# EXCHANGE







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Guelph (519) 821-7982

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Waterloo (519) 888-9200 Top honours for Bulldog Fire & Security

This Kitchener firm has built a thriving business based on cutting-edge technology and old-fashioned service

It all began 10 years ago in a spare bedroom, the only available space to use as an office, when Roy Bernard and Ron Landry began operating Bulldog Fire and Security.

They didn't have a real office, and they didn't have staff. But they did have a shared vision, an almost obsessive commitment to customer service, and a clear understanding of a rapidly developing market for integrated fire and security services.

Today, Bulldog Fire and Security occupies busy offices and warehouse space at 277 Manitou Drive, Kitchener. The staff of 16 now includes Joe McCann, a minority owner and specialist in business development and system design. And Bulldog serves an impressive client base right across Canada.

They also have a wall full of awards, including the prestigious "2009 Integrator of the Year" award presented by Security Products and Technology News. That nomination came from Guelph's Sleeman Breweries, for whom Bulldog created an "integrated" fire and security system as a "security partner". They have also received awards such as the "Profit 100" in 2008 for one of the Canada's Fastest Growing Companies, winning awards of Merit & Excellence ranging from \$2-10M, "Business Times" Platinum Top Performers and many more.

Bulldog has worked with a wide variety of clients, such as Toronto Port Authority, Niagara Catholic District School Board, City of Waterloo, and Bell Canada.

"Integration" - that's the key to understanding what Bulldog brings to their customers. Their long list of services includes intrusion alarm systems, fire alarm systems, card access systems, closed



circuit television (CCTV), parking equipment, pedestrian access control, automatic gates, systems inspections, ULC monitoring, ULC listed fire monitoring, IP cameras and NVR systems... and as many more again.

But they seldom install one of these systems in isolation. All of the elements inter-relate - while insuring that if one particular aspect does go down, it doesn't take the whole system with it. Joe explains. "CCTV, access control and intruder alarm systems... everything works together as one solution... We're a one-stop shop for security services."

The other element of "integration" opens the door to a wide array of systems and equipment -Bulldog acts as a broker, using non-proprietary equipment, supplying exactly the right components to meet a client's needs, and even integrating new components with existing systems. Roy points out, "Our team has such diversity in expertise that other companies have a hard time offering the list of services we provide. Our expert technicians and consultants are able to create solutions and solve problems no matter what your needs are."

Customers include corporations, institutions and residential properties. The level of service is not dependent on the size of the contract. Says Ron, "We don't care if it's a \$1,000 home security system or a \$100,000 commercial system; people are treated exactly the same."

As Joe explains, "Ron and Roy wanted to make a local company that could compete with the multinationals, but provide better service."

Ron worked in the business prior to founding Bulldog, and says, "I got tired of seeing what goes on in the industry... service is second, all the time."

Today, integration is the key to adequate security. The company has a warehouse stacked with cutting-edge equipment, allowing them to be ahead of the wave, and to answer customer service calls immediately, with any needed equipment at the technician's fingertips.

All three partners can talk about the technical aspects of the security business at length. They delight in showing State of the Art security video technology. They demonstrate computer programs that allow multi-faceted monitoring and recording using just one camera; they talk about the huge advances allowing highly sophisticated analytics built into computer programs - so an unusual

in a familiar office will trigger a security response, for example. They also talk about the

object

growth Bulldog has seen so far, and with growth come. "Bumps in the road, and we have tried to deal with it all in a timely and professional manner to keep customers happy. We stand above the competition by providing our customers with exceptional services, quality products and unparalleled customer support," says Joe.

He adds, "we set the bar in the business. We're providing world-class solutions."

Bulldog's experts make a compelling case that their integrated systems need not only be a necessary expense - they can also be used to increase return on investment. They point to analytic systems that will identify traffic flow density in retail stores, allowing strategic placement of point of purchase goods. Similar systems can be used by urban planners to track traffic, in places like public pools, to determine optimal operation times.

It's clear that Bulldog has a very bright future and also that they have a keen grasp on where they have come from. Ron stresses that "we are a local company, which we have built into a nice organization, on the merits of what we believe in." They believe in service. They believe in finding the best solutions. He points to his team of "good people," and argues that "good people make good things happen."

Joe adds that "we're not just a provider... we partner with the customer in security." And the customers respond. Bulldog has a file full of reference letters.

The company also has a wall full of awards, and they are proud of them, but their real delight is in those spontaneous reference letters from happy customers. They agree: "The cornerstone of all great companies has been service. We intend to be great!"



On the cover: Peter Bruijns, leads a "green and global" enter-

#### EXCHANGE

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JANUARY/FEBRUARY 2010

# CHAN

SERVING BUSINESS IN WATERLOO REGION AND GUELPH | VOLUME 27, NUMBER3

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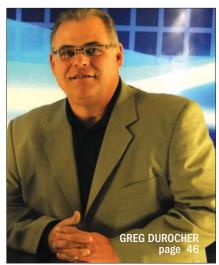
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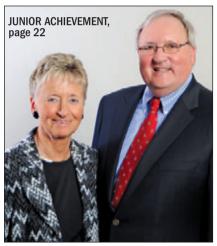
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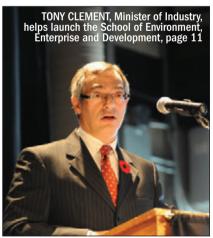
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# **LOOKING AT LEADERS**

It takes a vision, and an ability to inspire others to share it

by PAUL KNOWLES



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

eadership is a vital Lelement in any success story.

We encounter a lot of leaders in the course of publishing this magazine. Whenever we write about a success story, odds are good there is a leader involved

Leaders have a vision. They know

where they want to go, and they inspire others to go with them.

We've got a good sampling of leaders in this first 2010 edition of Exchange. Such as Peter Bruijns, President and CEO of BIOREM. I was impressed with his vision and his confident leadership - he believes in his company, and in his own abilities: "When I looked at the company ... it could only grow.... I perceived I could make a difference for the company. I could see a pathway to make the company grow."

Brain Hunsberger's "Making a Difference" feature also focuses on a leader -Greg Durocher, CEO of the Cambridge Chamber of Commerce. Perhaps the most striking comment comes from Cambridge Mayor Doug Craig. The two men ran against each other for the top job in Cambridge, but Craig told us, "Greg Durocher has taken the Cambridge Chamber of Commerce in a direction that has made it into one of the strongest advocates for business in southwestern Ontario. His innovative and collaborative leadership style has been a pleasure to work with and he deserves a good deal of credit for the ongoing successes this community attained over the past decade."

That's high praise.

We also focus on the Junior Achievement program in the region - an appropriate companion to these other articles, because JA is one great way to nurture the leaders of tomorrow.

Who you will undoubtedly meet, down the road, on these very pages. X

## TRIPLE "E" PLUS ONE

Bringing new meaning to Magazine for Business

by JON ROHR



JON ROHR is publisher of Exchange Magazine for Business, editor of exchangemagazine online and president of Exchange Business Communications Inc. email: jon.rohr@ exchangemagazine.com

It was five years ago: Exchange Magazine added "Economic Development" to its 22-year-old word mark, "Magazine for Business...". That decision was fueled by the growing trend of government and business, working collaboratively, to facilitate development strategies beyond industrial malls, brown field developments and on-street parking.

These new trends were highlighted by the ongoing success in our area's knowledge management, com-

shared spirit of business leaders, owners and innovators, those working for themselves or under the umbrella of a larger enterprise.

"Economic Development" is changed to "Economic Developers", reflecting the collaboration that must exist between business people, politicians and bureaucrats

The new addition to the cover, but certainly not to the pages of the magazine, is "Educator", the catalyst

#### Exchange Magazine for Entrepreneurs, Economic Developers and Educators

munications and entertainment clusters. Harnessed by the shared leadership found in technology associations like Communitech, these trends facilitated business strategies with projects and objectives. Intellectual, intangible and fluid, they formed the next big wave. And by all accounts that wave is building.

The recent announcement of "The Hub" (page 12 in this issue) is testimony to the success of this community's collaborative efforts to catch that wave. Iain Klugman, Kevin Tuer, and the entire team at Communitech, should be congratulated for focusing this community's attention on this forward thinking, next year strategy.

The announcement highlights a unique model, exemplified by the province's commitment of \$26 million to this community.

Closer to home, it highlights the desire of this editorial team to focus on all sectors that come together to leverage the collective elements required to compete in the diverse and changing global economy.

This "collective" consists of three key sectors, and will clarify the people focus, as in "Magazine for ..."

"Business" becomes "Entrepreneurs," to reflect the

that facilitates new thoughts, and new directions.

Exchange has always been a forward thinking journal. Our focus over the last 27 years has served these three sectors without bias. Perhaps it's overdue that we identify them on every cover, and fill the fourth quadrant with "Exchange".... "Exchange Magazine for Entrepreneurs, Economic Developers and Educators."

The economic catch basin that includes Waterloo Region, Guelph, Stratford and surrounding areas, has come to identify these sectors as important to a successful community model, one that not only builds strategic direction by leveraging a community's assets, but also aids in positioning the greater communities of Ontario and Canada as major players on the world stage.

With this innovation, Communitech has clearly delineated itself from the muddled thinking other economic development organizations are often guilty of.

Communitech is true to its vision, not focused on building brand to raise capital, but focused on results and ongoing impact. Kudo's to Klugman, Tuer, Innovation Minister John Milloy, and their fantastic teams.



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# LAURIER LAUNCHES CANADA'S FIRST MOBILE e-LEARNING PILOT FOR MBA STUDENTS

The Laurier School of Business & Economics has engaged its 100 full-time Waterloo MBA students in an innovative, one-year mobile e-learning pilot. Laurier is working with Research In Motion and Rogers Communications Inc. to bring this mobile e-learning project to MBA students. No other business school in Canada has taken on a program of this scope or breadth at the MBA level.

The Laurier MBA BlackBerry pilot is designed to revolutionize the way the school's MBA program approaches learning both in and out of the classroom. Students will be armed with a BlackBerry Curve 8900 smartphone from Rogers. The aim of the project is to prepare Laurier's MBA students for the business world by providing them with the latest mobile learning applications, to extend their access to a multimedia-rich education beyond the walls of the classroom, and to provide tools for collaboration between MBA teammates.

"We are challenging the boundaries of the traditional learning environment," said Ginny Dybenko, Laurier's dean of business and economics.

Anticipated benefits from the project include improved sharing of educational content, easier access to learning materials so students can be more productive with their time, enhanced MBA team experiences and a better understanding of how content is used by students.



What does it take to give a film festival "player status" on the world stage? In 2009, for Grand River Film Festival founder Ken Nakamura and Volunteer Chair David Marskell, it took an approach that is customary in all film festivals – attract celebrities.

The festival, which completed its third season, had two "bipolar" years. Volunteer Director and Treasurer Terry Kratz told Exchange that the first year the event ran a loss, but in the second its surplus was able to take care of the losses and put some money towards the 2009 event. Banking on a winning formula, they decided

to invest further into festival branding. In doing so they focused on building the event's credibility as a film festival with notable distinction. By investing approximately \$20,000, they brought in Yojiro Takita, Director of the 2009 Academy Award winning film "Departures," as their special guest.

"To secure an Academy Award winning director to fly from across the world is quite a coup. It proves once again the talent, ability and global reputation Waterloo Region has," said Nakamura, "and this is just the beginning for GRFF." Nakamura is also the Artistic Director.

The visit was arranged with the help of the Canadian Embassy in Japan. Japan-

ese dignitaries attended the final viewing of Departures with Mr. and Mrs. Takita, who through an interpreter answered questions after the show. David Marskell said that Christine Nakamura of the Embassy in Japan praised the occasion, stating it "is truly an achievement for Canada-Japan cultural relations." Departures won



Danielle Benning, owner of Cornerstone Home Interiors hosted the closing ceremonies in her 64, 000 showroom on Main St. Cambridge. The converted Woolco showroom was officially opened in February 2009.

#### XQuarterly - www. xquarterly.ca

- The Top 5 richest Canadians in 2009: 1) Thomson family, \$21.99 billion; 2) James Arthur and John Irving \$7.28 billion; 3) Galen Weston \$6.47 billion; 4) James Pattison \$5.07 billion; 5) Rogers Family \$4.7 billion.
- According to Just Labour: A Canadian Journal of Work and Society, in 2008 (before the current recession) Canada's unemployment rate was 5.3% compared to 5.8% in the US.
- · Canada's unemployment advantage has widened during the recession.

