THE GLOBE AND MAIL

ANNICK GUÉRARD SETS A NEW COURSE FOR STRUGGLING TRANSAT

HOW HYDROSTOR'S SIMPLE TECH COULD HELP SAVE THE PLANET

WHAT YOU CAN LEARN FROM RAPTORS PRESIDENT MASAI UJIRI

WE CELEBRATE 50 EXECS WHO RARELY GET ANY GLORY

REPORT ON BUSINESS

HOMECOMING

HOW AJ FERNANDEZ RIVERA FOUND HER PLACE IN CANADA, IN THE TECH WORLD AND IN HER OWN SKIN

MAY 2022

Sprott

Sprott Inc. is proud to congratulate **Kevin Hibbert, FCPA, FCA**, our Chief Financial Officer, Senior Managing Director & Co-Head Enterprise Shared Services for being named as one of the recipients of this year's Report on Business **"Top 50 Best Executive Award"**.

Thank you Kevin, for your leadership and commitment to our team, shareholders and clients.

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COVER PHOTOGRAPHED EXCLUSIVELY FOR ROB MAGAZINE BY WYNNE NEILLY; (RIGHT) KARENE ISABELLE

Step into the spotlight

We live in a world that reveres the chief executive. It's the Warren Buffetts, Jamie Dimons and Elon Musks who get all the glory—or, to put it in the Canadian context, the Keith Creels, Rania Llewellyns and Ajay Virmanis. (To be fair, they're also the ones who tend to bear the burden of failure when things go south, but let's face it—a fat compensation package can go a long way toward soothing that kind of sting.)

As all but the most egocentric leaders will admit, however, running a company (or a magazine, for that matter) is a team sport. Transat AT's new CEO, Annick Guérard—who spent years as operations chief before succeeding co-founder and long-time boss Jean-Marc Eustache last year—describes leadership this way: "The weight of it isn't just on one person but on the whole group." (To read Nicolas Van Praet's profile of Guérard as she steers the struggling airline through heavy turbulence, check out "Fasten your seatbelts," on page 38.)

Yet, it's the rare non-CEO executive who manages to achieve any recognition outside their own sector. Honestly, how many of you can name, say, the chief financial officer of Berkshire Hathaway or the head of human resources at RBC? (For the record: Marc Hamburg and Helena Gottschling, respectively.) Our Best Executives 2022 package is all about lauding the unsung heroes of the business world—the financial wizards, sales and marketing experts, logistics nerds and IT geniuses whose job is to make sure their companies succeed—and, yes, their CEOs look good.

If it weren't for the Best Execs nomination process, we'd never have had the chance to write about The Ten Spot's CFO, Laura Wittholz, who ensured the franchised chain of beauty bars stayed afloat despite 300 days of virtually no revenue ("Spot on," page 24). AJ Fernandez Rivera—who appears on this month's cover—would have similarly remained in the shadows. Fernandez Rivera is just one person at a consulting firm with a population larger than the city of Boston. But she's had an outsized impact not just on Accenture's business but on its culture of diversity and authenticity, too, as a trans tech executive willing to step up and share her story with the world ("Waiting to exhale," page 18).

You'll also read about 48 other executives who deserve a little love for providing employees with access to mental health services during the COVID-19 lockdown, battling supply-chain snarls to make sure customers weren't faced with empty store shelves and ensuring telecom services still work during increasingly volatile climate-related natural disasters.

On a personal note, I'd like to send a giant thank-you to all the people who help make this magazine—especially our long-time, long-suffering art director, Domenic Macri, who doesn't get nearly enough credit (and likes it that way). Thanks for making me look good. **/Dawn Calleja**

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REPORT ON BUSINESS
THE GLOBE AND MAIL
May 2022, Volume 38, No. 6

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Report on Business magazine is published 7 times a year by The Globe and Mail Inc., 351 King Street E., Toronto M5A 0N1. Telephone 416-585-5000. Letters to the Editor: robmagletters@globeandmail.com.

Indexed in the Canadian Periodical Index.

Advertising Offices
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Branch Offices
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United States and countries outside of North America: AJR Media Group, 212-426-5932, ajrmediagroup@globeandmail.com

Publications mail registration No. 7418. The publisher accepts no responsibility for unsolicited manuscripts, transparencies or other material. Printed in Canada by Transcontinental Printing Inc.
Report on Business magazine is electronically available through subscription to Factiva.com from Factiva, at factiva.com/factiva or 416-306-2003.

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PHOTOGRAPH STEPH MARTYNIUK

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RESEARCH WITH PURPOSE

Elkafi Hassini is leveraging data to reimagine the global supply chain. Through a Smart Freight Centre research initiative, he is studying challenges related to shipping and consumer expectations for same-day delivery.

Hassini's research focuses on:

- Big data optimization
- Supply chain analytics
- Supply chain risk management
- Climate resilient supply chains
- Socially responsible food distribution

Elkafi Hassini
Chair, Smart Freight Centre
Professor of Operations Management

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Patently obvious

Josh O'Kane and Sean Silcoff's feature, "Hey Google, tell me about patent infringement," took us inside the successful battle waged by speaker maker Sonos and its Canadian CEO, Patrick Spence.

I'm not characteristically disposed favourably toward CEOs in general, and as an early Sonos adopter I was burned a little bit. But Patrick Spence gets it. Sonos is fortunate to have him. **—Anna Claydon**

People in industry don't decry patents. They regard them as essential tools to protect the investments they have made in R&D. It is only some internet activists who oppose patents, thinking everything should be free. **—TomGray**

Sonos is only a small company when compared to the tech titans. It's actually quite a big company in absolute terms. Small companies—the ones we like to root for—hate these sort of patents. Somehow we flipped the usual perspective on its head and are rooting for the company that tries to shut down competition by patenting everything in sight. **—Tom1011**

Great story. One disagreement: Palm's OS was always better than BlackBerry's. BlackBerry almost did not know the internet existed. **—scottd**

That'll teach 'em

Trevor Cole's interview with Ontario Teachers' Pension Plan CEO Jo Taylor had readers split.

Public-sector defined-benefit pension plans "work" only because governments are obligated to contribute billions in top-ups whenever actuarial calculations require them to do so. We have universal education and health care because as a nation we believe in fairness. So it should be with pensions. **—lifetimesubscriber**

The OTPP is 50-50 "owned" by the province and the teachers, so if it fails, the teachers take the hit as well. In recent years, the contribution rate has gone from 8% to about 11%, and their inflation protection is now conditional on the plan's funded status. Note that the contribution of 11% is from both the teachers' paychques and from the province, so the teachers do contribute out of their own pockets. **—Nigel Tufnell**

Not owning Canadian oil and gas is shooting themselves in the foot. He could have doubled assets in the last 10 months, let alone 10 years. Get woke, go broke. **—KingofActionIsland**

