thirsty for fossil fuels

The Canadian Press

A new study says Canada's demand for energy rose 5.5 percent last year as consumption increased in the country's industrial, transportation, residential and commercial sectors.

Statistics Canada reports Canadians consumed 7,968 petajoules of energy in 2007, up from 7,551 in 2006.

Energy use derived from the three main fossil fuels – natural gas, refined petroleum products and coal – rose seven per cent.

The largest user of energy was the transportation sector, where consumption rose 5.1 percent and accounted for about 31 percent of final demand.

Consumption in the industrial sector, the second-largest user of energy, was up 6.6 percent, due primarily to increased demand in mining, oil-and-gas extraction, and iron and steel.

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Eco-industrial parks surging in popularity

Projects can deliver advantages environmentally, economically

By David Hatton
Business Edge

Canadian companies are leading a global trend toward environmentally friendly industrial parks, according to experts.

"I think Canadians are realizing how important this is and a lot of people right now around the world are watching the major projects we have going on," says Tracy Casavant, president of Vancouver-based Eco-Industrial Solutions and a director with the North American Eco-Industrial Council.

"I mean, if you are going to design an industrial park then why not do it on an ecologically friendly level? There can be huge advantages from both an environmental and an economic standpoint."

Casavant says the idea of eco-industrial parks has been around for years, but recently surged in popularity as demand for green buildings has increased. Eco-Industrial Solutions is involved in a number of projects across the country that use what it calls eco-industrial networking, or EIN for short.

The company website defines EIN as creating relationships where groups will collaborate on efficient ways to use resources like material, energy, land, infrastructure and people.

"It's looking at ways tenants can all get together and look at helping each other and synergies with a common goal of protecting the environment. That can take a number of different forms, but still share the same goal."

Casavant says two types of projects have emerged – new construction and retrofit. "There are advantages and disadvantages to both. It's easier to do a brand new project from an operations and planning standpoint. Another major consideration is cost; it's always cheaper to do it right the first time around," she says.

"But if you do a retrofit project, the businesses are already in place. You save on marketing costs because you don't have to go out and try to attract new tenants."

One of the biggest eco-industrial construction projects is about 300 km west of Edmonton, in the town of Hinton. When the \$14-million Innovista project is scheduled to finish next year, it will boast on-site water treatment facilities, waste-management programs and preferential parking for energy efficient cars.

The Federation of Canadian Municipalities awarded Hinton a \$3.3-million grant and \$2.2-million low-interest loan in 2005 to help with the project's costs.

"Hinton was one of the first out of the gate on that scale and will be interesting to watch," Casavant says.

"The concept of industrial parks has been around for a while. We're just realizing what can be done with an eco-industrial park, though, and the momentum is building."

This past summer, politicians were pleasantly surprised to hear part of the project was proceeding at about

half a million dollars less than originally expected.

The *Hinton Parklander* reported town employees originally thought an innovative wastewater treatment plant would cost about \$2 million. Since then, contracts have been signed based on a fixed cost of \$1.5

million, with an additional \$285,000 for a "green" sewer system.

One town official told the local newspaper that traditional sewer systems would have cost about \$3 million.

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20 Questions

IT entrepreneur forged own success

Herjavec Group CEO now helps others focus their business plans on TV

By David Hatton
Business Edge

The first thing that a visitor notices walking in to Robert Herjavec's 22nd floor Toronto office is the bright windows along one side. Sailboats can be seen calmly drifting off the shore of Lake Ontario.

But it's the television mounted on another wall that has his attention this early afternoon. "Have you seen what's happening with the markets today?" he asks, gesturing toward the screen. World commodity markets – particularly in countries like China and Brazil – are plummeting in value.

It's a hard time for any investor, but Herjavec settles down in the chair behind his desk and relaxes. The CEO of technology company The Herjavec Group is clearly no stranger to difficult circumstances and managing to come out on top...

1. I wanted to start off by asking you about when you were growing up, especially waiting tables in Toronto's upscale Yorkville district. When was the first time you showed an interest in being an entrepreneur?

"I didn't at that point, really. I was studying for a degree in English lit and political science. It was just knowing how to work hard, timing and knowing what people want."

2. What kind of an influence did your parents have on you as an entrepreneur and business person?

"I guess I have to say they did and they didn't. My dad was your typical blue collar, salt-of-the-earth type of person who was very hardworking. Both of my parents taught me early on that nothing is below you and you never look down on anyone. They weren't really an influence on me though, in the sense that no one in my family was ever an entrepreneur before. Statistics show 85 percent of all successful entrepreneurs have family members who were successful entrepreneurs. I didn't have anyone like that when I was younger."

3. What about other role models?

"There are all kinds out there like (Dell founder) Michael Dell, (Microsoft co-founder) Bill Gates, (Oracle co-founder and CEO) Larry Ellison... who have the ability to create something (a company) out of nothing. Or they can morph into their current situation from a totally different company and turn things around."

4. What was the process like when you sold networking firm Brak



Brennan O'Connor, Business Edge

Herjavec Group CEO Robert Herjavec has branched out into TV as one of the panelists in CBC's *Dragons' Den* business program.

Systems Inc., of which you were founder and CEO, to AT&T Canada in 2000?

"That was quite some time ago so I really don't remember that much about it. All I remember was that it was like having your child suddenly snatched from your bosom (laughs). It's hard when you work so much to build something up and then someone comes in and buys it from you just like that."

5. Tell me about when (Nokia bought Ramp Networks for \$225 million). Did AT&T let them remain autonomous or did they have to conform to AT&T's style and corporate culture? (Note: Upon leaving AT&T, Herjavec took on the position of vice-president of worldwide sales for the publicly traded Ramp Networks, based in San Jose. He was involved in the \$225-million sale of the company to Nokia in 2001.)

"The two company cultures were very similar, so it didn't require that much integration. Fortunately, AT&T was already a great place to work so it made that part of it easy."

6. When investors buy into a company, should they generally take a hands-off approach or have active involvement in the day-to-day decision making and how things are run?

"I'm not a very good hands-off investor. My theory is that I have to know enough about the company so that if anything happened, I would be able to step in there tomorrow and run it. I want to know everything that's going on."

7. How did you first learn about the opportunity to be on CBC's *Dragons' Den* and what was the audition like?

"That's an interesting question. There wasn't really an audition. Our old office used to be close to the CBC building. I already knew a lot of people through business connections and one morning I came in to work and found this package on my desk. There was a tape showing the U.K. version of *Dragons' Den*. I thought they were looking for an investment or something. Later on, I had someone call me and ask if I would be interested in being on the Canadian version of the show that was starting up... I remember when we first got together, one of the producers took me aside and told me to relax and lighten up; this was for entertainment purposes. I was firing questions like any potential investment and treating it like another business meeting."

20 QUESTIONS from Page 8

Den hopefuls deliver 'great' business ideas

8. How much do you learn about the entrepreneurs (called "pitchers") before you see them in front of you with the cameras rolling?

"That's something a lot of people don't seem to realize. We get nothing at all about the people before we see them inside the studio. You get our initial reactions when we hear about their business for the first time."

9. You made some formal remarks during the *Dragons' Den* season launch party here in Toronto that Canada's current economic turbulence might help the show's ratings. Can you tell me more about that?

"I think that entrepreneurs are a strong force when it comes to supporting the Canadian economy in general. When you have all of this uncertainty in global markets, there will be much more of a reliance on people with their own businesses."

10. What do you like the most about being on the *Dragons' Den* panel?

"That would definitely be the people we get to meet from across Canada on a regular basis. You've got some great business ideas out there and hard-working people who run them."

11. What do you like the least?

"The due diligence - all the meetings and conference calls back and forth afterwards to look after the

details. What you see on the air is only a small portion of what goes on with the deal. There's still hours and hours of work that needs to be done after that."

12. Let me ask you about some of the more memorable pitchers that have appeared on *Dragons' Den* in the past. What about Jessica and Russell Bohrsen of Atomic Tea in Calgary?

"Atomic Tea has a great presentation and an excellent product. I remember how I was thinking about it afterwards when I hopped in a cab outside the studio to go to a meeting. I told the cab driver about this great company I had just seen that offered all these kids of great teas. He said: 'Yeah, there's something very similar in the bottom of (a downtown Toronto office tower).' I had him turn around and take me there and sure enough, it was almost the identical concept to what they were proposing. Second would be the team from Job Loft. They were good guys who had a really sound business model and so much potential. I still think they're going to do well. Unfortunately, I think they got some bad advice from

their professor who was advising them at the time."

13. Let me turn it over to you now. Who were some other memorable pitchers that have been on the show in the past?

"I thought you were going to say Bikini Weenie or the poor lady from the Czech Republic, when everyone said I made her cry. Those would definitely be on my list. Bikini Weenie was this woman from Ontario who wanted to sell hot dogs using staff who were wearing bikinis. She hadn't thought what she was going to do about the winter months. The lady from the Czech Republic had a cover that would keep bath water warm so your bathtub wouldn't get cold. I didn't mean to upset her when I told her what I thought. Some

people take it personally when you point out things about their particular business idea, and they shouldn't."

14. There have been a number of milestones in your career. How do you define success, and at which point did you first reach it?