- Adjusted for comparable concepts, Canada's current unemployment rate is more than 2 percentage points lower than in the US.
- During the decade ending in 2008, Canada's labour market created new jobs twice as quickly as the US.
- Health care spending in Canada is expected to reach \$183.1 billion in 2009, an estimated increase of \$9.5 billion, or 5.5%, since 2008, according to figures from the Canadian Institute for Health Information.
   This represents a forecast increase





Academy Award winning Director Yojiro Takita and his wife Chitae, enjoy a glass of wine at the closing ceremonies of the the 2009 Grand River Film Festival.

Best Foreign Language Film at the Oscars in February, 2009. It played twice during the Grand River festival, which took place October 22-25, 2009.

Takita, who resides in Japan, was excited to explore the Waterloo area and enjoyed meeting film fans and professionals at the events hosted by the Festival organizers. His visit included a impromptu tour of Marskell's home and a cold beer at Ethel's Lounge in Waterloo.

During the four-day event, films were screened in a variety of spaces around Cambridge and Kitchener, including the Children's Museum, Gig Music Hall, and the School of Architecture. A goal of the festival is to find a permanent venue that can provide digital and analogue projectors. Volunteers run this festival on a budget of \$100,000.

The closing ceremony was hosted by Cornerstone Home Interiors, in a atmosphere that was impressive and enjoyed by the visiting celebrities and attended by a host of volunteers and patrons.

- of \$241 per Canadian, bringing total health expenditure per capita to an estimated \$5,452 this year.
- In 2007, the latest year for which data is available, among 26 countries with similar accounting systems in the Organisation for Economic Cooperation and Development, per capita spending on health care remained highest in the United States (US\$7,290). The U.S. was followed by Norway (US\$4,763), Switzerland (US\$4,417) and Luxembourg (US\$4,162). At around US\$3,895 per capita, health care spending in Canada was similar to six other OECD countries, including the Netherlands, Austria, France and Germany.
- · 56% of Canadian companies report being victims of crime in the past 12 months, an increase of 10% from

- 2003; victim organizations said both internal and external fraudsters were the perpetrators, and theft of tangible assets was the most common type of fraud committed (83%), according to PricewaterhouseCoopers.
- 65% of working Canadians say that the availability of an employee health benefits plan plays a "very important" role in their decision to accept a new job.
- There were \$1.8 trillion in pension assets in Canada at the end of 2008, down from \$2.1 trillion in 2007 but nearly four times greater than the holdings of \$0.5 trillion in 1990, according to StatsCan. Of total pension assets at the end of 2008, social security comprised 7.6%, employer-sponsored plans 58.0% and individual registered savings plans 34.4%.

#### WATERLOO LAUNCHES NORTH AMERICA'S FIRST ENVIRONMENTAL-ENTERPRISE-DEVELOPMENT SCHOOL

The University of Waterloo has launched North America's first school focusing on environmentally responsible business and development. The School of Environment, Enterprise and Development (SEED), centered in Waterloo's faculty of environment, will provide sustainable solutions to key local and global environmental, social and developmental challenges through education, research and

"SEED provides solutions to sustainable development - including local and global environmental, social and economic challenges," said Steven Young, interim director of the new school. "Students will graduate with real-world experience and training that will empower them to initiate and lead creative and influential projects in Canada and around the world."

As part of its launch in November, SEED presented a provocative, day-long symposium, entitled Business Not As Usual. It featured Canada's Industry Minister



Minister of Industry Tony Clement smiles at the audience during an address by University's of Waterloo Dean of Environmental

Tony Clement and Dr. Stuart L. Smith, former chair of Canada's National Round Table on the Environment and the Economy.

Over last 40 years, Waterloo's faculty of environment has taken a leadership role in dealing with difficult resource. ecosystem, policy and sustainability issues. The

faculty's innovative programs have been widely cited as a model for how the environment and business should be integrated in an academic setting.

SEED integrates the faculty of environment's expertise in environmental sustainability, business management and economic development. The new school offers two undergraduate programs: a bachelor of environmental studies in

#### **Organic Fertilizer Feeds Company Growth**

Being able to predict the future is a handy attribute when you're starting a business. And while Tammy Lawrence might not actually claim to be a fortune-teller, the evidence speaks for itself.



Tammy Lawrence

About a decade ago, Lawrence and her husband, Dave, realized that there could be a growth opportunity in the organic fertilizer business. They owned and operated - and still do - Lawrence Lawn Care, so they brought some personal expertise to that prediction.

They began to do research in the field, and, in 2006, Tammy Lawrence launched Turf Revolution, her company in Avr that manufactures and sells organic fertilizers. To say that they were just ahead of the wave may understate the case.

Lawrence is eloquent about her products. She says they sought to develop "true organic products, based on science, not just philosophy." She underlines some key points of comparison -Turf Revolution products are entirely derived from plants and minerals, with no animal byproducts, synthetics or pesticides. She says that Turf Revolution fertilizers were not developed "as a means to get rid of a waste product." Instead, they were originally devel-

oped to fill what was - when their R&D began eight years ago - a niche market. Of course, with more recent developments in anti-pesticide and herbicide legislation across North America - more than 160 municipalities, states and provinces across the continent have regulated pesticide use, and more have passed legislation concerning phosphorus and fertilizers - that "niche" has grown to comprise a huge segment of the market.

And what a market it is! North American fertilizer sales total \$2.8 billion, and are increasing by 30% a year. In 2007, the organic segment of that market was growing by 11% per year. However, much has changed, even since 2007, and Lawrence believes the percentages for organic are already much higher.

They're certainly higher for Turf Revolution. The company is showing 78%

environment and business as well as a bachelor of environmental studies in international development. The existing graduate program in local economic development will be complemented by additional master's degrees and training programs in environment, business and development, starting in 2010.

Extensive co-operative education and field train-



ing will give graduates both the work experience and fundamental academic skills they need to succeed.

SEED will grow to offer a fully integrated curriculum at all levels, with more than 800 students and 15 to 20 dedicated core faculty members by 2012. The school will produce the largest number of graduates with combined business, development and environmental expertise of any school in North America. For further information, go to www.seed.uwaterloo.ca.

#### **FUNDRAISER IN PINK**

The Canadian Breast Cancer Foundation – Ontario Region has received a cheque for \$28,360. The money was raised by manufacturers and venders as well as the Superior Propane Head Office staff in Calgary, National Operations Center staff, the Regional Operations Center staff and employees right across Ontario, says Jim Pinder, Fleet Specialist.

"As of early November, over 370,000 liters have been delivered by the PINK / White Superior Propane bulk truck. This puts us on pace to reach the 2,000,000 liters delivery target set for the first year. To date, the vehicle has been displayed at the Woodstock Outdoor Farm Show, the International Plowing Match, local Walk for the Cure and other fundraisers in Guelph, as well as the Oktoberfest parade and London X-Mass evening parade."

Because of the success in this fundraising initiative, Superior Propane will have four more CBCF support units on the road across the country by June 2010, supporting the "Drive for a Future with out Breast Cancer."



left to right: Jonathon Fava, Veilig Camera Systems, Steve Woodward, Lubecore (holding cheque), Jim Pinder, Fleet Specialist, Superior Propane, Louey Jabouri, General Manager, Superior Propane, Paul Kirkup, Krown Body Maintenance, Shawn Auxier, Bulk Truck & Transport, Jan Eisses, Lubecore, Dan Cushing, PacLease (holding cheque), Mike Mulligan, Kal Tire.

growth, year over year. Lawrence, who is President of the company, says the growth "is incredible."

Turf Revolution is sold right across North America; in 2008, the company set up a manufacturing facility in the US, in addition to the Ayr plant, and are developing a sales and marketing network, nation-wide.

That's a challenge for a new company, with eight employees. And that's why Lawrence is actively "looking for investment partners."

"We have a very targeted five-year

plan," she says, which includes moving more strongly into the retail market. Now, 80% of sales are for commercial and institutional applications. Accessing retail markets "across North America is very important," she says.

Lawrence's plan includes expansion in every aspect of the business - sales and marketing, organizational staff, warehousing, manufacturing... "it's a pretty substantial growth plan."

Growth: what else would you expect from a visionary organic fertilizer company? - Paul Knowles

#### THE HUB: "WHO'S GOING TO BE THE LEADER WHEN IT COMES TO DIGITAL MEDIA?"



The digital media industry is a huge, emerging global industry. Over the last several years it's undergone exponential growth in Canada and around the world. A recent Price Waterhouse Coopers white paper indicates that as an emerging new industry, digital media continues to grow rapidly.

The sentiment is shared by the Ontario Government. John Milloy, Minister of Science and Innovation, states, "globally the digital media market by 2012 will be worth 2.2 trillion – that's with a 'T' – dollars."

It's a industry where big players are looking for even bigger opportunities; the industry converges and morphs at an alarming pace. Once considered simply pixels on a screen, the new look of digital media includes gaming, film and knowledge management protocols.

"Ontario has the industry, talent and wherewithal to take advantage of this emerging market," says Gerald Pisarzowski. He's VP Business Development, Greater Toronto Marketing Alliance –



one of the organizations in the collaborative, ad hoc organization known as the Ontario Technology Corridor, loosely formed four years ago when Ottawa, Waterloo Region and Toronto decided to work together to attract digital media business as one of three designated areas for Ontario's growth.

Since the formation, OTC has expanded to include Niagara and London. Original focus of OTC was the information and communication technology sector; it's since begun to focus on some sub segments. "Interactive digital media was one, wireless is another and photonics was the third", adds Pisarzowski.

OTC highlights Ontario's attractiveness within the entertainment industry. It includes games that you play with Xbox, Nintendo, Wii, and other platforms, games that are played on mobile devices, games that you can download and play with a colleague and games that you can play as multiplayer games. This in itself is a huge market, but there's more.

"Digital media goes a lot farther than that," says Milloy. To Milloy, the province and industry players, it also includes a wide range of applications in many important areas such as advanced manufacturing, health care finance, and web 2 processes. "You are going to realize what a big industry this is," he says

Ontario has embraced the digital divide, but with set parameters. "There was a real understanding that Ontario couldn't be leaders in everything," he says. "We couldn't look at all the different new technologies and new ways of doing things and try to tackle it all. We had to focus on a number of key areas. So we chose three key areas.

sional image prior to the launch of the "The HUB". and one of those was digital media."

CTV's David Emery and Christie Digital President and COO Gerry Remers look at a 3 dimen-

According to Iain Klugman, CEO of Communitech, "the province is playing a critical role as a catalyst for making this happen." He's referring to a \$26 million investment to ensure Ontario's Digital Future is at the front of the pack.

All of which leads to strategic economic development that falls "under the banner of Communitech, the organization that developed the idea of a digital media center here in Waterloo region."

The new facility, which is called the Communitech Hub: Digital Media and Mobile Accelerator – or "Hub" for short – will be equipped with "a variety of platforms and latest tools to be used by researchers, to be used by leading high-tech companies as well as also an incubator to start new companies to help artists and others working to push the envelope of digital media," adds Milloy.

The facility is another a coup for Kitchener and the Region of Waterloo. Located within a stone's throw of the new School of Pharmacy, the Hub is situated in what was once the largest tannery in the British Empire.

The announcement of Ontario's investment of over \$26 million goes to help build what is projected to be a hundred million dollar digital media center right in the heart of downtown Kitchener. It expands the OTC's focus, and puts Waterloo Region as the lead player. Following the success of University of Waterloo's Accelerator Cen-

ter, this new Digital incubation Hub will encourage students and industry to innovate and deliver to the world digital solutions with a Waterloo brand.

And it couldn't have come at a better time.

With about 60 distinct partners, and with the support of the diverse Water-loo community, there are many vested stakeholders with a capital interest and will to succeed. "We're on the map with such an important part of Ontario's future – today is about Ontario's future. It's about our community's future. And I've got to tell you from up here, the future looks pretty great," states Milloy.

Unique to the formula is the educational infrastructure and collaboration that exists within Ontario. Waterloo Region's economic catch basin is ideal location for such a Hub. When talking about Ontario's Corridor, Pisarzowski is quick to highlight that "companies have told me that [such collaboration] doesn't exist anywhere else in the world".