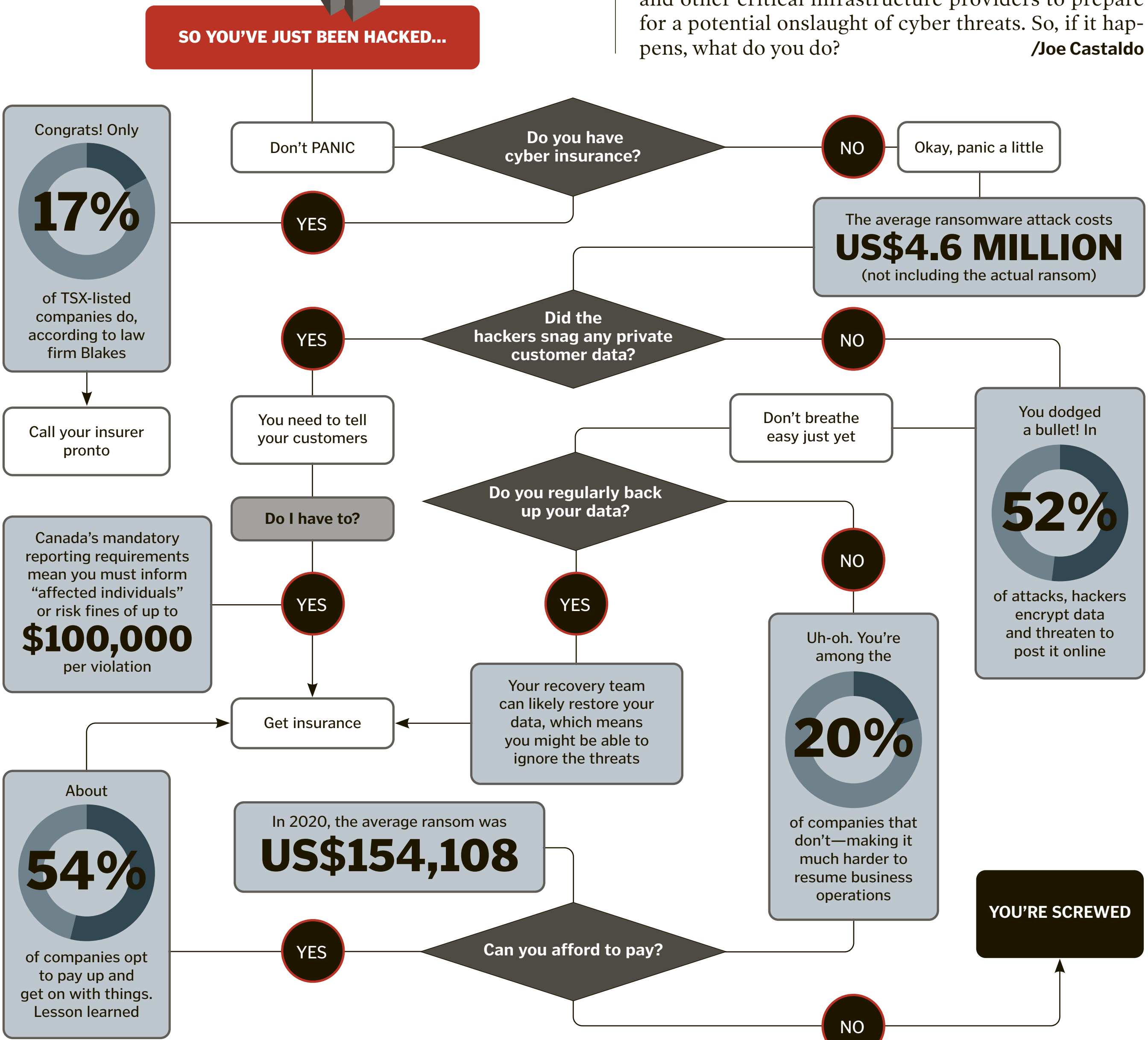
Looks like the teachers have it made. Most people work for 40 years and collect for 25 years. **—Roedgerl**

$10.5 TRILLION
That's how much cybercrime is expected to cost annually (in US$) by 2025, up from **$3.5 TRILLION** in 2015

NEW RULES

What the hack

One morning, you switch on your computer to find your company files are locked, work has ground to a halt, and an anonymous hacker is demanding an absurd amount of money to restore access. You've been hit by ransomware. Such attacks have surged in recent years—globally, the number of incidents rose 151% in the first half of 2021—and it could get worse. When Russia invaded Ukraine in February, Canada's Communications Security Establishment warned power companies, banks, and other critical infrastructure providers to prepare for a potential onslaught of cyber threats. So, if it happens, what do you do? **/Joe Castaldo**



THE EXCHANGE

Light my fire

When Walmart veteran Horacio Barbeito took over the retailer's Canadian business, he found an operation in scorching need of a shake-up—one that's going to cost $3.5 billion to pull off

BY TREVOR COLE

Any company appreciates having a few true believers in its midst, but it thrives with true achievers. Horacio Barbeito ("Haio" to his friends and colleagues) seems to be both. Twenty-seven years ago—the same year Walmart launched in Canada with 122 rebranded Woolco stores—Barbeito joined the retailer in Argentina as a buyer-in-training. What he bought most was the company's compete-hard philosophy, matching it with some natural people skills. He rose through the ranks, becoming CEO of Walmart Argentina in 2012 and adding Chile to his portfolio three years later. Then, in 2019, Barbeito was asked to head north to pump up Walmart's limp operation in Canada. (1) In two years he has witnessed, and contributed to, a retail landscape transformed by the forces of pandemic and technology. Walmart Canada's e-commerce operation is now several years ahead of plan, and the company is adding high-tech fulfillment centres across the country. Next stop for Barbeito: the metaverse. He spoke to us via Zoom during Walmart's presidents' roundtable—its first in-person meetings in two years—at the company's headquarters in Bentonville, Ark.

When you arrived in 2019, the Canadian retail landscape was considered a little sleepy. Did you find that?
With all due respect, I did. I thought Canada was behind in a broad, e-commerce proposition to the market. (2) Even though there was some maturity around loyalty programs, I think they were programs that rewarded the loyal, rather than really creating digital connectivity with customers. And that's what we're trying to do. With the strong bedrock we have with our store footprint across Canada—half an hour away from 90% of the population—we could actually be a very important omnichannel player.

At the time, Walmart Canada wasn't growing the way it was in the United States. Why not?
We hadn't embraced e-commerce in a positively aggressive way. Maybe we were too caught up in running the stores. Sometimes you need a burning platform, and we didn't have one.

A burning platform?
Yeah, you know, "We're running a great business, so why change it?" That is why our strategy is around performing and transforming. It's great that we have a very healthy business, but start making the investments in building the capabilities to transform, to be future-proof. Investing for growth, bringing in future-proof talent, remodelling stores, building new distribution centres and fulfillment centres, investing in technology. How do we accelerate our flywheel? I think going from hunkering down to playing offence really changed our body language into omnichannel.

You launched a $3.5-billion modernization plan. Was that your initiative, or was that laid down on

1. The guy who tapped him is Walmart CEO Doug McMillon, a Walmart lifer and Arkansas native who has held the top job since 2014.

2. In Canada, e-commerce accounts for 13.6% of total retail sales, compared to 16.1% in the U.S. as of 2022, according to eMarketer. It's 46.3% in China and 36.3% in the U.K.

PHOTOGRAPHS NATHAN CYPRYS


SERCO

Walmart Canada from on high?
It's based on a local strategy to perform and transform. And we already have deployed $1.2 billion of those $3.5 billion in the past 24 months. This year is gonna be the highest investment year since we arrived in Canada. It is about remodelling more stores than we ever did, and it's not just remodelling—it's modernizing. It's not just about building improvements, it's about our pick-up area, it's about technology, it's about empowering the associates with better tools, and at the same time, obviously, modernizing the proposition. We have three distribution centres in flight right now. One micro-fulfillment centre in our Scarborough store that we're ready to open, and we will be announcing shortly two fulfillment centres to accelerate our e-commerce and marketplace capabilities. **(3)** So I think it's a good time to be Walmart Canada.

How has the pandemic complicated this process of modernization?
I saw it as an opportunity, Trevor. Despite the tragic moments that we all have lived in the past two years, and what's going on in Eastern Europe now. You know, we have all kinds of situations that require us, as corporate citizens, to take a hard look at how we operate. So, racial equity and inclusion being more than something we were all working on to something that we needed to address head-on. **(4)** We were able to bring our associates to the table to express their concerns and seek to be a better place to work. So, I see this crisis as unprecedented, and very difficult and complex but, at the same time, something that made us better, made us more agile.

