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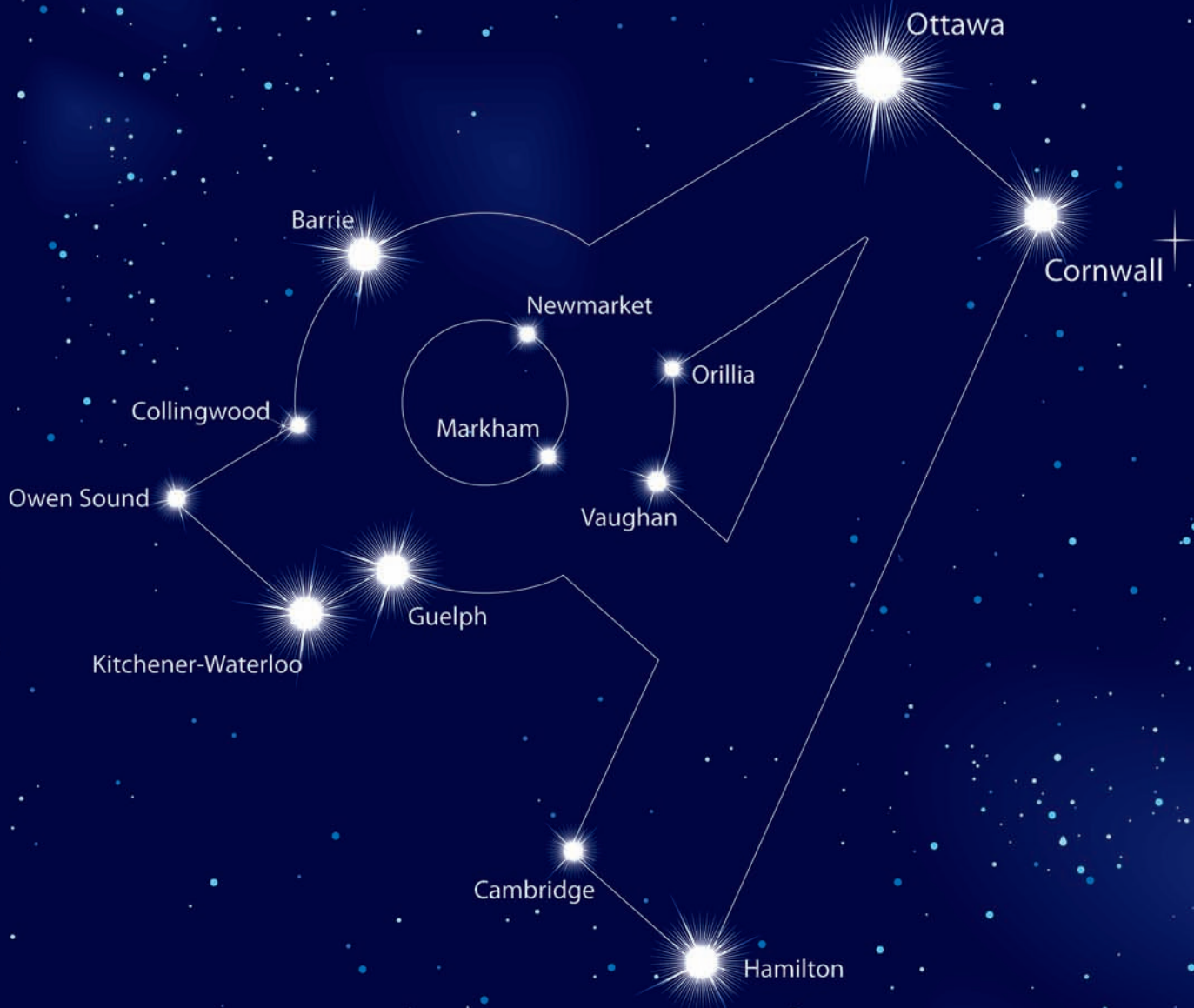
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On the cover: Tom Geiger, President of Agile Systems
- page 14

EXCHANGE

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BUILDING EXCELLENCE:
GVCA honours the best,
page 21

JUNE 2008

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SERVING BUSINESS IN WATERLOO REGION AND GUELPH | VOLUME 25, NUMBER 6

CONTENTS

MOVER & SHAKER

High Ingenuity, Low Profile ..14

BY PHIL WRIGHT

Agile Systems focuses on customer applications and sale

FEATURES

2008 Building Excellence Awards 21

BY PAUL KNOWLES

Grand Valley Construction Association honours the best in the building biz

Building Better Designs 36

An exclusive interview with Dr. Trevor Hancock, public health physician and health promotion consultant

Making a Difference 54

BY BRIAN HUNSBERGER

Grand View Health Centre family health team takes a collaborative approach



GEIGER: Advanced motion control technology, page 14



GRANDVIEW: Family healthcare centre, page 54

CHANGE IS GONNA COME

But the foundations remain strong and vital

by PAUL KNOWLES



PAUL KNOWLES is editor of Exchange Magazine. He is an author and public speaker. email: paul.knowles@exchangemagazine.com

Change is in the wind. This edition of Exchange includes the news that two institutional leaders in our community are leaving their high-profile positions. Todd Letts, CEO of the Greater Kitchener-Waterloo Chamber of Commerce, has resigned and joined eSolutions. John Tennant, CEO of Canada's Technology Triangle Inc., will leave CTT once a successor has been found.

Letts has led the Chamber – the largest accredited Chamber of Commerce in Ontario – for seven years. The CTT was formed 21 years ago as a public/private economic development organization. Tennant has been CTT boss for six years.

So change has come. But the fundamentals of regional success will not change. Our leaders have fostered the ideas of cooperation and collaboration across the business, educational and political landscape. There is a strong foundation on which to build the future.

Tennant says the CTT pioneers were ahead of their time: "The concept of working together to ... attract investment was visionary at the time when it was started... it was ahead of many others."

Today, he says, "companies are looking for a place where their businesses will thrive and be at the leading edge... If I thought, five and a half years ago, that this was an area with a lot of promise, I've certainly seen it flower."

This ideology has taken concrete shape in many local businesses, including Agile Systems. Tom Geiger, Agile President, embodies the idea of using the "eco-system" of this region as a launching pad to reach the world. In our feature story, he says, "We are all Canadian and quite proud of the fact that we're doing something that's world class."

Exchange magazine – a regional publication covering world-class business leaders. X



GVCA GALA: Members enjoy awards celebration, page 22

DEPARTMENTS

From the Editor 7

PAUL KNOWLES

Change is Gonna Come

Publisher's Note 8

JON ROHR

Potential for a Cognitive Dissonance

Business Monitor 10

New Dundee Emporium success; Catalyst or Qatalyst; Mentoring Partnership Waterloo Region; Fundraiser at Hacienda Sarria; Gopal Family business; XQuote; John Tennant leaves CTT; Communitech Tech Conference; Elliott Coach Lines; Dennis Watson honoured; XQuarterly

Watercooler 49

COLUMNS

Exit Strategy..... 38

LOU DIETRICH

What is the Market Value of My Business?

From the Ground Up 40

SUNSHINE CHEN

A New Deal for the Little Engines Than Can

Good Governance 42

JOHN T. DINNER

Sharpening the Saw in the Boardroom

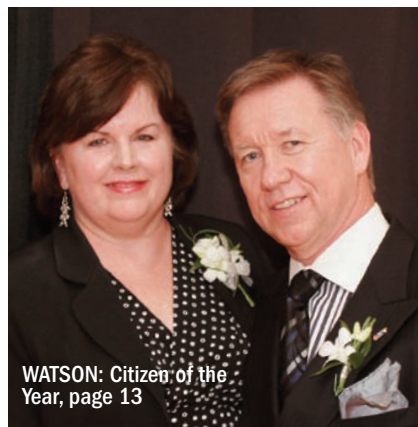
Leadership Development 44

LINDA GREGORIO

The New Language of Management



TECH CONFERENCE: One line of copy, page 12



WATSON: Citizen of the Year, page 13

Manufacturing Methods 46

DOUG CATER

Try Taking the "High Road"

Wealth Management..... 48

DANIEL E. GIRARD

The Siren Call of PPNs

POTENTIAL FOR A COGNITIVE DISSONANCE

CBET and The Record need to mind their C's and Q's

by JON ROHR



JON ROHR is publisher of Exchange Magazine for Business. email: jon.rohr@exchangemagazine.com

A situation has reared its ugly head, one that adds to the roster of abuses of independent publishers by a Toronto media giant. No, I'm not talking about the battle between me and Torstar, owners of print media in Waterloo Region and Wellington County including Guelph. This story is about another independently run publication, a fledgling enterprise completely independent from the company that owns Exchange Magazine.

Hilary Abel worked at the Cambridge Reporter office when Torstar, through Metroland Media Group, shut it down. The newspaper was closed because of poor performance, or so said former Publisher Fred Kuntz, who has since moved on, replaced by Dana Robbins... who also is moving on. So Abel went out on an entrepreneurial limb and in 2007 started her own publication.

As you probably know, the daily newspaper industry is struggling. It's part of the reason for the proliferation of magazines, new or re-issued from other communities, happening throughout Southern Ontario. I don't have to be convinced of the value of magazines, especially those that are well done. Magazines are one of the most honest forms of information sharing – magazines are read because of predetermined interest, such as business.

Newspapers are scrambling to replace lost revenue – nothing wrong with that. They're looking out for shareholders interest – which is important, if you're a shareholder. If you're a reader, your interests may not be top of mind, because focus is not on community but on shareholder return, and like I said, there's nothing wrong with that, in a business model. What might legitimately be deemed "wrong" might be abuse of

monopolistic power, or a lack of impartiality shown by a leading post-secondary educational institution.

So it pains me to see an educational institution – one that strives for vision and truth, under the guidance of a department head I personally hold in high esteem, and a publisher who once stated he's on our side – permitting the positioning of a new magazine, titled "Catalyst", against a year-old, independent publication called "Qatalyst". That's the already-established name of Abel's magazine. "Catalyst" is, according to the University of Waterloo, "jointly published by UW's Centre for Business, Entrepreneurship and Technology, and The Waterloo Region Record."

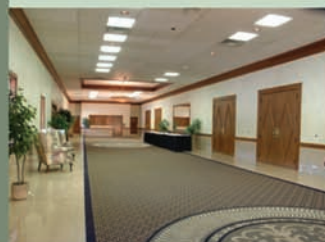
UW and Torstar are cooperating to co-opt the name of an independent magazine. That's cheap, it's careless and it disrespects all entrepreneurs who try, despite the tremendous barriers to success, to take an entrepreneurial step to provide something new. It echoes an age-old generational statement: "Do as I say not as I do". It fails at the very principles CBET strives to support.

Launching a magazine with the same title (phonetically) as one already on the street is not an example of good product placement or good business practice. It simply confuses the market. It's an example of poor or non-existent research.

Given the mandate of CBET, and knowing the people who made this decision, I find it hard to believe that this involves abuse of power. It must be an oversight. Because if it is not simply a mistake, their entire construct, one that promotes and encourages business and entrepreneurship would be in question. ✕

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Home-grown success story

Who says, you can't go home again? Mark Harrison grew up in the village of New Dundee, five houses away from one of the oldest, continually operational businesses in Canada. Today, with his partner Danny Duchesne, Harrison owns that business, the New Dundee Emporium, a restaurant and clothing store that inspires intense loyalty in its fanatical clients.

The New Dundee Emporium – a designated heritage building – was built in 1887 by Gottlieb Bettschen, who called it “The Jubilee Block” in honour of Queen Victoria's Jubilee. The building was immediately occupied as a retail store; in 1910, it was purchased by Herman Kavelman, and it remained “Kavelman's” until 1971.

Much remains from those early days. The first thing visitors notice is the historic storefront. When they walk through the door, the same mercantile bell rings as has for many decades. Like all the owners before them, Harrison and Duchesne have kept many historic fixtures, original store bins, and hardwood flooring.

But while they live in the midst of reminders of the past, the co-owners don't dwell there – their business model changes to meet current customer demand. For example, the Emporium focuses on lunches and afternoon tea, but when customers called for evening dining, the partners created a one-weekend-a-month dinner event which is always sold out. When the opportunity came to add a women's clothing to their inventory, they did so – and that has been so successful it has now replaced much of their other retail focus.

Harrison describes himself as an entrepreneur; Québec-born Duchesne is a highly qualified chef. Together, they purchased The New Dundee Emporium in May, 2003; their partnership went to another level in the summer of 2005, when they were married.

Harrison had followed a varied career path – trainer, event coordinator, interior decor specialist – but he had always had a love for the building just down the road from his family home. In fact, he (with his sister and mother) worked at the Emporium when he was younger. In those days, it was called “The Great British Emporium”, but the new owners wanted to broaden the retail possibilities, while focusing on the quaint village of New Dundee. Asked if being in a quiet village without other tourism attractions was a problem, Harrison proudly states, “We are the attraction.”

It would seem to be true. It's not just the monthly dinner evenings that are sold out – many days, it is impossible to get a table for lunch or afternoon in the restaurant that seats only 40. Reservations are not just a good idea; they are usually essential. Except for the dinner evenings, the Emporium is open

from 10 a.m. to 5 p.m.; the restaurant operates for lunch from 11 a.m. to 3 p.m., and afternoon tea is served only from 2 to 4:30 p.m.

Duchesne is responsible for the food that attracts all those guests. He laughs about the challenges – the historic building has a rather historic kitchen, and the potential for upgrades is quite limited. So he prepares his famous cuisine on a gas stove just like the appliance in many home kitchens. This calls for ingenuity, and some skills that didn't seem essential when he worked for more than 20 years at high end restaurants including the Château Champlain in Montréal, and more recently at Langdon Hall.

The end result is so good that, responding to customer demands, the Emporium sells the speciality foods they serve, as private label products – customers can take home a jar of pear and parsnip soup, or their biggest seller, “carrot cake jam”.

The partners insist that the name “Emporium”, is not just a quaint title – “we have a mix of stuff,” says Duchesne. “We are an emporium,” selling food, clothing, jewelry, and more.

What they really are, are people-persons. Chef Duchesne enjoys interacting with his diners; Harrison happily greets customers at the door. And those customers include some surprises; they have had customers from all over the world; in 2007, they prepared High Tea for Prince Andrew during his visit to Canada.

But you don't have to be a royal to be treated well. Harrison, ever enthusiastic, says, “We have the best customers... people are really addicted to this place. They just keep coming back.” It seems to be true – it is not uncommon, in Waterloo Region, to be chastised by one of the Emporium's fans for the sin of not visiting the place recently.

Harrison's enthusiasm also includes appreciation of their staff. There are currently eight people working at the Emporium, and the he and Duchesne have nothing but praise for them: “We have fabulous staff,” says Harrison. The goal, he adds, is to exceed customers' expectations. “At the end of the day, we're servers. We're here to serve.”

The renovation work is not done, yet, at the Emporium. There is more than 3,000 square feet of usable space in the basement (the partners bought the building as well as the business), and an earlier plan focused on developing a pub in



Mark Harrison, left, and Danny Duchesne, of the New Dundee Emporium.

PHOTO: EXCHANGE MAGAZINE

that area. Now, probably not – the current thinking would see the clothing lines expand to include men's and perhaps children's clothes as well. Their venture into apparel has been a significant success; until now, the restaurant has supported the broader business, but that is starting to change, they say.

Might the restaurant grow? Harrison says, “Bigger isn't necessarily better.” Duchesne adds, “Forty seats for us is just right.”

Ironically, while they have and use a patio for al fresco dining, local municipal regulations insist that they close an interior seat for every one occupied on the patio. So, patio or no, 40 diners is the maximum.

Such limitations don't really bother the partners. Says Harrison, “The thing is to enjoy the pros and accept the cons.”

That was the kind of the thinking that produced their audacious opening schedule. They took possession on May 1, and less than a week later, they were open for business, having done extensive renovations and having completely restocked. Harrison recalls the moment when, as the former owner's moving van was leaving the front of the store, Harrison's brother in law was beginning to demolish a partition inside. “What,” laughs Duchesne, “were we thinking?”

They opened to almost immediate success. Business increased by 200% the first year, and has grown, ever since. Last year saw revenue grow about 20%. But unlike many people in the restaurant business, Harrison and Duchesne – who live in an apartment above the store – feel they have “the best of both worlds,” since they do not open most evenings.

Duchesne says this is a life-saver. Thinking back to his days in chef's school, he reflects on the stress and pressure that has taken most of his colleagues out of the kitchen. “I am the only one from my class who keeps pursuing this career as a chef.” And he says that with a smile. – Paul Knowles

Is it CATALYST or Qatalyst

The number of magazine titles in Waterloo Region and Guelph continues to grow, as magazines regain market preference. Two notable titles launched within a year of each other bear an uncanny similarity: in fact, the names are pronounced identically: Catalyst and Qatalyst.

Qatalyst is published by Qatalyst Media Company under Editor in Chief Hilary Abel. Catalyst, released May 1 from University of Waterloo's Centre for Business, Entrepreneurship and Technology (see Exchange May 2008), is jointly published by Torstar's Waterloo Region Record and the CBET.