Ontario, and Waterloo Region under the guidance of Communitech, is prepared to move forward. "About 14,000 students are currently enrolled in programs that may be directly or indirectly related to digital media, interactive digital media. So you have a pool of talent but you also have a pool of R&D activity that's going on here and that has been going on here historically," says Pisarzowski.

Time is of great importance he says.

"We're not the only ones that are recognized in digital media and knowledge intensive industry. And whenever you have that kind of an industry, everybody wants to attract it."

Pisarzowski's comments are echoed by Milloy: We're in "very difficult economic times right now, and of course, we all think of the last year with the collapse in the financial market. Frankly, there's a global competition on - who's going to be the leader when it comes to digital media? Who's going to open up the new markets? Who's going to be at the cutting edge? Today, we are sending a clear signal to digital entrepreneurs everywhere. Ontario means business. Under the leadership of Communitech, this Hub will help support the expansion of existing companies as well as develop new ones and lead to literally thousands of new jobs in our community and throughout the Province of Ontario."

Industry is wide awake. "Digital media and mobility are not only one of the fastest growing areas in technology. They're also, in many ways, fundamental to what it is we do as technology companies." This comes from a global leader at the heart of technology. Doug Cooper, country manager for Intel Canada, works at the world's largest micro processor (chip) manufacturer, whose product or similar product is found in every computer around the globe. They are also a vested partner in Waterloo's Hub.

"Whether it's the music you're listening to or the movies that you watch, there isn't anything that hasn't gone from atoms to bits over the last five years." states Cooper.

Cooper refers to Intel's ability to get consumer trend data well in advance of retailers and perhaps consumers themselves. They call it a "decision tree". The end result is that Intel has the ability to serve up a product that a consumer wants and will "actually buy".

Echoing the vast opportunities in digital media, he says, "It's just great – what's interesting is, we used to think that digital media was all that information they pull down. But in fact, as



Communitech's Wanda Eby, glances over at Kevin Tuer, Managing Director, Canadian Digital Media Network. In the foreground is a model of the Lang Tannery Building, once the largest Tannery in North America, which will be home to the Digital Hub.

people interact with that decision tree, we learn a tremendous amount of information that just sort of dynamically emerges." For Intel "digital media is all about new ways in which information and media is presented, and it's a huge opportunity. And economically, it's as lain Klugman said – it will drive the economy of Ontario in many very interesting ways."

Klugman and Kevin Tuer, VP, Digital Media at Communitech and Managing Director, Canadian Digital Media Network, are considered the co-fathers of the Digital Hub. Klugman was honoured to have been given "the latitude" to pursue this initiative, stating "I'm blessed to have a fabulous Board of Directors that comes from right across Ontario, great business leaders, great leaders from the academic community who were absolutely supportive of us taking on and trying to really achieve something significant."

The launch and investment had implications that triggered some otherwise rare events. Tim Jackson, partner at Tech Capital Planners, and known for his casual and comfortable appearance, went through a metamorphosis of sorts. Jackson joked that "for 15 million dollars, I'll put on sports coat, up to 25 million dollars, I'll even shine my shoes. But over 25 million dollars, you get the full suit. Minister, your announcement today is an announcement about putting your trust in Communitech, your trust in the local technology sector, and probably more importantly, your trust in this community."

Jackson, an ardent supporter of this community, lauded the province: "They've really taken care of the visionary leadership part, by investing in Ontario's clusters of digital excellence in

Stratford, in Toronto, in Niagara region, and here in our community. You've shown the leadership that this province expects, and we will deliver to that commitment."

The announcement of The Hub was yet another important step towards Waterloo Region's continued evolution as a center for innovation and technology. As a place to grow, Waterloo Region is not only a place where leaders in digital media and knowledge managers gather to work and prosper, but it's also an area where businesspeople and entrepreneurs alike, grow their operations, find the resources and talent required to compete, all while living within 10 minutes of work.

Open Text's Tom Jenkins noted, "The Hub will prove to be a key incubation site for creative businesses that will accelerate new products in the digital media and mobile applications space."

Gerry Remers, CEO of Christie Digital, added, "As the leading company in digital projection technology, Christie Digital Systems is committed to encouraging high-tech innovation in digital media. This is both a creative and a technical market space and the environment being created at The Hub will enable collaboration between entrepreneurs, designers, and technicians to develop next-generation concepts."

And Andrew Fisher, Executive VP of Wesley Clover, said, "Given my focus on new venture creation at Wesley Clover, I'm delighted to see the Ontario government's investment in The Hub which will serve as an incubation platform for new businesses. This is the kind of commitment needed to ensure a strong high-tech sector for Canada and a positive climate for entrepre-

#### **Hall of Fame**

Key regional business leaders were inducted into the Waterloo Region Entrepreneur Hall of Fame in the fall of 2009:



John Baker, right, founder and CEO of Desire2Learn was given the Intrepid Award which recognizes an entrepreneur who is already a strong leader and who has great promise for future contribution to Waterloo Region and beyond. Iain Klugman, President and CEO, Communitech (left), said "John Baker was unanimously selected as the 2009 Intrepid Award winner by our blue-ribbon panel for the Waterloo Region Entrepreneur Hall of Fame. The panel recognized John as a fearless entrepreneur who already stands out among his peers for capturing opportunities and overcoming challenges, and for making a positive impact on Waterloo Region's entrepreneurial community,



lain Klugman and Hall of Fame inductee Oscar Kuntz, Kuntz Electroplating.



lain Klugman and inductee Frank Rovers, Conestoga-Rovers & Asssociates.



Hall of Fame inductee Tom Jenkins, Open Text Corporation and Iain Klugman.



lain Klugman and inductee Harold Seegmiller, Seegmiller E & E Ltd.



Klugman and inductee Ian McPhee, WATCOM.

#### XQuote

"With winter setting in across the nation, it seems that Canadians might be taking a lesson from acorn-gathering squirrels by hoarding their money for the season instead of scurrying to shopping malls and emptying their wallets... We often hear talk of so-called cautious optimism. But these results suggest now is a time for cautious negativism – clearly, the floor hasn't collapsed but it might be time to start looking for cracks." - Dr. Michael Antecol, vice-president, TNS Canadian Facts



BY PAUL KNOWLES

# Guelph's biofiltration leader, BIOREM, is cleaning up internationally

Take a deep breath. If the air you just sucked into your lungs is clean and odor-free, you just might have BIOREM to thank for it.

BIOREM Technologies Inc. is a 20-year-old Guelph company that produces "technologically advanced biofiltration systems." In layman's terms, BIOREM is all about air. Clean air.

And about being environmentally responsible. You might assume that any method that is reducing odors, hydrogen sulphide and other sulphur compounds, and volatile organic compounds is, by definition, "green", but it isn't necessarily so. The popular chemical scrubber methods, for instance, create a chemical waste stream. Thermal oxidizers contribute to greenhouse gas.

Enter BIOREM and its biofiltration products. Not only does the company produce products and systems that are genuinely leading-edge – it continually works to surpass itself, with a busy and always-active Research and Development division. That attention to innovation was rewarded in recent months with a \$1.2 million investment by the province of Ontario. The "Provincial Demonstration Fund" wrote a cheque for that amount "to help BIOREM... bring its new air filtration and purification technology to the global market. The company designs and manufactures systems that remove odors and contaminants from the air. This funding will help BIOREM showcase its new 'Unity' technology to customers and investors, including a project at the Preston Wastewater Treatment Plant in Cambridge."

That funding will allow BIOREM to hire 27 new employees over five years, including engineers, and mechanical and design technologists.





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#### Meet the CEO

Peter Bruijns is a relatively new employee - he joined the company, as President and CEO, in early 2007. He came to BIOREM from the Stiller Centre for Technology Commercialization in London, Ontario, where his role was to help small companies in their early stages.

packed in "a very small vessel," he says. This system should "open new markets" and that is, of course, the key to growth.

When the provincial funding was announced, Ontario Minister of Research and Innovation John Millov stated his government's pride in supporting "companies like BIOREM in their efforts to

"I believe there is substantial potential for growth in Canada and the United States," says Bruijns. "Clean technology is going to be the technology of choice."

He's also run companies, in the past, and he admits that this is where his heart lies. "This is what I'm used to... this is a lot more fun." BIOREM is a publicly owned company listed on the TSXV.

He's clearly having fun. Bruijns is an enthusiastic evangelist for BIOREM and its work. The first person he sold was himself - he did his own, personal due diligence about BIOREM, and he liked what he saw. "When I looked at the company – it's an environmental business, it's a clean technology. It could only grow."

He also thought that he was a good fit for BIOREM, when he joined. "I perceived I could make a difference for the company. I could see a pathway to make the company grow."

So he moved into the rather unlikely BIOREM headquarters - unlikely because it is located at 7496 Wellington Road 34, a country property outside Guelph, land leased from the University of Waterloo. BIOREM's modern facility sits in what is clearly a farmyard environment.

His intention to grow the company became a reality. Since he arrived, BIOREM has added 10 staffers, to reach a current complement of 40 – with another 25 predicted. "We're going to be adding people over the next year or two," he says. That figure doesn't include most of the sales representatives, who are contracted by the company to represent the

Bruijns can be very eloquent, and simultaneously very technologically precise, about the processes BIOREM has created and is marketing. For instance, he is very excited about the "XLD High Performance Engineered Biofiltration System."

What "XLD" means to the client, is a biofiltration media that is compact, effective and fast - it removes 99% of odors in 30 seconds, "less than half the time of conventional inorganic biofiltration media."

Bruijns says this is unique stuff – never before has such effectiveness been Peter Bruijns holds BIOREM's newest media XLD

commercialize great ideas in Ontario fast, and bring new technologies to the global market first. They are driven by the fact that through innovation, businesses can compete globally, create good jobs and protect our health and environment at the same time."

BIOREM is marketing internationally, and Bruijns, who spent three years working in China, is the right guy to lead that effort. Currently, there are BIOREM installations in Saudi Arabia, Jordan, South Africa, Israel, Peru, Chile, Ecuador, Brazil, Puerto Rico and Mexico, in addition the



company's work in Canada and in US cities like New York and Los Angeles. Bruijns says 60% of BIOREM sales are to the US.

And, Bruijns and colleagues see China as a key market. BIOREM opened a sales office in China last year, with six staff members. To date, sales in China have reached the \$1 million mark.

The company registered \$9.7 million in total sales in 2007. That grew to \$14.2 million in 2008, and Bruijns expects 2009 total sales figures to come in at about \$18 million.

They see themselves as problem solvers. All over the world, waste water treatment plants have odor emissions issues; the typical response is to use chemical scrubbers, which pollute the water while cleaning the air. "We think," says Bruijns, "we can replace these chemical scrubbers. Biological is a clean technology."

#### Started with soil

BIOREM was founded in 1991 – and in its origins, had nothing to do with air quality. Its first mandate was soil remediation, but in 2004, it acquired biofiltration technology from a European company, and, says Bruijns, "changed the company from soils remediation to air pollution control... [Today] we're 100% focused on air emissions."

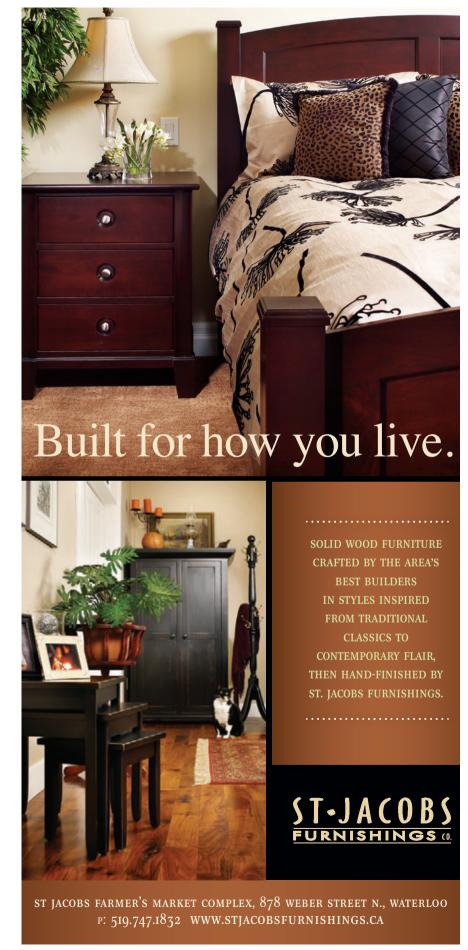
Brian P. Herner was the founder of the company, and served as President and CEO from 1995 to 2007. He continues to be associated with BIOREM as "senior advisor".