So you're improving the physical stores, and you're ramping up on the e-commerce side. Which of those two things is more expensive?
Well, obviously the cost to serve an e-commerce customer is more expensive. Imagine—you used to park in a parking lot, grab a cart, pick up your items, pay, go home and put them away. We do a lot of that for our customers now. So, obviously there is a higher cost. But at the same time, there is this notion of customer lifetime value. If we address with our proposition that customer who shops multichannel—sometimes goes to the store for a stock-up trip, sometimes orders online and picks it up at one of the stores, sometimes has an immediate need and buys through one of our last-mile partners or our own delivery service—yes, it's a business that has a higher cost to serve. But at the same time, it creates a loyalty and a relationship with the customer that will last for a long time. And that's where the lifetime value of the customer plays an important role.

What percentage of your sales are online versus in-store?
I can tell you that the first year of the pandemic, 2020, we got to the penetration that we had planned for 2024—year four of our five-year plan. If I were a forecaster—this is personal opinion—Canada online will be 25% of commerce in the next five years.

Does an online purchase bring in more revenue than an in-person purchase?
There's very robust data. The online shopping basket is significantly higher than the in-person shopping basket. Geographies differ a bit, but it could be up to three times. Higher cost to serve, but higher volume. That is why this notion of the lifetime value of the customer is so important.

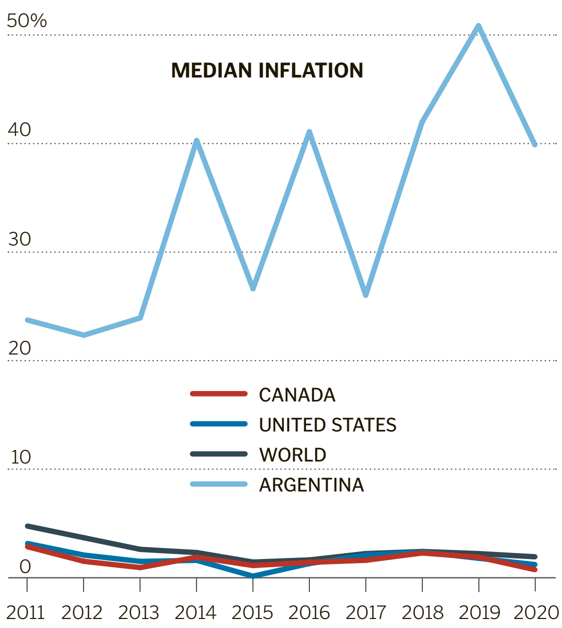
Let's talk about other challenges—supply chain, for one. Your Q4 earnings report says Walmart stores saw a 26% increase in inventory over the previous year. How did you do that?
We wanted to make sure we didn't miss any seasons. You know, we operate under "everyday low prices," but we also play offence in the seasonal categories. So, we ordered earlier and bigger—bikes, outdoor living, barbecues, garden sets—all that, we're pretty heavy on right now, even though we are not selling. Because we wanted to make sure, based on the new lead times we're experiencing, that we have the assortment the customer wants.

Another challenge is inflation. But am I right to think inflation is not as much of a problem for Walmart as it is for other retailers because you're a discount outlet?
Obviously, Walmart stands for low prices. So, in that sense we fight inflation. It's part of our DNA. We're not naive to ignore that raw materials have been going up at some concerning levels, right? So, oil, soy beans, corn, wheat—everything at almost historic levels, and we see that with suppliers. And we work together making sure we do not penalize customers, we do not penalize consumption, that we talk about volume, continuity of supply. And we also want to make sure the customers have lots of options. I come from a country that has not been able to control inflation for the past 100 years, and I know first-hand that inflation is a tax on the lower socio-economic levels. **(5)** It is

3. Walmart Canada has five distribution centres planned or under construction: Surrey, B.C. (opening soon); Moncton and Calgary (fall, 2022); Vaughan, Ont. (2024); and Quebec (to be determined). That will bring its total number of distribution and fulfillment centres in Canada to 18.

4. Some 47% of Walmart's U.S. associates identify as non-white. At the board level, it's 17%, and among executive officers, 33%.

5



that core customer of ours that we need to help to be in control in this inflationary environment.

What extra demands are you placing on your suppliers to help in this fight against inflation?

What we're preaching, Trevor, is this is not the time to maximize profits. **(6)** This is a great opportunity to create loyalty in their brands. They're gonna miss an opportunity to actually gain share if they go up too much in their costs. So we need to work together. We have a supplier growth summit every year. And we transparently show what we are doing, what our strategy is, what our plans are for this year, and we encourage joint business plans. We have hundreds of meetings, and we have very talented people working on cost analytics. Dialogue and data is what needs to prevail.

Walmart is known for demanding concessions from its suppliers. You demand lower costs from them, and in the middle of the pandemic, you charged your suppliers higher fees to help cover the costs of your e-commerce improvements. What was your rationale for that decision?

You know, there are some myths around large retailers like ourselves. But—

You're saying they're myths?

Yeah. This is my opinion, right? But we work with suppliers. We work on our relationship based on win-win, that we need to grow together. We need to serve a common customer. Having said that, we did not increase fees. What we did is a program of investment for growth. **(7)** Because e-commerce is now a much larger part of the market, with a different cost to serve. We need to invest in capabilities, in infrastructures. So we are not having the suppliers fund our infrastructure investment. They are investing in growing with Walmart. If you want to have access to that 300% increase in two years in e-commerce, let's grow together. This was the spirit.

Suppliers were not happy with those extra fees. The timing of them was called "diabolical."

That was somebody from an association. It was not a supplier of ours. **(8)** That particular expression, we thought it was completely out of place, and we were not going to answer to a comment that was aggressive, disrespectful and irrational.

I think because of this controversy, the government is working on a code of conduct for retailers and suppliers. Some Canadian retailers are willing to go along. Why do you oppose it?

I think a code of conduct may limit competition. **(9)** We strongly believe the best way to have a very competitive retail sector is to foster open competition. We have over 100,000 items in our stores. We have 125,000 more in our fulfillment centres, and we have millions in our marketplace. So, I think a code of conduct may be wanted by people who actually do not want to compete. But that's them.

Are you still losing money on grocery deliveries?

Depending how you see it, Trevor. It's hard to make a profit on such an intense service business. But I think we need to see it holistically. I may lose money with a customer ordering online groceries. But he also goes to the store, and he also orders in the marketplace site, and he's a customer of my pharmacy. If I analyze channel by channel, and just make the decision to accelerate or not accelerate, I may be missing the opportunity to serve that customer in an omni way.

How important are groceries to your overall growth?

Oh, it's super important. We have a very broad assortment of general merchandise. But in food, you generate stock-up trips. You generate frequency with fresh. You generate loyalty with everyday low prices. And the general merchandise is assortment, novelty, impulse. The one-stop-shop concept of Walmart—we were doubtful if it was future-proof. Now, incorporating the store in that digital connectivity with the customer, I think the one-stop shop is a winning format.

Cast your mind forward 10 years. Will Walmart customers be strolling through a meta store with a digital cart?

It's not going to be a single view. Yes, we will have stores in the metaverse, where you will have a different experience that maybe would contain some entertainment within your retail experience. You will have—and we already have trials in the U.S.—personal dedicated shoppers that you trust with a code. They enter, and they leave the items in your refrigerator. We will have autonomous vehicles delivering goods to customers. We will have drones delivering items in minutes to your backyard. And we will have stores that become hubs to shop, pick up, return and complement a one-stop shop. I do not believe everything is gonna go online, and I do not believe the store will be the centre of the universe. It's gonna be omni.