When the Record reported that the University of Waterloo and the Record were launching a magazine with the same name, Abel said she “received a number of emails from concerned



readers”.

Her readers were critical of the newer title, noting the market confusion that “Catalyst” would create for independent Abel, especially when selling advertisements, the sustenance of most publications. It should be noted that concerning Catalyst, advertising revenue, under the joint publishing arrangement, is under the control of the Waterloo Region Record.

Both publications are attempting to identify with a similar, emerging market segment – young adults.

A notable difference is their raison d'être. Abel is a grass-roots entrepreneur with passion to reflect the community. CBET is a tax-funded body which looks to attract students to the CBET masters program; its Publisher, Geoffrey Malleck, is Associate Director of Student Development.

Abel, despite the potential for market confusion will continue to publish Qatalyst, while some observers suggest that CBET should practice what they preach, and also say that this is more evidence that Torstar is staying true to its goal of market dominance in Waterloo Region at any cost.

Leading by Example YMCA and WRIEN form new Partnership

PHOTO: EXCHANGE MAGAZINE



From left, Peter McFadden, Executive Director, WRIEN, Marlina Benak, Mentorship/Partnership Coordinator, Todd Letts, Past-CEO, Greater K-W Chamber of Commerce, and John Haddock, CEO, YMCA, Cambridge and Kitchener-Waterloo.

In early April, the Mentorship Partnership Waterloo Region hosted their official program launch at the Delta in Kitchener, to highlight the unique ways individuals and employers can get involved in a mentorship initiative. Expectations of the new program are very clear – “community engagement amongst newcomers to Waterloo Region,” said WRIEN Executive Director Peter McFadden. Two organizations are partnering aligning synergies on a shared initiative. YMCA CEO John Haddock was very pragmatic about his expectations of a new partnership: “If we see our community 20 years from now, we’ll have many more new Canadians engaged in roles and responsibilities in their training and expertise,” he stated in a quick interview. “In terms of the YMCA organization that’s just part of our whole philosophy in terms of helping people grow and develop and get engaged in the community. So the host model of relationships, simple relationships, friend relationships, helping relationships, is the foundation – it’s simple – but it is the foundation, and it works.”

Hacienda wine tasting fundraiser

The Rotary Club of Kitchener sponsored a swirling, sniffing, sipping, savouring good time in a good cause, as guests at The Hacienda Sarria enjoyed Diamond Estate Wines, hors d’oeuvres by Dana Shortt Gourmet Catering.

Proceeds from the cleverly titled event – “In Vino Caritas: In Wine, There is Charity” – go to support Rotary Charities. The evening included a challenging wine identification contest, plenty of wine tasting, and lots of good fellowship in the unique Hacienda Sarria on Union Street.

PHOTOS: ALBRECHT IMAGERY



Above: Glen Boy (left), Sue and Jim Hallman, Kirk and Nancy Summers.



Tracey Zehr, Mary Voisin, Carol Truemmer, Lori Bailey and Monica Reid.

Gopal Investments Ltd. is a four-generation, family business... with a twist. The Gopal family founded their first business in South Africa, in 1903. Three quarters of a century later, Kishor Gopal brought his family to Canada, and launched the company that is now Gopal Investments Ltd. The Gopal family told their story at a recent meeting of the Centre For Family Business.

In 1901, Kishor’s grandfather left India for Johannesburg, South Africa. Within two years, he opened a tailor shop, N.H. Gopal and Co., making made-to-measure suits. Eventually, the shop became an exclusive men’s clothing store, and today, says Kishor, “the name N.K. Gopal & Company still exists, even though my eldest brother also eventually left South Africa to settle in Canada.”

Kishor was raised under apartheid; he vividly recalls, “Indians and Africans were considered second and third class citizens. It has always been a mystery to me how man can feel themselves honoured by the humiliation of their fellow citizens. Growing up was very difficult because we were deprived of the basic human rights that we take for granted over here in Canada.”

He joined the family business in 1960, married his wife, Shanta in 1966, and three children, including a daughter, were born. “I could not see a bright future for our children. Opportunities for them would be very scarce and attending a university/college would not be an option.”

In 1976, the Gopal family moved to Canada, buying the Continental Inn motel in Kitchener. Says Kishor, “My wife and I would be responsible for the front desk, house-keeping, and maintenance work... we also had to look after three young children.”

That was the first business in what was to become a significant success story. Gopal credits several Waterloo Region businesspeople, notably Jonas Bingeman and Arnold Brown, as his mentors. He currently sits on the board of the Mercedes Corporation, with principals Milo and Ross Shantz.

In 1982, Kishor opened his first Journey’s End Motel, in Kitchener, financing the deal by selling his first motel. Gopal Investments Ltd. built more hotels in Ontario and Québec, in partnership with Journey’s End. In 1990, when Journey’s End went public, the Gopals sold their interest in some of the properties, although Kam and Meenesh – who joined the family firm in 1998 and 2003, respectively – continue to manage some Journey’s End properties in Ontario.

Kam Gopal told the CFFB audience about their ongoing relationship with Choice Hotels. Locally, they own the Comfort Inn – in 2005, named the Comfort Inn of the Year for all Canada. Kam sits on the Choice Hotels Canada Franchisee Advisory Board and is the only Canadian representative for Choice Hotels International. He shared some breaking news: “This summer, we will be breaking ground on the very first Marriott hotel in Waterloo County, a 120 unit extended-stay hotel in Kitchener.”

Meenesh Gopal praised his father: “He still has the vision for perfection which at times, Kam and I may not see. I attribute this to his years of experience from starting a business from ground up.”

He added, “A strong family dynamic is so critical for a successful family business.”

Family business has touched three continents



Kam (left), Kishor (Charles) and Meenesh Gopal

XQuote

“Taxes have crept into virtually every aspect of Canadians’ daily lives. As a result, the average Canadian family’s biggest total expense is taxation. Families are paying more in taxes than they spend on food, clothing, and shelter... Any discussion of taxes naturally tends to focus on income taxes. But personal income taxes account for slightly more than one-third of the total tax bill faced by the average Canadian family in 2007 with a wide array of hidden and indirect taxes making up the remainder.”

– NIELS VELDHIJS, CO-AUTHOR OF TAX FACTS 15
AND DIRECTOR OF FISCAL STUDIES AT THE FRASER INSTITUTE

Tennant leaving CTT; calls for "collaboration"

John Tennant, who has been CEO of Canada's Technology Triangle Inc. since 2002, will leave that post later this year. The CTT – the public-private regional economic development partnership for Waterloo Region – has launched a search for his successor. Tennant will remain in the post through the transition. Before coming to Waterloo Region, Tennant was a member of Canada's foreign service, including an appointment as Canadian Consul General in Detroit between 1998 and 2002.

In an exclusive interview with Exchange Magazine, Tennant made it clear that he is pleased with the results of his tenure of almost six years. He points to "the success of the public/private economic development model," and suggests that Waterloo Region has pioneered this kind of partnership. "The original concept of working together to seek to attract investment was visionary at the time when it was started... it was ahead of many others."

He sees success not only in accomplishment, but in longevity, noting that one of his proudest moments involved celebrating the 20th anniversary of the CTT in 2007. Twenty-one years on, "CTT Inc., now enjoys good support from all constituencies within the community."



John Tennant

Economic development cooperation now reaches beyond local municipal borders, he says, pointing to the joint efforts of Waterloo Region, Toronto and Ottawa to bring corporations to Ontario's high-tech corridor. He laughs that this is sometimes referred to as "co-opetition," because of the dual nature of the relationship – the regions work together to attract attention, but each would obviously want to be the final choice of locale.

In fact, he says, this is somewhat mythological. The real challenge is to bring Ontario to the attention of European, Asian or even American companies, many of whom have not considered Canada as a location for expansion. "Our biggest competition is ignorance... not even being considered."

Once they are aware of the benefits of locating in Canada, says Tennant, the unique environments of Ontario communities will be determining factors in the final decision about location. "At the end of the day, businesses take very well informed decisions about where they're going to locate. There is quite different character among the different regions." Some companies are best sited in Ottawa or Toronto, but he is confident that Waterloo Region will get its share of newcomers.

This "Ontario Technology Corridor" cooperation began five years ago, as CTT and organizations in Toronto and Ottawa joined forces to attract interest from Silicon Valley companies. The increased "critical mass" made it easier "to get your foot in the door... and to be that much stronger," he says. The focus has expanded to "European and Asian firms to consider Canada as a possible location." In this kind of international effort, says Tennant, it is necessary for economic development organizations like CTT to work closely with effective governmental representatives.

Key attractions here include our post-secondary educational institutions, skilled workforce, and world-class apprenticeship programs.

Asked to balance his list of accomplishments with disappointments, Tennant thinks for a moment, and says, "I wouldn't say there have been any major disappointments." He muses, "Our team is working to secure every opportunity, every prospect... we don't always succeed."

But he even sees success arising from an initial disappointment, one which predated his arrival. Originally, CTT included Guelph, which withdrew from the organization early in its existence. None the less, says Tennant, there has been close cooperation between CTT and Guelph on a number of fronts. "We certainly have had occasion to establish areas of common interest and to work very closely together," particularly in the health services field, he says.

Tennant notes that, as he leaves the post, he must also leave the future in the hands of others. But he adds, "Fortunately, the movement has already been underway to position CTT – Waterloo Region – as a very ideal place in terms of talent and of research. That needs to be strengthened and continue."

He admits that challenges also lie ahead. With the high Canadian dollar, "we need to think in terms of how Canada, Ontario and Waterloo Region will be competitive in a world where the real competition is based on talent." He says much depends on our "ability to remain on the leading edge of technology."

Success in continuing to bring business to Waterloo Region will be based, not on cost-savings for the companies involved, but on the fact that the Region is "a better place to do business." One catch-phrase for this approach is "eco-system" – per-

Communitech Tech Conference



PHOTO: ALBRECHT IMAGERY

Chris Sacca, former Head of Google Special Initiatives

Chris Sacca, former Head of Google Special Initiatives, describes himself as a blogger, activist, venture investor and advisor, but when he stood in front of an audience ranging in age from 21 to 70 at the 2008 Tech Leadership Conference held May 1 at Bingeman Park Marshall Hall, he stated that "part of my job was to upset people, those who are very comfortable with the status quo."

He spoke of his time at Google and how he was given a lot of room and a lot of resources to do what he and his team thought was important – "to try to change the world and make it better for the folks out there."

Having left Google to go out on his own as a venture capitalist, Sacca spoke to the tech group about some of the overlying principals of how Google organizes its business, how it makes decisions, how it make effective products. He also got into how easy and how uncomplicated it was for new products to get launched.

The presentation will be made available via internet and is viewable at: www.waterlootech.tv

haps meaning both "ecological", and "economic". Tennant argues that the CTT offers a special chemistry, a combination of positive elements.

"This," he insists, "is the clear destiny of this area." And that's not new information, he says. "That message is getting through to quite a number of people."

"There are quite a number of things that will help strengthen it further," he adds. He calls for continued development of new post-secondary institutes and organizations. He commends post-secondary institutions for "their ability to interface with business," and believes these already-strong ties should be augmented further. He calls for continuation of the current Canadian trend of attracting immigration to strengthen the skills and talent pool, and commends the "important" work of WRIEN (Waterloo Region Immigrant Employment Network). He points to important decisions that must be made about infrastructure, including rapid transit.

The overall key, summed up in one word, says Tennant, is "collaboration."

He adds, "Companies are looking for a place where their businesses will thrive and be at the leading edge. That's why I was interested in coming here, to see that happening at a regional level. And if I thought, five and a half years ago, that this was an area with a lot of promise, I've certainly seen it flower and take shape."

Tennant told Exchange that he is leaving at a logical time, both for himself and for the CTT. "Today, four to six years is a period in which you can work with an organization as a leader. The CTT Inc. is in sound shape, with a sound board, a great team, a record of success, and good opportunities ahead. It's a good period in which to seek to engineer change." – Paul Knowles

From Buyer to Seller

The story of Elliott Coach Lines covers six decades, from years of struggling to the sale of the highly successful, acquisition-minded transportation business, in 2007. At a recent Centre For Family Business gathering, Allan McKay and Martha Jakowlew talked about the business that was founded in 1947 by the late Fred Elliott.

Allan McKay described the early years of Elliott Coach Lines, quoting one of Elliott's children: "He never made a penny and sold it in 1969 to my brother, who is the consummate people person. This included convincing my father to invest his retirement savings to finance the purchase. Five years later the business volume had grown five fold and any equity and goodwill which had originally existed had vanished. At my Father's request I agreed to take a look at the business to see if it could be saved."

McKay agreed to try, but admits that the business remained on a knife edge between success and failure until 1986. By that point, his father had died and Allan had purchased the business. Two things then occurred. First, McKay decided to apply what he describes as the McKay family values: "Lots of hard work; Take the high road; and Have a long term outlook." The business had been managed by a succession of employees. That changed: "The secret to running the business well was to apply those three principles... The best person to bring those ideas was a member of our own family. We offered the job to our

daughter Martha who had a BBA from WLU and five years experience working for non-family enterprises."

Martha operated the family business until last year. And it was truly a family enterprise – all five McKay children became shareholders.

Growth in the company can be charted from the mid-80s. While the family lived in Ayr, Elliott Coach Lines is based in Guelph; in 1988-89, the company built and opened a new terminal in Guelph, a facility four times bigger than their previous terminal.

By 1991, the company had begun its acquisition phase, buying 14 busses and routes based in Fergus. They built a facility in that town which opened in 1993. In 1996, Martha's brother, Angus, came to work for the company as operations manager. The fleet then totalled about 60 units. Growth continued as Elliott acquired the Wellington County Board of Education south fleet, and also added busses to serve their growing markets. By 1999, they had 100 units, and expanded their Guelph facility; they then added 40 busses by purchasing Elmira Bus Lines, and built a facility in that community. In 2004,

they bought Cumming Bus Service in Elora; in 2006, Ellis Bus Lines, Drayton, bringing their fleet size to 250 vehicles. Says Martha, "We are extremely proud of our growth through acquisition."

Then came 2007. "In April 2007 a number of industry announcements were made that led us to evaluate the security of our equity and ponder the future," says Martha. "All of the family met and discussed our options... after a lot of gut wrenching, sleepless nights, we decided we would sell.... We successfully closed the deal and the family ownership of Elliott Coach Lines came to an end as we sold the shares of the business to Student Transportation of Canada Inc. a publicly traded subsidiary of Student Transportation of America."



(l-r) Angus McKay, Martha and Victor Jakowlew, Allan McKay (front)

Citizen of the Year

Dennis Watson has been honoured as 2007 Kitchener-Waterloo Citizen of the Year. Watson is Vice President and General Manager of CTV (Southwestern Ontario). The award was presented by the Lions Club of Kitchener.

The award event – held April 24 at The Waterloo Inn and Conference Centre – attracted many of the leaders of the Waterloo Region Community, including Todd Letts, former CEO of the Greater Kitchener-Waterloo Chamber of Commerce, MP Andrew Telegdi, Regional Chair Ken Seiling, Kitchener Mayor Carol Zehr, MP Karen Redman, and Martha George of the Grand Valley Construction Association.

Watson was honoured for his contributions to the community, summed up with the phrase: "Dennis has been a terrific community supporter, and we are a stronger community because of him."



Citizen of the Year Dennis Watson

XQuarterly – www.xquarterly.ca

- Nearly 3,000 Waterloo Region firms exported more than \$11.6 billion in goods in 2005 – up 43.8% from 2000, says a report from CTT Inc. The commodity category covering transportation equipment of all types, led the list by value at \$6.3 billion in 2005. Other individual categories with 2005 exports of more than \$100 million were: Electrical and Electronic Machinery and Equipment; Machinery, Boilers and Mechanical Appliances; Furniture, Bedding, Mattress and Related Products; Plastics and Plastic Articles; Optical, Photo, Cine, Measuring, Checking and Precision Equipment; Iron and Steel Articles; Rubber and Rubber Articles; and Preparations of Cereals, Floor, Starch, Milk and Pastries.
- Ontario's exports are expected to decline 7% in 2008 and rise a lukewarm 1% in 2009, according to the Global Export Forecast released by Export Development Canada.
- The total tax bill of the average Canadian family has increased by more than 1,700% since 1961, according to The Fraser Institute. Canadians' total tax bill now accounts for more of the family budget than food, clothing and shelter combined. In contrast to the jump in taxes, the average family's expenditures on shelter increased by 1,063%, food by 505% and clothing by 455%.

- In 2007, the average Canadian family earned \$66,496 and paid \$30,213 in total taxes.
- In Canada, tourism spending, including domestic travel, accounts for 4.6% of Gross Domestic Product (GDP) and more than 650,000 jobs.
- Canada's emissions of greenhouse gases, major contributors to climate change, rose 25% between 1990 and 2005. However, without increases in energy efficiency, the increase in emissions would have been even greater. In 2005, human activities released the equivalent of 747 megatonnes of carbon dioxide into

the atmosphere in Canada. This was up about 25% from emissions of 596 megatonnes in 1990. One megatonne is equal to one million tonnes.