The current focus on air emissions, says the Bruijns, should ensure a high level of stability and growth – assuming BIOREM continues to provide environmentally friend, cutting-edge emission control solutions. Which they are determined to do.

The area's top-ranked universities "are very valuable partners for us," says Bruijns.

"We're never about the economy," he says. BIOREM is operating in a field where, whatever the economic trend, solutions are needed. In the face of environmental peril, human survival trumps finances.

Bruijns points to China as a prime example of this trend. "We're seeing benefit from infrastructure funding" in China, he says – more so than from the much-touted



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Chris Sparkes, in his third year at University of Waterloo, studying Chemical Engineering, is one of three research students from UW working at Biorem.

infrastructure programs here at home.

"China really doesn't have a choice," he says. "The cost of health care is growing to the rate that they really have to deal with pollution." It's an economic imperative. The needs can be basic – potable water, for example – and they are enormous.

Bruijns, a veteran of Chinese corporate life, notes that "the Chinese government really does have good regulations," but the problem comes at the enforcement level.

That is changing, he says, pointing for example to his primary area of interest,

"China really doesn't have a choice. The cost of health care is growing to the rate that they really have to deal with pollution."

air pollution. "The have the same pressures we have here," he says, "and they are enforcing regulations more and more often," regulating odors and particulate emissions – the bread and butter of BIOREM's business.

#### Pushing hard internationally

Led by Bruijns, BIOREM is seizing the international opportunity. "Our strategy is to be a clean technology air emissions control company.... we're pushing hard into the international market." The company is already "the largest biological odor control company in North America," but that is just a start. BIOREM is exploring international partnerships that may foster growth.

Bruijns was invited by the government of Canada to do a presentation on air emission control at a recent World Trade Organization session in Europe. Naturally, he jumped at the chance.

It's not surprising that this Guelphbased company is seeking to expand its international footprint – the world-wide market for emissions control is estimated to be \$6 billion. Bruijns offers an unexpected understatement: "There's lots of opportunity."

#### Strong team

Bruijns is the point man, but he's quick to give credit to the entire BIOREM team. "We have a great board of directors," he says, "and a really good management team," including a new Vice President, Mark Hawley, VP of Operations, and VPs Hadi Husain (research), Ian Borrell (sales and marketing), Derek Webb (business development) and CFO Ed Corbett.

Directors include Robert B. Nally and Jeffrey I. Dreben of CVF Technologies Corporation (formerly Canadian Venture Founders Management Ltd.), Bernardo H. Llovera of Expansion Capital Partners, Hank Vander Laan of Trojan Technologies, and Stephen Ardia of Champlain Capital Partners.

With this level of expertise, new contracts in place, and the involvement of governmental agencies, "we feel very buoyant," says Bruijns. "We do not feel any threat in terms of the company's ability to succeed. We're looking at opportunities."

BIOREM has a team of geographically-deployed regional sales managers who report to Borrell. Two of the regional managers are focused on international markets. Overall, the company has 46 sales representatives, 26 of them in North America. That number can only grow, says Bruijns: "We always look at adding new ones as we add capacity."



#### Manufacture where you sell

The CEO says that BIOREM's philosophy is "to manufacture in the region in which we sell." All manufacturing is subcontracted to suppliers.

That does not apply to intellectual property, however. Veterans of international trade will not be surprised to learn that BIOREM makes sure that "intellectual property stays here... in Canada and the U.S." The biological media are also manufactured in North America, including in a BIOREM facility in Rochester, New York.

However, when it comes to the manufacture of equipment, BIOREM wants to work with suppliers in the countries where it is making the sales. Bruijns notes, "We are building a supplier network in China to make sure it's high quality."

He also points out that China is a high priority with BIOREM for a simple reason – his three years of work in that vast country produced some very useful contacts. Normally, the company will see "a two-year sell cycle," where there can be a

two-year – and often three-year – gap between contact and contract completion. That's what they face in Europe, so "I believe there is substantial potential for growth in Canada and the United States," says Bruijns. "Clean technology is

The company registered \$9.7 million in total sales in 2007.

That grew to \$14.2 million in 2008, and Bruijns expects 2009 total sales figures to come in at about \$18 million.

it was advantageous to also pursue opportunities in China, where "we had a foot in the door," and where some sales developed very quickly.

#### Growth expected at home

But for all the focus on the international market, BIOREM has not lost sight of the enormous potential for sales growth in Canada and the US, as well.

going to be the technology of choice." He points to potential markets, such as methane, which can be cleaned and then used, odor-free.

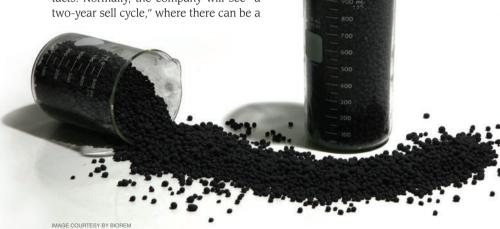
He is excited about "diversification of our technology base, and then of the markets and niches we can sell into."

#### R&D

For a company like BIOREM, aggressive research and development is clearly not an option – it's the lifeblood of product development and thus, sales. BIOREM is connected with several local educational institutions, having worked with experts from the University of Guelph and University of Waterloo, and now in discussions with the University of Western Ontario.

The area's top-ranked universities "are very valuable partners for us," says Bruijns. Each year, BIOREM employs 10 to 15 co-op students from Waterloo and Guelph; "as full-time entry levels positions open up, that's where we recruit them." BIOREM also taps into the pool of Conestoga grads.

And if recent history is any indication, these students who join the BIOREM team are in for the international ride of their lives.





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# JA LAUNCHES BY EXCHANGE MAGAZINE STAFF \$2,000,000 CAMPAIGN

Junior Achievement has multiplied its impact, now involving more than 13,000 young people and 700 volunteers

or 40 years, Junior Achievement has been a growing success in Waterloo Region. And in 2010, the local JA will pilot a new, national project to prepare students for the workplace.

At the JA's annual Business Excellence Awards, executive director Rosemary Trakalo talked about the history of the organization in Waterloo, and looked to the immediate future.

Trakalo noted that Junior Achievement was founded in Windsor, Ontario, in 1955, and then was adopted as a the Centennial project for the Canadian Chamber of Commerce in 1967. That inspired the Kitchener and Waterloo Chambers (then separate entities) to cooperate to sponsor Waterloo Region Junior Achievement, which officially came into being in September, 1970.

Trakalo says, "The first program that was introduced was the 'Company Program', the one many people are familiar with, the one we do in the evenings with the high school students where they set up and operate their own business with the help of local business volunteers."





Today we provide 10 in-classroom programs from Grades 3 through Grade 12. We provide our volunteers with the training and materials they need before they go into the classroom."

Junior Achievement programs include the "Business Basics" program for elementary school pupils; "Dollars with Sense", and "Economics for Success" for middle school students; and four secondary school programs now in place: "Banks in Action", "Student Venture", "the Company Program", and "Titan." Set in the year 2030, JA Titan creates a world in which students are CEOs of their own companies. During simulation play, students must run a manufacturing company and master five key business decisions:



price of product, production levels, marketing expenses, research and development costs and capital investment levels. Various corporate assistants (simulations) and a business volunteer advise the stumore important than they are today in preparing our young people to enter tomorrow's workforce."

The stated purpose of JA is: "Through partnership with educators, business and

"We will be piloting a new high school program called JA Success Skills. This program will be new to Canada and we will be the only JA organization in Canada doing the pilot." - Rosemary Trakalo.

dents through each phase or "quarter" of the simulation.

All JA programs are enthusiastically welcomed into both the public and separate schools of the Region. The executive director notes that "they fit the curriculum for each of the grade levels."

And this year, comes the new program that, in its inception, will be unique in the country. "We will be piloting a new high school program called JA Success Skills which prepares students with work readiness skills. This program will be new to Canada and we will be the only JA organization in Canada doing the pilot," says Trakalo. "Students will learn to deal with conflict in the workplace, the importance of working as a team, they'll access their own personal skills to determine what careers they might be best suited for, they'll learn about writing resumes and they'll learn about interviewing skills and much more."

Preparing students for playing an effective role in the workplace is nothing new for JA. As Trakalo says, "We've been providing programs now for almost 40 years, but our programs have never been more relevant than they are today, or government, Junior Achievement provides relevant business programs delivered by trained and inspired volunteers who share their practical experience to equip students with the skills to enter tomorrow's work force."

The annual IA Business Excellence event is always an opportunity for businesspeople to express their admiration and thanks to the organization, and the most recent affair was no exception. For example, Mark Kreller of Kreller Communications, noted that "Many don't know it, but we've grown JA from about 2,500 kids 10 years ago or so to 13,000 kids that we reach annually."

Jim Harper, partner in BDO Dunwoody LLP. is Chair of the Board of Governors of Junior Achievement of Waterloo Region, and a cheerleader for the organization. He told Exchange Magazine that after a meeting involving the kids of JA, "you'd walk out of there on a high... They were so excited to be part of something, and the teamwork and the camaraderie they

"They had a great time, they learned a lot, they were all part of a team that had done something. This is the kind of thing

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## **CHUCK GREB:**

## A JA supporter to the end

Veteran regional businessman Chuck Greb passed away November 18, 2009, at the age of 80. Greb, long associated with his family's business, Greb Industries, was also CEO of Musitron Communications, and a director of many companies, including Skyjack Inc., where he was Chairman, and Virtek Vision.

He was a long-time supporter of Junior Achievement at the regional and national level, and only weeks before his death, he offered a testimonial to the benefits of JA: "For the past 40 years I've been a supporter of Junior Achievement of the Waterloo Region both financially and as a volunteer. I've had the privilege of serving on the



Chuck Greb

that keeps the kids on the straight and narrow, keeps them in school, teaches them and prepares them to be the business leaders of the future."

He is a believer in the benefits of JA,

Board of Directors for 25 years and as a founding member and Chair of the Board of Governors for the past 12 years. On a national level I served on the Board of Directors for 28 years and National Chairman for two years.

"Through all of these years I've held the firm conviction that it was the local business community's responsibility to fill the void in business education for youth and through JA we could accomplish this. Supporting JA is not an act of charity but a cost of doing business. Through JA's entrepreneurial education programs we are inspiring our future business leaders." And Greb kicked off the current JA fundraising campaign by adding, "Join me in supporting Junior Achievement of Waterloo region by making your donation today."

points out that participants truly come to understand the "ins and outs" of business. He explains his involvement as a volunteer: "It becomes a passion. It's not fancy, but it's solid and it's something we need to do. We as business people need to provide for the future."

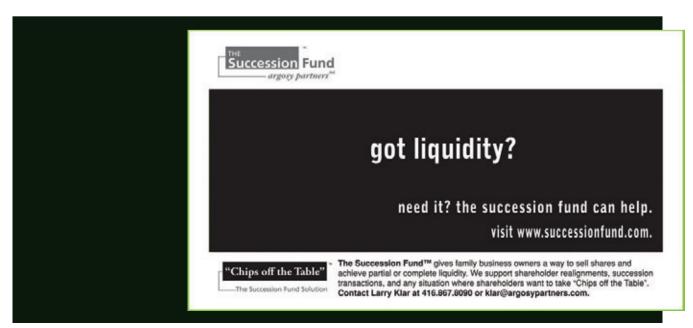
Another long-term supporter is Maureen Cowan, President of the Frank Cowan Foundation. She says, "Cowan is committed to supporting youth in the communities where we have offices. Junior Achievement of Waterloo Region, has a strong history of providing programs that provide real life experiences for youth to help them get a better understanding of what it is like to be in the workforce, develop a product or start a company."

"We've grown JA from about 2,500 kids 10 years ago or so to 13,000 kids that we reach annually." - Mark Kreller

The annual event marked the launch of a major fundraising effort. Harper explained that the Fortieth Anniversary Campaign has an ambitious target: "We're going to be going out on a fundraising campaign to raise \$2,000,000 for Junior Achievement over the next year or so."

The campaign theme is "13,000 Kids and Counting,", and Kreller noted, "we want to grow the reach and the opportunity that we have to reach more kids in this community."

Harper adds, "I have just been totally amazed over the years at the different programs and the development. We're now reaching over 13,000 students in this region and that's a lot because we need



to invest in our leaders - our future leaders - and these are the people...This is a program that really, truly helps keep people moving down the right path. They're focused and they enjoy what they're doing and they're learning something that will not only serve them, but also us in our elder years in the future.