This interview has been edited and condensed.

Trevor Cole is the author of five books, including the novel Practical Jean, *which won the Stephen Leacock Medal for Humour.*

6.

$238 BILLION
Net worth of Walmart's founding Walton family

$572.8 BILLION
Revenue for fiscal 2022 (up 2.4%)

$13.7 BILLION
Net income for fiscal 2022 (up 1.2%)

2.3 MILLION
associates globally
($5,956 profit per employee)

(all in US$)

7. In July 2020, Walmart informed some 3,000 suppliers of the new fees, amounting to as much as 6.25% of the cost of goods.

8. The "diabolical" description came from Michael Graydon, head of Food and Consumer Products of Canada, who said he'd heard from many Walmart suppliers who were "absolutely furious."

9. Michael Medline, CEO of Sobeys parent company Empire Co., broke with Loblaw and Walmart in endorsing a code of conduct.

6 BILLION

The number of disposable cups Starbucks (which aims to cut waste in half by 2030) estimates it uses each year. A reusable-cup pilot project in South Korea saved 200,000 paper cups in three months

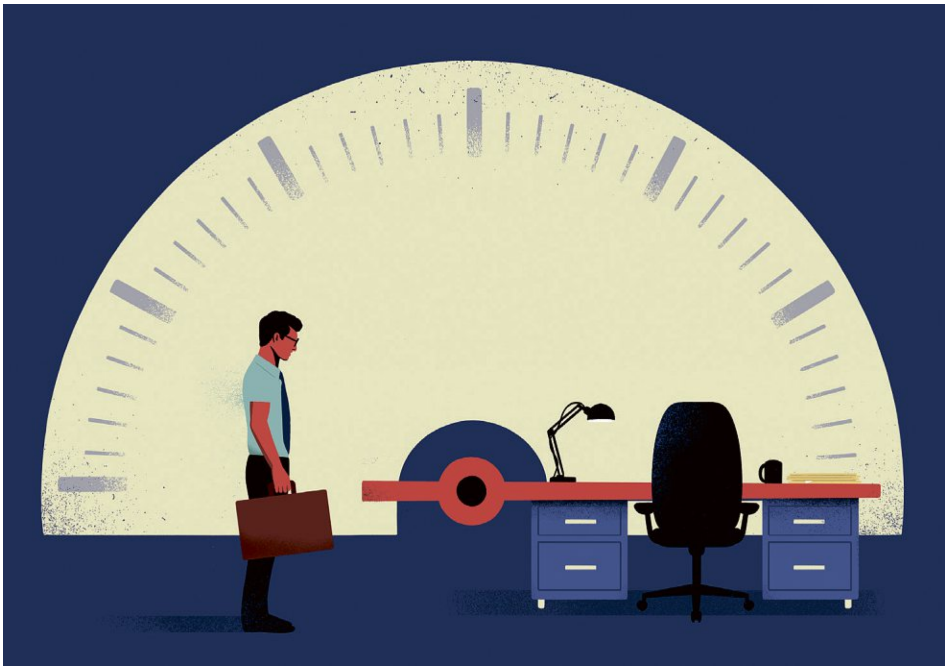


ILLUSTRATION SÉBASTIEN THIBAULT

BIG IDEA

The return to abnormal

The pandemic interregnum provides an opportunity to re-evaluate workplace routines. Will we take it or just fall into the same old toxic patterns?

Which dysfunctional workplace habits are you planning to bring back to the post-pandemic office, along with the pictures of your kids, souvenirs from that overpriced sun vacation from a few years back and the special mug that says, “Martinis, No Longer Just for Breakfast”? The list of toxic options is extensive: Making sure everyone knows you’re the last to leave. Telling passive-aggressive “jokes” during staff meetings. Popping cold-and-flu medicine like candy so you can show up instead of convalescing at home. Pretending you don’t have a life outside of work that puts demands on your time.

None, you say? Is it possible that after two years of working from home, the in-person office experience will have improved almost organically—a kind of collective maturation process? The pandemic interregnum has definitely shattered some myths and prejudices, most notably the suspicion that “working from home” is actually code for doing anything other than work. But it has also shone a light on other toxic workplace behaviours, such as presenteeism, face time, and a 24-7 work culture. The realities of juggling work responsibilities with the pressing needs of young children or aging parents, for example, played out during Zoom and Teams sessions, rendering them specific and difficult to ignore. Could the attention these problems have attracted from human resources managers and other leaders translate into permanent change?

Matthias Spitzmuller, an associate professor of organizational behaviour at Queen’s University’s Smith School of Business who studies presenteeism, is hopeful companies will maintain the rules and procedures implemented during the pandemic to discourage workers from coming in sick. In his work with employers, Spitzmuller advises them not only to maintain clear policies, but also to provide sufficient paid sick days, encourage managers to lead by example, and do more than just pay lip service to encouraging work-life balance. He cites a growing stack of research showing that lack of sleep due to stress or overwork is strongly correlated with abusive or unethical behaviours on the job, not to mention diminished productivity. “What I really hope is that organizations can break the cycle of excessive overwork,” he says.

Certainly, that’s the signalling coming out of some large organizations these days. “Burnout is real,” says Anna Zec, Scotiabank’s senior vice-president of global HR services. “We want to drive a more standard schedule to some degree as we look to come back together. It’s about trying to find the right flexibility.” Brian Buchan, a spokesperson for the Human Resources Professionals Association, agrees policies that offer flexibility are a big theme for many employers right now. “When people do need to take time off, whether it’s unexpected childcare or eldercare emergencies, having workplace accommodations for that is a key thing we’re seeing,” he says.

But the task of building a better, more humane, workplace may have more to do with culture, leadership style and other imponderables than with specific policies. “A big piece of this is about whether managers are finally willing to accept that people actually will do their job, even if they’re not in their face,” says Lisa Cohen, associate professor of organizational behaviour at McGill’s Desautels Faculty of Management.

They may not have much choice. Employers large and small have faced pushback from employees who want to hold on to the flexibility of working remotely, and don’t relish returning to their uncomfortable and expensive commutes only to find unhappiness at the other end of that journey. And while by most indications the so-called Great Resignation hasn't been nearly as pronounced in Canada as it has been in the U.S., the low-unemployment environment does provide more options for workers who might be tempted to pull up stakes. "There are organizations these days that were born as only work-from-home, and they are successful," notes Cohen. "People have some choice about when they work and from where."

This dynamic may, in fact, be the sword of Damocles that hangs over employers that seem to be snapping back to their pre-pandemic habits. Given the high costs of recruiting and onboarding new employees, as well as what seems to be an increasingly competitive war for talent, employers have plenty of business motivations to re-assemble the pieces of office life in such a way as to avoid the mistakes and toxicity of the past. That goal entails not just more flexibility but also new approaches to employee engagement, more progressive HR policies, and the promotion of leaders who truly understand that in the post-pandemic world of work, "my way or the highway" is a management philosophy that's almost guaranteed to backfire. **/John Lorinc**

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2,190 KILOWATT-HOURS
Electricity required to process one bitcoin transaction

=

Enough energy to power the average U.S. household for
75 DAYS

EXPLAINER

A clean sheet

Pressure is growing on companies to better disclose their ESG activities. Is a reporting standard finally on the horizon?

For all the talk around companies becoming more attuned to environmental, social and governance (ESG) issues, businesses around the world are still doing a poor job of disclosing how they're incorporating these factors into their operations. A 2021 report from Edelman found 82% of global investors believe companies often exaggerate ESG progress, while nearly three-quarters think companies will fail to live up to their commitments. One of the big hurdles is that there's no clear single reporting standard—or there wasn't until March 31, when the International Sustainability Standards Board (ISSB), part of the International Financial Reporting Standards (IFRS) Foundation, released a new set of standards that ISSB vice-chair Sue Lloyd hopes regulators across the globe will adopt and enforce. **/Bryan Borzykowski**

Why are companies falling short when it comes to ESG reporting?