- During the 15-year period, GHGs emitted per unit of economic activity declined 18%, while Canada's population grew 17%, and energy use increased 23%.
- Canada is a trading nation and energy now makes up one-fifth of all merchandise exports. In both 1990 and 2003, the production of energy for export resulted in more GHG emissions than the production of any other exported commodity. These GHG emissions increased from 17% to 27% of all emissions associated with export production in this period.
- In 2008, producers intend to invest \$19.7 billion in the oil sands, surpassing the \$19.6 billion planned investment by the entire manufacturing sector.
- Canadians sharply increased their

holdings of foreign securities by \$6.1 billion in February 2008. This reflected a rebound in the demand for both foreign stocks and bonds. Meanwhile, non-residents acquired \$3.8 billion worth of Canadian securities over the month, their largest monthly purchase since April 2007.

- In 2007, Canadian exporters were quick to shift away from the slumping US market; while exports to the United States fell 2% in each of the last two years, shipments overseas rose 13% in 2006 and 16% in 2007.
- The growing wealth of Canadians was reflected in a 4.7% gain in the volume of consumer spending in 2007, its largest annual increase since 1985.
- Another measure of the growing purchasing power of Canadians was a sharp increase in travel abroad, especially to overseas vacation destinations: travel overseas rose 9.8%, while trips to the United States were up 6.1%, including a 3.3% increase in same-day auto trips.

HIGH INGENUITY, LOW PROFILE

BY PHIL WRIGHT

Agile Systems focuses on customer applications and sales

Waterloo Region has a well-earned global reputation as a high-tech hub. With its staggering growth, international profile and acclaimed hand-held devices, Research in Motion is generally recognized as the poster child for Waterloo's flourishing high-tech industry. Yet for every high-profile, highly capitalized RIM there are scores of smaller enterprises high on ingenuity and expertise, but lacking the profile of a RIM in the high-tech landscape. Agile Systems Inc. – a Waterloo-based world leader in the design, development and manufacturing of advanced motion control technology including motor control and power conversion – is one such company. As many of Agile's products are deeply embedded in American manufacturing processes, it's not surprising the Agile name is not top of mind for Canadian consumers. Focused on expanding its international presence, Agile's main priority is not domestic name recognition. Yet, with numerous applications for its motion-control products in diverse industries it's conceivable Agile will become more of a household name in the local high-tech sector.

Founded by a pair of enterprising engineers in the early 90s, Agile cut its teeth on custom work. According to current Agile president, Tom Geiger, the fledgling company – similar to most start ups – initially took on any work it could. "The

Despite a growing international presence and an increasing number of global agents, Geiger believes Agile's Waterloo location is an ideal fit.

PHOTOGRAPHY: EXCHANGE MAGAZINE

Tom Geiger, President of
Agile Systems Inc.



"Sometimes you reach a point where the increments are very small," says Geiger. "You can only jam so much power in a small space."

MOVER & SHAKER

company was founded as engineers for hire," recalls Geiger, who joined Agile in 2005 because of its advanced technology. "So they hung their shingle out front and did whatever projects came their way. They started doing some development for some small companies and they started doing some small machine building for automotive customers." Agile quickly gravitated to motion-control projects, looking for more innovative ways to turn motors. Applications for their work included golf carts, electric bicycles, tractors, and the burgeoning field of robotics.

In a relatively short time frame Agile developed its own standard products while continuing with their bread-and-butter custom work. The company's central focus was to find innovative ways to control motors and enable them to work more efficiently. In 1998 Agile developed its first standard controller, MAX 2000. This compact motion-control product enhances machine designs and automation systems by increasing performance and reliability while minimizing space and cost. Applications for the MAX 2000 range from industrial robotics to lab automation. Three years later the Agile

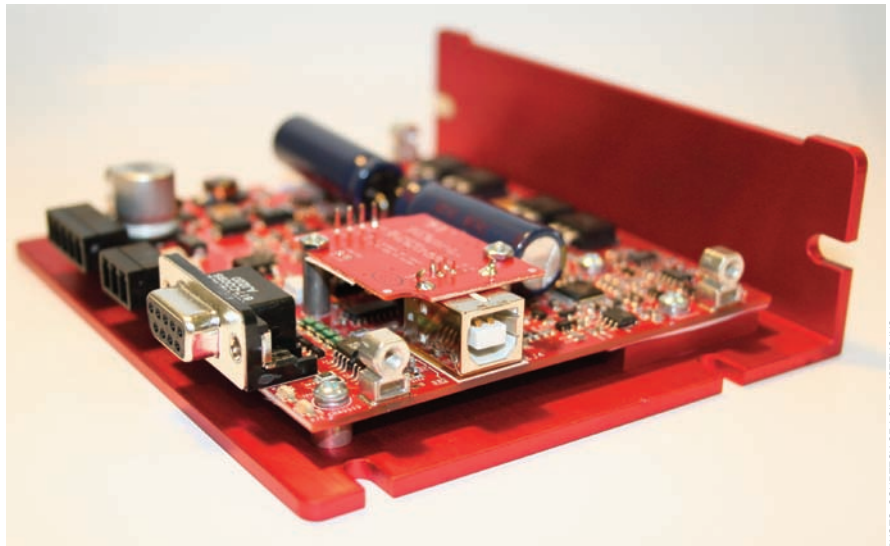


PHOTO: COURTESY OF AGILE SYSTEMS INC.

"We look at the industry as a whole and we come up with what we believe is the right technology for the product."

produced the MAX 3000, offering increased flexibility and performance for demanding motion-control applications including printed circuit board assembly equipment to semi-conductor process

tools.

"All about motor control"

Geiger suggests some perspective on Agile's operations: "It's all about motor control... innovative ways of controlling

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In the last year since Geiger has been president, the company has gone from a highly research and development-oriented operation to one with a customer applications and sales emphasis.



motors. We would classify what we do as typically 1 KW of power. A typical light bulb is 100 W. Your hair dryers are typically 1,200 to 1,300 W in terms of pure electrical power."

Further motion-control developments led to Agile's production of the microMAX in 2003. In 2007 Agile produced microMAX R – a more compact, high-performance digital drive. Easily mounted into an automated machine, the microMAX R reduces wiring and compresses the overall size of the equipment. SILENTstep is another innovative product Agile developed in 2005, that eliminates stalling, reduces noise and increases motor speed

for machinery run by stepper motors. Exercise and handling equipment are ideal applications for SILENTstep.

Agile has also developed and produced energy-saving drives that power certain motors. Produced in 2004, DPD Lite is a digital engine that drives motors more efficiently and quietly. Similar to its line of motion-control products, DPD Lite has a broad range of applications from fans and compressors to office and medical equipment. Aside from its standard product line, Agile continues to perform custom work by incorporating client requirements with its expertise. The custom work undertaken by Agile can vary dra-

matically, explains Geiger. "There are two types of modifications. One is called personalization, where you're making small changes like a minor piece of software added. Then you would have custom products where you'd want to add certain elements," says Geiger, who cites the example of a custom board as a product that was changed dramatically to suit the customer's requirements.

As is the case with any manufactured product, each of Agile's products has a development cycle. For example, the microMAX R is a third-generation product, explains Geiger, and is undergoing some software development at this time

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to add additional features. The SILENTstep is a second-generation product, he adds, and is going through a complete re-think in terms of software and hardware repackaging. The DPD Lite product is also going through second-generation modification which is being largely driven by cost reduction as well as added flexibility. Geiger's philosophy for product development incorporates client requirements as well as assessing the technological landscape. "We look at the industry as a whole and we come up with what we believe is the right technology for the product."

Constant improvement

Custom projects, in addition to market innovations, also contribute to improvements in Agile's standard products. Although product modifications can appear to be cosmetically minor, such improvements can actually be extensive, explains Geiger. "The previous generation of this machine (microMAX) versus the new generation of this machine is four times machine performance, double the reliability, half the development time at half the cost. Those were the metrics we were able to meet with the new generation of this machine." But the challenges of constant improvement can be onerous. "Sometimes you reach a point where the increments are very small," says Geiger, in referring to generational advances. "You can only jam so much power in a small space."

As an example of Agile's innovation, the company has been awarded 5 patents in the past two years, says Geiger. Undoubtedly, the company's continued

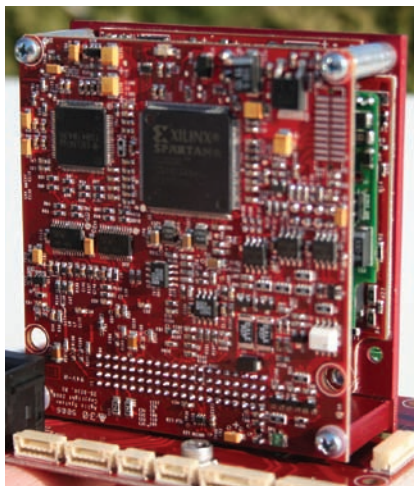


PHOTO COURTESY OF AGILE SYSTEMS INC.

Not only is Agile's commitment to energy efficiency necessary to attract a significant investor, but it is also key to Agile's corporate philosophy.

custom work is further evidence of Agile's ingenuity. Typically a custom order comes with specific requirements that differ in varying degrees from Agile's standard products. "We look at the project and ideally we'd like to say here's our standard product how many would you like to buy, but it seldom works that way," explains Geiger. "Certainly on the more advanced programs where people

have very specific interface requirements and very specific programming and timing elements because people want things to happen extremely quickly and so performance is really key. We're streaming millions of data points in a very short period of time."

Given the broad applications of both its motion-control and drive products, it's not surprising that Agile's customer list is equally broad. Customers include Siemens, Agilent Technologies, Nanometrics, Genmark, Samsung and Thermo Fisher. Despite being based in Waterloo, the bulk of Agile customers are in the United States, explains Geiger. Using agents throughout the world, Agile is attempting to expand its reach globally. "We have agents in the U.K. and we just signed a new agent in Singapore and Korea who looks after Asia for us." Since Agile is not a public company, Geiger is reluctant to divulge sales figures.

Also because Agile is a private company, Geiger is unwilling to disclose the percent breakdown of its ownership. As disclosed in its corporate web site, Agile's investors include RBC Capital Partners, Covington Capital Corporation and RoyNat Capital. The investment was increased in early 2008 when Agile announced the completion of an \$800,000 round of financing. Although Agile's Kumpf-Drive facility currently employs just 21 people, nearly two thirds of its work force is involved in either manufacturing or engineering, says Geiger. The remaining one third is dedicated to operations. Within the orderly 20,000-square-foot facility is in-house

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Environmental focus

Also an investor in Agile, Expansion Capital Partners invests in Clean Technology Companies. Technology classified as such includes processes that make better use of energy, raw materials and water, offer equal, and often better, performance and lower the cost of a product's life cycle. Furthermore, companies that are energy efficient, produce less waste and reduce cost thereby improving profitability fit the Clean Technology criteria.

Meeting such criteria is something Geiger understandably takes great pride in. "There's no question that's the reason one of our investors has invested in us," explains Geiger. "So, that's an important element for them that we're not only a high-tech company, but that we are also producing environmental products." Not only is Agile's commitment to energy efficiency necessary to attract a significant investor, but it is also key to Agile's corporate philosophy. "Our tag line is making a difference," explains Geiger. "We believe that we are making a difference a) for our customer and b) for the environment in terms of producing products that are extremely efficient. Our drives are in the 97 to 98 per cent efficiency range. So, there's certainly an energy element in what we do. The most efficient the less energy is wasted. If you have a very inefficient drive the energy generated is not power."

Despite a growing international presence and an increasing number of global agents, Geiger believes Agile's Waterloo location is an ideal fit. Perhaps most importantly, the Region's high-tech talent is well-known globally and well suited for Agile. "The strategic advantage for us locally is of course high-tech talent and the people we have on staff have degrees and PhDs." Although a highly educated workforce is not exclusive to Waterloo, Geiger nonetheless takes pride in the company's Waterloo location.

Canadian and proud

"We are all Canadian and quite proud of the fact that we're doing something that's world class," says Geiger. Practical issues such as shipping are not a major concern as Agile's products are relatively small. What is a priority, he adds, is that Agile have a local presence in its markets.

Aside from staying current with technological advances and the demands of customers and the marketplace as a

whole, Agile is confronted with a number of other significant challenges. There is the constant challenge of developing a product that meets the ever-changing needs of both industry and customers. In life-science applications, for example, products need to be proven effective prior to full-scale use. "If you're testing blood in life sciences you can't give someone the wrong result. You can't say there was a jam in the machine or you accidentally put the blood in the wrong vial," explains



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Geiger. Similarly, with semi-conductors where new technology is essential the industry is careful given the exorbitant costs involved in wafer replacement.

Working with the regulatory process is itself a daunting challenge, explains Geiger. The patent application process is "arduous" says Geiger. Not only in terms of time frame, but also in terms of expense. "We've spent a lot of money on lawyers." Since Agile conducts business overseas and patents are required from



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each country the cost for patent protection can be exorbitant. "To get a patent registered in Europe costs \$5,000 per country," he explains. In order to apply for a patent, he adds, a company needs to fully disclose precisely what they're doing. The application is secret, but once the patent is granted it's in the public domain. And once it becomes public an unscrupulous manufacturer can take advantage. "You're not protected from someone in China who does not care about the laws and will reverse engineer it working out of his garage," explains Geiger. "The laws in China are improving they are starting to crack down, but it's a very, very black market."

Aside from patents, says Geiger, products can also be protected through non-formal trade secrets. With trade secrets — of which Agile has more of relative to patents — a product is protected internally. To explain the concept of internal secrets, Geiger cites the example of Coca Cola and its renowned soft-drink recipe. "They control who has access to it how they do it and they don't expose it to the outside world." Internal theft is a concern given the competitive nature of the high-tech industry.

Regulatory approvals for products are another challenge as the process itself can be quite lengthy. Further complicating matters is coordinating approvals with a product's life cycle. "A product has to be tested and get FDA approval," explains Geiger. "In order to get approval it takes life science equipment two years. Not only does the application have to work but the machine has to go through

its cycle of testing, evaluation and customer acceptance." Typically from a product's adoption to when it's available for sale is anywhere from a year and a half to two years, he adds. Therefore, receiving regulatory approval prior to a product being ready for sale is ideal. Particularly in the case of high-tech equipment, obsolescence can be a concern if an approval is not timely.

With new leadership and patented products with virtually infinite applications, Agile is poised to heighten its global profile.

Tough times in 2000

A challenging time for Agile occurred during the dot-com collapse early in the current millennium. In 2000 Agile had a workforce of nearly 80 employees. A "significant deal" with a prospective investor was cancelled, recalls Geiger. At the time Agile was aggressively pursuing anything that had a motor attached to it, he adds. With the deal collapsing, a major cutback resulted at Agile with the company being downsized. In the last year since Geiger has been president, the company has gone from a highly research and development-oriented operation to one with a customer appli-

cations and sales emphasis. He estimates nearly one third of Agile's resources are committed to research and development. Given Geiger's 20 years of progressive senior sales and management experience in conjunction with his industrial engineering background, it's no surprise he seemed an ideal fit to lead Agile. "We've had a new shift at the end of last year since I became president," says Geiger. "We right-sized the business to take it forward so we've now done the marketing, we've had a minor lay off. We now have a team in place that allows us to build the business." Geiger conservatively estimates Agile's growth at 20 per cent for the upcoming year. Indicative of the shift, Agile announced an additional \$7.0 million in financing while establishing a new board of directors in mid 2005.

With new leadership and patented products with virtually infinite applications, Agile is poised to heighten its global profile. Although, you will not be able to take apart a high-tech device and discover Agile's corporate logo within its components, Tom Geiger is nevertheless comfortable with the fact that his company's products may have had a hand in the manufacturing of the item. Although familiarity with consumers may have its advantages in market capitalization, it is of little consequence for a private company partnering with high-tech manufacturers who demand performance and quality at a reasonable cost above all else. Such adherence to a business-like philosophy is music to the ears of Agile's practical and innovative president, Tom Geiger. 



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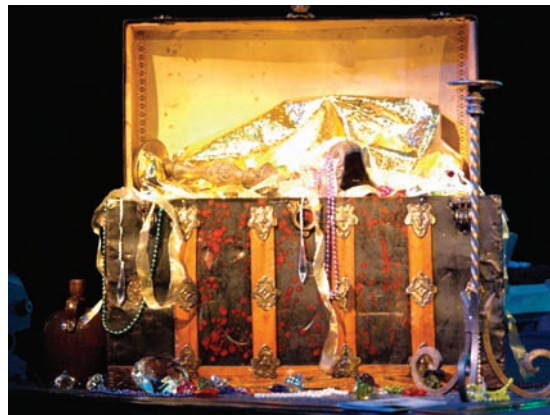
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TREASURES *of the* GVCA *Building Excellence Awards Gala*

Once again in 2008, the Grand Valley Construction Association has honoured the best of the best in the construction business. At a Gala event held April 25 – a lavish affair celebrating a pirate theme (“Treasures of the GVCA”) – 18 projects representing the work of many GVCA members, from construction companies to sub-trades, were honoured with GVCA Building Excellence Awards.



PROJECTS OF DISTINCTION NOMINATED FOR THE BUILDING EXCELLENCE AWARDS

Accelerator Centre

Ball Construction Ltd.