"Success to me is not about the cars or the mansion or any of the material things. It's about being the best you can every single day, at whatever you do. It's a feeling you get inside. I reached it a long time ago. It's hard to really define one point when that happened."

15. What are your goals for the upcoming year or so?

See GOALS

Page 10

Robert Herjavec

- **Title:** CEO, Herjavec Group Inc.
- **Born/ Raised/ Age:** Croatia, Croatia/ Canada, 45
- **Education:** BA, University of Toronto
- **Family:** Wife and kids (he declined to talk about his family)
- **Moonlighting:** *Dragons' Den* TV show on CBC
- **Awards:** Hot Growth 50 and Profit 100 (with Brak Systems Inc. and The Herjavec Group); Fastest Growing Security Company in Canada (with The Herjavec Group).



Robert Herjavec

Herjavec Group

- **Brass:** Robert Herjavec, chief executive officer; Sean Higgins, chief technology officer; George Frempong, VP, sales, Central Canada; Robert Potvin, VP, sales, Eastern Canada; John Moy, director of finance.
- **Profile:** The Herjavec Group (THG) is an IT security/ infrastructure integration firm, specializing in security solutions, WAN acceleration and emerging technologies.
- **Stats:** The Herjavec Group is privately held, but during its first year of operation THG reported 2002 revenue of \$434,192. Last year, revenue was listed at \$16,867,445 (representing a 3,785-percent increase) and the company has told *Profit* magazine its profits are in the 0-10-percent range.
- **Website:** www.herjavecgroup.com
- **HQ:** 1 Yonge Street, Suite 2204, Toronto, M5E 1E5. Phone: 1-888-611-3772

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GOALS from Page 9

Charitable work has special meaning to CEO

"To continue to grow the Herjavec Group as a successful company and make it a strong place to work for everyone here."

16. You live in a 50,000-sq.-ft. mansion where Mick Jagger and Michael Bublé have stayed as guests, have a garage full of expensive cars and even your own private jet to take you on exotic vacations. How do you plan on rewarding yourself when you reach the next set of goals?

"Those are just things. It's more about constantly pursuing your goals and the feeling of achievement you get when you reach them."

17. I wanted to ask you about some of the many charities you support, like Toronto's Princess Margaret Hospital. What made you decide to help them?

"They reach out and help a lot of people. I spent a lot of time there with my mom, just before she passed away from cancer. The staff at the

hospital helped her in particular."

18. What about the (Toronto) Santa Claus parade's Celebrity Clown program?

"Oh, yeah. That was actually started by George Cohon of McDonald's Restaurants of Canada. Corporate executives make a donation to be included as part of the parade every year."

19. So you put on the clown wig and rubber nose and everything? Was it an amazing experience,

seeing the kids' faces along the parade route?

"Well... that's part of it. Did your parents take you to the Santa Claus parade when you were growing up? Mine never did. It's a really exciting time, I think, for all ages. I'm taking my teenage son this year. I'm not sure how much he's going to appreciate the parade, but he should at least experience it. I'm also a big supporter of (Toronto-based) Moorelands Community Services. They also do a lot of good work with kids (children and youth affected by poverty).

20. What would you like Canadians to know about you that perhaps they don't already?

"I'm exactly the person people see on *Dragons' Den*. People seem to find me very easy to talk to, no matter where I am. Since I've been on the show, people recognize me more and will come up to tell me about their life story or their own accomplishments. It's always good to talk to people – sometimes I'm in a hurry and don't have a lot of time – but I always try to listen. I think Canada is a great country where if you work hard, you can get ahead."

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

Cattle farmers facing Depression-era times: report

The Canadian Press

A new report by the National Farmers Union is painting a bleak picture for Canadian cattle producers.

The report states that, adjusted for inflation, Canadian farmers and independent feeders are receiving half as much for their cattle as they did from the 1940s through the 1980s.

"These half-price cattle are bankrupting family farmers across Canada and creating the most severe crisis in the sector since the Great Depression," according to the 128-page document.

It says that between 1942 and 1989,

cattle prices more or less kept pace with inflation. The average price for the 47-year period was \$174 per hundred-weight – double the recent average.

But over the past two decades, price increases for other goods have been twice as large as the price increases for live cattle, according to the report.

It says if fed cattle prices had kept pace with other prices, cattle today would sell for approximately double their current values.

Report author Darrin Qualman said there's a correlation between increased concentration of ownership

among beef packers and falling prices. Retailers are also taking an increased share, whittling away farmers' share of the grocery store beef dollar, he said.

"Packers and retailers have done a number of things over the last decade or two to make themselves more powerful – and power determines the distribution of profits in the system," said Qualman.

"So as packers and retailers have made themselves more powerful, they've made themselves more profitable and as such made farmers relatively less profitable."

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Looking back over the company's history, Philpott reserves for special mention the work Thermal has done on Opti-Nexen's Long Lake project, which utilizes the latest in gasification and Steam Assisted Gravity Drainage (SAGD) technology.

Thermal has been asked to supply and install an entire gamut of equipment and infrastructure for this client, from SAGD well pads to main flow lines, specialty silos and oxygen systems. Of course, modular construction and placement has also been an important feature of the assignment. Thermal Energy maintains superior industry accreditation through high-quality work and an exceptional safety record.

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PARKS from Page 7

Interest in eco-friendly projects grows across Canada

"The cost of doing it can vary because it depends on what makes the most sense," says Jim Ireland, chairman of J.C. Ireland Consulting Ltd. in Regina. "There has to be payouts on the economic side."

Ireland added the federal government has been "encouraging" in its support for eco-industrial projects, but "it could always do more."

Another major project is on the north side of Fort McMurray. The Taiganova eco-industrial park has been designed for energy-efficient buildings, lush green landscaping and increased pedestrian use. But many observers can't help but note the irony of the location – right in the middle of Alberta's oilsands territory.

The project will have connected paths for pedestrians or cyclists, alternative stormwater-management systems and buildings that aim for leadership in energy and environmental design (LEED) certification.

Businesses in the park will commit to using at least 10 percent "green power," according to its website.

But the biggest retrofit eco-industrial project right now is in west Toronto, an area which includes the largest airport in the country.

"We were approached about a year ago by the Toronto Region Conserva-

Quotable

"Tens of thousands of these (industrial) parks have been created around the world. It's only recently that they have looked at better ways to make use of the land, resources and waste byproducts."



– Ray Cote, professor emeritus at Halifax's Dalhousie University

tion Authority," says airport spokesman Jeff Armstrong. "We thought it was a great idea."

The Pearson Eco-Business Zone was eventually mapped out to include a 12,000-hectare area of the city, with 12,500 businesses and about 355,000 employees.

But rather than rebuilding existing infrastructure, the zone concentrates on creating partnerships, Armstrong says. The airport already has a co-generation facility onsite, where waste heat is captured by a turbine and turned into electrical power, he adds.

"It's all about ways to collaborate and become more environmentally

efficient. Businesses can look at ways to cut their energy consumption and employees can get on board with things like car-pool initiatives. There are all kinds of possibilities," says Armstrong.

Professor emeritus Ray Cote of Halifax's Dalhousie University has been studying eco-industrial parks since about 1991, when he led a pioneering research study on the idea.

Since then, the university's school for resource and environmental studies has been awarded about \$1 million in applied research and development funds.

Representatives of more than 25

countries around the world have consulted with Cote since to get his views on eco-industrial parks. Next month, he will be flying to Japan to present his research at an academic conference there.

"Industrial parks have been around since about the 1920s. The idea was it made it easier for businesses to interact and share resources or best practices," Cote says in a telephone interview from Halifax.

"Tens of thousands of these parks have been created around the world. It's only recently that they have looked at better ways to make use of the land, resources and waste byproducts."

Cote also helped found the Eco-Efficiency Centre in the Halifax suburb of Dartmouth, which looks at ways businesses around the world can work together to be more environmentally efficient.

"I've seen a lot of interest this year from places like British Columbia, Alberta... Ontario is getting involved. People in the Maritimes are talking about projects. It's growing bigger and bigger each month," Cote says. "China and South Korea have extensive programs in this field, but Canada is becoming stronger and stronger."