"We're excited about **Junior Achievement** but we also recognize that the reality is that we have to pay for those programs.

And three years

ago, we formed the foundation which was mandated to secure enough funds to ensure the stability and sustainability of with Junior Achievement and we need to keep encouraging their participation. We need to reinforce the generous donations

"This is the kind of thing that keeps the kids on the straight and narrow, keeps them in school, teaches them and prepares them to be the business leaders of the future." - Jim Harper

Junior Achievement and its programs well into the future."

Harper noted the breadth of the program, which now has an impact in Cambridge - not the reality a few years ago. When i grow up I want to be... Overall, "We have over 700 volunteers

of time and money that have already been provided by more than 800 individuals and organizations. And finally, we need to ensure that JA has the capacity over the next 40 years to continue to

Michael Elias, a grade 6 student from Mary Johnston Public School, shared his rags to riches entrepreneurial Junior Achievement experience with the guests at the 2009 Waterloo Regional Award Might Dinner. Michael's entry into the business world was to sell 200 baseball caps to the soccer crowd at \$10 per hat (see inset). His motivation was an electric guitar. With 20 hats left to market, after Michael spoke of the trial and tribulations of business, he went table to table and sold the remaining inventory, clearing two hundred dollars and putting a enormous smile on the young entrepreneur's face.

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inspire and seek out future business leaders of our region by providing critical business education and programs for our youth. The youth are our future. We need to invest in them and we can be very passionate about that because we can see the results and we can see the success that that investment brings."

For many years, Junior Achievement has operated on a year-to-year basis, with no reserve funds. About two years ago, the Board of Governors decided that a more secure foundation was essential; their conviction was augmented by donations from two JA supporters that totalled \$280,000, which provided the basis for a trust fund to ensure the long-term stability of JA in Waterloo Region. However, says Harper, that is just a start – the campaign target is \$2,000,000, to provide the means for JA to grow.

Kreller points out that the campaign will culminate in September, 2010, with "a major, major gala event, a business community event that is going to be larger than anything Junior Achievement has ever done. We've got some great plans underway."

At the 2009 Waterloo Region Business Achievement Awards, winners included:

- Gowlings New Business Award Red Dragon Oil & Gas Systems International Inc.
- Waterloo Region Record Small Business Award – Excalibur Crossbow Inc.
- Union Gas Corporate Citizenship Award
   Ontario Teachers Insurance Plan
- TD Canada Trust Retailer of the Year Award – Herrle's Country Farm Market
- KPMG Excellence in Technology Award
   RDM Corporation
- CIBC Business of the Year Enermodal Engineering X



Rosemary Trakalo, executive director



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unior Achievement of Waterloo Region celebrated its 25th Anniversary in November of 2009. Historically, the event, run by volunteers, was the first business award event to recognize successful businesses across Waterloo Region. Since its launch, the Waterloo Region Achievement Awards, together with founding partner Exchange Magazine, has raised the local profile of



businesses across the region. Businesses that have an international awareness have been recognized at the event and in the pages of Exchange Magazine. The event is a testimony to the area's success locally and in the international business world. This year's event was MCed by Jon Rohr, Editor in Chief Exchange. Keynote speaker was Robin Todd, CEO of Marks Supply



CIBC Business of the Year Award - Enermodal Engineering

Left to right: Kitchener Mayor Carl Zehr; Cambridge Mayor Doug Craig; Jonathon Dent, Associate Vice-President, Kitchener, Waterloo, Cambridge & Guelph, CIBC, Chantal Macintyre, Head of Human Resources, Enermodal Engineering; Regional Chair Ken Seiling; Waterloo Mayor Brenda Halloran, and Margo Jones, President, Junior Achievement Board of Directors. For 30 years, Enermodal Engineering has been committed to improving the energy efficiency of buildings and communities. Canada's largest consulting firm exclusively committed to green building, they have worked on green projects in 22 countries, including the first LEED—Leadership in Energy and Environmental Design—Canada project. They were responsible for delivering the 2009 LEED rating system with employees serving as LEED faculty members, and their president, Stepehen Carpenter, as chair of the Technical Advisory Committee. Their Kitchener headquarters is considered the most energy efficient office building in Canada; they have committed to becoming entirely "carbon neutral" within the next 10 years. The organization and its buildings have been recognized for seventeen awards, including 'Green Toronto Awards'.



Waterloo Region Record Small Business Award - Excalibur Crossbow Left to right, Margo Jones; Carolyn Benyair, Brian Hackbart, and Bill Troubridge, all of Excalibur Crossbow; Ron Deruyter from the Record; Carl Zehr; and Ken Seiling. The winner of this year's Record small business award started crafting his unique product, over 25 years ago, by hand, in an old pig pen, on his property in Breslau, to give himself something to do, until he round a real job". Little did Bill and Kathryn Troubridge realize that their hobby would become a substantial business, which now employs over 40 people and last year celebrated its 25th anniversary. Excalibur Crossbow is the only Crossbow manufacturer in Canada and though it isn't the biggest in North America, today they make and sell over 16,000 crossbows a year. And they do it in a 28,000 square foot plant equipped with millions of dollars of computerized robotics machinery.

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#### **KPMG Excellence in Technology Award - RDM Corporation**

From left to right Ken Seiling; Waterloo Mayor Brenda Halloran, Brian Boville, Comptroller of RDM Corporation; Frank Boutzis, Managing Partner KPMG; JA's Margo Jones. This year's excellence in technology award recipient invented a electronic cheque payment processing system. For over 15 years, RDM Corporation pioneered the systems that convert paper cheques into web-based images, providing transaction management services for banks, retailers, payment processors and government agencies, as well as print quality control and image quality systems for a variety of global customers. Their systems have been successfully implemented in over 1,000 U.S. government agency locations. Around the world in the first fiscal quarter of this year, their signature transaction management system processed an average of 3.7 million items per week, up from 2.7 million items per week in the third quarter of 2008. RDM is a growth business and an excellent example of an outstanding innovator and leader in the area of technology.



Union Gas Corporate Citizenship Award - Ontario Teachers Insurance Plan (OTIP)
Left to right, Margo Jones; Murray Costello of Union Gas; Randy McGlynn, Director of Operations
for OTIP; Brenda Halloran; and Ken Selling. This award recognizes an organization that demonstrates a commitment to the quality of life in Waterloo Region, by its willingness to contribute in
a variety of ways to the enhancement of community life. The winner in this category focuses on
being an outstanding corporate citizen, committed to improving the quality of life in the Waterloo
Region, by promoting good citizenship through volunteer efforts and by basically being very
active in supporting programs and events, throughout the region. The recipient of this year's
Union Gas corporate citizenship award is an organization whose philanthropic philosophy is
based on the belief that "a successful organization has a responsibility to both members and
employees, and to contribute to the well being of their communities". They embody this spirit of
philanthropy with a list of charitable programs too long to publish.



Gowlings New Business Award - Redragon Oil and Gas Systems
Left to right: Margo Jones; Rose Johnson, Gowlings; Doug Craig; Prakash Venkataraman, President
& CEO and Larry Beaton, Partner, Redragon Oil and Gas Systems, and Ken Seiling. Founded in
2006, this company manufactures custom-engineered systems that allow organizations to re-use
resources like oil and gas at a fraction of the cost of purchasing them new. In their first three years,
their sales reached \$5.6 million and they are now the largest company of its kind in Canada. As a
manufacturer of custom-engineered solutions for the utility and recycling industrial sectors, their
products include transformer oil regeneration systems, high vacuum systems and waste oil reclamation systems. Redragon Oil and Gas Systems has travelled worldwide to further their expertise
and with employees from over 10 different cultural heritages, they speak over 20 languages. Last
year, they were nominated for the "Bell Business Award" in the category of the "Environment Excellence in Energy Conservation". Earlier this year, their CEO received the "Paul Harris Fellowship

Award" from Rotary International for "Outstanding Contributions and Service Above Self".



TD Canada Trust Retailer of the Year Award - Herrle's Country Farm

Left to right: Margo Jones; Dwayne Priestman, TD Canada Trust; Joanne Herrle-Brown and Trevor

Brown, of Herrle's Country Farm Market; Ken Seiling. In 1964, this amazing family began selling
a single product - sweet corn - in their first retail store, set up in their garage. By 1988, they
had expanded their field production to include peas, beans, cucumbers, squash, pumpkins and
much more, while at the same time, building a bakery in their farm's market. Herrle's Country
Farm Market has successfully upgraded grocery shopping to an enjoyable family outing, complete with an indoor train, an outdoor corn maze and a play area. They also offer children the
opportunity to learn about agriculture hands-on, through their school tours.



## **DOWNTOWNS AND FOOD COURTS**

Why can a shopping mall outshine the finest city cores have to offer?

by SUNSHINE CHEN



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

I'm surrounded by food from every corner of the world! India, Thailand, China, the Mediterranean, Italy and even Bourbon St., New Orleans. I can get a burger, a falafel, pad thai or curried beef, a freshly made fruit smoothy, or a Tim's large double double. There are private booths for two people, for four peo-

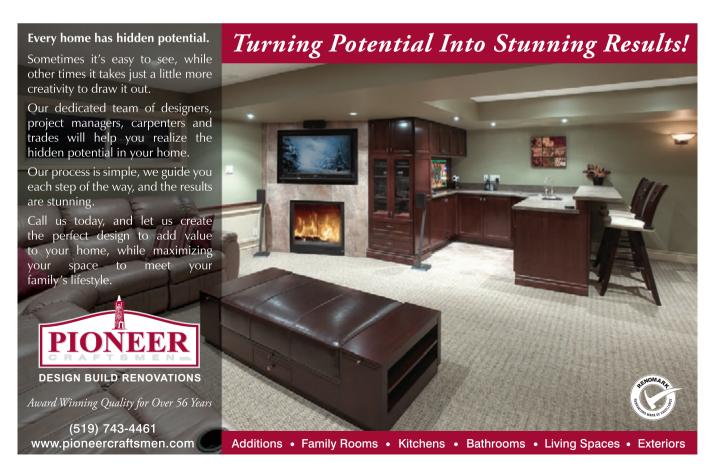
sits next to a new heritage museum gallery for people interested in the history of the city. It has free parking for as long as people need and buses bring busloads of kids, students, commuters and shoppers of all ages to stop by to shop, to hang out and to see what's new. It has an army of maintenance staff who pick up litter,

It is here, in the midst of all the traffic and activity of people moving, shopping, eating, and gathering that one can experience the holy grail of urban redevelopment and intensification.

ple, semi private booths for six, and tables and chairs that can be rearranged to accommodate large groups of any number of people. It's light, spacious, airy, clean and modern. It's only steps away from the trendiest and most fashionable shops that sell the latest and most desirable gadgets, clothes and things. It exits across from the largest cinema complex in town and

bus tables and keep it meticulously clean. It even has private security guards who make sure that no skate-boarders, panhandlers and any other undesirable people or activities disturb the scene or spoil the picture perfect shopping experience.

It is the recently renovated Food Court at Conestoga Mall in Waterloo. At \$75 million, this new 135,000 sq.



ft. addition represents – paradoxically – both the antithesis and the aspiration for the kind of public urban space and vibrant city gathering places cities like Waterloo and Kitchener hope to see in their respective Uptown and Downtown core areas.

Downtown champions and critics of shopping malls, suburban living and consumer culture will probably be quick to criticize its lack of authentic sense of place with its cookie cutter corporate sameness, or its lack of historic character and heritage, or the lack of any feeling of neighbourhood and community when compared to the city core areas. However, what it lacks, it more than makes up for with convenience, variety and activity.

as this seemingly simple mall expansion and food court renovation.

Is it a question of money? At \$75 million, the mall addition and the food court renovation is almost 10 times the cost of the City of Kitchener's \$7 million King St. streetscape improvement project and the City of Waterloo's \$0.5 million new public square project combined. Are the cities just not investing enough when they take on these urban improvement projects to achieve quality and excellence in our public spaces?

Is it a question of convenience and variety? Why isn't it really possible, for someone to purchase the latest fashion clothing and accessories, gadgets, home

Are the cities just not investing enough when they take on these urban improvement projects to achieve quality and excellence in our public spaces?

And there is activity...