ACL Steel Limited New Facility

Collaborative Structures Limited

Activa Corporate Centre

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Beausoleil First Nations Community Centre

Ball Construction Ltd.

Blackshop Restaurant

SKC Construction Inc.

Brock University Plaza 2006

Merit Contractors Niagara

CBC Hornby Radio Transmitter Station

PAC Protrend Arrow Construction Inc.

Conestoga Student Life Centre

The Walter Fedy Partnership

County of Wellington Rockwood OPP Detachment

Collaborative Structures Limited

Courtney Park Office Complex

PAC Protrend Arrow Construction Inc.

CSL New Facility

Collaborative Structures Limited

Delhi District Secondary School

L. J. Barton Mechanical Inc.

Eldorado Tool

Melloul-Blamey Construction Inc.

Fischer Hallman Business Centre

Jamesway Construction Ltd.

Geosign Office

Nith Valley Construction Ltd.

Grand River Foods Plant Addition

Ball Construction Ltd.

Guelph Post Office

Collaborative Structures Limited

Hana America

Draftcon Calamar Corp.

Hespeler Library

Melloul-Blamey Construction Inc.

Holiday Inn Kitchener New Conference Centre

Collaborative Structures Limited

Kitchener Collegiate Institute Infrastructure Renewal

The Walter Fedy Partnership

Maple Hill Creek Apartments

Jamesway Construction Ltd.

Mennonite Central Committee Thrift Shop

Nith Valley Construction Ltd.

New Indoor Soccer Facility-City of Cambridge

PM Contracting Ltd.

Niagara Region Headquarters Office Building Addition

Ball Construction Ltd.

Ontario Secondary School Federation

PM Contracting Ltd.

RIM 8

Academy Construction (1996) Ltd.

Sainte Marie Among the Hurons

Collaborative Structures Limited

Saputo Foods Limited Renovation & Expansion

Collaborative Structures Limited

St. Jeromes Facility of Social Work

Ball Construction Ltd.

TDL Digital Display Rollout

Stahle Construction Inc.

Tech Town

Maple Reinders Constructors Ltd.

The Rockway Gardens Village Project

Pac Protrend Arrow Construction Inc.

University of Waterloo/Waterloo & Woolwich Court Student Residences

Nith Valley Construction

Victoria Village

Gateman-Milloy Inc.

Waterfront Discovery Centre

Maple Reinders Constructors Ltd.

Waterloo Innovation Park

Melloul-Blamey Construction Inc.

Waterloo Technology Campus Building No. 3

Academy Construction (1996) Ltd.

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Award of Excellence, **LEED Silver**, Niagara Region Headquarters
Award of Merit, **Institutional**, more than \$10 million, Niagara Region Headquarters

Award of Excellence, **Commercial**, \$750 to \$2 million, Accelerator Centre

Award of Excellence, **Industrial**, \$2 to \$10 million, Grand River Foods Plant

Award of Excellence, **Institutional**, \$2 to \$10 million, Beausoleil First Nations Community Centre





BUILDING THE BEST

BY PAUL KNOWLES

GVCA members honoured for outstanding projects

At the GVCA Awards Gala there were three multiple winners, as Ball Construction Limited took five trophies (winning in two categories for the Niagara Region Headquarters project); Collaborative Structures Limited captured four awards; and Melloul-Blamey Construction Inc. won two awards.

Other award-winners included projects headed by Draftcon Calamar Corp., Maple Reinders, Academy Construction, L.J. Barton Mechanical Inc., The Walter Fedy Partnership, Jamesway Construction Group, and Nith Valley Construction Ltd.

Building Excellence Awards adjudicators included Kevin Denomme, a professor in the Architecture/Construction Engineering Technology Program at Conestoga College Institute of Technology and Advanced Learning; Clive N. Thurston, President, Ontario General Contractors Association since 2002; and Rick Haldenby, Director of the University of Waterloo School of Architecture since 1988.

GVCA President Martha George noted that "the adjudicators were very thorough. They examined each project very carefully, based on the criteria that was outlined." The criteria dictated that points were awarded in the following categories: Customer/Trades Satisfaction (25 points); Quality of Workmanship/Innovation (20 points); GVCA Trade Loyalty and Qualifica-

tion (15 points); Project Management (20 points); and Safety (20 points).

Commercial projects

Four Building Excellent Awards were given out in the Commercial categories.

Ball Construction won the **Award of Excellence in the Commercial, \$750,000 to \$2 million** class for the **Accelerator Centre**. Consultants on the project included MNE Consultants, Rom-bald Inc., and Robert Simmons Architects. Trades involved included Metcon Construction Limited, Knell's Door & Hardware, Lockdoor Canada Ltd., Rosmar Drywall Ltd., Tosca Tile Limited, Dordan Mechanical Contractors Ltd., Forest City Fire Protection, Kersley Electric Limited, and Boehmer operating under Hargest Block.

The Accelerator Centre project involved designing, managing and building this new

facility, which was a partnership of the Region of Waterloo, the University of Waterloo, the City of Waterloo, Province of Ontario, and Government of Canada. It's located at the entrance to the University of Waterloo Research and Technology Park. The award submission for the 22,500 square foot project notes, "The space incorporated many sustainable and innovative design features included a raised access floor to run their electrical wiring, data wiring and communication wiring. Moveable walls were also used so that the space was extremely flexible.... The Accelerator Centre is one of the most flexible and modular office buildings in our community."

Draftcon Calamar Corp won the **Award of Merit in the Commercial, \$750,000 to \$2 million** class for the **Hana America Tourism Center in**



Accelerator Centre

BUILDING EXCELLENCE AWARDS

Niagara Falls. Project consultants included Quartek Group, Raimondo & Associate Architects, and ConSteel LJB Engineers.

The project was a two-storey building designed for the Korean-owned tourism company, Hana America, located in the heart of the Niagara Falls tourism district. Among the significant challenges of the project, according to the submission, "none were more difficult than those created by the site itself. Located in a high tourism area of Stanley Avenue on an extremely small lot with limited access for construction equipment and material storage it required precise and careful scheduling and strategic planning."



Ball Construction won the Award of Excellence in the Commercial, \$750,000 to \$2 million class for the Accelerator Centre.

Maple Reinders won the **Award of Excellence in the Commercial, \$2 million to \$10 million** category for **TechTown**, a neighbour of the Accelerator Cen-

tre. Architects for the project were Snider Reichard March. Also involved were Stantec Inc., Roth & Associates, MTE Consultants Inc., Metz & Lorentz Limited, and Chung & Vander Doelen Eng. Ltd. Trades included Town & Country Fencing, La Farge Paving & Construction Limited, Hardscape Concrete & Interlock, Tri Con Haid Concrete Finishing Ltd., Stubbe's Precast Commercial Inc., Kappeler Masonry Corporation, ACL Steel Ltd., Commercial Sheet Metal Inc., Tecken Building Corp, Kraemer Woodcraft Ltd., Palmer Roofing & Insulation Ltd., Knell's Door & Hardware, W. R. Winsor Enterprises Inc., K-W Glass Systems Inc., Promark-Shankman Inc.,

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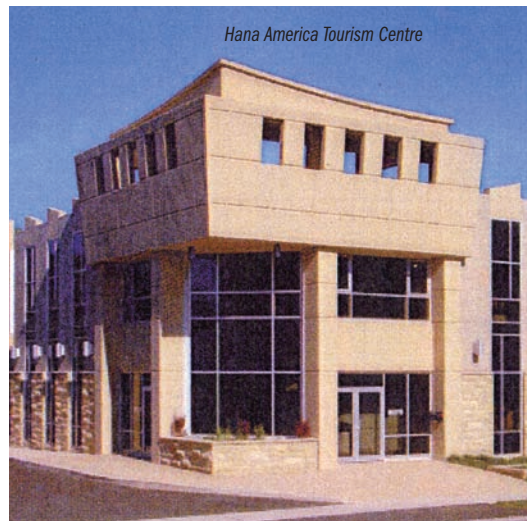
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Draftcon Calamar Corp won the Award of Merit in the Commercial, \$750,000 to \$2 million class for the Hana America Tourism Center in Niagara Falls.

Decortile Limited, Delta Elevator Co. Ltd., C & H Fire Suppression Systems Inc., BDC Irrigation Systems, Klomp's Landscaping Inc., and Floor Solutions 2000 Inc.

TechTown is described as "a showcase 60,000 square foot multi-use centre," which was built in less than seven months. The submission adds, "Extreme coordination of the hand-priced subs and a precise attention to every detail, every change, every step of the way ensured that TechTown... opened on time, on budget and to an appreciative community." The project is



Maple Reinders won the Award of Excellence in the Commercial, \$2 million to \$10 million category for TechTown.

valued at \$7.015 million. Owner Toby Jenkins said, "The Maple Reinders team brought the right expertise to bear at the right time, working closely with me to ensure that the project stayed on track."

Melloul-Blamey Construction Inc. received the **Award of Merit in the Commercial, \$2 million to \$10 million category, for the Waterloo Innovation Park.** Architect was Andrew Bousfield Architects. Consultants included MTE Consultants Inc., Collins Engineering Group Inc., Mighton Engineering Ltd., and MacKinnon & Associates CMT Engineering Inc. Trades involved in the project included: Battlefield Equipment Rentals, CRS Contractors Rental Supply, Dufferin Concrete, Fairway Lumber Company Limited, ACL Steel Ltd., Alles Drywall & Interior Construction Inc., C & H Fire Suppression Systems Inc., Delta Elevator Co. Ltd., DM Millwork, George Masonry Ltd., Glenn Sider Plumbing & Heating Ltd., Grand Valley Tile Company Ltd., Great Lakes Architectural Hardware Inc., H & H Roofing & Sheet Metal Ltd., Jade Logic Building Technologies Inc., Karges Contracting Ltd., Knell's Door & Hardware, H. A. Madill Drywall Ltd., RCR Design Air Incorporated, Silvercreek Concrete Finishing Ltd., Sousa Concrete-Div. 410754 Ont. Ltd., Harold Stecho Electric Ltd., Stubbe's Precast Commercial Inc., Westmount Storefront Systems Ltd., United Rentals of Canada Inc., Air Audit Inc. and Boehmer operating under Hargest Block.

This new, \$7,650,000 office building on Kumpf Drive in Waterloo was built for the

German company, presented by CTL Group in Toronto. The submission notes that "This building consists of two separate office spaces connected by a 50-foot long, two storey, glass-enclosed corridor link."

Industrial projects

Collaborative Structures Limited of Cambridge captured their first award, the **Award of Merit in the Industrial, \$750,000 to \$2 million** category for **ACL Steel Limited's** new facility on Shirley Drive in Kitchener.

Consultants on the project included Zoltan Engineering Inc., E & E Seegmiller Ltd., MTE Consultants Inc., Collins Engineering Group Inc., Mighton Engineering Ltd., Naylor Engineering Associates Ltd., and CMT Engineering Inc. Trades included GA Masonry, ACL Steel Ltd., Brantco Construction, Pace Enterprises (1998) Inc., Hogg Fuel & Supply Ltd., Albrecht Reinforcing Inc., Commercial Sheet Metal Inc., H & H Roofing & Sheet Metal Ltd., Great Lakes Architectural Hardware Inc., Galt Glass/Cambridge Glass Limited, Muller Hardware & Supply Corp., Decortile Limited, Aves & Shaw Limited, Orrel J. Limited, Vipond Fire Protection, Reitzel Heating & Air Conditioning, Gemor Electric Limited, K-W Door Installations Inc., and Boehmers operating under Hargest Block.

The \$1,975,000 project involved building a new home for ACL Steel Limited on a four-acre site. The project has also garnered ACL a 2006 Urban Design Award.

Ball Construction's second win was the **Award of Excellence in the Indus-**

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Innovation Park

trial \$2 million to \$10 million category for the Plant Addition to **Grand River Foods**, a 10,000 square foot processing plant addition at the Cambridge facility. Consultants included Mallot Creek Associates, Truax Engineering, and ACI Survey Consultants Inc. Trades involved in the project included Alfred Fach Excavating Limited, Cambridge Concrete Ltd., XDG Construction Limited, Albrecht Reinforcing Inc., GA Masonry, Coreslab Structures (Ont) Inc., Cooksville Steel Limited, Commercial Sheet Metal Inc., Alliance Roofing & Sheet Metal Ltd., K-Seal, Knell's Door & Hardware, Bender Engineered Concrete Solutions Inc., Forest City Fire Protection,

Fred Kau Plumbing & Heating Limited, Trade-Mark Industrial Inc., and Boehmers operating under Hargest Block.

Grand River Foods is a repeat customer of Ball Construction. In this case, the project is a Canadian Food Inspection Agency registered processing plant addition, on Boxwood Drive. The original, 29,000 square foot facility also produced a 2006 Building Excellence Award for Ball.

Chris Malleck, Director of Operations at Grand River Foods, stated, "We are pleased with all aspects of this addition including quality, execution and delivery."

Collaborative Structures Limited earned the **Award of Merit in the Indus-**

Melloul-Blamey Construction Inc. received the Award of Merit in the Commercial, \$2 million to \$10 million category, for the Waterloo Innovation Park.

trial \$2 million to \$10 million category for the **Saputo Foods Limited** renovation and expansion in Tavistock. Architect was Mallot Creek Associates Inc.

Trades included Albrecht Reinforcing Inc., BNE Contractors Inc., Cooksville Steel Limited, K-W Ornamental Iron Works, Nedlaw Roofing Limited, Shear Metal Products Ltd., Great Lakes Architectural Hardware Inc., Kitchener Glass Ltd., Forest City Fire Protection, Lannin Electric Ltd., and Boehmers operating under Hargest Block.

The project was a 30,000 square foot



ACL Steel Limited



Collaborative Structures Limited of Cambridge captured their first award, the Award of Merit in the Industrial, \$750,000 to \$2 million category for ACL Steel Limited's new facility.



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Ball Construction's second win was the Award of Excellence in the Industrial \$2 million to \$10 million category for the Plant Addition to Grand River Foods.

addition to the former Tavistock Cheese Factory, now owned by Saputo, a leading maker of fine cheeses around the world. The submission notes that "The project was completed while the factory remained in full operation."

Academy Construction (1996) Ltd. of Kitchener earned an **Award of Merit in the Industrial, more than \$10 million** category, for the **RIM 8** building at 451 Phillip Street in Waterloo.

Architects were Snider Reichard March. Other consultants included Sandwell Consulting Engineers Ltd., MTE Consultants Inc., and GSP Group Inc. Surveying was by Metz-Lorentz Limited.

Trades on the project included Brantco Construction, D.W. Lorentz Construction Inc., Kappeler Masonry Corporation, ACL Steel Ltd., CCW Inc., CMT Plastering Inc., Shear Metal Products Div 1064576 Ont. Ltd., Nedlaw Roofing Limited, Knell's Door & Hardware, K-W Glass Systems Inc., W. R. Winser Enterprises Inc., Alles Drywall & Interiors Construction Inc., Grand Valley Tile Company Ltd., Brody Enterprises Inc., Niagara Elevator Inc., Bulldog Fire & Security, Conestogo Mechanical Inc., Jade Logic Building Technologies Inc., Conestogo Electric Inc., Metcon Construction Limited, Sign Language Inc., CMT Engineering Inc., Air Audit Inc., Stumpf Fire Protection Limited, and Boehmers operating under Hargest Block.

The project involved both new construction and renovations of occupied and unoccupied space. The submission

describes the challenge of "transforming an existing manufacturing and warehouse facility into RIM's new high tech assembly

facility," which now includes 240,000 square feet in two storeys. Commenting on Academy Construction's work, RIM's Gerry Van Clef praised "their expertise, professionalism and commitment as a primary contractor to a project of this magnitude."

Institutional projects

Collaborative Structures Limited received the **Award of Excellence** in the **Institutional, less than \$750,000** project for a unique project at **Saint Marie Among The Hurons**. Also involved in the project were Stevens Burgess Architects, W.R. Winser Enterprises Inc., Harron's Rona Building Centre, and GE Security Canada.



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BUILDING EXCELLENCE AWARDS



Collaborative Structures Limited earned the Award of Merit in the Industrial \$2 million to \$10 million category for the Saputo Foods Limited renovation and expansion.

This \$684,088, 3,460 square feet project involved authentic reconstruction of the chapel, blacksmith' shop, and carpenter's shop at the historic site. Authenticity was essential in the construction, and the submission describes the search: "We began the project by searching the yards of Timeless Materials and Weber Demolition for pre-adzed 10"X10" beams and columns... Hardware was handmade at a blacksmith shop in Floradale, light fixtures were hand-made... by first nations' artisans in New Mexico." Jan E. Gray, General Manager of Sainte-Marie-Among-The-Hurons, had nothing but high praise for CSL and project

manager Dave Timlock.

L.J. Barton Mechanical Inc., received an **Award of Merit in the Institutional, \$750,000 to \$2 million** category, for a project at **Delhi District Secondary School**. Trades involved in the project included Air Audit Inc., Carrier Canada Limited, EMCO Corporation Engineered Air (Division of Airtex Ind.), Marks Supply Inc., Reid & Deleye Contractors Ltd., and Wolseley Canada Ameresco Canada Inc.