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

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Largest post-secondary institutions in Canada

Ranked by gross revenue for the year ending April 2005

Rank	Name	Gross Revenue (2006/07) (\$'000)/ % govt. funded	Full-time students 2003-04	Contact information	Campus director/ year established	Description
1	University of Toronto	\$1,942,000/ 48%	63,921	315 Bloor St W, Toronto, ON M5S 1A5 416.978.2011 www.utoronto.ca	David Naylor, President Founded 1827	Founded initially as King's College, granted its royal charter by King George IV. Has been home to intellectual figures such as Northrop Frye and Marshall McLuhan
2	The University of British Columbia	\$1,505,063/ 48%	43,579	2016 1874 East Mall, Vancouver, BC V6T 1Z1 604.822.2211 www.ubc.ca	Stephen Toope, President Founded 1908	Main campus in Point Grey Peninsula adjacent to Vancouver, with 2 smaller campuses: UBC Okanagan, Kelowna, B.C. and UBC Robson Square, downtown Vancouver
3	University of Alberta	\$1,257,734/ 58%	32,799	114 Stat St Ave, Edmonton, AB T6G 2M7 780.492.3111 www.alberta.ca	Indira Samarasekera, President and Vice-Chancellor Founded 1908	Research focused institution offering more than 200 undergraduate programs and 170 graduate programs in 18 faculties
4	Université de Montréal	1,213,143 ^a / 72%	56,538	C.P. 6128 Succursale Centre-ville, Montréal, QC H3C 3J7 514.343.6111 www.umontreal.ca	Luc Vinet, Rector Founded 1878	Includes two affiliated schools, the École Polytechnique and the HEC Montréal. Includes a full range of disciplines in health sciences
5	McGill University	975,003/ 50%	33,258	845 Sherbrooke St W, Montréal, QC H3A 2T5 514.398.4455 www.mcgill.ca	Heather Munroe-Bloom, Principal & Vice-Chancellor Founded 1821	Has 21 faculties and professional schools, offering degrees and diplomas in over 300 fields of study, including medicine
6	Université du Québec	846,450/ 75%	53,622	475 rue du Parviz, Québec, QC G1K 9H7 418.657.3351 www.uqubec.ca	Pierre Moreau, President Founded 1968	Includes nine provincially-run public universities in the province of Québec
7	The University of Western Ontario	820,130/ 48%	33,719	2 1151 Richmond St, London, ON N6A 5B8 519.661.2111 www.uwo.ca	Paul Davenport, President Founded 1878	Offers more than 200 different programs through 12 faculties and schools and three affiliated colleges
8	University of Calgary	\$826,908/ 55%	24,141	2500 University Dr NW, Calgary, AB T2N 1N4 403.220.5110 www.ucalgary.ca	Harvey P. Weingarten, President & Vice-Chancellor Founded 1968	A 213-hectare campus for scholars in 18 faculties, 53 departments and more than 30 research institutes and centres
9	York University	\$824,500/ 46%	45,611	4700 Keele St, Toronto, ON M3J 1P3 416.736.2100 www.yorku.ca	Mamdouh Shoukri, President Founded 1959	Offers 11 faculties, including the Schulich School of Business, Osgoode Hall Law School, Glendon College and the Faculty of Environmental Studies
10	University of Ottawa	\$806,100/ 61%	35,548	550 Cumberland St, Ottawa, ON K1N 6N5 613.562.5700 www.uottawa.ca	Allen Rock, President Founded 1848	Bilingual university welcoming students and faculty from more than 150 countries. Gives students opportunity to study in English, French or both

Continued on Page 14

Footnotes

Sources: Post-secondary institution representatives and websites.

Institutions include those receiving provincial or

federal funding.

a. Financials include the Ecole Polytechnique and HEC Montreal.

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information, but accuracy cannot be guaranteed.

Research: Alexis D. Smolensk
(alexis@businessedge.ca)

Growing your business in a challenging climate

Advertisement

By Rob Driscoll
Business Edge Publisher

The preponderance of negative news about the economy tells us that we are going to see a difficult business climate for at least the next 12 months. Many Canadian companies are slashing spending, cancelling or postponing projects and bracing for the worst. A good percentage of those companies will focus so much on the worst-case scenario that they will help ensure that the worst indeed occurs.

Other companies are looking at this time of crisis as an opportunity to set themselves apart from their competitors. Of course, it makes sense to control spending in uncertain times.

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Patrick has extensive experience training and educating soldiers at all levels from recruits to leadership candidates. He has lead soldiers on repeated peacekeeping missions in the Former Republic of Yugoslavia and commanded at the section and platoon level during combat operations in Afghanistan. He was the first recipient of the Star of Military Valour for gallantry in battle. Patrick was cited for his leadership, courage and extreme devotion to duty under intense enemy fire in Afghanistan.

His leadership in battle was featured in the bestselling books *Fifteen Days* by Christie Blatchford and *Contact Charlie* by Chris Wattie. Patrick was chosen as both *The Globe and Mail* Nation Builder of the Year and *Maclean's Magazine* Newsmaker of the Year for 2006. He also was awarded the Combat Infantry Badge by the United States Army and is a life member of The Gallantry Medallist's League in the United Kingdom.

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Largest post-secondary institutions in Canada

Ranked by gross revenue for the year ending April 2005

Rank	Name	Gross Revenue (2006/07) (\$'000)/ % govt. funded	Full-time students 2003-04	Contact information	Campus director/ year established	Description
11	Université Laval	\$772,527/ 48%	25,116	2305 rue de l'Université, Quebec, QC G1V 0G6A 418.638.2131 www.ulaval.ca	Danis Brière, Rector Founded 1663	Oldest centre of scholarship in Canada and the first institution in North America to offer higher education in French
12	Queens University	\$733,246/ 56%	21,569	74 University Avenue, 206 Richardson Hall, Kingston, ON K7L 3N6 613.533.2000 www.queensu.ca	Tom Williams, Principal Founded 1841	Research-intensive university, located at the northeastern end of Lake Ontario, with 18 faculties and schools
13	McMaster University	\$730,966/ 19%	22,903	1260 Main St W, Hamilton, ON L8S 4L8 905.525.9140 www.mcmaster.ca	Peter George, President Founded 1887	Full-service university, offers faculties in science, health science, engineering, humanities, social sciences and business
14	University of Saskatchewan	\$674,073/ 58%	19,406	221 Cumberland Ave N, Saskatoon, SK S7N 1M8 306.966.4343 www.usask.ca	Peter MacKinnon, President Founded 1907	Includes over 200 academic programs, notably teaching, nuclear and biotechnology research and health science
15	University of Waterloo	\$613,597/ 50%	25,391	200 University Ave W, Waterloo, ON N2L 3G1 519.888.4567 www.uwaterloo.ca	David L. Johnston, President Founded 1957	Research-intensive, proponent of co-operative education in Canada, including six faculties and satellite campus in Kitchener, Ontario
16	University of Guelph	\$510,800/ 27%	17,538	50 Stone Road East, Guelph, ON N1G 2W1 519.824.4120 www.uoguelph.ca	Alastair Summerlee, President Founded 1964	Offers degrees in many different disciplines, best known for its focus on life sciences, agricultural studies and veterinary medicine
17	Simon Fraser University	\$502,000/ 53%	23,890	8888 University Dr., Burnaby, BC V5A 1S6 778.782.3111 www.sfu.ca	Michael Stevenson, President Founded 1965	Established as part of the post-Sputnik boom in universities. Includes six faculties, including applied sciences and business administration
18	Concordia University	\$420,937/ 62%	24,134	1455 de Maisonneuve O., Montreal, QC H3G 1M8 514.848.2424 www.concordia.ca	Judith Woodsworth, President Founded 1974 ^b	University has two campuses: St George Williams Campus in the downtown core and Loyola Campus. Teaches primarily in the English language
19	University of Victoria	\$411,487/ 51%	14,440 ^c	PO Box 1700 Stn CSC, Victoria, BC V8W 2Y2 250.721.7211 www.uvic.ca	David H. Turpin, President Founded 1963	Includes 12 faculties, most notable for its faculties of law, business administration, geoscience, space science and education
20	University of Manitoba	\$406,229/ 59%	26,904	66 Chancellors Circle, Winnipeg, MB R3T 2N2 204.474.8880 www.umanitoba.ca	David T. Barnard, President Founded 1877	Operates on two campuses in Winnipeg: the Fort Garry Campus in South Winnipeg and the Bannatyne Campus in Central Winnipeg

Footnotes

Sources: Post-secondary institution representatives and websites.

Institutions include those receiving provincial

or federal funding.

b. Formed as a merger of Loyola College (founded 1896) and Sir George Williams University (founded 1926).

c. Indicates full-time equivalent students

Business Edge makes every attempt to publish accurate information, but accuracy cannot be guaranteed.

Research: Alexis D. Smolensk (alexis@businessedge.ca)

Feds' single securities regulator idea remains tough sell

The Canadian Press

Finance Minister Jim Flaherty insists Canada will create a national securities regulator even if some provinces remain opposed.

The finance minister made the blunt pronouncement in answering questions about a reference in the throne speech to the government's long-standing commitment.

Asked about Quebec's continued opposition, Flaherty replied that a Canadian regulator will be established after the Tom Hockin committee delivers a final report and a model for draft legislation.

"This is a time of international economic volatility, instability. Canada's

system is held out and looked as a model around the world but the flaw we have in our system is the fact that we still have 13 securities regulators," Flaherty said.

"We are going to go ahead and create a Canadian securities regulator, we're going to do this with our willing partners. Those willing partners include, of course, some of the provinces."

Flaherty has advocated the idea since becoming finance minister in January 2006, with limited success. But the global financial crisis has given greater impetus and urgency to the proposal since global leaders have talked about the need for co-ordinated action.

Ontario has been the staunchest supporter of a single national securities regulator while some have been more resistant to the idea.

Flaherty said more than one province is onboard now and "I hope we will be able to have quite a few provinces." He didn't name any provinces that might have changed their position.

Alberta Premier Ed Stelmach continued to voice concern.