On any given weekday afternoon, even when it's not busy, there seem to be more people moving through it then you would see move through either Downtown Kitchener or Uptown Waterloo in an entire week. Its regular weekend traffic more than rivals the attendance at any community festival or public event held in the cities' core areas. At almost all hours of the day, every day of the week, anytime in any season of the year, there are always people of all ages - high school students, new moms with strollers, office workers on a break, seniors getting in their daily walk, and faces from around the world all here to enjoy this perfectly climate controlled easy relaxed paradise, which is the shopping mall.

It is here, in the midst of all the traffic and activity of people moving, shopping, eating, and gathering that one can experience the holy grail of urban redevelopment and intensification that almost every mid-sized city and large town in Canada hopes they can achieve in their core areas. A place that attracts people, vibrant with activity, allows people to gather, to relax, to run daily errands, take care of everyday business and carry on the routines of everyday life.

As a fan of urban life, and a past practitioner of architecture and urban design, I can't help but wonder about why it is that despite all the efforts going into redeveloping our core areas, our cities have yet to create a place that can attract people as consistently and as successfully

furnishings, etc. in the core areas? For example, Waterloo is now gaining a global reputation for being the home of RIM and the Blackberry, and yet, even with the presence of two major institutions funded largely by RIM's success, you can't buy a Blackberry in either Uptown Waterloo or Downtown Kitchener.

There are of course an assortment of other questions and issues about parking, transit, adjacent housing, and social issues – but at the heart of this is the question: 'How and why have we let our city centres decline to the point that they are almost unable to compete with a shopping mall to attract peoples' interest and attention?'

And, 'What can be done? Why have other towns around the world been able to find that combination between people, traffic, shopping, activity and community that alludes us here?'

I honestly have no idea.

But when it's minus 21 degrees and I have a choice between watching people skate outside in the new square or getting curried beef while hanging out with my friends before going to see a movie – or when it's plus 35 degrees and I have a choice of hanging out at a poorly attended event in Downtown Kitchener or sucking back an Ice Cappuccino in the air conditioned oasis of the Food Court before seeing the next Hollywood Summer Blockbuster – I'll think about it more as I surf on my laptop on the free wi-fi and sip on my Tim's hot chocolate and take in the sights and sounds of the Food Court.



# STRATEGIC DISCUSSIONS IN THE **BOARDROOM**

Focus on substantive and value-added oversight issues

by JOHN T. DINNER



JOHNT, DINNER is 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

n almost constant theme in boardrooms across sec $oldsymbol{\mathcal{H}}$ tors is the frustration experienced both by directors and management concerning the lack of strategic focus and discussion. Despite the obvious frustration, many boards continue to be mired in operational matters and governance formalities rather than substantive and value-added oversight.

the organization (and thus a case for having a fully independent board). They're in an ideal position to constructively probe management's thinking, test for assumptions and challenge conventional wisdom.

There are some simple steps that can be taken to promote more strategic-level engagement of directors. The most obvious and easiest is taking a critical view

Management brings an "in the trenches" perspective: board members may interpret trends and developments differently given their position outside the organization.

The motivation most directors have to serve on boards is to use their skills, knowledge and experience to make a contribution, as well as to be exposed to and learn from new opportunities and expand their personal networks. Consider it part of the directors' compensation package to deliver on these and the end result should be a restructuring of meeting agendas and content to enable discussion, deliberation and debate on those future-focused issues likely to impact an organization's success.

Directors want to (and should) contribute at this level. Boards are typically structured to be strategyfocused and management benefits most when their boards oversee rather than undermine.

A good starting point is to ensure that directors and management have a shared understanding as to what constitutes strategic discussions. In brief, they are really about finding or developing opportunities to create or protect value for the organization, its owners or stakeholders. This kind of discussion requires the intentional and planned facilitation of always creative and sometimes provocative dialogue between the Board and Management.

In doing so, strategic discussions should be focused on challenging conventional thinking and assumptions, as opposed to developing a rationale for the status quo. Coming out of this dialogue, management should be charged with identifying and then targeting potential new opportunities so the organization remains viable in an ever changing environment.

Strategic discussions are really about focusing on the horizon, anticipating how the future is being shape and the likely impact in terms of risk and opportunity relative to the strategic path an organization is following. Management obviously brings an "in the trenches" perspective; board members may interpret trends and developments differently given their position outside of how the meeting agenda is structured. To build the case for change, directors should simply track the time they currently spend on strategy vs. non-strategic mat-

Strategic discussions don't typically happen without careful planning, co-ownership and commitment by both directors and managers. They are not about presentations where management shares their views and opinions for the information and edification of directors. Management needs to leverage the collective wisdom and experience of directors on strategic matters by creating a platform for more informal and unconstrained consideration of factors that could imperil the organization's future.

A key ingredient is the sources of information that fuel strategic discussion. While it's important to include industry insights and intelligence, high level economic, demographic, geopolitical and other important trends are equally important. Soliciting the views of external experts from other sectors and industries is an effective way for both the board and management to break out of commonplace thinking.

Consideration of and working through different strategic scenarios is another critical tool for successful strategic thinking. By posing "what if" questions about current planning and assumptions, risks can be identified and assessed; opportunities can be leveraged. Effective scenario discussions require that management and the board come to the table with informed imagination - to guard against wasting time and energy on the improbable, while keeping an open mind to all possibilities to avoid being blindsided.

Management needs to welcome this kind of engagement if they are going to realize the latent power of their boards. Rather than being fearful wide open discussion may result in directors detecting a gap in management's thinking, management should be leveraging the full potential of their board members.

Another consideration may be the prevailing meeting culture and the ability to allow for less formality and more freeform discussion. Here, the role of the

The motivation most directors have to serve on boards is to use their skills, knowledge and experience to make a contribution.

chair is paramount in ensuring the available time is well used, while not stifling or inhibiting the process for creative or generative thinking.

While expectations of both directors and management make it clear that there needs to be a greater focus on strategy in most boardrooms, it does not result from wishful thinking or bemoaning its absence. Considerable planning and organization, as well as innovative thinking, needs to be done in advance to ensure the forum exists where boards can do the job they are charged with and most want to do. X

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Local entrepreneur, Margaret Tofflemire, founded the company more than 10 years ago with a specialty in capital gains taxation for clients with investment income. Since then, a lot has changed.

Today, about 25% of its clients are businesses; 25% are seniors; and the remaining 50% are individual taxpayers. Toffson's role varies, depending on the type of client. Some "snowbirds", for example, rely on Toffson to handle all their financial transactions. Says Tofflemire, "We will pay your bills... just relax."

Exciting things are happening at Toffson lately. Accountant Valeria Rigler has been associated with Toffson since 2006. The two entrepreneurs decided to combine their practices into a partnership commencing 2009. Like Margaret, Valeria is devoted to excellence in client service and helping clients grow their businesses.

The other news is that Toffson has launched its unique new service, LedgersOnline, providing clients with 24/7 direct online-access to their financial data through Toffson's website (www.toffson.com). It is already being used by a number of satisfied clients.

Margaret is excited about the firm's newest service. "It allows clients to come on, any time, and check their books", she says. "They can be as involved in their data entry as they choose - they can input the data themselves or bring it to Toffson. They can do as much or as little as they want. We'll do the rest. The client always has instant access to their up-to-date ledgers."

She smiles: "Typically, they're happy to have us do most of the work." Margaret says, "It's all about us doing what we do best so our clients can focus on what they do best."

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## TO BONUS OR NOT TO BONUS

Bonuses once meant overall tax savings, but the landscape has changed

#### by NOREEN MARCHAND



NOREEN MARCHAND LL.B, MBA is Partner, Southwestern Ontario Region Cross Border Tax Services, KPMG LLP, Waterloo: email - nmarchand@kpmg.ca. The views and opinions expressed herein are those of the author and do not necessarily represent the views and opinions of KPMG LLP. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or

have recently been working with a number of clients on tax efficient ways to extract cash from their corporate businesses. In the past, the most common strategy was to pay a salary or bonus out of the company. Usually the salary or bonus was equal to a significant pora partnership. Although it had a dividend gross-up and credit mechanism, it only integrated corporate and personal tax on corporate income subject to the small business deduction.

The current regime lowers corporate tax rates,

Now, it is possible to actually pay less tax by earning income through a corporation and paying after-tax dividends than by paying a salary or bonus to the shareholder.

tion of the company's taxable income, thereby reducing taxable income to the small business limit. Although this method resulted in a prepayment of tax by the shareholder, as the salary or bonus would be taxable in the year of receipt, there was generally an overall tax savings generated, given the significantly lower corporate tax rates that would be paid.

The introduction of the current dividend tax regime has somewhat changed the landscape for this analysis. This article will highlight how the current regime works and will discuss what factors should be considered when deciding whether to bonus or not. Lastly, it will touch on some additional concerns when the business paying the salary or bonus is a profitable US subsidiary.

The current dividend tax regime was introduced to remove the existing disadvantage associated with earning income above the small business limit through a corporation. Under the previous regime, individuals paid more tax on business income above the small business limit than they would have paid had the income been earned directly by themselves or through

increases the small business deduction limit, and lowers the personal tax rates on "eligible dividends," thereby eliminating most of the double tax problem inherent with earning income through a corporation. Now, it is possible to actually pay less tax by earning income through a corporation and paying after-tax dividends than by paying a salary or bonus to the shareholder, depending on the level of income that the corporation is generating and therefore the applicable corporate rates.

Before making the decision to switch from the traditional salary or bonus technique to the dividend distribution of after-tax profits, consideration needs to be given to the potential impact on cash flow. If you switch from a full bonus policy and decide to leave the profits in the corporation subject to corporate taxation, you could end up with a negative cash flow due to corporate installment obligations. Corporations are required to pay their taxes within two or potentially three months after year end, and are then required to make pre-payments of the following year's taxes one month after year end. This means that in the first 12

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months, two years worth of tax could be paid, resulting in negative cash flow. Moreover, this situation could persist for

There is no right or wrong answer, and there is no magic number that indicates whether to bonus or not.

two and a half years and may not reverse for four years, depending on the income levels and installment obligations.

Another potential downfall to switching from the salary or bonus technique to the dividend distribution of after-tax profits is the impact on scientific research and development claims. If corporate income for the associated group is above \$400,000, then the federal ITC rate drops from 35% to 20%, and the claim becomes non-refundable.

Lastly, the retention of significant cash or other inactive assets within the company can impact eligibility for the \$750,000 capital gains exemption and can impact the status of the corporation as a "small business corporation" for cor-

porate attribution rules.

When you are dealing with extracting cash from a subsidiary US operation, two additional considerations should be made: first, dividend withholding rates and, second, the US rules governing the deductibility of salaries or bonuses.

When a US corporation makes a payment of after-tax profits to its Canadian shareholder, the US government requires that a non-resident withholding tax be applied on the gross amount of the payment. The applicable rate for a corporate shareholder is 5% of the gross amount of the distribution. For an individual, the rate is 15% of the gross amount of the distribution. In the context of a US subsidiary of a Canadian corporation, this non-resident withholding tax creates an additional tax cost. The Canadian tax system does not tax dividends of after-tax profits from the active business operations of its US subsidiaries. As such, US non-resident withholding taxes paid are not available for foreign tax credit. This makes the 5% withholding tax and additional cost of extracting cash in the way of dividends from US subsidiaries of Canadian corporations.

Paying a salary or bonus as an alterna-

tive can avoid the withholding tax, provided the payment is not for services rendered in the US; however, the US rules governing the deductibility of salaries or bonuses must still be considered. For US tax purposes, a corporation is only allowed a deduction in computing taxable income for reasonable compensation paid. Reasonable compensation is not defined, but rather, is based on the factual assessment of the fair market value of the services that are being performed; i.e., what the business would pay an unrelated person for the exact same services. Any amount paid in excess of the reasonable amount is not deductible to the corporation, but would still be taxable to the recipient. This can create another instance of double tax.

In sum, there is no right or wrong answer, and there is no magic number that indicates whether to bonus or not. The decision must be based on the facts and circumstances of each case, including the applicable tax rates and company's needs, and this decision may change from year to year. If you are considering extracting cash from your business, you should speak with your tax adviser to understand the best answer for you.