With investor and consumer pressure growing on the ESG front, many companies are keen for some sort of reporting standards to guide them. But which ones to follow—the Climate Disclosure Standards Board, the Value Reporting Foundation, the Task Force for Climate-Related Financial Disclosures? Many firms also lack the finance, risk and other expert ise required to report on these issues. "You really need a mix of skills and understanding of different aspects of running a business to bring it all together," Lloyd says. Then there's the issue of greenwashing. In January 2021, the European Commission examined the green-related claims of companies across a variety of sectors and found that 42% of environmental claims were exaggerated, false or deceptive.

How will the ISSB's regulations advance ESG reporting?

While the new standards might fall flat, there's optimism these rules could see widespread adoption. For one thing, IFRS has a track record—it created the financial accounting rules companies in more than 140 countries follow today. The ISSB, which was formed at the United Nations COP26 climate change conference in November 2021, also has the backing of other standards-developing organizations. In fact, the ISSB rules draw significantly from other documents. "At the request of our stakeholders, we did not start with a clean sheet of paper," says Lloyd. "It's building on what's already there, so it makes it much easier, if you're already reporting, to use our requirements." As for what's included in the ISSB documents—one focuses on climate and the other on social and governance issues—they would require companies to provide an explanation of how they're governing their ESG practices, their strategies for addressing climate risk and, of course, to come clean on greenhouse gas emissions and other metrics.

Will these or any other standards actually become, well, standard?

Sure, IFRS has been successful in the past, but it took more than a decade for its financial accounting standards to take hold, and its ESG ones face plenty of hurdles. Companies, investors, audit firms, banks and securities regulators are now being asked for input, and Lloyd says the general public will weigh in, too. "We're expecting quite a lot of feedback," she says. Then individual securities regulators, such as the U.S. Securities and Exchange Commission and Ontario Securities Commission, will have to decide whether to adopt the standards, too. If they do, companies under their jurisdictions will be forced to comply. Lloyd hopes that investors and governments prod regulators to adopt the standards wholesale. What's more likely to happen, she says, is a combination of regulation and voluntary application. Ultimately, though, it might not be up to the companies themselves to decide whether to be more forthcoming in their reporting—investors and consumers may well decide for them. "Investors really want to know what the impacts of climate change are going to be and what that business is going to look like in the future," says Lloyd. "If companies want to attract capital, they're going to give investors the information they're interested in."

PHOTOGRAPH ISTOCK

Most valuable NBA franchises (US$ billions)

1.	2.	3.	4.	5.	10.
NEW YORK KNICKS **$5.8**	GOLDEN STATE WARRIORS **$5.6**	L.A. LAKERS **$5.5**	CHICAGO BULLS **$3.7**	BOSTON CELTICS **$3.6**	TORONTO RAPTORS **$2.5**

WHAT YOU CAN LEARN FROM...

Masai Ujiri

He isn't Toronto's mayor, but he might as well be. The president and vice-chair of the Raptors is beloved by the city, not just for what he's done for the basketball team—the Raptors won the 2019 NBA Championship—but as a symbol of how Toronto sees itself. Ujiri was born in the United Kingdom, raised in Nigeria and eventually ended up in Canada. He's also classy, with a good dose of swagger. Some of his appeal is a natural disposition, but Ujiri has also unlocked the secret to cultivating respect. **/Tim Kiladze**

1 Winning stops the questions

Ujiri joined the Raptors in 2013, and though the team was a top-tier contender in his first few seasons, it could never reach the finals. Over time, the playoff grit of DeMar DeRozan—beloved by fans and players alike—was called out. In a shocking move, Ujiri traded him in 2018 for Kawhi Leonard, a star who'd been injured and barely played the year before. There was mega uncertainty about Leonard's health, and some Raptors were furious with Ujiri for trading their brother. But then the team won a championship that very year, and all the questions and anger disappeared. The taste of victory does wonders.

2 Use your clout when it counts

Ujiri keeps things private, but he's not scared to dip his toes in hot water. After Justin Trudeau was caught wearing blackface, Ujiri appeared with the beleaguered PM during the 2019 election campaign to show his support. Ujiri also spoke up after he was accused of assaulting a sheriff's deputy after the Championship-winning game (footage later proved the other guy pushed first). Ujiri did a media tour to discuss the pain of being a Black man accused of such a thing. He made his point, made a lasting impression and moved on.

No complaints, no excuses 3

Canada's COVID-19 public health measures forced the Raptors to play last season from a new, temporary "home" in Tampa. It sucked—for the players, for everyone. The team struggled all season and didn't make the playoffs. Ujiri could have complained about just how tough the situation was. He could have used his clout to publicly lobby the government to reverse course. But he ultimately accepted the situation and kept quiet. The team did, too. It was all very...Canadian—and it earned him, and the team, even more respect from fans.

4 Keep the drama in the family

After the Raps won the championship, former fan fave Kyle Lowry admitted he hadn't talked to Ujiri for months because of the DeRozan trade. Yet for all the internal dysfunction, the news never leaked. Similarly, the Toronto Star recently reported team co-owner Edward Rogers didn't want to re-sign Ujiri last year. The drama likely would never have leaked, except for Rogers's boardroom exploits. Real power comes from keeping the family drama internal.

5 Trust yourself

One of Ujiri's strengths is finding and developing players who fly under the radar. Fred VanVleet, who is an all-star this year, is the perfect example. Some of the finds have been lucky, no doubt. But Ujiri and his team, which includes general manager Bobby Webster, trust the work they've put in—whereas so many other teams just follow the hot trends. As Ujiri told The New Yorker in November: "This league is a copycat league, and, honestly, we take pride in not being that."

ASK AN EXPERT

In the age of the Great Resignation, how do I convince my staff to stay?

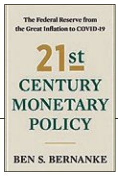
The pandemic was a moment when workers paused and thought deeply about what they wanted from work and life. Turns out it wasn't an uninspiring 9-to-5 spent cubicle-bound; hence the Big Quit. A new survey from Allstate Insurance found 55% of Canadians have at least thought about jumping ship in the past six months. Allstate also asked what would make them stay. The No. 1 answer: salary and compensation. "But the next factors were work-life balance, flexible work hours and working from home," says CEO Ryan Michel. "Add those up, and they far surpass salary." Keeping your staff is a simple equation where the job's pros outweigh its cons, and you can pad the perk pile (for free!) by bettering your company culture. At Allstate, most people wanted flexibility, so Michel says they built it deep into their culture. Still, some employees will leave just the same, so Michel suggests turning those discouraging stats upside down. "That 55% of people are considering leaving their job also means 55% of people are available for hire. To me, that's great news." **/Rosemary Counter**