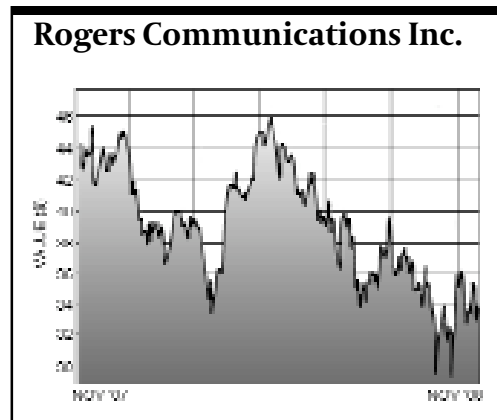
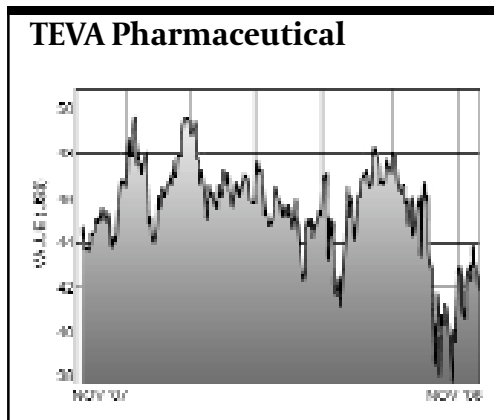
"My concern is for the junior oil and gas companies... just the whole increase in the whole regulatory burden to raise cash in Ontario, in a place where they don't understand what drives the Alberta economy," Stelmach said in Edmonton.

B.C. Premier Gordon Campbell has said recently he is more open to the idea, citing the need for "new thinking" in the midst of the financial markets crisis.

The Canadian Bankers Association (CBA) said it supports the move, saying a common regulator will enhance efficiency and increase confidence in Canadian capital markets at a critical time.

"When international securities regulators sit down to deal with this economic turmoil, Canada needs a single voice at the table," said CBA president Nancy Hughes Anthony. "Our fragmented regulatory system is out of step with the rest of the world, and it's time that we moved into the 21st century."

Financial Edge



Thornmark execs eye equity opportunities

(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: Daniel Bain, president and chief investment officer of Toronto-based **Thornmark Asset Management Inc.** (www.thornmark.com), and **Andrew Pink**, vice-president and portfolio manager, jointly manage the Thornmark Dividend & Income Fund (inception date Dec. 31, 1998).

Fund Form: The Dividend and Income Fund has a year-to-date return of -12 percent and a three-year return of 3.6 percent (both figures as of Oct. 31, 2008), according to Morningstar.ca data.

Management Expense Ratio: 1.85 percent.

Their overview: "Our general view is that the economic conditions are dire and will continue to deteriorate. For the first time in a generation, we have a co-ordinated global economic slowdown, at least in Asia, Europe and North America. The housing debacle, which was initially considered to be a U.S. problem, has become a global issue. The credit crisis is a global issue... Deflationary issues are global in nature. The de-leveraging process, which is a function of every boom-bust cycle, is also a global issue and will take considerable time to resolve. As a result of those broad global macroeconomic themes, we are relatively bearish for the near-term



Daniel Bain



Andrew Pink

Pro's 3 Stars

economic outlook. We're also somewhat bearish about the equity market outlook, as well.

"However, in our 'worst-case' scenario, the earnings on the S&P 500 may come in around \$60-\$65, which gives us a low on the S&P 500 of between 720 and 780. So, from an investment perspective, not just from an economic perspective... we believe there is some rational reason for optimism in increasing equity exposure at the right prices for the U.S. equity market and the Canadian equity market. The best time to buy anything, including equities, has always been the point of maximum pessimism."

FIRST STAR

- **TEVA Pharmaceutical Industries Ltd.** (Nasdaq:TEVA)
- **Recent Price:** US\$42.91
- **52-Week High/Low:** US\$50/\$35.89 (2-27-2008/10-10-2008)
- **Snapshot:** TEVA is a global pharmaceutical company specializing in the development, production and marketing of generic and proprietary branded pharmaceuticals, as well as active pharmaceutical ingredients. TEVA is among the largest generic pharmaceutical companies in the world.
- **President and CEO:** Shlomo Yanai
- **Head Office:** Israel
- **Vital Stats:** Price/Earnings Ratio (trailing 12 months), 15.8; Revenue (last fiscal year), US\$9.4 billion; Earnings Per Share (ttm), US\$2.70;

Market Cap, US\$35.1 billion.

• **Bain's/Pink's View:** "Our three (Stars) are core holdings. They represent fundamentally sound companies in each of their respective sectors. (TEVA) is an Israeli-based company listed in North American markets. It's a fairly substantial company. Their sales growth has always been very robust. Sales are up 18 percent (in the last quarter, a record). They've got a multiple-sclerosis drug called Copaxone. Its (last-quarter) sales were up 29 percent.

"So (TEVA) goes back to our whole core theme of staple businesses that have very solid cashflow. The management team is very focused. They're looking to reinvest back into the company - about seven and a half percent into R&D by the end of the year. They're going to continue to control

their general and administrative costs through the year. They have a very robust pipeline of 149 products awaiting final FDA approvals. And then their debt levels are very low - long-term debt-to-capital is just under 20 percent - with a return on equity of 14.2 percent."

- **Risk Rating:** Low-medium
- **Web Watch:** www.tevapharm.com

SECOND STAR

- **Shoppers Drug Mart** (TSX:SC)
- **Recent Price:** \$45.68
- **52-Week High/Low:** \$58.230/\$41.50 (6-18-2008/10-27-2008)
- **Snapshot:** Shoppers Drug Mart (Pharmaprix in Quebec) is Canada's largest retail drugstore group, based on number of stores and system sales.

See 3 STARS

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Telus Corp. to try hand at health-care sector

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

By Nicole Strandlund
Business Edge

ACT I: HEALTH CARE IN THE DIGITAL AGE

- **The Player:** Telus Corp. (TSX:T)
- **Action:** Down three per cent in a month (from \$39.62 Oct. 17)
- **Recent Price:** \$38.52
- **52-Week High/Low:** \$51.12/\$34.12

Landlines, cell coverage, internet connections, and now medical history – a natural progression, no?

The Burnaby, B.C.-based communications company has announced it will make a \$100-million investment in the health-care industry over the next three years, and is launching a new brand: Telus Health Solutions.

The company aims to develop systems that process, store, and deliver health information, so that one day the experience of blinking at the ceiling trying to remember the answer to, "When did you start taking this medication?" may be obsolete.

Telus Health is backed by Emergis, a Montreal IT company that was purchased by Telus in January 2008, and already has years of health-care technology experience and more than 1,500 team members.

ACT II: THE GRINCH IN THE HAT IS BACK

- **The Player:** IMAX Corp. (TSX:IMX)
- **Action:** Down six per cent in a month (from \$4.14 Oct. 17)
- **Recent Price:** \$3.91
- **52-Week High/Low:** \$8.32/\$3.21

Although some may roll their eyes at Jim Carrey starring in yet another Disney movie, others might look forward to seeing his morphing face five stories high – and in 3D.

IMAX, the big-screen entertainment technology company jointly headquartered in New York and Toronto, has signed a five-picture deal with The Walt Disney Studios and will open the series with director Robert Zemeckis's version of *A Christmas Carol*. Slated to open November 2009, the 3D fantasy will feature Jim Carrey playing Scrooge and all three ghosts. Subsequent films in the deal (to be announced later) may include works by director Tim Burton and producer Jerry Bruckheimer.

IMAX stock tumbled from highs over \$8 this summer but, at press time, was trading at \$4.11, up \$0.20 on the day, thanks to this news.

ACT III: METRO-POLY

- **The Player:** Metro Inc. (TSX:MRU.A)

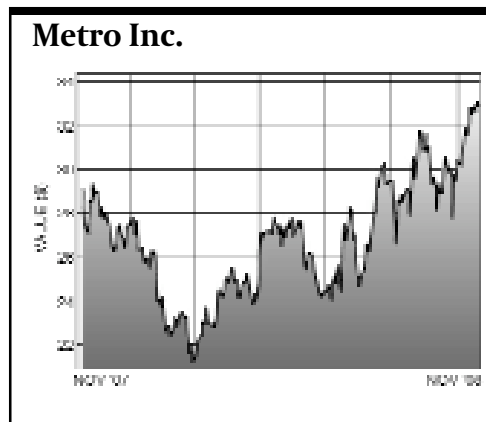
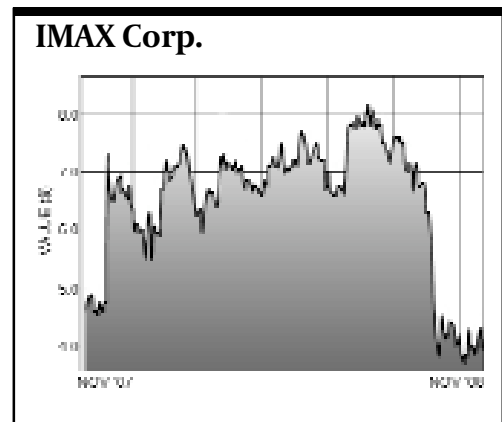
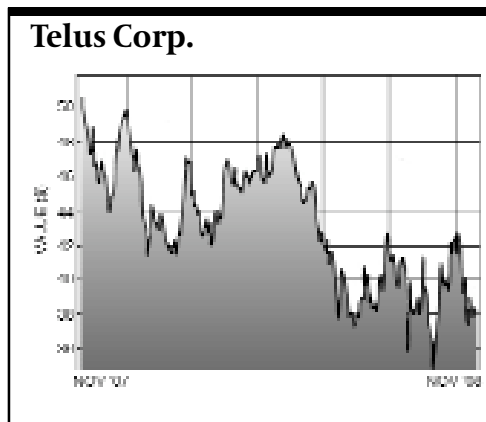
UPS picks Calgary; Stantec lands airport deal

The Canadian Press

UPS Canada has announced it is building a \$26-million distribution centre at the Calgary International Airport to deal with a big jump in the packaging company's business in Alberta.