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## **FIVE UP-MARKET SUGGESTIONS**

Marketing of higher end goods in a downturn economy

#### by LAURA VAN DYKE



LAURA VAN DYKE is currently a
Project Manager at Research
In Motion. In addition, she
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and consulting company
specializing in sales, customer service and marketing
called Van Dyke Training and
Consulting. She also runs a
small property management
business

In a world of economic doom-and-gloom, how is it that some retail companies are doing noticeably better than before the economic downturn, while others are barely surviving or, worse yet, have folded? The difference in survival can be described in a single word – marketing.

Unlike other recessions, all segments of the market have been impacted. According to research, this is the first time in history that consumers from all segments the temptation to cut prices.

They have also implemented many of the marketing techniques I'm about to discuss. There are many theories that are tried and true to market to the lower and middle class consumer during an economic downturn. The key for all companies, especially those who provide a premium product or service, is to go above distressing advertising and marketing and offering slashed sale prices to offering a concise market mes-

It is a bad strategy to chase customers too far down the economic ladder, even in your core area of competency.

of the market are monitoring their financial resources so closely. As such, all retailers and sellers of goods must be aware of the economy in which they now exist. If all consumers are impacted, how do you keep your own customers paying top prices when they are scrutinizing purchases like never before?

All companies, especially retailers of higher end goods and services, need to consider some of the techniques used by global companies and implement them locally. For example, Mercedes-Benz recently introduced its sport utility vehicle at a price of \$35,000. Even in a downturn, it leads its segment by selling more vehicles than its closest competitor. The success seen by this global powerhouse has much to do with its brand but more importantly it did not succumb to

sage to the individuals who you can economically count on to support your products and services, using public relations, the internet and most of all providing excellent customer service.

The following five key activities need to be addressed in order to succeed:

#### 1. Stay true to who you are:

Companies need to focus on what they are good at. If you are a company that sells hardware items, now is perhaps not the time to advertise that you are diversifying into a completely new arena. You might logically expand your company into paints but expanding into an area such as fashion would completely dilute your marketing message, require extensive marketing dollars and confuse your customer.

# \_\_Generation to generation, not quarter to quarter.

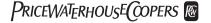
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Your customer is already confused. At this point, they need to know what they can count on you for. Even if the new market opportunity promises financial reward, marketing to these "new" customers can be risky as they could very easily be confused by who you are and what you offer. This leads easily into the second key activity.

#### 2. Go to the top of your market:

If you are a company that offers to grow your business and aspires to attract new customers, you need to execute this growth strategy very carefully, especially

It's always easier and far less expensive to keep a customer than to earn a new one.

during a down-turn. It is a bad strategy to chase customers too far down the economic ladder, even in your core area of competency. In order for a top company to succeed in selling and marketing they must serve their higher net-worth customers, be unique and exclusive, limit their distribution and most importantly provide impeccable service to their higher end clients. It is only when these peo-

ple are serviced that you will have the possibility of growing during this market and further prosper as the economy continues to grow.

### 3. Leverage public relations and press releases:

Going for the higher end of your target market requires the effective use of public relations. PR allows you a forum by which to communicate with your customers in an open and honest way. Through PR you can communicate who you are and what you are about, in clean simple English. The message can also be very timely. Further, PR is very inexpensive relative to most marketing methods. It allows you the opportunity to potentially have a dialogue with your customers, based on how they choose to respond.

#### 4. Use your website:

A company web-page offers the customer 24-hour access to your products and services. The website ideally offers the customer a rich interactive experience and is a great forum to showcase your premium product or service. Websites that utilize flash and audio increase store awareness and, once set up, are relatively inexpensive to maintain. Customers during these economic times are still buying, but with more thought. They are purchasing three items for every ten they purchased

prior to the recession and therefore have more time to do their homework.

A large national retailer recently grew its online sales without cannibalizing its current in-store sales by simply setting up an interactive website. The cost of their initial investment was easily recouped from their new sales.

#### 5. Leverage the customer experiences:

As you continue to go up market with your sales, you will find your sales stabilize or even increase during the downturn. However, the most important piece of marketing relates to the delivery of extraordinary experiences to all customers. Customers must continue to be surprised and delighted. Research suggests that the "best customer" spends more, is more loyal, refers more people if asked and rewarded, and most importantly favours value over price. Excellent customer service is the cheapest form of marketing around and probably the most effective.

It is important that companies use the tools they have in place to target and pamper these customers. For example, sending out a thank-you note or a birth-day card to your customers is a very inexpensive marketing method but it keeps your name fresh in their minds. And really, who doesn't enjoy being recognized? It's always easier and far less expensive to keep a customer than to earn a new one.

Now more than ever the effectiveness of customer service is important and it must be delivered by caring individuals

Customers are purchasing three items for every ten they purchased prior to the recession and therefore have more time to do their homework.

who connect with the customers to offer customized personal experiences.

As the economy continues to dominate the headlines, many marketers are focusing on the idea of discounts. In order to prosper, especially when selling a higher end product or service, you need to concentrate on what you know, target the higher end of your market, use PR and the internet to communicate with your customer and most importantly, delivery extraordinary customer service. X



## **LESSONS FROM LETTERMAN**

Sexual relationships in the employment context

#### by MELANIE REIST



MELANIE REIST is a civil litigation lawyer and a partner in the Kitchener firm of Charles Morrison & Melanie Reist.

A couple months back news outlets were abuzz about late-night comedian David Letterman's confession of engaging in romantic relationships with people who he worked with. The public, and his employer it would appear, have accepted the confession and forgiven him and he continues to occupy his late-night

It did, however, prompt discussion about issues relating to romance in the workplace and in particular whether there is anything wrong with sexual relationships in the employment context.

A recent case out of Guelph, Ontario, in May of this year - Cavaliere v. Corvex Manufacturing Ltd. (a diviate termination for cause.

In July, 2005 Cavaliere was promoted to plant manager and began an affair with a woman who was an immigrant from Viet Nam, whose first language was not English. The trial Judge characterized the woman "very much his [Cavaliere's] subordinate". The women's husband also worked for Linamar at another plant. The women's husband found out about the relationship and filed a complaint with human resources.

Cavaliere was immediately suspended, told of an investigation, and advised to have no conduct with any Linamar employee pending the investigation. Defying this direction Cavaliere met with the woman and her

Can a consensual, long term sexual relationship between co-workers justify termination without notice or payment in lieu of notice? The Judge's response was, "sometimes".

sion of Linamar Corporation) - provides some guid-

Cavaliere sued his employer for wrongful dismissal. Linamar alleged it had cause. The central issue in the trial was whether a consensual, long term sexual relationship between co-workers can justify termination without notice or payment in lieu of notice. The trial Judge's response to that question was, "sometimes".

At the time of dismissal Cavaliere was a plant manager and had been employed for approximately 19 years, many of those years occupying a supervisory

As is often the situation, the facts of the case were extremely important.

In summary, the trial Judge found that the following had occurred:

At some point Cavaliere had sexually touched without consent a subordinate's breasts and crotch.

In the late 90's Cavaliere carried on a consensual sexual relationship with a married co-worker who reported to him and whose husband was also an employee at Linamar. After the husband complained, Cavaliere was demoted and moved to another plant.

In 2004 the company received an anonymous complaint regarding sexually predatory conduct by Cavaliere with subordinates. While the evidence at trial was lacking to support particulars of any investigation into the complaint, at the time, the company insisted that Cavaliere take remedial counselling at Homewood and he did so briefly. He was given a disciplinary letter which demoted and transferred him to another plant and which stated that future inappropriate conduct with female employees would be grounds for immedihusband to try to convince the husband to withdraw the complaint.

The trial Judge dismissed Cavaliere's action, accepting that Linamar had cause for dismissal. He found that while it was a consensual sexual relationship, it was with a vulnerable subordinate, following a demotion for similar conduct which was accompanied by a written warning sufficient for Cavaliere to know that such conduct in the future could lead to his termination from employment for cause. The Judge also found that Cavaliere's meeting with the co-worker and her husband was a flagrant breach of a legitimate and necessary direction given by his employer and a clear attempt to subvert the investigation. This in and of itself was a major act of insubordination.

This case is interesting in light of a prior decision in the early 90's in Dooley v. C.N. Weber Limited where Dooley's action of having consensual sexual relationships with two workplace employees, the second after being directed not to, was not found to be cause for dismissal. The trial Judge in the Cavaliere case focused on the concept of the word "consensual" and recognized that where there is a power imbalance, it may be difficult if not impossible to appreciate whether there was true real voluntary consent. He also commented on the importance of weighing the evidence and applying the law "in the context of our achievable expectation in 2009 for a harassment free workplace".

For employers it is a lesson in the importance of clearly communicating its values and expectations of managers. For employees it is a cautionary tale that regardless of your length of service and position certain conduct can have devastating consequences.

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eeks Unite! Or, more to the point, "Geeks Ignite!" Late November saw the launch of Ignite! Waterloo, an organization that "captures the best of Waterloo Region's geek culture in a series of fiveminute speed presentations."

The first Ignite! evening was kindled in 2006. Since then, Ignite! events have spread across the globe, now including Waterloo. Ignite! presents 16 speakers, each with a different topic - the common denominator: all speakers are passionate about their topic.



Ignite! Waterloo co-chairs Ramy Nassar, RIM Business Solution Manager Waterloo Region's first Ignite!

evening captured the best of Waterloo Region's culture in a series of five-minute speed presentations. Topics ranged from "Solving a Rubik's Cube in 90 Seconds" to "How a Dead Mouse Changed Music Forever" to "The Future of Policing" presented by a member of Waterloo Region Police. Ignite! Waterloo launched November 25, 2009 at the Waterloo Region Children's Museum. For more info, visit www.Ignitewaterloo.ca.

THE WORLD'S FIRST CAR to have interior parts made from wheat straw-reinforced plastic - created via technology that has roots at the University of Guelph - is set to roll off the assembly lines in the new year.

The Ford Motor Company's 2010 Ford Flex will include storage bins made from this bio-based material. The wheat straw-reinforced plastic was created by Leonardo

Professor Larry Erickson, University of Guelph and Dr. Leonardo Simon, University of Waterloo stand with a Ford Edge by a wheat field in Oxford County

Simon, a University of Waterloo engineering professor, who is part of the Ontario BioCar Initiative. This multi-university project involves scientists at U of G and the universities of Toronto. Waterloo and Windsor.

"It's an amazing achievement," said plant agriculture professor Larry Erickson, one of BioCar's lead researchers.

The BioCar Initiative, supported by the Ontario Research Fund's Research Excellence Program, was started in 2007. The universities agreed to combine their research strengths and efforts for four years in order to improve the development and delivery capacity of biomaterials for the automotive industry.

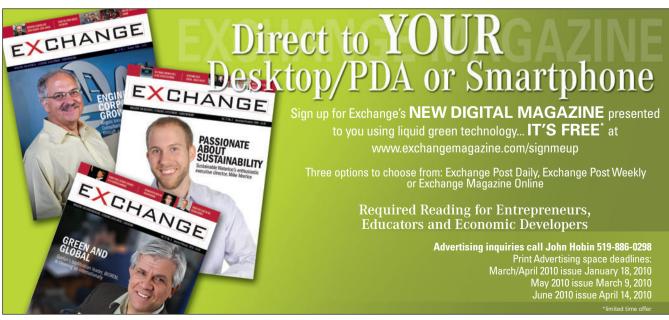
"We hoped that by the end of it all, we'd have at least one car part in Ontario that came from an agricultural source," Erickson said. "But today's announcement means that we're already there, and we are only two years into the project, so we are way ahead of schedule. We're quite happy about that."

CATHY BROTHERS, LONG-TIME Executive Director of Mosaic Counselling and Family Services, has resigned to assume the position of Executive Director in Residence for Capacity Waterloo Region. She makes the transition in mid-February 2010.

Under Brothers' leadership over more than 17 years, Mosaic has expanded from serving 1,000 persons each year to helping more than 25,000 persons annually. During this period Mosaic has grown from an annual operating budget of less than \$500,000 to over \$5,000,000.

Upon receiving Brothers' resignation, Board Chair Larry Ryan commented, "Cathy has been a remarkably talented leader. She has successfully managed the many challenges within the not-for-profit sector. Cathy's upbeat vision and passion for the well being of all persons in our community has been a great inspiration for Board members and staff, alike."

Brothers states that one of her proud-





est accomplishments has been in pioneering the **Family Violence Project** which is unique in Canada. She says, "I feel so privileged to have worked with the 15 organizations that have come together at Mosaic to ensure that victims of domestic violence receive all the support and safety planning that is possible in dealing with one of the most tragic problems in our society."