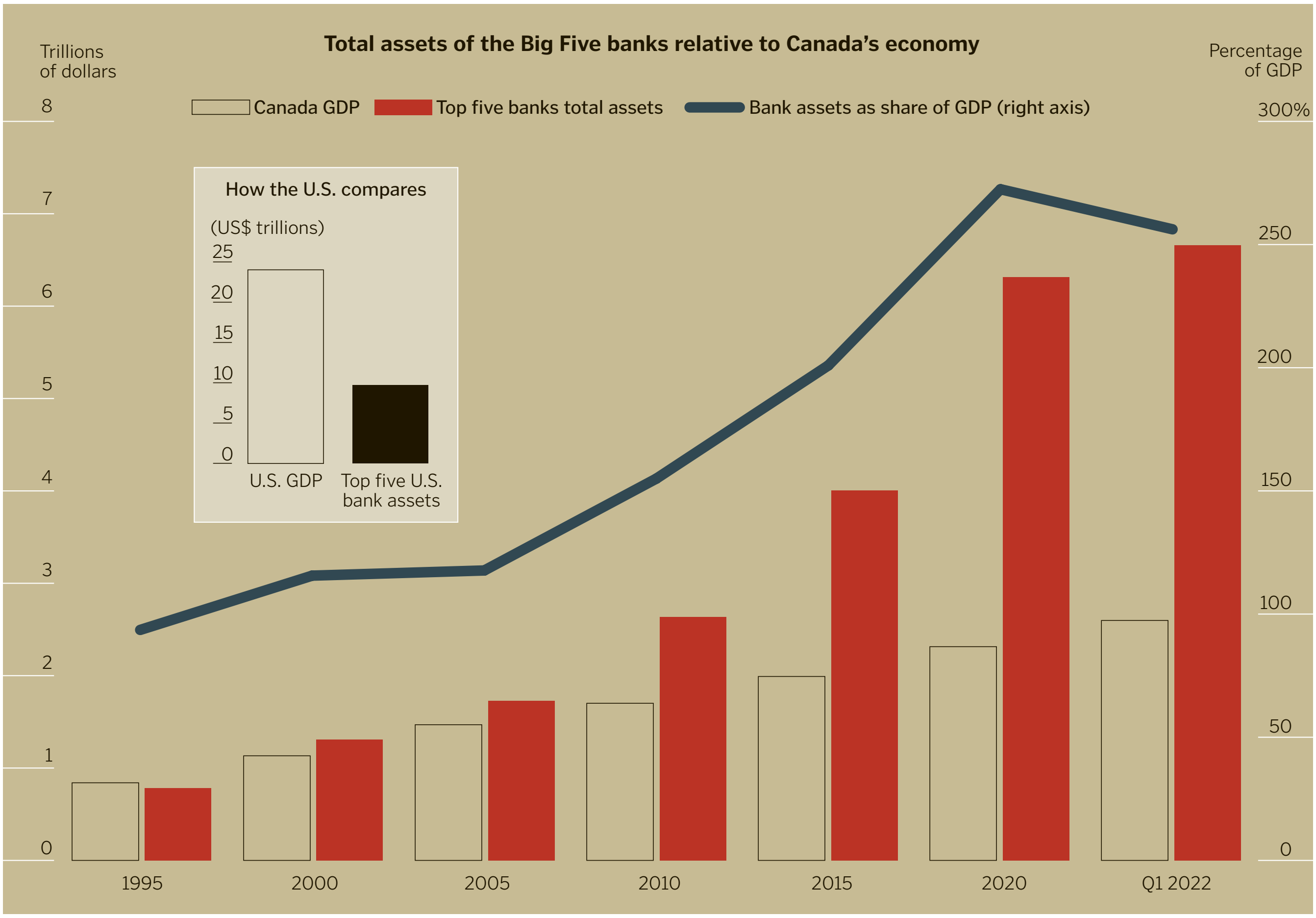
PHOTOGRAPH FRANK GUNN/CP ; ILLUSTRATION (TOP RIGHT) JOE MCKENDRY

7-WORD BOOK REVIEW

21st Century Monetary Policy: **The Federal Reserve from the Great Inflation to COVID-19**
by Ben Bernanke (coming May 17)

How a changing economy drives Fed innovation





DECODER

BREAKING THE BANKS

In a nation dominated by oligopolies—the Big Three telcos, Big Two airlines, Big Three grocery operators—Canada's Big Five banks stand out from the hulking pack. Over the past 15 years or so, the total assets on their balance sheets have exploded, mounting from $1.7 trillion in 2005 to $6.6 trillion as of the first quarter of 2022. All but CIBC have crossed the $1-trillion mark in terms of total assets, but it, too, is on track to join the pack sometime in the next couple of years.

When you start getting into 13-digit numbers, though, it's easy to get confused. To put the growth in perspective, compare the banks' assets to the size of the Canadian economy—the Big Five now hold assets equal to 2.5 times Canada's gross domestic product. Contrast that with the U.S., where the assets of the five largest banks amount to just 40% of that country's GDP.

Having reached the politically feasible limits of mergers in Canada, the country's banks have expanded internationally, which has helped them bulk up. But this is also a story of Canada's obsession with real estate. Those mortgages Canadians have been ferociously taking out to pile into the ever-soaring housing market (average national house price: $817,000 in February, up 21% in a year) are the largest single asset class the banks hold.

Canada's banks are regularly hailed for their stability. That was the case after the financial crisis of 2008-'09, when many U.S. observers, still shell-shocked by the collapse of several major financial institutions, looked to their boring, staid northern neighbour with envy. The fact is, however, Canada's big banks haven't really been put to the test, since at each crisis Canadians have responded to interest rate cuts by borrowing and spending, helping to boost bank bottom lines and balance sheets.

The coming years will be telling. With inflation rising, steeper interest rates are coming, which is likely to crimp demand for houses. At the same time, the banks are being forced to defend their turf from fintech disruptors and the trend toward open banking. The Bay Street behemoths are responding with their own investments in technology, but much-needed competition for Canada's banking oligopoly is long overdue. **/Jason Kirby**

SOURCE BANK FINANCIAL REPORTS, STATISTICS CANADA. NOTE: ALL NOMINAL DOLLARS

SMART MONEY

RAFI TAHMAZIAN

SENIOR PORTFOLIO MANAGER AND DIRECTOR
CANOE FINANCIAL LP

Rafi Tahmazian lives and breathes the energy sector. Born and raised in Calgary, he's surrounded by family and friends in the oil patch. Although the six-year crude bear market was rough, his roots have always helped him navigate his niche. He and co-manager David Szybunka oversee $1.2 billion in three funds, which have some U.S. holdings. Over the past decade, their flagship Canoe Energy Portfolio fund has outpaced the S&P/TSX Capped Energy Index, including dividends. They also run Canoe Energy Income Portfolio and Canoe Energy Alpha, a multistrategy fund. We asked Tahmazian, 55, why he believes an oil supercycle is well underway and why he's bullish on energy-service stocks like Trican Well Service and Halliburton.

What's it like running energy funds from Calgary?
Oil and gas are my DNA. I have been on well sites since I was six. My father was a petroleum geologist who later built a couple of oil and gas businesses, and my brother is a vice-president at Paramount Resources. But the 2014 oil price collapse, followed by federal regulations curtailing growth in the industry, was the worst time in my career. It affected friends who had to find new ways to make a living. It was tough on me because I was treading water in my funds. I had to look more globally and expand my energy definition. What excited me was that people who threw money at environmental, social and governance (ESG) funds and thought they didn't need oil remain addicted to it—think of those vans carrying online shopping parcels to homes.

Prices have swung above and below US$100 a barrel since Russia invaded Ukraine. What's your outlook?
We are in an oil supercycle. Supply is tight due to a lack of investment by producers because their investors want dividends and share buybacks. The oil supermajors, under attack by ESG investors, have reduced spending for growth, too. But there is enormous post-COVID-19 demand for oil, and not just from the developed world. Developing countries need fossil fuels to build hospitals, transportation networks and other infrastructure. The market, however, underappreciates the profitability of energy companies at US$80-per-barrel oil. We don't need US$100-plus oil because it can trigger demand destruction, but producers need price stability to commit to more capital spending. Energy stocks still trade at attractive valuations despite their rally, but there will be a flight to quality. Canadian Natural Resources and Cenovus are names we like.