The new centre will employ 415 people and house 157 trucks. UPS will continue to operate its three separate distribution centres until its new 150,000-sq.-ft. warehouse begins operating in October 2009.

Since 2003, UPS Canada said it has seen a 60 per cent increase in the volume of orders from the Greater Calgary Area, particularly from the retail, technology and financial sectors.



Street Life: Analysis

- **Action:** Up 10 per cent in a month (from \$29.87 Oct. 17)

- **Recent Price:** \$33.

- **52-Week High/Low:** \$33.35/\$21

Bigger must, indeed, be better.

Supermarket operator Metro Inc., which constitutes the largest grocery presence in Quebec and aims to do the same in Ontario, has announced a 25.5 per cent gain in quarterly profit.

Sales for Metro's fourth quarter ended Sept. 27 were \$2.48 billion, up 1.8 per cent from a year ago. Net income jumped 25.5 per cent year-over-year to \$72.3 million.

Metro, which has more than 65,000 employees and a network of roughly 600 food stores and 250 pharmacies, has been working to change its five Ontario banners (Dominion, A&P, Loeb, The Barn

and Ultra) to the Metro name, a process expected to take 15 months and \$200 million.

When complete, the banner consolidation will result in 218 stores in Quebec and 158 in Ontario, making Metro the largest grocery banner in each province.

ACT IV: COPPER POWER

- **The Player:** Norsemont Mining Inc. (TSX:NOM)

- **Action:** Down 10 per cent in a month (from \$1.89 Oct. 17)

- **Recent Price:** \$1.70

- **52-Week High/Low:** \$4.41/\$1.07

A friend of mine once made a great real estate deal by dropping a letter in someone's mailbox, offering to buy their house. Sometimes the best bargains are found by soliciting those who weren't thinking of selling.

Norsemont Mining Inc., a Toronto-based mineral exploration company, was minding its own business on the Constanica copper, gold, silver and molybdenum deposit in southern Peru, when offers to buy the company streamed in.

To deal with the offers, Norsemont's Board has formed a special committee, retained legal counsel, and is in the process of retaining independent financial advisers. Norsemont warns that the evaluation will not necessarily result in any deal, and that there is no timetable set for completion of any transaction... but it must be fun to be in their position.

NOTE: The above is not intended as investment advice to buy or sell any mentioned securities. Investors should do due diligence before investing. Quotes are based on results through Nov. 18, 2008

(Nicole Strandlund can be reached at

nicole@businessedge.ca)

– with files from Business Edge

Energy trust names executive chairman

Business Edge

Baytex Energy Trust (TSX:BTE.UN, BNYSE:BTE) will appoint **Raymond Chan** as executive chairman effective Jan. 1. Chan has served as CEO since the inception of the trust in 2003. **Anthony Marino** will be promoted to the positions of president, CEO and a director of Baytex on Jan. 1 as well. Marino has served as president and COO since November 2007. Baytex is a conventional oil and gas income trust based in Calgary.

•••
Michael Lambert has joined the **Forzani Group Ltd.** (TSX:FGL), Canada's largest retailer of sporting goods, as CFO. Lambert brings experience in senior financial and executive management roles with a number of Canadian organizations. FGL also announced an expanded role for **Richard Burnet** as senior VP of administration, in addition to his current tasks of overseeing financial management of the business. The Forzani Group is headquartered in Calgary.

•••
Peter Adams, CEO of **The Churchill Corp.** (TSX:CUQ), has set his retirement date from the Edmonton company for the end of the fiscal year. The Churchill Corp. provides building construction, industrial construction and maintenance services throughout Western Canada.

•••
Roadking Travel Centres Inc. has appointed **Greg Spicer** as interim president and CEO, and **Alan Tookey** as Roadking's interim CFO. Spicer previously held these positions in

Moving On

other corporations, as well as being a senior underwriter and consultant in the M&A field. Tookey is a CA and has served as CFO with other corporations over his career. These appointments come after the severing of **Glen Hommy** as president and CEO, and **Paul Teolis** as COO, following the sale of the Calgary Roadking. Hommy continues to be a director. Roadking says it has applied to the ASC and the BCSC for a full revocation of the cease-trade order that has been in place since May 2005. Based in Sherwood Park, Roadking is dedicated to providing hospitality and fuel services to the highway traveler, local communities and the commercial driver/trucking industry.

•••
Canadian Quantum (NEX:CQM.H) has appointed **Michael Koenig** as CFO. The Calgary junior energy company is active in the Quebec Lowlands Shale Play.

•••
Following the sale by **Costa Energy Inc.** (NEX:COE.H) of its wholly owned subsidiary, Costa Resources Ltd., which held the Calgary company's oil and gas assets, **Terry Brooker** has resigned as president and CEO but will remain a director. Brooker is succeeded by **David Campbell**, who previously was VP and CFO. Costa says it has begun the process of identifying suitable acquisition targets.

•••
Guy Farebrother, previously chairman of the board and VP of operations for **ILI Technologies** (TSXV:ILI),

has assumed the roles of president and CEO to guide ILI through a corporate and management restructuring. He remains a director. **Serge Bonnet**, previously president, assumes the role of COO. In further company moves, **Shamel Costandy** becomes CFO. Prior to joining ILI, he was the financial controller of Stem Cell Therapeutics. Based in Calgary, ILI manufactures and markets products for the international oil and gas industry.

•••
Guest-Tek Interactive Entertainment Ltd. (TSX:GTK), a provider of broadband technology services to the hospitality industry, says **Geoff Clark** has resigned as CFO. **David Simpson**, who has been the company's controller for two years, has been named acting CFO. Guest-Tek's head office is in Calgary, with major support facilities in Irvine, Calif., and Warsaw, Poland.

•••
Rob Hunt, the president of **Horizon North Logistics Inc.** (TSX:HNL), has left to pursue new opportunities. **Ric Peterson**, chairman and CEO, has assumed the duties of president. HNL provides resource companies with mobile structures, camp management and catering, matting solutions and northern marine services. Its head office is in Calgary.

•••
Enerplus Resources Fund (TSX:ERF.UN, NYSE:ERF) has made two appointments: **Robert Kehrig** becomes VP of resource development and **Ken Young** becomes VP of land. Kehrig joined Enerplus in 2002 as manager of business development. Young is a land professional with

more than 25 years of experience. Calgary-based Enerplus is one of North America's largest conventional oil and natural gas income funds.

•••
Ron Cawston has resigned as president and CEO from **Twin Butte Energy Ltd.** (TSX:TBE). **Jim Saunders**, the chairman of the board, has assumed those roles on a permanent basis. Saunders is the founder of Twin Butte. The company is a junior gas producer with expanding operations in northeastern British Columbia and its head office in Calgary.

•••
In conjunction with cost-control initiatives by **TVI Pacific Inc.** (TSX:TVI), **Carl Caumartin** is no longer engaged as TVI's VP of exploration. TVI says the current market turmoil has led the company "to defer certain elements of its exploration program." Calgary-based TVI is focused on exploring for and producing precious and base metals in the Philippines.

•••
Robert Gomes will succeed **Tony Franceschini** as president and CEO of **Stantec Inc.** (TSX:STN) effective next May 15. Franceschini, who has led the Edmonton-based engineering firm since 1998, will remain as a member of the board. Gomes has been with Stantec for 20 years. He is currently senior VP for the industrial and project management group. Stantec has 150 locations in North America.