The project called for the complete renovation and upgrade of the aging secondary school's power plant and lighting system and other enhancements to make it



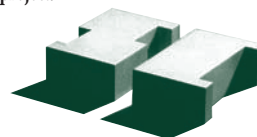
Academy Construction (1996) Ltd. of Kitchener earned an Award of Merit in the Industrial, more than \$10 million category, for the RIM 8 building at 451 Phillip Street in Waterloo.

energy efficient, in less time than the length of summer break. School Principal Shayne Mann wrote, "L.J. Barton showed



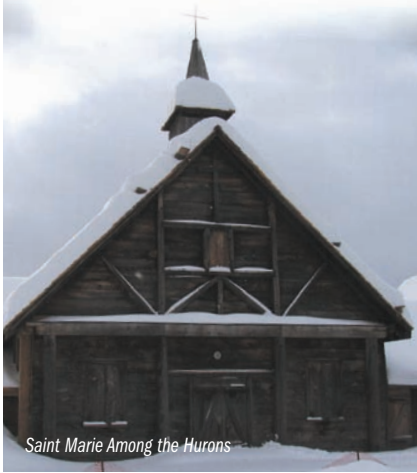
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Saint Marie Among the Hurons



Collaborative Structures Limited received the Award of Excellence in the Institutional, less than \$750,000 project for a unique project at Saint Marie Among The Hurons.

exceptional sensitivity to the needs of the school and its students. They... listened to the concerns of the school administration, and responded effectively to any concerns that they may have had."

Ball Construction Ltd., of Kitchener, won the **Award of Excellence in the Institutional, \$2 million to \$10 million** category, for the **Beausoleil First Nation Community Centre** on Christian Island in Georgian Bay.

Architect was Teeple Architects. Consultants included Meades Engineering Limited. Others involved in the project

include Terraprobe, Contract Survey Consultant, Beausoleil First Nation, Tri Con Haid Concrete Finishing Ltd., GA Masonry, Nedlaw Roofing Limited, Knell's Door & Hardware, Dordan Mechanical Contractors Ltd., Coanda Incorporated, Kearsley Electric Limited, Albrecht Reinforcing Inc., and Boehmers operating under Hargest Block.

The submission reflects the challenge: "It is accessible only by ferry in the summer and only over the ice in the winter... While the access to the Island presented some difficulties in bringing materials and services to the site, the location of the actual building on the Island is very central."

The building "is the only significant recreation facility on the island, as the current school does not have athletic amenities. The centre houses basketball and volleyball courts, a youth centre, a seniors centre and exercise facilities." Ball "held a labour job fair on the Island and helped place skilled First Nation Members with Trade Contractors."

Concerning the new building, Chief Rodney Monague Jr. wrote, "The Beausoleil First Nation will enjoy this work for many years to come."

The Walter Fedy Partnership received the **Award of Merit in the Institutional, \$2 million to \$10 million** category, for the **Kitchener-Waterloo Collegiate Infrastructure Renewal**.

Trades involved at KCI included Reitzel Bros. Asbestos Removal Ltd., ACL Steel Ltd., Dakon Construction Ltd., Watertight Roofing Services Limited., PM Contracting Ltd., Merit Glass Ltd., C & H Fire Suppression Systems Inc., Brenner Mechanical Inc., Air Audit Inc. and Culliton Brothers Limited.



L.J. Barton Mechanical Inc., received an Award of Merit in the Institutional, \$750,000 to \$2 million category, for a project at Delhi District Secondary School.

This major renewal project is described in the submission: "The retrofit and renewal of Kitchener Collegiate Institute allowed The Walter Fedy Partnership to take part in preserving a piece of community history. Working together with teaching and administrative staff, along with the Waterloo Region District School Board's facilities staff, TWFP completed a full renewal of the

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BUILDING EXCELLENCE AWARDS

150-year-old high school's mechanical and electrical systems. Existing windows were replaced to improve the building's energy efficiency; fire-rated doors and a new sprinkler system were installed."



Beausoleil First Nation Community Centre

Jamesway Construction Group of Kitchener won the **Award of Excellence in the Institutional, more than \$10 million category for Maple Hill Creek Apartments** in Waterloo. Architect on the project was Snider Reichard March Architects. Also involved were MTE Consultants, Santarelli Engineering Services, EMCAD Consulting Engineers, Naylor Engineering, Chung & Vander Doelen Engineering, and Progressive Engineering. Trades involved in construction of this high-rise apartment included Wayne & Harold Smith Construction Ltd., 5-Star Paving (Cambridge) Inc., Tri City Readymix Ltd., Prestressed Systems Incorporated, George Masonry, Big D Welding, ICI Steel-Tech, Allmar International, W.R. Winser Enterprises Inc., Provincial Window & Glass Systems Inc, Duo Painting Co. Inc., NuLook Blinds & Draperies, Niagara Elevator Inc., C&H Fire Suppression Systems Inc., Glen Sider



Ball Construction Ltd., of Kitchener, won the Award of Excellence in the Institutional, \$2 million to \$10 million category, for the Beausoleil First Nation Community Centre.



Kitchener-Waterloo Collegiate



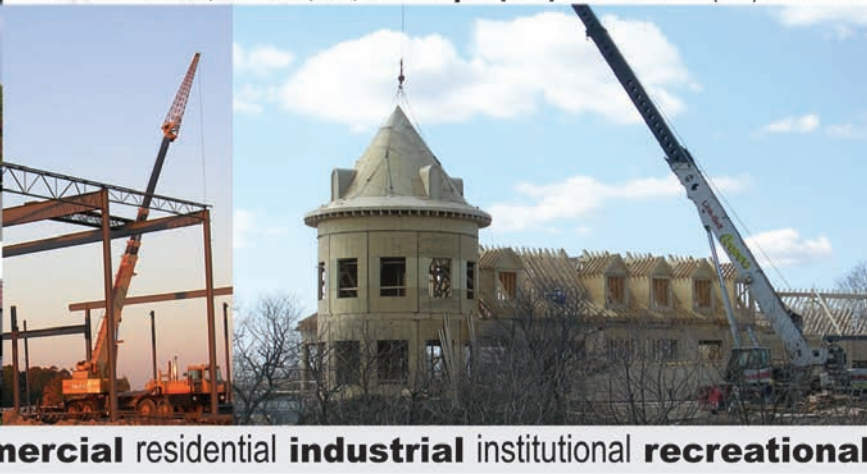
The Walter Fedy Partnership received the Award of Merit in the Institutional, \$2 million to \$10 million category, for the Kitchener-Waterloo Collegiate Infrastructure Renewal.

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Maple Hill Creek Apartments

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Maple Hill Creek Apartments is Insulated Concrete Form construction; in fact, the building is the highest ICF residential structure in the world, at eleven storeys. The building includes 100 units, which will experience lower utility bills because of the construction method and materials.

Although the building is designed to be for low to moderate income tenants, Jamesway states, "The units were designed with granite floors, French balconies and quality finishes. This type of finish is not normally associated with lower income rentals."

Special features include an innovation that sees the stair tower lighting and corridor lighting change to half-off during non-active times, with a motion sensor to turn on when necessary. Jamesway estimates "a cost saving of over \$6,000 a year at current pricing" from this innovation alone.

Institutional and LEED Award

Ball Construction received two awards for the **Niagara Region Headquarters Office Building Addition: an Award of Merit in the Institutional, more than \$10 million category; and a Silver LEED Award.**

The project involved Teeple Architects, Chapman Murry Associates, Read Jone Chrisoffersen Ltd., Paula Berketo Landscape Architect, MNE, Birnie Electric, Pilchner Schoustal Architects, Enermodel Engineering Ltd., Municipality of Niagara, and MTE Consultants Inc. Trades included Canada Building Materials, Semple-Gooder Roofing Limited, Cor slab Structures (Ont) Inc., GA Masonry, Niagara Elevator Inc., Cooksville Steel Limited, Commercial Sheet Metal Inc., Metcon Limited, Alliance Roofing & Sheet Metal Ltd., CCW Inc., Great Northern Insulations, Knells Door &



Jamesway Construction Group of Kitchener won the Award of Excellence in the Institutional, more than \$10 million category for Maple Hill Creek Apartments

Hardware, Kitchener Glass Ltd., Grassing Drywall & Acoustics Limited, Tosca Tile Limited, Dynamic Painting & Coatings Ltd., Camino Modular Systems Inc., C & H Fire Suppressions Systems Inc., Dordan Mechanical Contractors Ltd Coanda Incorporated, Johnson Controls Ltd., Birnie Electric Limited, and Boehmers operating under Hargest Block.

The project more than doubled the existing Niagara Regional Headquarters, as a

10,300 square meter, three-storey addition was added to the existing 7,900 square meter building. The Region wanted a functional, attractive and energy-efficient building.

There are a number of energy-saving features incorporated into the building, including windows and skylights that provide an unusu-

al level of natural light.

Environmental Achievement

Collaborative Structures Limited received an **Award of Excellence in the Environmental Achievement** category for building their own **new Collaborative Structures Limited facility**, designed with LEED in mind. Architect is Tacoma Engineers. Others involved in the project include Woodsite Properties Inc., MTE Consultants Inc., Collins Engineering Group Inc., Mighton Engineering Limited, Naylor Engineering Associates Ltd., Constructions Materials Technology CMT, Glen

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PHOTO: SHAI GIL



Ball Construction received a Silver LEED Award for the Niagara Region Headquarters Office Building Addition.



Ball Construction received Award of Merit in the Institutional, more than \$10 million category for the Niagara Region Headquarters Office Building Addition.

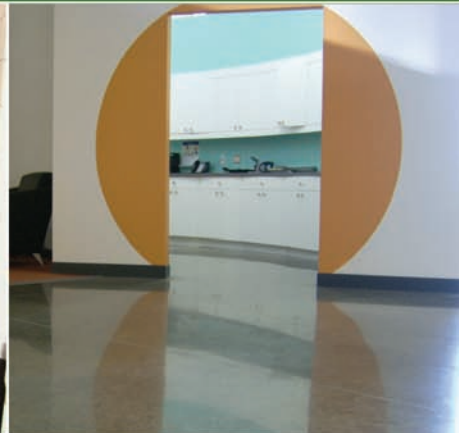
Sider Plumbing & Heating, Mussleman Cambridge Concrete Ltd., Albrecht Reinforcing Inc., Prestressed Systems Incorporated, GA Masonry, ACL Steel Ltd., K-W Iron Works, Bez Industries Inc., Commercial Sheet Metal Inc., Muller Hardware & Supply Corp., Galt Glass/Cambridge Limited, Twin City Tile Company Ltd., Mike's Painting & Decorating Ltd., K-W Door Installations Inc., Haywod Mechanical Services Inc., Spira Fire Protection Ltd., Reitzel Heating & Air Conditioning, Carrier Canada Limited, Juno Electric, Boehmers operating under Hargest Block, and Irwin Foster Inc.



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Collaborative Structures Limited

Geosign Office - Renovation / Retrofit
Nith Valley Construction Ltd



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Collaborative Structures Limited



Geosign



Collaborative Structures Limited received an Award of Excellence in the Environmental Achievement category for building their own new Collaborative Structures Limited facility.



Nith Valley Construction, of New Hamburg, earned an Award of Excellence in the Conversion category for the Geosign Office.

The \$2.1 million, 24,000 square foot project is designed to be one of Cambridge's first LEED industrial buildings. The design and construction incorporated many LEED requirements, ranging from the provision of a bike rack and shower facilities and preferred parking for car pooler to drought resistant grass to energy efficient fibreglass windows. At least 75% of construction waste was recycled or salvaged; 15% of materials in the project (by cost) were re-used materials. The CSL building is only the 81st LED registered building in Canada.

Conversion projects

Nith Valley Construction, of New Hamburg, earned an **Award of Excellence in the Conversion** category for the **Geosign Office** project. Also involved were Joe Somfay Architect Inc., Elemental Interior Design, Sze Straka Engineers a

division of MTE, Stantec Consulting Ltd., CvH Excavating Ltd., Dufferin Concrete Albrecht Reinforcing Inc., Gordner Construction Ltd., Oskam Welding & Machine Ltd., Honsberger Lumber & Millwork Inc., InsulPro Industries Inc., Wm. Green Roofing Ltd., Commercial Sheet Metal Inc., Knell's Door & Hardware, K-W Glass Systems Inc., Kinnear Doors, K-W Door Installations, Conestogo Mechanical Inc., Spira Fire Protection Ltd., Harold Stecho Electric Ltd., Air Audit Inc. and Boehmers operating under Hargest Block.

The project involved converting a warehouse to office space for Geosign. The unique and highly volatile nature of the project is explained in the submission: "The owner was undergoing incredible growth... and needed open plan office space for 300 high tech employees. Converting a 40,000 square foot warehouse

with additional mezzanine was the solution... But, like so many things in business, things took a dramatic turn midway during construction and the company reorganized, reducing the workforce to only 100 people, and the project re-envisioned. In fact, 105 change orders were issued." None the less, the "new project" met the deadline, and the client's expectations.

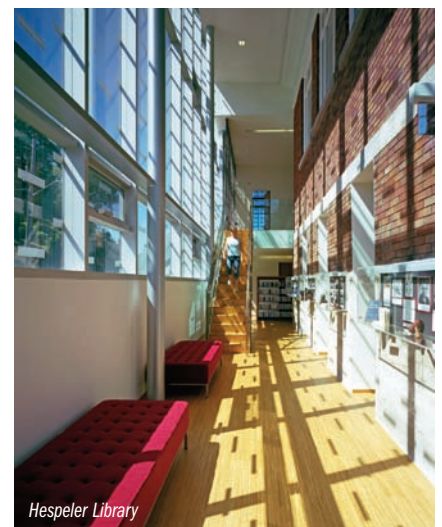
Restoration projects

Melloul-Blamey Construction Inc. receives an **Award of Excellence in the Restoration** category for their **Hespeler Library** project. Architects were Kongats Architects; Consultants included Egberts Engineering Limited, LAM Associates Lim-

continued on page 36



Melloul-Blamey Construction Inc. receives an Award of Excellence in the Restoration category for their Hespeler Library



Hespeler Library



BETTER BUILDING DESIGNS CAN RESULT IN BETTER HEALTH

An exclusive interview with Dr. Trevor Hancock, public health physician and health promotion consultant, described as among the 10 best health futurists in the world

Q: Why is Better Building Design important?

TH: A smartly designed building will be a productive building.

Q: How does building design translate into a more productive building?

TH: The building is a piece of the social context that drives how people interact amongst themselves in and around the building. Physicist Henry Livens says, if you increase the amount of daylight into a building, for example, it increases productivity. However, the best reason to do it is because it improves the lives of the people who live and work there. An aside: you improve their lives, and probably improve their happiness, their health, and therefore their productivity.

Q: Example?

TH: Hospitals have bought into this healthy hospital theory. Derby, Connecticut has a hospital listed several times as one of the 100 best places to work in America.

Q: Why? **TH:** Very high retention rates.

Q: What does that do?

TH: It saves them a pile of money – because every time you recruit a new nurse in the US it costs between \$25,000 to \$35,000. A high turnover costs you a lot. Secondly, if you have a happy and stable work force, in the health care system you're probably going to have fewer errors, which is not only going to improve your patient outcomes, it's also going to reduce liability.

Q: What elements changed?

TH: They started from the labour delivery

room. It used to be bio-medical; they changed it into a birthing centre, a more home-like environment. Then they asked, why wouldn't we do it for the whole hospital?

Q: How did they change the whole hospital?

TH: It's a little bit of a home-like environment: they bring in art, music, story telling, a hotel-style food service, they greet people.

Q: Does better design cost more?

TH: Smart design generally doesn't cost more than dumb design – in fact it may even cost less, because you're thinking better. But it certainly has pay-offs in terms of impact on the population. The principles can be applied to any workplace.

Q: In attempting to change the way people think about interacting with buildings, are you faced with many barriers?

TH: Thomas Coon introduced the concept of "paradigm shift". The older generation are stuck in the ideas they grew up with. So a new idea gets picked up by the new generation, and it's not until the new generation replaces the old generation that the paradigm shift can really happen.

Q: What has to shift?

TH: We've had several generations where the suburbs were socially acceptable, but we're beginning to see: "Wait a minute, the suburb isn't the right place to be living – downtown is where you want to be."

Q: But doesn't that create societal problems resulting from increased density?

TH: Just because you build a healthy built environment doesn't necessarily mean you'll get healthy people living within it. There are other factors. Similarly, you could have a somewhat unhealthy environment where there are factors that otherwise make it a healthy community.

Q: Could you provide some visionary thinking with respect to building excellence?

TH: The key problem is not involving the people who are going to live and work in it. You don't always know that, so ... engage users who are like the people you expect to be the users. Ask about your experience in your building: noise, air quality, work habits, study different elements. If you want to know how well the building works, don't ask the architect or the owner, ask the people who are living in it or working in it. ✕

BUILDING EXCELLENCE AWARDS

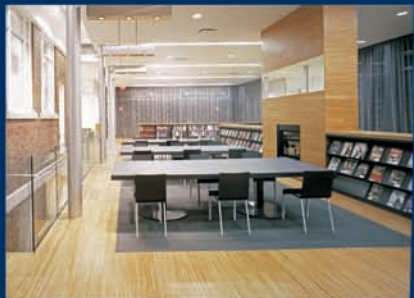
continued from page 35

ited, and MTE Consultants Inc.