Why do you have big bets on energy service plays?
There is pressure on oil companies to grow production, particularly after the U.S. ban on Russian oil imports and concerns about relying on OPEC. Drillers are seeing rising prices for their services. Margins for producers will shrink a bit, so we are chasing the money. We like Trican Well Service, Halliburton and Liberty Oilfield Services because they are frackers. There are barriers to entry because fracking requires expensive equipment and trained crews.

What does your crystal ball say about energy-stock dividends?
Dividends look robust, and I see them rising dramatically. With consolidation, energy firms are transitioning from exploration and growth to a manufacturing business whose widget—oil—is getting cheaper to produce. They are getting stronger financially and can distribute more dividends. In our energy income fund, we have producers like CNRL and Paramount Resources. We also like Viper Energy Partners, a royalty company.

You have a strategy for alternative energy holdings in your funds, too. What's the focus?
We want investments in the future, while making money from old-economy energy sources. We have interests in three private companies. Hydrostor is a provider of bulk energy storage for wind and solar power. (For more on Hydrostor, see page 46.) Canary Biofuels turns farm waste and cooking oils into fuel, and Aureus Energy Services recycles water used in the energy industry. Our stocks include Altius Renewable Royalties, which gets royalties from solar and wind companies, and Aris Water Solutions, which recycles water for oil and gas producers in the U.S. Permian Basin. Together, they make up 12% of our assets. **/Shirley Won**

CANOE ENERGY PORTFOLIO CLASS FUND (SERIES F)
ANNUALIZED % TOTAL RETURN*

S&P/TSX CAPPED ENERGY TOTAL RETURN INDEX

* RETURNS TO FEB. 28, 2022; SOURCE MORNINGSTAR DIRECT

PHOTOGRAPH CANDICE WARD

WAITING TO EXHALE

FOR YEARS, **AJ FERNANDEZ RIVERA** HAD BEEN HOLDING BACK AT WORK. WHEN THE TECH EXECUTIVE LANDED AT ACCENTURE'S CANADIAN OFFICE, SHE DECIDED IT WAS FINALLY TIME TO REVEAL HER TRUE SELF

BY KATHERINE LAIDLAW PHOTOGRAPHS BY WYNNE NEILLY


2022 BEST EXECUTIVES

WE PHOTOGRAPHED FERNANDEZ RIVERA AT HER HOME IN NIAGARA-ON-THE-LAKE, ONT., WHERE SHE WEATHERED THE PANDEMIC

O

One morning last September, Annayah Jean Fernandez Rivera had to remind herself to breathe. Years earlier, after she'd begged a monk to train her to meditate, it became the way she best managed stress. That morning, she scanned her body, beginning from her toes and moving up—her lungs filling, chest lifting, her heartbeat slower, more purposeful. She could feel her mind starting to calm as she inhaled, found a rhythm. That morning, the managing director at Accenture Canada felt on the precipice of change. Her breathing settled, though she couldn't quite quiet her mind. She'd lived two disparate lives for decades, and finally—*finally*—they were going to braid together in a way she'd hardly dared to dream about.

Born into the body of a boy, Fernandez Rivera's transition had never been a question or a choice; it just *was*. "I knew I was unique," she says simply. Her family and friends had known and supported her for years. But announcing it to a US$50-billion-a-year firm with nearly 700,000 employees in 200 cities, to her clients and colleagues, consultants and contractors, would be different. She didn't know any other trans tech executives. She didn't know how the people on her periphery would react. That morning, in her townhouse in Niagara-on-the-Lake, Ont., where she posted up for the pandemic, she took one last breath and readied herself for the longest exhale of her life.

Fernandez Rivera had spent the past decade as a director and technology sales lead at Accenture, a management consultancy that solves IT and security problems for just about all of the world's largest companies. In the early years of her career, she was part of a team advising clients like American Express, JPMorgan Chase, Barclays Bank and Enbridge. For 10 years, she'd been the one leading the teams, with an amalgam of care and approachability unique among tech execs. "AJ leads both with heart and mind," says Jeffrey Russell, president of Accenture Canada, which has nearly 5,500 employees. "She's known globally across the company because she steps up and speaks up. And particularly as we pivot more to cloud technology and digital transformation, she plays a key technology leadership role as a sought-after expert in her field."

Accenture as an organization extolls its employees' authenticity, encouraging them to share personal stories and advertising its commitment to all kinds of diversity. Its management is vocal about its core belief that people do better work when they can be themselves. "We talk about the need for people to feel comfortable and confident to bring their true selves to work every day. And she's the epitome of that," Russell says. Annayah Jean, or AJ for short, has in some ways been primed since childhood to share her story, to stand up and step forward. She had a rock-solid family, generous mentors, the technical expertise that has allowed her to excel at work. Still, no amount of support could guarantee that September morning—the morning she would formally come out as a trans woman, after living for decades in her professional life as a man—would be without pain or fear or hardship. "There's a quote that's always resonated with me from Ruth Bader Ginsburg: 'Fight for the things that you care about. But do it in a way that will lead others to join you,'" she says. Fernandez Rivera is on a mission of her own: to change the narrative of what a successful person in tech looks like.

That morning, she sat before her computer and watched as an email opened the door to the rest of her life.

Fernandez Rivera was born in the Philippines, on the island of Cebu, the most Catholic place in a deeply Catholic country. Her father ran a slew of businesses as a carpenter, and her mother stayed home to raise their five children. Even as a child, AJ exuded femininity, growing her sleek black hair long. She eschewed sports in favour of getting lost in science fiction books, fantasy worlds where being different was

a gift, a superpower. (She's still such a fan that she took a Tolkien-themed trip across the world before COVID-19.) Her family taught her it was a blessing, too. At six, when schoolyard bullies called her names, her brother doled out punches to anyone who dared comment on AJ's gentle demeanour and inability to play ball. One afternoon, when AJ was seven, her grandmother noticed her solitude and asked why she wasn't outside with her brothers and sisters. When AJ told her she was happy tucked away in her corner, her grandmother knelt to look her in the eyes. "I will never forget what she said. She said, 'Grandchild, whatever the world thinks of you, Grandma loves you.'" Those actions gave her a safe place, she says, that she could carry with her wherever she went.

In the Philippines, the best schools are Catholic ones, and that meant as a teenager AJ attended an all-boys school. She was terrified, and she learned early to recognize and reach out to other LGBTQ+ students. There was power in numbers. "I wanted a good education, and I knew it was the best school for that. But I was scared. It was a balance of being very, very attuned to what danger is," she says. At least she had the safety of home. Her parents' house became a refuge for other queer students, and she says her friends who came to stay took to calling her mom mommy. "Mom would say, 'How many more days, so we can plan the groceries?'" AJ went on to study business at the University of San Carlos in Cebu, starting in 1993. IT was a burgeoning industry, and Fernandez Rivera needed a job. Her older sister had married young, and her brother was an artist, which meant she'd be responsible for helping put her three younger siblings through university. She knew tech paid well, so she began to look for work in the field. When Accenture (then called Andersen Consulting) came to Cebu to recruit graduating students, Fernandez Rivera applied. And though she was living as a woman in her personal life, she was uncertain the corporate world would be safe. "I projected being this very feminine gay guy. I really wanted to get the job. And I didn't know if I would. It was the Philippines," she says. "It was 1997. There was not even the word *trans*."

When Fernandez Rivera went in for an interview, she noticed a brochure on the desk calling the company an equal-opportunity employer. Sitting in front of partner Rita Cruz, she said, "I really like the wording on this brochure. Can I ask you a question? What is the level of discrimination in the company?" AJ knew there would be discrimination. She wanted to know if it was something she could handle. "Is there a place for people like me?" Cruz offered her the summer analyst job in Manila and promised that if she succeeded within the company, she'd help her transfer to the United States.