– with files from *The Canadian Press*
(E-mail notices and photos at least two weeks before publication date to news@businessedge.ca. For more listings, visit www.businessedge.ca)

Coming Events

- **Importing Documentation and Procedures** (Dec. 2, 1:30 - 4 p.m.) – Learn about importing and your responsibilities as an importer in Canada. Locations: The Business Link, #100 10237 104 St., Edmonton; #250 639 5 Ave. S.W., Calgary. Free. Also available at ELC network locations. Info: www.CanadaBusiness.ca/alberta
- **Preparing a Business Plan** (Dec. 3, 1 - 4:30 p.m.) – General overview and basic understanding of the purpose and the components of a typical business plan; the use of the plan as an ongoing tool for success. Locations: Business Link, #100 10237 104 St., Edmonton; #250 639 5 Ave. S.W., Calgary. Cost: \$35. Also available at ELC network locations. More info/register: www.CanadaBusiness.ca/alberta
- **Influenza Pandemic Planning Workshop for Businesses** (Dec. 4, 7:30 - 9:15 a.m.) – Mechanisms to protect key business assets. Location: Calgary Chamber of Commerce, 100 6 Ave. S.W. Cost: \$25. More info/register: www.calgarychamber.com
- **Donald Coxe/Global Portfolio**

- **Strategist, BMO** (Dec. 4, 11:30 a.m. - 1:15 p.m.) – Topic: The Coming Recovery: If and When? Location: The Westin, 320 4 Ave. S.W., Calgary. Cost: TBA. Info: www.calgarychamber.com
- **Internet Security** (Dec. 4, noon - 1 p.m.) – How to protect yourself and your computer, presented in a way that is applicable to a wide range of technical abilities. Locations: The Business Link, #100 10237 104 St., Edmonton; #250 639 5 Ave. S.W., Calgary. Free. Also available at ELC network locations. More info: www.CanadaBusiness.ca/alberta
- **Jack Hayden/Alberta Minister of Infrastructure** (Dec. 5, 7:30 - 9:15 a.m.) – Location: Calgary Chamber of Commerce, 100 6 Ave. S.W. Cost: Members \$55, others \$90. Info/register: www.calgarychamber.com
- **Ian Russell/President & CEO, Investment Industry Association of Canada** (Dec. 9, 7:30 - 9:15 a.m.) – Topic: Turbulent Markets Demand Major Changes. Location: TBA. Cost: Members \$55, others \$90. Info/register: www.calgarychamber.com

- **Retaining the Right People** (Dec. 9, noon - 1 p.m.) – Learn simple, practical and real-life examples that will help you develop your retention strategy and retain the right people. Locations: The Business Link, #100 10237 104 St., Edmonton; #250 639 5 Ave. S.W., Calgary. Free. Also available at ELC network locations. More info: www.CanadaBusiness.ca/alberta
- **Starting Your Business** (Dec. 10, 1 - 4:30 p.m.) – Start off right and increase the odds of your business being successful. Locations: The Business Link, #100 10237 104 St., Edmonton; #250 639 5 Ave. S.W., Calgary. Cost: \$35. Also available at ELC network locations. More info/register: www.CanadaBusiness.ca/alberta
- **M&A - Being Prepared in Turbulent Times** (Dec. 11, 7:15 - 9 a.m.) – What you should know and do before the approach is made. Location: Suite 2500, TransCanada Tower, 450 1 St. S.W., Calgary. Cost: ICD members \$40, others \$50. Info/register: www.icd.ca
- **Communications Plan: Connecting You to Clients** (Dec. 11, noon - 1

- p.m.) – This session will discuss the creation and implementation of a plan, and promoting your business through advertising as well as PR. Locations: The Business Link, #100 10237 104 St., Edmonton; #250 639 5 Ave. S.W., Calgary. Free. Also available at ELC network locations. More info: www.CanadaBusiness.ca/alberta
- **Ron Stevens/Alberta Minister of International and Intergovernmental Relations** (Dec. 12, 7:30 - 9:15 a.m.) – Topic: The national and global significance of Alberta's energy resources. Location: TBA. Cost: Members \$55, others \$90. More info/register: www.calgarychamber.com
- **Doug Horner/Minister of Advanced Education and Technology** (Dec. 16, 6 - 9 p.m.) – Topic: The new architecture of the Alberta Innovation System. Location: Royal Glenora Club, Edmonton. Cost: THECIS members \$36, others \$52. More info/register: www.thecis.ca

(E-mail your events at least two weeks before publication date to news@businessedge.ca.)

Edge@Work



Prioritizing keeps small businesses healthy

Separate the important from unimportant, then allocate your time

By Tess van Straaten
Business Edge

When Brenda Andress decided to quit her government job and start her own business nine months ago, she knew it was going to be a lot of work.

"I am incredibly busy, but incredibly happy," Andress says. "That's not to say it hasn't been overwhelming at times – it has – but all the work is definitely worth it."

After launching Passion Productions, a consulting firm based in Newmarket, Ont., that helps individuals, leaders and sports teams find their personal passion, Andress found herself with an endless to-do list.

Trying to manage an often unmanageable workload in the startup phase of her business, the former civil servant learned a lot about prioritizing.

"You only have so many hours in a day and you don't want to waste your time doing things you don't really need to do," says Andress. "All things need a direction in which to walk, and prioritizing has really helped me figure out what I need to do and when I need to do it."

For companies of all sizes, getting their priorities right is a key factor in business growth and success. But for small businesses with much more limited resources, experts say it can make the difference between success and failure.

"There aren't as many people, there isn't as much money, competition is often much stiffer and they have to get at the opportunity quicker. So it's really crucial that small businesses prioritize," says Toronto-based executive coach Michael Wolkenberg.

"Not taking the time to separate the important from the unimportant and then allocating your time accordingly will always cost you."

Yet, many business owners – caught up in the day-to-day running of their businesses – aren't making prioritizing a priority.

"It's very easy to get swept up doing things without making sure they're the right things," Wolkenberg cautions. "We busy ourselves with what's in front of us, but the world is more complicated than just doing what is in front of us. If you spend your day doing things that are not an actual priority, you won't get any further ahead."

"So you really have to look at what you're doing, what you should be do-

Quotable

"There aren't as many people, there isn't as much money, competition is often much stiffer and they have to get at the opportunity quicker. So it's really crucial that small businesses prioritize. Not taking the time to separate the important from the unimportant and then allocating your time accordingly will always cost you."

– Michael Wolkenberg,
Toronto-based executive coach

ing, and develop a basic action plan."

That's exactly what Andress did. Overwhelmed by everything that needed to be done, she says she understands why a lot of people put off prioritizing.

"I think prioritizing for a lot of people is intimidating – 'Oh my God, look at the stuff I have to do!' – it's incredibly overwhelming," Andress says.

"But you don't have to do it all in one day and if you sit down and break it down, it's actually easier. You'll know what you need to do first, what to do second and how one thing ties into another because it's all tied together. If you don't sit down and look at it, you could miss something."

For Victoria contractor Chris Marsh, planning and prioritizing has become an increasingly important part of his job. With a hot building sector in B.C. the last few years and now a busy home-renovation market, experienced contractors like Marsh have more jobs than they can handle.

"In the old days, you didn't have six jobs at a time – you had two jobs and you didn't need to juggle and prioritize like you do now," Marsh says.

"We're constantly looking at what really needs to be done to keep things on schedule – and what can wait – and prioritizing is making sure we get those important things done."

In the construction business for more than 35 years, Marsh says a certain amount of the prioritizing is obvious. There's no point drywalling, for instance, before the plumbing and electrical work is done. But other factors can also determine what gets to the top of the priority list.

"We do our best to try and accommodate people and fit things into the

schedule," adds Marsh. "If something comes up or other trades are coming in on a certain day, we'll work to get our part done so that we don't hold them up."

While it's often clear what needs to be done, making sure you choose the right priorities can sometimes be a challenge. Whether it's competing demands or conflicting priorities, Wolkenberg says there's one question you should always ask yourself: Am I doing that which only I can do?

"In other words, are you working at the right level?" he asks. "If you're the owner of the company, there are certain things that only you can do that you cannot delegate to someone else, so make sure you do those things first or they won't get done."

A common mistake many small-business owners make as their businesses grow is micromanaging. While it may be tempting to try and stay

active in all levels of the business and constantly double-check what employees are doing, it's almost always counter-productive.

"If you're so busy making sure your people are doing things the way you would have done them, then the things that you actually need to do get left behind," warns Wolkenberg.

"Control is a big issue in small business and owners, no doubt suffering from the 'founder syndrome,' often think that only they can do something the right way. But micromanaging just wastes a lot of time and alienates people. If you've hired people to do a job, let them do it."

Another mistake Wolkenberg says many business owners make is working in their business, instead of on their business. It's a prioritizing pitfall Andress is well aware of and working hard to avoid.

"I want to make my business work, but at the same time I want the business to work for me – not for me to work for it," she says.

"If you're spending all your time in the trenches making sure that things are moving along OK, you're not out there growing your business and looking at the bigger picture."

For Andress, that bigger picture includes helping more people find their passion, just like she did.

"Following your passion is colouring outside the lines and when you're doing something you love, time has no meaning for you," she says.

"I love what I do, but I don't want to waste my time doing things that aren't going to work for me."