Trades included Albrecht Reinforcing Inc., Aves & Shaw Limited, Basic Structure Engineering, Battlefield Equipment Rentals, Brian Haid Construction, CCW Inc., Millwork & Custom Casework, C & H Fire Suppression Systems Inc., CMT Engineering Inc., Commercial Sheet Metal Inc., CRS Construction Rental Supply, Devonshire Stone and Restoration Inc, E. H. Price Limited, Dufferin Concrete, Fairway Lumber Company Limited, Gander Building Specialties Inc., Gillies Lumber Inc., H & H Roofing & Sheet Metal Ltd., Interior Co-Ordinators (2000) Ltd.,

Knell's Door & Hardware, M.J.M. Electric Ltd., Paradigm Mechanical Inc., Sousa Concrete Div 410754 Ont. Ltd., Tecken Building Corp., United Rentals of Canada Inc., Westmount Storefront Systems Ltd., and Boehmers operating under Hargest Block.

The redevelopment of Hespeler Library involved a building of historical importance; the project was named one of Canadian Architect magazine's top ten projects in 2004. The renovation encapsulated an existing Carnegie Library that had been completed in 1922, doubled the original structure's size, and modernized the library facility. ✕



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WHAT IS THE MARKET VALUE OF MY BUSINESS?

The key is to understand how buyers will determine its value

by LOU DIETRICH



LOU DIETRICH (MBA) is Managing Director for Enterprise Capital, an M&A firm helping business owners sell or position their company for eventual sale. email: lou.dietrichentp@gmail.com

The most frequent question I am asked by clients wishing to sell their business is “what is the value of my business and how is it determined?” Simply put, your business is worth whatever a buyer in the marketplace is willing to pay. The key to business valuation, then, is the ability to understand how a motivated buyer will attach a value to your business.

A buyer is nothing more than an investor who is looking to get a good return on his or her investment relative to the degree of risk he or she is taking. Theoretically speaking, your business’ value to a buyer/investor equals the present value of its expected future cash flows. While defining present value is outside the scope of this article, present value is a function of two things – the magnitude of the company’s expected future earnings stream, and the risk associated with

approximate the result that a present value method would deliver. Under this “Multiple of Cash Flow” method, the business is valued by applying a certain multiple against the company’s Normalized EBITDA. The equation looks like this: Enterprise Value = Normalized EBITDA X Earnings multiple

EBITDA is the company’s net income after adding back interest, taxes, and depreciation. EBITDA then needs to be adjusted (“normalized”) to better reflect the expenses incurred by the buyer going forward.

“What should I use for EBITDA?” While the answer depends on your specific circumstance, as a rule of thumb if your company’s earnings are stable or following a consistent upward trend, then you should use your most recent fiscal year-end EBITDA results. However, if there is variability to your earnings, your EBIT-

Simply put, your business is worth whatever a buyer in the marketplace is willing to pay.

that earnings stream. The higher the expected future earnings stream and lower the associated risk, the higher will be the price that buyers are willing to pay.

While the present value method generates a theoretically correct valuation, buyers of privately-held businesses often apply a simpler method that is intended to

DA should be based on an averaging method that considers the previous three or four years’ results.

Once the Normalized EBITDA side of the equation has been established, the next step is to assign the appropriate Earnings Multiple. Buyers typically begin this process by establishing a baseline multiple. In

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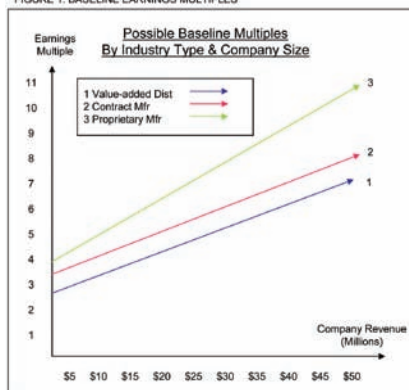
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industries where buy-outs are common, research earnings multiples typical for companies in your size range and use that as your company's baseline multiple. Or an M&A expert or CBV should be able to provide you with such a baseline. Figure 1 demonstrates how baseline earnings multiples vary by industry type and how they increase with company size.

Once the baseline multiple is established, buyers will apply their experience and judgment to adjust this multiple upward or downward based on the unique characteristics of your business. The first factor buyers will consider is the company's sustainable growth rate. Along with historical growth trends, the buyer will establish what is driving the growth or decline in the business in an attempt to forecast a rate of growth that is sustainable going forward. The extent to which buyers will adjust the earnings multiple is relative to the rate of growth or decline that the buyer is forecasting.

Next, buyers will adjust the earnings multiple based on the degree of risk associated with the company's earnings stream. Buyers will assess risk by looking at factors including the markets served, the competitive position of the business,

FIGURE 1: BASELINE EARNINGS MULTIPLES



the degree of customer concentration, the quality and loyalty of the customer base, and the variability and cyclicity of the company's earnings streams.

Buyers will also adjust for the business's ability to support borrowing to finance the purchase. Banks lend more for businesses with greater asset bases, so such businesses command a higher multiple than those with few assets.

The capital intensity of the business also impacts the multiple. Businesses requiring higher levels of capital expenditures to sustain current earnings or support growth, warrant lower multiples. Businesses that require greater incre-

mental working capital to support growth warrant lower multiples.

Buyers will also adjust the multiple based on the strength of the company's legacy. Companies whose success is a function of sustainable factors (such as a strong brand, effective infrastructure; or valuable intellectual property), will command a higher multiple than companies whose success is a function of unsustainable factors (dependence on the owner; or a key supplier relationship). Depending on the type of buyer, an additional upward adjustment may be made if there is sufficient synergistic value to the acquisition. For instance, if there is opportunity for the buyer to integrate your company into its existing operations, there may be synergistic value to the acquisition. Although such a buyer will be reluctant to pay you for these synergies, an effective sale process will enable you to earn a higher multiple.

Buyers will then apply the earnings multiple to the company's Normalized EBITDA to calculate enterprise value. The company's value should reflect of the value of its expected future earnings streams; and the risk associated with that earnings stream. X

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A NEW DEAL FOR THE LITTLE ENGINES THAT CAN

Small towns, big potential and the future of Canada

by SUNSHINE CHEN



SUNSHINE CHEN is president of Urban Imagination & Design Co. email: sunshine@uimagine.ca

After a recent visit to Fort McMurray, I am struck by the question: What if the big story of Canada's economic potential and its very leadership as a developed G8 country was not centered around high stakes finance on Bay St. in Toronto or power politics on Parliament Hill in Ottawa? What if instead, the big story about Canada's future is really to be found in small towns, along Highway 63 and Franklin Ave. in Fort McMurray, Alberta, or Phillip St. and the Uptown in Waterloo, Ontario?

Sounds crazy, but...

Highway 63 is the major artery that connects the largest energy companies working in the Athabasca oilsands. The 100km stretch of highway between the

According to The Athabasca Regional Issues Working Group, this level of investment is expected to boost the region's oil production up to 2 million barrels/day in the short term and up to 3 million barrels/day by 2012 in order to better serve a U.S. market that currently consumes 24 million barrels/day.

All these numbers, though, only begin to give a glimpse of the story unfolding in The Regional Municipality of Wood Buffalo. With a regional boundary that makes it the largest municipal area in North America, and a population of 67,000 people, that grew by 30,000 people within a decade, the real story about Fort McMurray is about how this little boom town in Northern Alberta is gearing up to mine and extract an area the size of the state of Florida from the largest strategic reserve of oil in the world, and compete with the likes of Dubai, Riyadh, Kuwait City, Houston, and even Baghdad to become one of the major energy centres on earth.

Meanwhile, in Waterloo, Ontario, on a campus made up of plain, boxy, beige buildings at the intersection of Phillip and Columbia Streets, is Canada's most valuable company. With a market capitalization of over \$60B, and having just reported another quarter of record profits on revenue approaching \$2B in the first

Two different towns, in two different parts of the country, experiencing similar challenges, contradictions and opportunities as they develop and grow.

City of Fort McMurray and just beyond "the bridge to nowhere" is arguably the highest geographic concentration of investment in Canada. Suncor, Syncrude and now Albion, along with a host of other international energy companies, are projecting upwards of \$18.7 billion in investment in 2008, another \$67B by 2012, and that's on top of the \$47B already spent in developing projects in the region to date.

quarter of 2008, Research In Motion is a hi-tech juggernaut whose rising fortunes and explosive growth appears to have no end in sight.

RIM's success has spread through the City of Waterloo as its co-CEOs have re-invested their prosperity back into the community with the establishment of the Perimeter Institute for Theoretical Physics, The Centre for International Governance Innovation in the Uptown

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and The Institute for Quantum Computing at The University of Waterloo. And now, with the arrival of Google to compliment RIM, OpenText, Sybase and a host of other hi-tech companies along with major insurance companies, and a diverse manufacturing sector, Waterloo Region is on course to becoming one of the country's hubs for innovation and enterprise, and in the process, it is finding itself competing with the likes of Silicon Valley, Boston, New York, Helsinki, Seoul, Tokyo, Taipei and Mumbai in the search for talent and opportunity to power and sustain its continued success.

Two different towns, in two different parts of the country, experiencing similar challenges, contradictions and opportunities as they develop and grow. Both are experiencing significant growth in their regional populations, with growing economies that are attracting immigrants from across the country and around the world for jobs and opportunities. Both are trying to keep up with the growth by providing adequate housing, services and infrastructure. Both are small Canadian towns trying to come to terms with stepping onto a world stage and becoming players in a global marketplace. Both

contribute disproportionately to the GDP of Canada and their respective provinces of Ontario and Alberta. Both are bright lights in the Canadian economy and play a significant role in the economic growth of the nation. Both are looking to leverage their successes today into new opportunities for tomorrow.

They need a New Deal. At stake is something beyond just the fortunes of a couple of small towns in Canada

What their future holds for them, and their continuing success will depend, however, not only on themselves, but on getting significant help from the senior levels of government as they cope with demand for new infrastructure, developing adequate housing, providing adequate services and building their community.

For instance, Wood Buffalo needs Alberta to release the land the province

controls to grow. Waterloo needs continued investment in its universities, college and public education system to ensure the next generation of talent. And both need significant improvements to its hospitals and access to healthcare.

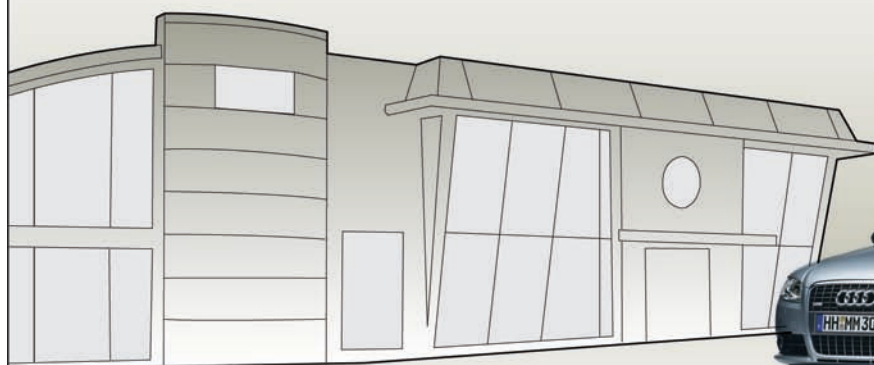
They need a New Deal. At stake is something beyond just the fortunes of a couple of small towns in Canada.

The question of Waterloo and Fort McMurray is whether two small towns with global potential, in one of the largest developed and democratically governed nations on earth, can take care of their residents, businesses and industries with continued success and prosperity? Or will they go the way of Kirkland Lake, Colbalt, Uranium City, or a host of other boom bust towns in the history of Canada?

The question of Fort McMurray and Waterloo asks: Will we as Canadian citizens be left to look at places like Dubai, where their autocratic leadership is developing the city and the country at an astonishing and unparalleled rate in the belief that its citizens should transform its prosperity now and enjoy the highest quality of education, health care, and life in the world, and wonder why this is not possible for us? X

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SHARPENING THE SAW IN THE BOARDROOM

Ongoing education is essential for effective directors

by JOHN T. DINNER



JOHN DINNER, president of John T. Dinner Board Governance Services, works with boards of directors across all sectors to help them improve the effectiveness with which they carry out their oversight accountabilities; e-mail: john@boardgovernance.ca

Board education is one of those good ideas that are often sacrificed because of poor execution and time constraints. Director training sessions are often seen to miss the mark because of a lack of board input and ownership; they are undermined by a lack of director commitment and demanding travel schedules; they are seen as discretionary for newer board members and not necessary for senior directors.

However, in a constantly changing environment, it is important that boards of directors undertake an ongoing process of education in order to stay apprised of issues and trends impacting the organizations they oversee – to continually sharpen the saw. The ultimate goal of director training and education is to improve

to meet the more specific needs of their members.

Regardless of how helpful these schools for directors may be, every board should supplement formal director training or accreditation with specific education targeting issues their board is currently addressing or anticipating. One can only imagine the value that the boards of Canadian banks could have derived prior to their failed merger attempts had their boards been more familiar with the likely response to those proposals by the Minister of Finance.

In designing an education program, there are a number of principles that should be applied to help ensure its success. Director training should focus on relevance and responsiveness to prevailing issues and needs that either the Board or the organization is facing. Generic training can be helpful to ensure all Board members share the same perspectives on critical governance issues. However, key to successful governance-related education is the need for the whole process to be Board-driven. And rather than scheduling special meetings or stand-alone sessions, Board education should follow the „just-in-time delivery principle by incorporating education sessions into the regular meeting schedule, taking advantage whenever possible of downtime in between committee, board

Every board should supplement formal director training or accreditation with specific education targeting issues their board is currently addressing or anticipating.

board members' ability with the knowledge and understanding required to give relevant oversight and the ability to make critical decisions.

It's interesting to note that in the last several years, several formal accredited training programs have been launched by Canadian universities targeting both the corporate and not-for-profit sectors. These initiatives have, in turn, triggered the creation of more focused and customized programs by professional associations

and other commitments. Being sensitive to the specific needs and interests of directors, as well as their time constraints, are key to success.

In terms of focus, board education should concentrate on three distinct tracks.

Directors need to maintain an external perspective by being constantly apprised of the competitive environment in which the organization operates, the organization's position in it, how it is changing and the

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response or strategic options.

While it can be a slippery slope and an invitation for board members to wade into operational matters, an inside view of the organization can help directors better understand internal issues, functional areas, and key initiatives.

Finally, developments in governance practices and board responsibilities should form the third leg of the board education stool so that directors are equipped to better fulfill their fiduciary responsibilities and become better board members.

The process for creating and delivering

Boards need to take
responsibility for their own
success. Education is a key
investment in overall board
effectiveness.

an effective and relevant education program to directors should follow three steps.

First, board ownership can be encouraged by polling individual directors for their educational and informational needs. Rather than the program of board education becoming the sole domain of management, boards need to take responsibility for their own success. Education is a key investment in overall board effectiveness.

Once this input from directors is received, the consolidated feedback can then be communicated back to directors, inviting them to prioritize the most urgent or important issues.

Following some brief analysis of this second round of feedback, a formal board education program for the year can be defined. It's then just a matter of identifying experts either within the organization or externally who can effectively cover off the issues. Ideally, delivery of board education should be as efficient as possible while preserving time for good interaction and discussion of key issues to ensure applicability.

Board education is often viewed as being extemporaneous and time-consuming. But if a board member's primary responsibility is to conduct the appropriate oversight and due diligence to ensure effective decision-making, then equipping individual directors and the board collective with relevant information and knowledge is paramount. A strategically-designed board education program is critical to supporting directors in their oversight role. ✕

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THE NEW LANGUAGE OF MANAGEMENT

A new vocabulary for success on the global business stage

by LINDA GREGORIO



LINDA GREGORIO is President of Presents of Mind, a corporate consulting and leadership development organization. email: linda@pomconsulting.com

In attempting to fare better than the next guy in the "war on talent," leaders must become fluent in what I refer to as "The New Language of Management" – Talent Management, Expectation Management, and Self Management – and we really have little choice in the matter if we want to succeed.

The world is getting smaller every day. As technology fast-tracks us into global economy frameworks –

agement thinking?" you ask. "Why must we be clear on what we expect from our employee relationships?" The answer is simple – we must "Be Competitive and Be Clear, Or They Won't Come!"

Today, most progressive organizations are actively competing for top talent not just within their regions, but around the world, and in order to sustain a competitive advantage, and effectively position their organizations on the world stage, executive management teams are pressed, now more than ever, with having to create a solid people strategy to complement their already well crafted business strategy, and product/service strategies.

Not far behind effective talent management – the art of attracting, aligning, advancing and retaining employee talent – is the art of expectation management. As employees become more selective about how they work, and with whom they work (not "for" whom), organizations need to clearly spell out, upfront, what

Organizations are being challenged by future employees to become clearer on their hours of employment.

which are driving changes in how we think about business, and how we do business – at the forefront of that change is how we manage people.