IHE GORE MUTUAL FOUNDATION has recognized 19 local charities that received over \$150,000 in donations from the Foundation, including KidsAbility Foundation, Cambridge Shelter Corporation, Cambridge and District Humane Society, Bereaved Families of Ontario (Midwestern Region) and Women's Crisis Services of Waterloo Region.

"Gore Mutual Foundation recognizes the important role these charities play in



our community," said **Charlie Cipolla**, President and Chair, Gore Mutual Foundation and Chair, Gore Mutual Board of Directors. "We are proud to support their efforts, and we hold this annual reception to thank these organizations and let them know that we recognize the incredible contribution they make."

**PRICEWATERHOUSECOOPERS (PWC)** has recognized staff member **Sherry Hempel** as the 2009 Southwest Ontario Volunteer of the Year for her outstanding work with New Apostolic Church. A cash donation of \$1,000 has been made to the organization in honour of her contributions. New Apostolic Church is a worldwide community of Christian worshippers.

THE NEW HAMBURG BOARD OF TRADE has elected its 2010/2011 executive. Continuing as President is Paul Knowles, editor of Exchange. Vice Presidents are Steve Wagler, Josslin Insurance and Tim Bender, New Hamburg Cleaners. Directors include Doug Brenneman, Expressway Ford; Nick Cressman, Puddicombe House; Nigel Gordijk, Common Sense Design; Meredith Hagen, Memé's Café; Kristen Hahn, Upper Case Books; Tom Hinz, Hinz Carpet Cleaning; Deb Myers, New Independent; Hamburg Spotswood, Absolute Fitness; and Dietmar Walch, Alpine Plant Food.

**SPORTSWORLD CROSSING HAS** announced that they have signed a lease with **Borealis Grille and Bar** to open an "eat local" restaurant in the 120 year old Pine Grove School House on King Street East in Kitchener.

**Mark Kindrachuk**, President of Intermarket Developments is excited about the prospects of renovating the former Pine Grove School House, once known as Little Paradise.

The Neighbourhood Group of Companies, operators of the iconic downtown Woolwich Arrow Pub and the Borealis Grille and Bar in Guelph, are the driving force behind the new restaurant in Kitchener. The President, Bob Desautels, says, "the goal is to create a restaurant that serves locally crafted foods and beverages at everyday prices. We want to bring the best products from Ontario farmers, breweries and VQA wineries to our guests."



CATASTROPHONE OF WATERLOO has launched an Emergency Response Telecommunication Service platform, which enables immediate restoration of business' incoming telephone call handling and distribution when systems or premises are damaged, destroyed or rendered inaccessible.

E-Mail: info@parkcapital.ca

"This is the only service of its kind in Canada and it will revolutionize the telecommunication disaster planning and recovery process," said **Greg Dalton**, President of CatastroPhone ERTS . "The CatastroPhone service fills a significant void in telecommunications restoration that until now has escaped the telecommunications industry and left the insurance industry's intermediaries, claims personnel and businesses helpless in their greatest time of need."

Small to medium sized business number in excess of 1,000,000 in Canada and most have limited access to resources in the area of disaster planning and recovery tools. CatastroPhone Emergency



Response Telecommunication Service is viewed as the key to the disaster recovery

Fulfillment of the service is delivered by Fibernetics of Kitchener,, a CRTC licensed Competitive Local Exchange Carrier (CLEC).

PETER HARDER HAS BEEN NAMED CHAIRMAN of the Board of Directors of ARISE Technologies Corporation, succeeding Vern Heinrichs, who remains President and CEO. "I am very pleased to announce that Peter Harder will be taking over as Chairman of the Board," said Heinrichs. "Peter has been a tremendous support to me during my tenure as Chairman and brings a great deal of experience and knowledge to the position. This transition will give us the benefit of Peter's insight and leadership at the Board level, while allowing me to focus fully on my responsibilities as President and CEO."

In addition, ARISE announced several changes to the company's senior management team. Effective immediately, Ian MacLellan will take over as President of the PV Cells Division, relinquishing his current roles as CTO and President of the Systems Division. William ("Bill") White, currently VP of ARISE's Systems Division, becomes Executive Vice President responsible for all systems-related activities.

ARISE also announced David Chorna**by's** resignation from the position of Chief Financial Officer. Chornaby is replaced by Douglas McCollam.

SKYLINE APARTMENT REIT OF GUELPH has announced the acquisition of a \$26.9 million multiresidential portfolio in Kingston, Ontario. This will compliment Skyline's existing



multi-residential and commercial real estate portfolio that is now made up of 89 properties in 33 communities, spread out across four Canadian provinces. This acquisition brings the market value of Skyline Apartment REIT's current portfolio to over \$500 million.

Iason Castellan. Chief Executive Officer and co-founder of Skyline commented that, "We are happy and proud to add these new assets to the stable portfolio of properties that currently make up our REIT. Kingston has a long history of strong employment and economic stability, so by acquiring these accretive buildings, we will significantly increase unitholder value "

PRIMUS REALTY LTD.. A BROKERAGE in business since 1991, has opened its doors at a new retail branch office at the Bauer Marketplace in Uptown Waterloo. The Primus Team specializes in urban condominium sales and rentals, in addition to their core business of commercial and industrial real estate. Mike Polzl is Broker of Record, and Vice President of Primus. Joining him in the new 191 King St. S. facility are James Boudreau and Duncan McLean. Heidi Polzl, President, continues to be based at the Primus office, in the Frobisher Business Center, 151 Frobisher Dr. # B105, Waterloo.

JOHN KEATING, CEO of Cambridge-based COM **DEV International**, has received the first-ever honourary degree awarded by Conestoga College Institute of Technology and Advanced Learning.

He was presented with a Bachelor of Applied Studies by Conestoga President John Tibbits at the fall ceremony of Conestoga's 41st Convocation, held at the Doon campus in Kitchener. The ceremony recognized more than 1,200 graduates of Conestoga degree, diploma and certificate programs.

THE SOUTHWESTERN ONTARIO CHAPTER of the Canadian Association for Family Enterprise has named Flanagan Foodservice Inc. as the winner of the local Family Enterprise of the Year Award. Flanagan Foodservice Inc. now becomes eligible for the National Award to be presented in Regina during the CAFE Symposium to be held in May 2010.

Celebrating 33 years of continued growth and profitability would be a milestone for any company. For Flanagan

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Foodservices, it is one of many reasons to celebrate. This private family controlled company has thrived against larger internationally supported firms in the food service and distribution industry. Family governance has been an essential ingredient allowing four brothers to successfully work together after the untimely death of a founder. Flanagan's loval customer base enjoys superior customer service, perhaps due to the quality work atmosphere enjoyed by the nearly 400 employees. Continued growth, employee profit participation and ownership, and a second generation sibling team with well defined roles is this food service company's recipe for success. "We are proud to have been selected as this year's recipient of this prestigious award. CAFE comprises many excellent family businesses. This is a true honour to be recognized amongst such a great group," commented Murray Flanagan, Senior VP/Treasurer of Flanagan Foodservice Inc. X



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Durocher also notes that the Cambridge Chamber plays a key role in the broader regional context. Along with the Greater Kitchener-Waterloo Chamber, it has helped launch important economic development initiatives like the Prosperity Council, Communitech and Canada's Technology Triangle (CTT). In describing his working relationship with these sister agencies, Durocher simply says, "we get along famously."

Prior to joining the Chamber, Durocher served nine years representing Ward 2 on Cambridge City Council. He was a partner in the brokerage firm Conestoga Insurance for 23 years before selling his interest in 1998. He and his wife Lisa, who handles marketing and event planning for the Chamber, have three children.

"We're big fans of our community," Durocher says. "We have strong community values and want to give back to a community that has been so good to us."

While confessing that both he and Lisa are "workaholics," they do take some time over the summer to relax at their cottage at Conestogo Lake. Greg also like to play golf, although he confesses that one if its appeals is that "you can do business on the golf course."

"We're big fans of our community," Durocher says. "We have strong community values and want to give back to a community that has been so good to us.

Cambridge Chamber President Helen Jowett, founder of McDonald Green HR Consulting, is also one of Durocher's boosters. "Greg is an engaging leader who can ignite passion in all stakeholders. He is a big picture thinker who can create a fun environment for work without compromise of outcomes. He challenges processes and invites feedback and applies this feedback for the benefit of our members. We are extremely fortunate to have his business savvy and political prowess to guide our members through challenging times."

Past-chair and current director Brian Butcher, President and Creative Director of Advertech Design Communications, adds, "Greg has an incredible enthusiasm

#### MAKING A DIFFFRENCE

and optimism, both for the Cambridge Chamber and for the city of Cambridge. His imagination and innovation never take a break and he is constantly looking

"Greg has an incredible enthusiasm and optimism, both for the Cambridge Chamber and for the city of Cambridge."

for new ways to promote the Chamber movement and business in general. At the same time, Greg has the unique ability to wade through the bureaucratic process and political-speak of governments and organizations to get to the heart of any issue or dispute."

Despite the burden of the recent recession, Durocher's optimism shines through. "We live in one of the best regions of Canada and the world. We are very blessed with an entrepreneurial and innovative spirit."

He has a final piece of advice for business managers, "Don't stop marketing during difficult times. Those who increase marketing come out faster than those who don't. Don't back off!"



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44I have the best office I could hope for. I look out my window onto Hespeler Road and watch the money roll by," the affable Cambridge Chamber of Commerce President and CEO Greg Durocher quips.

Durocher was hired for this position early in 2001, when construction of Gateway Cambridge was just beginning. They've been together ever since.

The building, located on Hespeler Road just south of Highway 401, houses the Chamber offices as well as a bright, spacious visitor centre. It is the eastern gateway not only to Cambridge but to Waterloo Region, Stratford and beyond.

Gateway Cambridge, then under construction, was featured in the March/April 2001 edition of Exchange. It was built under the leadership of Sam Purdy, who is currently a director on the board of the Cambridge Chamber.

Durocher says Gateway Cambridge is the only visitor centre on the 401 between Windsor and Brockville. It hosts between 60,000 and 100,000 visitors annually.

In early 2001, Durocher became the new leader of

the Chamber, soon after having lost the Cambridge mayoralty election. In November 2000, he was defeated by Doug Craig by a mere 34 votes. That contest made national headlines, but a judicial recount did not change the outcome. Craig has been mayor ever since.

Meanwhile Durocher has settled nicely into his role as head of the Chamber. "I love my job," Durocher enthuses, adding that he can't wait to get to work in the morning. He also speaks highly of the good working relationship the Chamber has forged with the City.

It is a sentiment echoed by Mayor Craig. "The city has not only an excellent working relationship with the Chamber and its members, but also a unique working partnership has translated into a number of business successes in our community, resulting in an improved quality of life for all its citizens," Craig told Exchange.

The Mayor then added this glowing endorsement of his one-time political rival: "Greg Durocher has taken the Cambridge Chamber of Commerce in a direction that has made it into one of the strongest advocates for business in southwestern Ontario. His innovative and collaborative leadership style has been a pleasure to work with and he deserves a good deal of credit for the ongoing successes this community attained over the past decade. These include numerous business start-ups – Drayton Theatre, the University of Waterloo School of Architecture and our new LEEDS Gold City Hall."

With 1,940 members, Durocher proudly notes that the Cambridge Chamber is one of the largest Chambers

"Greg Durocher has taken the Cambridge Chamber of Commerce in a direction that has made it into one of the strongest advocates for business in southwestern Ontario."

of Commerce in Ontario. He feels this is attributable to its strong focus on member service.

The Cambridge Chamber has also been on the cutting edge of providing that service through the latest information technology. A rebuilt website, along with a state of the art video recording studio. allows them to live-stream interviews. Podcast series and chat forums facilitate member education and interaction.

The Chamber's standing committees – Environment, Energy and Infrastructure; Government Policy; and Membership Services – all meet electronically. Facebook and Twitter pages are operated and the quarterly newsletter, Spectrum, is provided in an electronic page-flipper format.

Funny Money, a financial literacy program for high school students delivered live by comedian James Cunningham, was developed four or five years ago though the Cambridge Chamber. It has now has national exposure with financial assistance from the Investor Education Fund of the Ontario Securities Commission.

Funny Money focuses on three things – budgeting; debt management; and time management and saving.

continued on page 44

by BRIAN HUNSBERGER



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