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

3 STARS from Page 15

Rogers stands tall in telecom sector

• **President and CEO:** Jürgen Schreiber
 • **Head Office:** Toronto
 • **Vital Stats:** Price/Earnings Ratio (trailing 12 months), 17.90; Revenue (last fiscal year), \$8.5 billion; Earnings Per Share (ttm), \$2.52; Market Cap, \$9.9 billion.
 • **Bain's/Pink's View:** "Same-store sales growth of 6.5 percent for 2008 is what we're expecting. EBITDA margins a little over 11.5 percent. Estimated adjusted earnings growth of 14.2 percent, which is in line with what the company has done over the last five years. They've got a sustainable distribution, which is only 35 percent of their cashflow. So, sustainable distribution, and a consistent and reliable revenue line. Their launch of Murale, a beauty concept store, points to them rebranding themselves in a unique market in Canada. Their (estimated) return on investment capital is just a little under 11 percent in 2008, and return on equity is 16 percent."
 • **Risk Rating:** Low-medium
 • **Web Watch:** www.shoppersdrugmart.ca
THIRD STAR
 • **Rogers Communications Inc.**

(TSX:RCLB)
 • **Recent Price:** \$35.11
 • **52-Week High/Low:** \$46.46/\$29 (5-9-2008/10-27-2008)
 • **Snapshot:** Rogers is a diversified Canadian communications media company providing wireless, cable TV, high-speed internet and phone services to consumer residences and businesses in Canada.
 • **President and CEO:** Edward Rogers
 • **Head Office:** Toronto
 • **Vital Stats:** Price/Earnings Ratio (trailing 12 months), 15.5; Revenue (last fiscal year), \$10.1 billion; Earnings Per Share (ttm), \$2.19; Market Cap, \$18.37 billion.
 • **Bain's/Pink's View:** "Really, this is a cashflow story – these guys have an incredible cashflow spinoff. Their yield is a little over three percent. They've got the best technology platform of all the North American wireless companies. They've got an exclusive GSM (global system for mobile communications, the most popular standard for mobile phones in the world) and HSPA (high-speed packet access, a protocol that improves performance on the GSM platform). Telus and BCE recently

announced a joint venture of about \$800 million, probably closer to \$1.2 billion, to develop the exact same platform.

"It looks like Rogers has a pretty good competitive advantage for the next three, or even closer to five, years. The fear of new competitors in this industry has diminished with the credit environment. Earlier in the year, there was a spectrum auction where a few new participants bought spectrum and it was deemed they would become new competition for Rogers. We think Rogers is so far ahead of the game with their platform that... there really isn't a fear of that in the foreseeable future."

• **Risk Rating:** Low-medium
 • **Web Watch:** www.rogers.com

Bain's Edge Record (based on three previous picks in 2008): **Best Pick:** Rogers (TSX:RCLB), -20 percent.
Worst Pick: Horizon North Logistics Inc. (TSX:HNL), -70 percent.

(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. Quotes are based on results through Nov. 14, 2008, unless otherwise noted.)

Carney hints at rate reduction

The Canadian Press

The Canadian economy is slowing more than previously thought and will require further stimulus, Bank of Canada governor Mark Carney says.

Carney strongly signalled last week that the central bank will reduce short-term interest rates again on Dec. 9 in an effort to boost activity.

"Despite having already cut official interest rates in half over the past year and having a financial sector that is still functioning effectively, some further monetary stimulus will likely be required to achieve the inflation target over the medium term," he said in a speech to a business audience in London.

He said Canada's banking sector remains sound but the country has been hit by the global financial crisis and deepening woes in the United States.

Not only have commodity prices tumbled and the availability of credit tightened, he said, but the nature of the U.S. slowdown – with its pressure points in the housing and auto sectors – affects key Canadian exports of lumber, vehicles and parts.

Province revising water strategy to protect South Saskatchewan River

The Canadian Press

Alberta is making plans to head off what critics fear will be a land-rush on blue gold.

The province, in its revised water strategy released last week, announced plans to improve how its dwindling water supply is bought, sold and transferred to ensure that such sales don't dissolve into free-for-all, free-market bidding.

Cara Van Marck, a spokeswoman for Alberta Environment, said the department needs to develop the best possible management system to protect the water supplies in the South Saskatchewan River basin and other watersheds.

"We would like to develop water conservation measures for other water basins and take other actions to protect our water supplies," said Van Marck. "And it's important that we get what's happening in the South Saskatchewan River basin right – and right now."

The plan is part of the province's updated Water for Life Strategy – a blueprint document drafted five years ago to manage and conserve water.

The issue has become critical for the South Saskatchewan River basin, an area that extends from Calgary south to the U.S. border, where water shortages threaten to slow the pace of com-

mercial and residential development.

The province stopped issuing water licences in the region a year ago, leading to concerns about those with existing licences selling portions of their water on the private market.

Last year, the Municipal District of Rocky View, which abuts Calgary to the north, agreed to pay \$15 million for a rural water licence to service a proposed mega-mall.

David Schindler, a University of Alberta ecology professor and water expert, labelled that deal "pea-brained" and an example of how the province needs to step in.

"We have a situation in the South Saskatchewan and all its tributaries that we need to claw back a considerable amount of water," said Schindler.

"There has to be a line in the sand drawn on resources. Right now we're doing it the cheap way. We grow and grow by just cutting more trees, mining more land.

"We've got to switch over to where we grow economically by using the same or less resources, not more and more and more and more – because we're nearing the limit."

Schindler also said the province needs to pass a tougher policy to protect wetlands areas, which form a key part of the ecosystem by helping to prevent erosion and preserve water quality.

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Opinions

Automakers need to show a little humility

Executives, unions seemingly tone deaf to selling bailout politically

How's this for chutzpah? On Nov. 19, the chief executive officers of General Motors, Ford and Chrysler flew from Detroit to Washington to appear before Congress and to plead for a \$25-billion government bailout for their ailing companies.

There are 24 non-stop commercial flights daily between the two cities, but those who have ascended to the pinnacle of corporate America do not fly like the rest of us when they travel on business.

The three men, GM's Richard Wagoner, Ford's Alan Mulally and Chrysler's Robert Nardelli, all arrived separately on corporate jets and for their profligacy they earned a well-deserved public flogging.

"There's a delicious irony in seeing private luxury jets flying into Washington, D.C., and people coming off them with cups in their hands," observed Representative Gary Ackerman, a Democrat from New York. "It's almost like seeing a guy show up at the soup kitchen in high-hat and tuxedo. Couldn't you all have downgraded to first class or jet-pooled ... to get here?"

The optics of this public display of opulence were terrible and it's not hard to understand why. For weeks now, these executives and a chorus of auto-industry analysts, experts and hangers-on have been bombarding us with warnings of an imminent economic catastrophe if the Detroit Three don't get their money.

Canadians have been told that they may have to come to the rescue of the subsidiaries located in this country. We may have to cough up \$2.5 to \$3 billion based on the population differences in the two countries.

Well, if times are tough, it's time to change your behaviour. This simple truth has obviously eluded the chief executives of the car companies as well as their teams of managers and public-relations professionals.

Nor has it sunk in with union leaders on either side of the border. Both the United Auto Works and the Canadian Auto Workers have rejected pay cuts or contract concessions as conditions of tax-funded bailouts.

But times are tough for the car-makers. North American vehicle sales have averaged 17.5 million per year throughout this decade, according to

Dennis DesRosiers, Canada's foremost industry analyst. This year they are expected to slump to 10.6 million, the steepest drop in history.

Opinion



D'Arcy Jenish
Business Edge

That is a cyclical problem and it affects all manufacturers. But the North American industry has undergone a major structural change in the past decade and the big losers have been GM, Ford and Chrysler.

As recently as 1996, the Detroit Three held slightly over 70 per cent of the market. Their share has fallen every year since then and they now account for about 42 percent of sales. Foreign-owned competitors now hold the balance.

DesRosiers notes that the American-based companies have been going through a painful restructuring. They have closed plants and laid off workers - moves that have reduced

their manufacturing capacity by some four million vehicles per year. They have squeezed suppliers for cost savings and have probably achieved as much as they can in this area.

However, their labour costs remain a big problem. "Someone has to convince the UAW and CAW ... to get real," says DesRosiers.

The American autoworkers in 2007 accepted a two-tier wage structure in which new hires will earn a lot less than established workers. When fully implemented, this arrangement will bring their all-in costs (wages, benefits, pensions and vacations) down by about \$25 an hour. That still leaves them \$10 to \$15 per hour above the foreign-owned domestics such as Toyota and Honda.

The discrepancy is even more glaring in Canada. Earlier this year, CAW rejected a two-tier compensation structure. Their all-in costs are about \$70 an hour, which makes them among the most expensive autowork-

ers in the world and puts them \$25 to \$30 per hour above the foreign domestics.

The car companies have warned that - without a bailout - they will be forced to seek Chapter 11 bankruptcy protection and that could mean their demise because no one will buy a vehicle if the future of the manufacturer is in doubt.

Various analysts and experts have forecast ruinous consequences if this happens - up to three million jobs lost and whole communities in ruins.

They are likely correct. But the car companies and their unions need to sell the bailout politically. That would be a lot easier if auto industry executives were prepared to abandon luxury private aircraft, as well as some of their lavish compensation packages, and if the unions signalled that they were open to sensible and sustainable wages and benefits.

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

Cartoon Corner



Accidental branders have timing, luck

Their willingness to take risks was one constant in author's research

By Terri Schlichenmeyer
Business Edge

For the last three or four days, it's been driving you nuts.

Around and around and around in your head, some slogan or jingle has been swirling like brandy in a snifter.

You can't shower, you can't sleep, it's relentless. Just when you think it's gone, someone says something that reminds you of it and you're off again.

You've been branded, my friend. Now, how can you do that same thing to your customers or clients?