"Why do we need to play in this new realm of man-

they have to offer an employee, and what they expect of the employee, in return.

It is believed that by setting clear expectations, organizations stand to see improvements in employee



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attraction, satisfaction and retention rates, and noted improvements in overall corporate performance levels as well. Now, here is the catch – with an increased focus on expectation management, organizations are being challenged on ancient business models, structures, frameworks and policies which have been around for decades. For example, organizations are being challenged by future employees to become clearer on their hours of employment, including the base hours per week required for any given job.

As a direct result of effective expectation management – being clear on what you expect and what an employee can expect – organizations are being forced to re-think the outdated notion of a 40-hour work week. What do they do, they wonder. Do they state they expect a 40-hour work week, knowing full well that what is required of the role, and of the employee, is 60 or 70 hours per week? And in doing so, risk employee dissatisfaction from believing they are being used and overworked? Or, do they let an employee know upfront that what is required of them is, in fact, a 60-hour work week? At least that way there is no

grumbling after the fact when the employee has tallied their 60 hours of contribution. It is a “Catch-22” scenario; no matter how you slice it there is no right or wrong answer. That said, given the growing “war on talent,” and given the emerging worker base – who seek instant gratification and are committed to knowing what is in it for them and what is expected of them – the slow and steady death of the traditional 40-hour work week seems to be accelerating.

As the new global economy pushes the envelope on the old frameworks of how we work, when we work, from where we work, how many hours we work, being able to manage ambiguity and manage ongoing change is becoming a highly sought-after skill. To that end, effective self management as a skillset is becoming mandatory. By “self management” I mean not only the ability to know your strengths and weaknesses, but also the ability to know and recognize the external and internal triggers which ignite your passion and drive, as well as know and recognize the external and internal triggers which press negative patterns/but-tons in you, resulting in you performing at your worst.

For example, if you're working 60 hours per week, with the expectation that the role is based on a 40 hour work week, does working the extra 20 hours create anger, frustration and resentment in you? If so, how do you manage those negative feelings, and how do you reframe your thinking and/or goals and expectations in order to drive new, high performance thinking, attitudes and behaviours that better serve you, and the organization? If you don't understand how you think and how you act, and you can't self manage yourself to high-performance, are you really a top-rate player?

The need to attract, align, advance and retain talent, while better setting clear expectations of the employer-employee relationship, and doing so in such a way that takes into account the new worker of today, and the need for self-accountability and self-management, all serve to better position employees and organizations as top-rate performers on the world stage. Look around. It's a new world out there, and it calls for a new type of leader, and a new level leadership language. It's a language you must understand if you want to play to win. X

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TRY TAKING THE "HIGH ROAD"

Rising above your current limitations

by DOUG CATER



DOUG CATER is a founding partner of Process Impact Inc., a manufacturing consulting company.
email: dcater@pii.on.ca.

Having trouble getting started or moving forward with your improvement initiative? Try taking the "high road."

One of the biggest challenges organizations face is how much to invest back into their business, and what to invest it on. Quite often we find a slate of active and potential projects, along with their expected ROIs, that have significant capital equipment components, focused

on improving capacity or "efficiency" of a certain process or department.

I've already covered in previous columns the impact of looking at local efficiencies vs. system efficiencies, and the perils of increasing capacity based on a "forecast." The second half of the problem with the typical capital

project list, is that while focusing on these traditional benefits of bigger and faster equipment (local efficiency or component cost), rather than on the potential for improving performance as measured using the Lean Principles of Value, Flow and Pull, organizations fail to recognize the significant benefits of Lean that require little or no capital.

Those who scope the potential improvement projects and establish the criteria for selection between competing projects must become educated in the benefits of Lean and the power of these seemingly simple concepts. Rarely, for example, will a company have a "capital project" to eliminate non-value adding activities; or to improve flow; or to establish a "pull system," and rightfully so. But if we accept that these principles are the basis for Toyota's success (and few could argue), then you would have to agree they are valid initiatives. The challenge is in seeing what the investment is; what it will cost; and what returns will it provide. This is an issue of scope and project definition.

So what do I mean by take the high road? First, you

You must accept that Lean Principles cannot be challenged.

must accept that Lean Principles cannot be challenged. You may have reasons why "Single Piece Flow" doesn't work in your facility, but these are limitations related to your equipment, your process or your thinking! It is a given that single piece flow is the most cost effective way to satisfy customers. How do we know? We know



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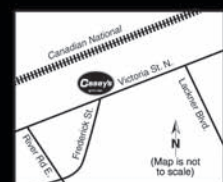
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MANUFACTURING METHODS

because to achieve single piece flow you must have perfect quality, and you will use the least amount of space, labour, material, and energy in the manufacturing process.

So what if you have long changeovers, supplier delivery issues, equipment reliability problems, scheduling challenges, and quality problems – Bingo! You've just begun to "define and scope" the capital projects that deserve to be on your spreadsheet.

What about the benefits? Lets take a hypothetical organization with \$70,000 in raw material and purchased components; \$40,000 in WIP; and \$250,000 in finished goods, and imagine the potential savings of a project that is focused on moving toward single piece flow. Further assume that 50% reduction in inventories (quite achievable with the focus on the right activities) is the interim target. This means batch sizes half the current size. Cutting batch sizes in half means buying less, more frequently; producing less more frequently; and shipping more frequently, in smaller quantities.

The "batch and queue" proponents have probably just tuned out because, "This reduces our economy of scale and ends up costing us more for transportation and setup... Not only that, but the savings will only be the interest on half the inventory... say 5% of \$180,000 or \$750 per month!" Those of you prepared to take the high road will recognize this position is based on the limitations of their current equipment, their current process; and their current thinking!

So what else do you get besides the freeing up of cash (one time), and the ongoing interest savings? Experience tells us that along with the reduction of inventory you will also realize the following benefits:

- Significant reduction in quality related costs such as rework, scrap, etc. In fact, quality improvement is necessary to effectively reduce inventory.
- Lower cost of obsolescence (less chance of it, and less of it when it happens).
- Less material handling and related damage (less material to handle).
- Lower labour costs (or greater capacity) due to less non-value adding work.
- Reduction in the need for floor space (means greater capacity or lower rent).
- Shorter lead times (frequency of delivery doubles, cycle time is cut in half).
- Improved customer satisfaction due to: lower cost, shorter lead times, and improved quality.

Taking the high road, we accept that the potential savings diminish over time if we focus solely on the interest from lower inventories, but it goes up dramatically when we measure and focus on the benefits listed above. X



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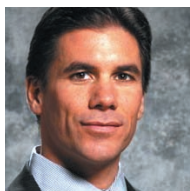
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THE SIREN CALL OF PPNS

Principle Protected Notes are all the rage... but should you be wary of their sweet song?

by DANIEL E. GIRARD



DAN GIRARD CFP, FMA is an Investment Advisor with CIBC Wood Gundy in Waterloo. The views of Daniel Girard do not necessarily reflect those of CIBC World Markets Inc. email: daniel.girard@cibc.ca

In Greek mythology the Sirens were sea deities, often depicted as beautiful women, whose enchanting music would lure seafarers to their deaths on the rocky coasts off the islands where the Sirens lived. Today's investment industry often sings equally enchanting songs that can lead investors to similar disappointment.

One of the loudest songs currently being sung is that of Principle Protected Notes (PPNs). And the melody seems to be too much for investors to resist, as they have been gobbling up PPNS at a rapturous pace. According to Investor Economics, the size of the Canadian PPN market reached \$13.8 billion as of June 30, 2006, compared to \$6.9 billion at the beginning of

equity markets didn't provide a positive return – and when it was negative, it was very minor. And there has never been a seven-year negative market in Canada. So you have to ask yourself, "What am I paying all those fees for?!"

Thirdly, the transparency on PPNS is horrendous. The formulas used to calculate how a PPNS return will be determined are extremely difficult to comprehend; and trying to ascertain the costs involved is next to impossible.

Finally, principle protection sounds a lot better than it really is. If you only get your capital back in seven years, at today's inflation rate, you've lost approximately 20% of your purchasing power on your original

Next time you find yourself tempted to give in to the PPN song,
find some rope or wax and do as Odysseus did.

2005. And the pace of new issues continues to accelerate.

Essentially, a PPN is a hybrid investment that tracks the performance of an underlying asset. The investment being tracked may be an index, mutual fund, group of stocks, commodities, a hedge fund, or just about anything else you can imagine. Each note has an indicated maturity date, typically three to ten years, and the note guarantees the return of the investor's original capital if held until maturity. As you can imagine, the sweet lyrics to this song are all about how one can access the underlying asset without risking any of their original capital. Sounds pretty enticing.

Like all investments that sound too good to be true however, there are a few catches. First, PPNS are very expensive. There's a reason that I get at least 20 emails a week promoting new PPNS – because the financial industry is making a fortune on them. It is these high costs however that all but guarantee that PPNS will grossly under-perform their underlying asset.

Secondly, most PPNS have terms of up to ten years. If you go back and look at the market data, there are only a couple of five-year periods in history where



investment!

You've probably gathered by now that I am not a big fan of PPNS. They're an expensive product that doesn't serve equity or bond investors very well. There are, however, two instances where PPNS can make sense. They can be useful for institutional portfolios (charitable funds, education endowments, etc.) where

the fund is not permitted to invest in equities. In these cases, a PPN can be custom made (lowering the imbedded costs) to allow the fund to gain access to equities and stay within its mandate.

The other circumstance is to gain access to very high-risk asset classes, such as commodities, emerging markets, etc. Here, the returns can be large enough and the protection valuable enough to offset the above concerns.

Odysseus, in Homer's epic poem the *Odyssey*, was one of few to ever hear the Sirens' call and live to tell about it. He had his men put wax in their ears so they couldn't hear the Sirens' song and then he had the men tie him to the ship's mast so he couldn't succumb. Next time you find yourself tempted to give in to the PPN song, find some rope or wax and do as Odysseus did. X



Larry Blundell

LARRY BLUNDELL, Executive Director of the **Kitchener-Waterloo Oktoberfest**, has been inducted into the **Festivals & Events Ontario** Hall of Fame. This took place at FEO's 2008 Conference in London, Ontario.

The Hall of Fame Awards acknowledge leaders in Ontario's festivals and events industry. Recipients are recognized for "above and beyond" achievements, dedication to advancing the interests of the industry and the respect earned from their peers.

Blundell has held his present role at the Kitchener-Waterloo Oktoberfest since 1996, and served in a volunteer capacity as President of Festivals & Events Ontario the past four years.

TODD LETTS has resigned as President and CEO of the **Greater Kitchener-Waterloo Chamber of Commerce**. **Ross Wells**, Chair of the Greater Kitchener Waterloo Chamber of Commerce announced the resignation and noted that Letts has served in this capacity for the past seven years. "The past seven years have been prosperous ones for our regional economy and the Chamber," said Wells, "We are very thankful for Todd's leadership during this strong period of growth."



Todd Letts

The Chamber achieved a number of milestones during Letts' tenure. Membership grew to over 1900 members and the Chamber was recognized with many honours. Milestones and honours include:

- 2001 Merger of the **Kitchener-Waterloo and Elmira-Woolwich Chamber of Commerce**
- 2003 Launch of the **Prosperity Council of Waterloo Region**
- 2004 Accreditation with Distinction from the **Canadian Chamber Accreditation Council**
- 2006 Launch of the **Chamber Health Care Recruitment Council**
- 2006 Launch of the **Waterloo Region Immigrant Employment Network**
- 2006 Ontario Business Achievement Award for Export Development Programs

"I'm so very grateful for having had the opportunity to work with a fantastic group of community builders," said Letts, "Chamber staff and volunteers are the most generous and talented people I've ever met. It has been a pleasure to serve with them in helping our region to grow."

Letts has accepted a position with **eSolutions**, a local technology services company.

FINDING WAYS TO HELP entrepreneurs succeed, where most fail: that's **Moren Lévesque's** challenge. In Canada, only 50% of new enterprises survive for three years, and by the end of 10 years, only 20% are left standing. As **University of Waterloo's** Canada Research Chair in Innovation and Technical Entrepreneurship, with a cross-appointment in the Department of Management Sciences and the Centre for Business, Entrepreneurship and Technology, Lévesque would like to turn those stats around.

Her approach uses mathematical models to help entrepreneurs make more informed business decisions by weighting relevant factors. Rather than finding an answer, says Lévesque, MCDA users gain an awareness of "the consequences of selecting a certain course of action." Want to choose a country in which to start or expand a business? Using Multiple Criteria Decision Analysis (MCDA) — an approach that helps assess a range of factors including economic, cultural, legal



Moren Lévesque

and political perspectives — decision makers can combine objective measures with their own value judgments. Rather than finding an answer, says Lévesque, MCDA users gain an awareness of "the consequences of selecting a certain course of action." And the transparency of the decision-making process makes the outcome easier to justify to stakeholders.


AN ECONOMIC ANALYSIS OF THE WATERLOO REGION highlights the crucial contribution of the region's auto industry and its **CAW** membership to maintaining and building a strong local community. But the analysis also shows that the local auto industry has suffered job losses of nearly 1,000 direct local jobs over the last five years. These lost jobs represent a lost payroll in the community of \$61 million last year.

The industry produced automotive products worth \$8 billion in the Waterloo Region in 2007. Auto workers' paycheques pumped \$752 million into the Waterloo Region economy in 2007.

BRICK BREWING CO. LIMITED, Ontario's largest Canadian-owned and Canadian-based publicly held brewery, has released its financial results for the fourth quarter and year ended January 31, 2008.

"Ironically, due to Brick's success in growing its business, it no longer benefits from the Ontario small brewer tax reduction" said **Jim Brickman**, Executive Chairman and Founder. "The company incurred a production tax increase of \$2.5 million in the year compared to fiscal 2007, a difference between a profit and loss this past year."

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"We knew we had our work cut out for us when we passed the small brewers volume threshold and we had invested aggressively in plant and infrastructure to seek to offset this tax loss" said Brick-



Jim Brickman

man. "Unfortunately our productivity gains are improving more slowly than planned and at the same time we have been hit with unprecedented increases in some of our material costs," he added. "Operating in a key retail selling environment like **The Beer Store** that is owned by our competition, presents interesting challenges unique to the Ontario beer market, but this is the current reality and until we have it properly addressed by government, we must find innovative ways and means to work with it."

"As a result, fiscal 2008 was disappointing financially, however our single most important objective is our commitment to streamlining operations and becoming as cost efficient a producer as possible."

During the fourth quarter ended January 31, 2008, net revenues declined 17% to \$6.3 million, compared to \$7.5 million in the same period last year, and beer volumes decreased by 14% over the same period last year. Net revenue for the year was \$30.3 million compared to \$34.8 million for fiscal 2007.

A UNIQUE AND ECO-FRIENDLY PROGRAM developed by Kitchener's **St. Mary's General Hospital** took top honours at the 2008 **Minis-**

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ter's Innovation Awards of Excellence. The program was one of six grand prize winners who were awarded a \$20,000 prize, presented in Toronto by Ontario's Minister of Health **George Smitherman** at Celebrating Innovations in Health Care Expo 2008. **Langs Farm Village Association** of Cambridge was also honoured as a finalist for a program dedicated to helping local seniors age actively within a supportive, aligned community-based health care model.

MAPLESOFT, one of the leading technology companies in the Kitchener-Waterloo region, celebrated 20 years of being a corporation in April. This year also marks a significant growth period, with revenues from the commercial sector, a focus area for the last five years, rising by 95%.

"Maplesoft has had an amazing journey in the last 20 years," said **Jim Cooper**, president and CEO, Maplesoft.

"It now stands at a significant point, where a combination of technology, marketing, creativity, and people is poised to propel it to the next wave of growth and expansion. All of us at Maplesoft are excited about the days ahead."



Jim Cooper

CANADA'S LAST NATIONAL SCIENCE ADVISOR is returning to the **University of Waterloo** to lead a new research initiative that will place UW among the world's best centres for nanotechnology. **Arthur J. Carty** will serve as the first executive director of the new Waterloo Institute of Nanotechnology. Priorities will include establishing a vision and research directions, identifying funding opportunities, setting priorities for the hiring of faculty and endowed chairs, developing cross-disciplinary linkages internally and with external partners, and overseeing construction of nanotechnology space within a \$120-million quantum-nano centre.

Carty has held senior science positions

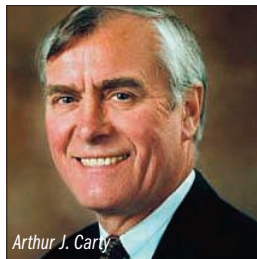
across Canada. He was national science advisor to the government and prime minister of Canada from April 2004 until last month. Prior to that he spent a decade as president of the **National Research Council of Canada**.

VIRTEK VISION INTERNATIONAL INC., a leading developer and provider of high-value industrial laser solutions, has announced that its Board of Directors has voted to appoint **Brian Harrison** to succeed **Robert Nally** as Chair. This change reflects Virtek's practice of Chair rotation, as part of its commitment to good corporate governance. Nally will remain a director.