Author David Vinjamuri recently studied entrepreneurs to find out why some brands succeed in ways that are a little out of norm. In his new book *Accidental Branding*, you'll read seven case studies of businesses and the people who started them.

As a marketing teacher at a New York university, author Vinjamuri asked his students to write profiles on people who weren't schooled marketers or MBAs, but became successful nonetheless. His students didn't disappoint him; in fact, they stunned him.

Business Books



Accidental Branding, by David Vinjamuri; c.2008, Wiley; \$26.99; 212 pages.

Vinjamuri realized that there were more stories than most people probably knew, and he wondered

what attributes made these entrepreneurs so successful.

What moxie was inherent in Roxanne Quimby (of Burt's Bees) that made her go from a single mom living in a tent with her children to a New England philanthropist and millionaire? How did a cyclist living in a garage with his dog become the owner of Clif Bars, the energy food used by elite cyclists? Was their success as accidental as it seemed?

By studying these entrepreneurs and spending time with them, Vinjamuri discovered that most accidental branders share traits that gave them a leg up.

All were focused on the small details in their businesses: Gert Boyle of Columbia Sportswear personally signs every cheque that goes out. All were willing to pitch in: J. Peterman never asks someone else to do something he wouldn't do himself. All were willing to take risks: Myriam Zaoui and Eric Malka of The Art of Shaving planned a second store within three months of opening the first one.

And shortly after Julie Aigner-Clark released Baby Mozart, a scientific study was released that indicated

listening to Mozart helped a baby's brain develop. That example, among others, pointed Vinjamuri at one more thing – accidental branders are the fortunate recipients of timing and a little luck.

Although the title of this book is somewhat of a misnomer (it's more about Accidental Brands than Accidental Branding), it's hard to ignore success stories like the ones the author uncovered. I enjoyed how he steps aside to let us see entrepreneurs and their companies intimately, including heart-in-the-throat moments of near disaster and the single-mindedness of those who simply could not let failure happen.

I think you'll love *Accidental Branding* so much that you'll shut the back cover of this wonderful book with renewed excitement about your own endeavours and you'll be looking for a sequel.

If you've ever wondered how a favourite brand "made it," or if you're an entrepreneur who wants some motivation, grab *Accidental Branding*. It's definitely a book to read on purpose.

(Terri Schlichenmeyer can be reached at schlichenmeyer@businessedge.ca)

How did we fall so fast? Look back to 9/11 trauma

There have been many predictions about where the credit crunch would end, all of which have proven to be overly optimistic. Today, the honest answers range from "it depends" to "I don't know."

A better question to ask, perhaps, would be: "Where did it begin?"

A fuller understanding of the fundamentals of the crisis would almost certainly provide an insight into how it might end. Many would point to the first failed rollover of mortgaged-backed commercial paper in August 2007 as the catalyst to the crisis.

Fair enough, but the root of the matter goes deeper, and much longer ago, than that.

Arguably, the turmoil we are experiencing today is linked directly to the trauma of Sept. 11, 2001. We now know that 9/11 spawned a "live for the moment" boom in U.S. consumer spending and borrowing, the likes of which have never been seen before.

This caused a major upswing in real estate prices, on the basis of which lenders created a balloon of consumer debt, including extending credit into the sub-prime space. Key to

this lending was the presumption that any future debt service difficulties could be buried in a refinancing package based on the rising equity value of the home.

Export Analysis



Stephen Poloz
Export Development
Canada

Nor was this expansion of leverage restricted to the U.S. housing market. The extended period of strong global growth fostered a belief that investment risks had become a thing of the past.

Investors – particularly professional fund managers – were therefore encouraged to leverage their investments in order to boost overall returns. Investors competed for deals, rather than deals competing for investors, and risk premiums were driven even lower in the process.

The U.S. housing bubble broke back in 2006, but it would be August 2007 before the house of cards would really start to come down. With home prices on the decline, sub-prime mortgage holders were better off simply walking away from their houses.

Doubt crept into the mortgage-backed commercial paper market, and from there, into the interbank market. We now are faced with a

global desire to reduce leverage, and governments have provided mountains of liquidity to keep things orderly.

There are now signs of healing and every reason to believe that the credit crunch will fade over time.

So, where will it end? The most important implication of the above interpretation of events is that the credit crisis is the product of an underlying economic downturn, not the other way around.

At the heart of that downturn is a shift in U.S. consumer psychology, away from "living for the moment" and back to "saving for tomorrow." That shift will take time to complete, and its real impact is now being felt everywhere, from Germany to Chile to Russia to China and all points between.

In other words, even after the credit crunch is sorted out, we will be left with a traditional downswing in the

global business cycle. Such cycles have a lot of common characteristics: Repricing of risk, widening interest rate spreads, weak commodity prices and a rising U.S. dollar.

These symptoms are likely to persist until the global business cycle runs its course – and given the revision that has taken place in U.S. consumer psychology, that bottom is likely to be at least a year away, probably longer.

The bottom line? Economists' models cannot explain consumer bubbles, tech bubbles or commodity bubbles. Nor can they predict a post-bubble future.

However, business cycles do have a natural rhythm, and that means the outlook will remain challenging for at least the next 12-18 months.

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

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We can learn from Ireland's re-invention

Report urges greater investment in human capital, industry targeting

When the going gets tough, the smart scour the world for ideas that have worked for others.

Struggling automakers ponder how the Asian car companies stole their customers. Call-centre staff whose jobs moved to India wonder if it's just about the wages.

And in the tech sector, admiring glances are often cast at the Celtic Tiger, the remarkable transformation that took Ireland from a rusty backwater to a high-tech powerhouse over the last 20 years.

The prestigious Canada West Foundation has effectively anointed the Celtic Tiger as its animal of choice, at least for the provinces of Western Canada.

In a recently issued report, *More Than Just Lucky Shamrocks: The Re-Invention of Ireland and Lessons for Western Canada*, the once sleepy Emerald Isle is hailed as "among the leaders in the fiercely competitive global economy."

Author Todd Hirsch, by day a senior economist at ATB Financial, is the first to say that Western Canada cannot simply replicate the Irish experience.

But, he writes, there are several themes and principles that can be noticed within the Irish experience, "and it is within these themes that Western Canada has much to learn."

It's not too far-fetched to suggest these lessons apply equally well to all of Canada. Hirsch agrees, while noting that every region would look a little different.

He lambastes past Irish governments for leading the country into a mire of debt.

By 1985, the country's annual deficit had reached 11 percent of its gross domestic product. With the election of the Fianna Fail government in 1987, Ireland began a "radical and painful correction in the national finances" that saw government spending cuts and reductions in corporate and personal taxes.

Commenting on the Canadian government's austere Nov. 19 Throne Speech, Hirsch says he supports the line-by-line review of government

spending, because "it's prudent symbolically and in a practical sense, it's sending a message."

Still, Canada 2008 is not Ireland 1987. A key difference is that Irish labour unions participated in the belt-tightening, accepting, as Hirsch puts it, "wage restraint in exchange for more policy influence and cuts to personal income taxes."

We're not likely to see such munificence in Canada. In fact, Canadian Auto Workers president Ken Lewenza has reacted to suggestions of wage or benefit concessions with fighting words: "Our workers have already paid their share, they've already made their sacrifices."

On a brighter note, Hirsch makes much of the fact that the Irish government has made investment in human capital a priority. He cites their free high school and technical education system, as well as the establishment of Science Foundation Ireland, modelled on the U.S. National Science Foundation.

Hirsch also says fears that Ireland would simply be educating people who would move elsewhere were unfounded, as the country became

a trendy, desirable place to live.

In terms of what Canada could do to make its population smarter, he proposes a graduated level of tuition remissions for post-secondary students, because, "if you just made it free, people would tend to overuse it."

He proposes that a certain percentage of education costs be reimbursed each year, with the full amount paid back to the student upon successful completion.

Hirsch also makes the somewhat heretical suggestion that governments should indeed be picking winners, in terms of targeting specific industries then trying to attract the very best companies in them and providing the right business conditions for them to flourish.

He says this is how Ireland attracted its plum industries: High-tech software, pharmaceuticals and electronics. For Western Canada today, he would pick alternative energy, ag-biotech and advances in health-care research.

He stops short of supporting direct government ownership of emerging businesses, something the Alberta government flirted with in the 1980s, but advocates a fairly activist role in company attraction.

Of course, even Ireland is not immune to the global economic

crisis. Its economy is starting to shrink, and taxes are rising. Hirsch acknowledges that it's somewhat ironic that Ireland's economy has the distinction of being the very first European country likely to enter recession. He attributes this to factors such as their real estate bubble, which sent the country reeling, but has now burst.

I can confirm that personally. A few years ago, I pointed to a modest Dublin rowhouse and asked a friend what it was worth. "A million Euros" was the reply. You can probably get it for a lot less now.

And maybe you should snap it up, because, in Hirsch's view, Ireland's economic fall from grace will be temporary.

He argues that the fundamentals of smart people, a big market on its doorstep and good government policy will help that country be one of the first to recover when things turn around.

And he has high hopes that Canada, with many of the same success factors, will be right up there as well.

"The lesson from Ireland," he says, is that it is possible to reinvent your economy."

(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
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