In other changes, **Dr. Mohamed Kamel**, whose current term on the Board ends with the Virtek Annual Meeting in June 2008, has been appointed Chair of Virtek's Technology Advisory Group. The Board has invited **Randy Fowlie** to put his name forward for election to the Board at the Virtek Annual Meeting in June 2008 to replace Dr. Kamel.

DOCTORS, MEDICAL ASSOCIATIONS, health care administrators and government policy-makers are increasingly calling for accelerated adoption and integration of information technology as an essential element for supporting the future excellence of health care services and systems in Canada. **Agfa HealthCare** and **Conestoga College Institute of Technology and Advanced Learning** will be working together to do just that.

Agfa HealthCare, a leading provider of information technology-enabled clinical workflow and diagnostic imaging solutions, and a long-standing member of the



Arthur J. Carty

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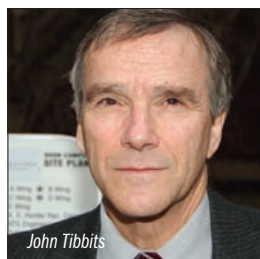
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Kitchener-Waterloo business community, and Conestoga will work together to develop the Agfa Health Informatics Lab at Conestoga's Doon campus in Kitchener, Ontario. "Conestoga is an ideal location for a true-to-life hospital environment," says **Jeff Nesbitt**, Director of Co-Development Partnerships for Agfa HealthCare.

Conestoga President **John Tibbitts** adds, "We are excited to launch this relationship with Agfa HealthCare for many reasons. It adds tremendous practical value to our students' experience while keeping us attuned to the most important current and future



developments in health care. In addition, it furthers our goal of building a centre of excellence that will encourage interprofessionalism in health care education disciplines, but most important, the partnership serves as an outstanding example of the community benefits that can be achieved when higher education and industry support one another."

LOCAL THE HOME DEPOT stores are donating materials and volunteer labour to paint the walls of the Charles Street Men's Hostel, a shelter for homeless men in Kitchener that is part of the **House of Friendship** organization.

THE CO-OPERATORS GROUP LTD. announced strong financial results, the continued expansion

of its co-operative ownership base and a \$1 million contribution to **The Co-operators Foundation** as the organization wrapped up its Annual General Meeting in its hometown of Guelph.

The Canadian group of companies produced net income of \$154.8 million in 2007, up from \$133.4 million the previous year. The strong financial performance allowed the organization to make an unprecedented contribution of more than \$1 million to The Co-operators Foundation, through which it reinvests in Canadian communities.

"First and foremost, our strong financial performance allows us to be there for our clients when they need us most - that's what insurance is all about," said **Kathy Bardswick**, president and CEO of The Co-operators. "Also, as a Canadian co-operative committed to supporting our communities, it allows us to give back in a big way. Putting \$1 million into The Co-operators Foundation will help us provide meaningful financial support to improve the quality of life in our communities for years and decades to come."

This is the largest single commitment of funding the organization has ever put into The Co-operators Foundation



DESCARTES SYSTEMS GROUP has introduced its latest intelligent Automated Vehicle Locator wireless services to its customers and partners at the Descartes Global User Group Conference in Atlanta, Georgia. Available on the Descartes Global Logistics Network, Descartes' AVL services integrate efficient on-demand delivery route planning and execution with Web-based tracking of vehicles via global positioning satellites.

"Descartes' AVL offerings do much more than simply provide visibility into shipment arrivals at a customer's door," said **Chris Jones**, Executive Vice President, Solutions and Services at Descartes. "By integrating on-demand route planning and optimization with real-time visi-



bility, dispatchers and customer service staff gain access to a Web-based view of delivery status in real-time. It also provides rapid notification of critical events affecting deliveries, enabling operators to make customer-focused decisions on routes and delivery reservations in real-time to reduce costs, streamline operations, and ensure consistent quality of service."

IMAGINE BEING ABLE TO SWALLOW A TINY SENSOR that helps doctors with diagnosis, or a system that tells a farmer when it's time for harvest, or a device that tracks climate and weather patterns in inaccessible areas for search and rescue missions. These are just some of the potential developments that could come out of a new **Wireless Network Laboratory** opening at the **University of Guelph**.

Funded by the **Canada Foundation for Innovation** - and matching provincial money and private funds - the high-tech lab will help equip UofG researchers to develop new ways of using wireless networking and mobile computing.

"Wireless networks and mobile systems have become a hot topic," said computer and information science professor **Nidal Nasser**, one of the researchers who will be using the lab. "Nobody can work without a cell phone or a mobile device."

ARISE TECHNOLOGIES CORPORATION, which is dedicated to becoming a leader in high-performance, cost-effective solar technology, is increasing by 56% its 2012 production target for photovoltaic (PV) cells at its new plant in Bischofswerda, Germany to

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560MW. The company also announced that it plans to establish in Canada in 2011 a high-purity silicon plant that will ramp up to an output rate of 10,000-tonnes per year. The company has not selected a site for the plant.



Gord Paynter

"IT WAS LOW, SLIGHTLY OFF THE BOTTOM PART OF THE CLUB, it was straight, you're so close to nipping that ball cleanly." This description of a colleague's golf swing from **Gord Paynter**, avid golfer, successful stand-up comic, author and gifted motivational speaker who is 100% blind. He was in

Cambridge at the Future Inn, promoting the **2008 Canadian Open Blind Golf Championship** hosted by **Cambridge's Future Inns**, Sept. 8-10 at Cambridge Golf Club. For more information go to www.ontarioblindgolf.ca

COM DEV INTERNATIONAL LTD. has been awarded an Authorization to Proceed from an Asian customer for work on a major sub-system of an instrument that will fly on a future Earth observation satellite. The amount of the ATP is over \$11.3 million.

"This Earth observation mission provides us with a significant opportunity to move up the value chain in the civil space market," said **John Keating**, CEO of COM DEV International. "For the first time, we are delivering a high-power transmitter in addition to a receiver system. We are also performing system integration work for one of the satellite's four instruments. In

taking on this larger role, we are broadening the range of our customized civil space solutions."

MICHAEL SOLIGO is the New President and CEO of the **RWDI Group of Companies**, based in Guelph. As an acknowledged worldwide expert in the field of wind engineering, **Peter Irwin** will continue to serve the firm in his new role as a consultant and as the new Chairman of the Board.

A HIGHLY REGARDED GERMAN MANUFACTURER, **Thomas Magnete GmbH**, has selected Waterloo Region as the location for a new North American manufacturing facility. Thomas Magnete, with headquarters in Herdorf, Germany, offers a wide range of electromagnetic actuators, electrohydraulic valves and systems, for the entire area of automotive engineering as well as hydraulics for mobile machines.

"The choice of the location in **Canada's Technology Triangle** was influenced by a number of factors, but ones that were particularly important to us were the availability of a highly skilled work force, a great manufacturing tradition, and proximity to outstanding and outward looking institutions of higher learning," said **Dietrich Thomas**, co-President. He added, "Cambridge is very strategically located, yet affordable, in terms of prospective automotive customers and the supply base that we will need."

Thomas Magnete has hired **Ed Niewinski** to lead Canadian operations and selected 20,000 sq. ft. on Boxwood Drive, Cambridge for start of production.

RESEARCH IN MOTION will open its first research facility outside of Canada in Bochum, in the North Rhine-Westphalia region of Germany. The facility is scheduled to open on the campus of Ruhr-Universität Bochum in the coming months with 140 new employees and with plans to expand to as many as 500 people. This will be the first such Research in Motion facility to be located outside of Canada.

US AMBASSADOR to Canada **David Wilkes**, alleviated fears about free trade with his comment "Reopening NAFTA would only risk turning back the clock, making us less competitive against global forces and thus unable to defend the jobs and prosperity we have held here in Canada and North America." Wilkes is a former a top Republican Party politician in South Carolina. After addressing the **Rotary Club** audience he attended a traditional **Oktoberfest** Keg tapping held at the Transylvania Club. X



United States Ambassador to Canada, David Wilkes, third from right, stands with John Tully, Director of Michelin Development, Steve Farlow, Schlegel Centre for Entrepreneurship, Dennis Grimm, Exchange Columnist and Partner at PriceWaterhouseCoopers, and Peter Roe, Township of Wilmot.



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"Jobs were always in limbo, but the carrot was if you dream and you ask for it we will see what we can do to make it happen. There were no restriction at the beginning."

Jeff Poll, Executive Director echoes Dr. Samolczyk's comments, "I didn't think the ministry had a specific idea what they wanted. They were relying on the way to help form their ideas and to wait and see what everyone [all the doctors] will ask for."

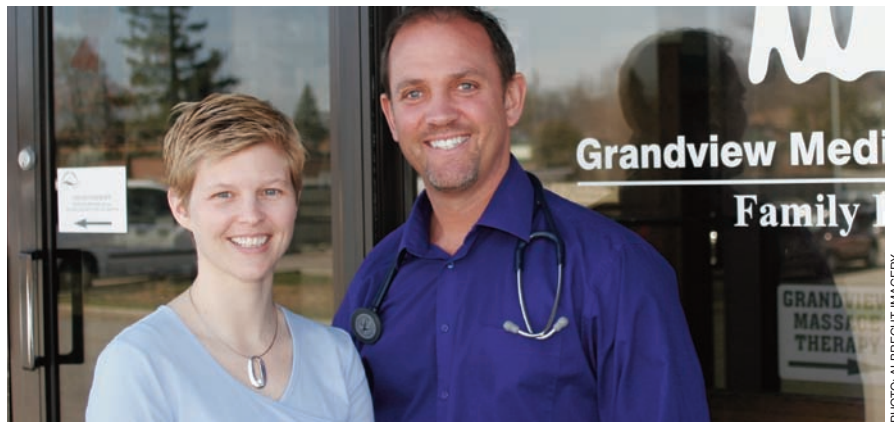
Dr. Main notes Grandview is unique in several other ways. They own their own building at a time when many physicians are moving away from that investment. In 1997, they were also an early adopter of an Electronic Medical Records (EMR) system. The government is now offering financial incentives to encourage all physicians to make use of computer technology for medical record keeping and information sharing. Dr. James Cavanaugh of Cambridge is a pioneer in developing the EMR system. His program, originally called Mac Medical, is now known as Practice Solutions. Dr. Main says Waterloo Region has a higher use of EMR systems than the provincial average.

Grandview has two advice nurses on duty every day. They talk to patients calling the clinic and can help them assess their illness and recommend a treatment that may not necessarily involve a physician visit. They perform a similar function to the "tele-health nurses" that the province provides, who take patient calls after-hours calls to advise them whether they need to be seen by their own on-call physician or visit a hospital emergency room.

Grandview also has a unique Vascular Clinic that maximizes the screening of patients for cardiovascular risk factors such as smoking, diabetes, and so on.

One of the team members is pharmacist Sheryl Horton-Smith. She came to Grandview in April, 2007 after working for 12 years in retail pharmacy settings in Windsor, Guelph and Midland. "Being part of the FHT allows me to practice the clinical aspect of consulting patients on their pharmaceutical needs. I also love the idea of the integration of family practice medicine with other health professionals. I believe patients are better served by this approach," she commented.

From the perspective of a health care professional, Horton-Smith says the work environment at Grandview is very stimulating. "My experience here has been fantastic," she enthuses. "I have been readily accepted by other team members and have learned a lot from them. The people are great. We have a continuing education pro-



Sheryl Horton Smith and Dr. Jeff Main

gram called 'Lunch and Learn' where we meet at lunch time as professionals to share information on current health topics."

Nancy Wherry and her husband Brian have been patients at Grandview since 1973. Nancy is currently attending a healthy lifestyles course offered through the centre. She has also attended a diabetes class at the Vascular Clinic in the past. "I appreciate that we have never been without a doctor in the 35 years we have been patients at Grandview," she commented. "In terms of medical service, it rates right up there at the top," she added.

Dr. Jeff Main, Sheryl Horton-Smith, Janet Samolczyk and Nancy Wherry all believe the Grandview Medical Centre Family Health Team is a win-win-win health care solution for physicians, health care professionals and patients. By being on the cutting edge of family medical practice they are making a difference for thousands of Cambridge residents every day. ✕

Readers wanting more information about the Grandview Medical Centre Family Health Team can contact Administrator/Executive Director Jeff Poll at admin@gmcfht.ca or call 519-653-4200.

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A GRAND VIEW AND A GOOD FIT

Grandview Medical Health Centre family health team takes a collaborative approach

Dr. Jeff Main (left) Medical Director of Grandview Medical Centre, Dr. Janet Samolczyk and Executive Director Jeff Poll

PHOTO: EXCHANGE MAGAZINE

by BRIAN HUNSBERGER

The Grandview Medical Centre (Grandview) has been a health care haven to thousands of Cambridge residents for 37 years. It was established as a group family medical practice in 1971 and now serves 28,000 patients, more than a quarter of the city's population.

Grandview has always been at the cutting edge of changes in the way family medicine has been practiced. Initially established as a group family medical practice by several Cambridge physicians, it became a Health Services Organization (HSO) in 1989, soon after that funding model was offered by the provincial government.

In 2004, physicians incorporated the practice operating as a HSO. In 2005 it became a Family Health Team (FHT – pronounced “Fit”), a collaborative model that offers a wide variety of additional health care services such as a dieticians, nurse practitioners, physician specialists, consulting pharmacists and social workers and psychologists who provide mental health services. In 2006, the corporation became a Family Health Organization (FHO – pronounced “Foe”), the latest incarnation of the former HSOs. Other “co-located services” at Grandview include a medical lab, X-ray services, a pharmacy, physiotherapy and massage therapy. These services are not part of the FHT but rent space from Grandview and are thus more accessible to patients coming to the medical centre.

The Grandview FHT operates in a social entrepreneurship capacity, and offers a similar range of services

as community health centres that were featured in our last issue (Making a difference, Exchange, May 2008). “It exist essentially to hand over the money from MOH to the allied health professional with no direct financial benefits going to the docs”, say Dr. Jeff Main, Lead Physician (Medical Director) at Grandview.

The governance structure and funding method between the two models is different, however. Grandview's Board of Directors is physician-led, rather than community-based.

Dr. Main has been practicing there since graduating from the University of Western Ontario Medical School over 15 years ago. He first came to Grandview as a medical student and liked what he saw. It was thus an easy

Grandview has always been at the cutting edge of changes in the way family medicine has been practiced

decision for him to join the centre when he graduated. He became the Lead Physician five years ago.

Dr. Main said that Grandview now has 17 physicians and a staff of 30 other administrators, nurses and other health professionals. He explained that there are essentially three ways that primary care family medicine is now funded: the traditional fee-for-service system funded through the Ontario Health Insurance Plan (OHIP) on the basis of patient visits and the type of treatment provided; the capitation (per patient) system which has various group practice options including FHOs and FHTs; and global funding for a range of health services such as those offered by community health centres. The provincial government is offering financial incentives to encourage more group practices for better on-call coverage and more comprehensive patient care.

Grandview is one of two Family Health Teams in Cambridge and one of 150 province-wide. Dr. Main is a big promoter of the concept. “I just love the model,” he commented, “the collaborative aspect is the key.”

Dr. Janet Samolczyk, the founder and with Dr. Main the first signitor behind the application comments on the reason for change in funding models: “We were a HSO and we were always hearing that the HSOs were going to close down, we would get a three-month extension, a six month extension and then a three month extension. We had a number of allied health-care professionals working with us, and every time we heard that the HSO was going to go down I got worried about their jobs. So when I heard that there was this model that offered what seemed like secure employment for the allied health professionals...” This was cause for concern for the allied health professionals, but Dr. Samolczyk was an innovator. “The opportunity to envision bigger things that we could do with [the allied health professionals] and to envision what I'd like health care to be, what we as a team would like health care to be ... it was just too exciting to pass up.”

continued on page 53



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Action Auto Leasing & Sales, and its special finance division Ezee Credit, have been helping clients with finding and financing the right vehicle since 1988. Greg Vitali's objective with his team of professionals is to advise clients on obtaining their next vehicle comfortably at the best possible price. Greg's team strives to get to know their clients and keep them happy. They ask the right questions and determine exactly what vehicle and financing is needed, and will customize a lease to suit a client.

To run multiple locations and companies Greg recognized his need for better document management, and looked at Microsoft® Office SharePoint Services to take him to the next level for his intranet. "Communication in our fast paced business is critical. We need to find the right document at the right time, and make sure it's the right version," says Vitali. "We need a common place to store our documents and be able to access them at a moment's notice, no matter which location we're at."

Dave knew.

Ed Senez, Vice President of Second Foundation Intelligence, helped to build the solution for Action. "Action Auto Leasing & Sales is advanced for their industry. Greg had a company intranet, but needed more," states Senez. "The processes for automobile leasing and sales need to be tight and well defined. Documents need to be located quickly. We were able to build on Greg's processes and produce one of the best defined portals that I've seen."

"Finding the information you need when you need it is critical to every business. Second Foundation has added portal and business performance management to our portfolio because our clients need it," says David Popowich. The Action portal also helps manage and fulfill self-driven training. "As we continue to grow, it is important to push the most up to date information and documentation to our people in a timely manner," states Vitali. "Second Foundation helps us manage our current and future growth."

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