A year later, she landed in Washington, Virginia. Thrilled to be rising through the ranks of Corporate America, she spent the first three years living out of a suitcase, travelling from Boston to Rhode Island to New York to Minneapolis and back again, meeting with clients. She loved the work, developing software to help banks operate more efficiently and managing large-scale projects for companies like Shell and Marriott International. But she began to notice the profession clashing with her identity. She watched colleagues receive assignments she knew she was qualified for. She travelled to Texas to meet oil and gas executives, knowing it wasn't safe to be herself, reassuring herself it was enough to be breaking trail projecting the identity of a gay man. "Through those seven years, I thought, *I'm going to come out as a transgender woman*. And then it was back and forth," she says. "In me there was a constant, *Is it the right time? The right client? The right place? The right team? The right lead?*" Finally, a supervisor told her they couldn't present her to clients because she was so flamboyant. "I didn't know how to react to that. Because flamboyance in my language at home was celebrated." She wrote her resignation letter.

Not long after, she got a call from Cruz, who'd hired her back in Manila. Fernandez Rivera told her what had happened, that she was planning to quit, that she didn't want to name names and cause a commotion. It was a matter of finding somewhere safer to land. Cruz listened carefully before beginning to speak. "You want IT, right? You want to be a technology person? This is the industry. Whether you stay at Accenture or you apply at other companies, you're going to face the same discrimination, or maybe even worse," Fernandez Rivera recalls Cruz saying. "The company's not perfect. But if you choose to stay, and if you want to help us change, I will be there to support you. Help us change."

Cruz's words resonated, igniting a desire in Fernandez Rivera to shift the culture however she could. She stayed on. Still, she was desperate to prove she was worthy of the roles she'd been given, desperate for her bosses and colleagues to see the calibre of her work regardless of her persona. A few years later, she was finishing her deliverables ahead of schedule, working 14-hour days, sleeping three hours a night before waking up to do it again, when her team lead stopped her in the hallway. He could see she was worn down, that her physical and mental health were suffering. He told her she needed to take a sabbatical. Fernandez Rivera knew he was right—that she was struggling and hadn't been able to ask for help. Help meant weakness, and she needed to prove she could be great. She was terrified that if she took a leave to get well again, her job wouldn't be there when she came back. Six months later, she called her lead and told him she was ready to return. When he offered her a position in Accenture's London office, she was intrigued. After seven years, the U.S. still didn't feel like it fit. "I didn't come out publicly because I didn't feel like I'd found home," she says.

In London, she was promoted to senior manager, giving her enough clout to pursue a dream she'd been nurturing: to open an Accenture office in her hometown of Cebu, a way to unite the place and profession she loved. When the company approved her plan, she flew home to oversee the set-up, hiring the first 500 employees and training new staff. (The office has since grown to 5,000 people.) While there, she persuaded Accenture to give a $1.2-million grant to Passerelles numériques, a non-governmental organization that gives IT education and job opportunities to youth in the Philippines, Cambodia and Vietnam. She established the first LGBTQ+ network in the company's Asia Pacific region, reaching out to employees she knew were more vulnerable because of where they lived. She'd done an incredible amount of work in just a few years but could once again feel herself swinging between the familiar extremes of passion and burnout. She needed help. She'd always been spiritual, and when she met a monk on a work trip to Singapore, she begged him to take her on as a student. She travelled to India to study meditation and complete her yoga teacher's training. She became a pescatarian. She couldn't bring her best self to work, to life, if she wasn't approaching herself with the same care she gave so freely to everyone else.

She knew, too, that she needed to find a place that would welcome her for everything she was. She began to plan a move to Canada, and when she told her bosses, they created a role for her here. Arriving in Toronto in 2014, she felt a sense of psychological and emotional safety she'd been seeking for decades—like she'd finally found her way home.

At Accenture's Canadian outpost, where she is tech sales lead, she began to foster change almost immediately. As one of the office's foremost experts in cloud computing, she oversaw the acquisition of Nashco Consulting, a small outfit in Alberta. Two years later, she led an overhaul of the Canada Mortgage and Housing Corp.'s backend systems, which had been a patchwork of 1,000 different software programs that left gaping holes in its cybersecurity. Fernandez Rivera streamlined that mess into one new, cloud-based system that automated some of its 1,900 employees' more laborious tasks, which were rendering the agency obsolete. Clearly, she'd shown she could excel.

One night last year, talking to a friend in the U.K., she began to muse about something that had been on her mind more and more. Maybe it didn't matter if she came out as trans. Maybe being a vocal LGBTQ+ advocate was enough. "Representation matters," her friend said. Fernandez Rivera knew she was right. She knew it was time.

"I DIDN'T COME OUT PUBLICLY BECAUSE I DIDN'T FEEL LIKE I'D FOUND HOME," SAYS FERNANDEZ RIVERA OF HER SEVEN YEARS IN THE STATES

This past September, she met with Jennifer Jackson, Accenture Canada's technology lead, and they crafted an email that would go out to the company and another to AJ's clients. There was no roadmap, no formula for a tech executive stepping into their own like this. There was barely a precedent for it. Jackson sent the email, and Fernandez Rivera set about willing the world for acceptance, for change. "It felt like hope. I felt more creative, more productive, more energized," she says. "I could just breathe freely."

After 25 years with the company, Fernandez Rivera has become a mentor herself, like so many of the women she admires who came up before her. She's a quietly confident leader whose warmth means she spends hours—over glasses of red wine, in Accenture's office lounge or on Zoom—guiding others over their own career hurdles, encouraging them to consider what's right for them, because she knows that's how they, too, will excel. In addition to her executive role and informal mentorship, she runs the Pride employee resource group and oversees inclusion and diversity initiatives in the tech branch, which means offering guidance and support to 2,500 people at the firm. "She has what I call a spidey sense—she sees things other folks don't see," says Joe Mead, a senior manager who worked closely with Fernandez Rivera on the CMHC project. Her job is to identify where companies could be performing better and ways her team can help them get there. That instinct plays out on a micro level, too. She notices when her team members aren't themselves, takes them aside and works to mitigate stress for them where she can. It's a strength that helps her laugh it off when she's misgendered in meetings, to understand when people are trying to get it right. (Still, it must get exhausting—during an interview for this piece, one client misgendered her several times. A colleague says that when it happens in meetings and AJ isn't there, other employees correct them.)

Today, Fernandez Rivera's desk is laden with crystals, essential oils and lipstick. Even those items are fodder for connection with her mentees. Prea Grover, who leads Accenture's Microsoft business group team in Canada and considers Fernandez Rivera a mentor and friend, says that during one video chat, the pair were showing each other what was on their desks, and they both had the same breathing whistle used by Japanese monks. "We both had one. We were both doing our breath work. It's just so comfortable, like talking to a good friend or a big sister," says Grover. "Sometimes, as a woman, I'm head-down, doing a good job, not always the best advocate for myself." Fernandez Rivera has helped Grover see her successes and strength when she can't always see them herself.

Changing the narrative of who succeeds, who has a place in tech, is a lofty goal, but Fernandez Rivera can see a shift happening in herself, in the company, across the world. Accenture now puts pronouns in the profiles of all its employees, supporting the idea that self-identification is important. She's working with the company on offering trans-inclusive benefits, even in countries that restrict trans rights from a legal perspective. More and more of her trans colleagues are becoming visible, most recently an executive in the company's Australia office. And she's seeing more LGBTQ+ colleagues receive promotions across the firm. The past year and a half have been something of a homecoming. She's approaching advocacy with the same ethos as she approaches the teams she leads and the clients she guides. Still, there is pushback. There is work to do. "My instinct is always, okay, what's in people that I can connect with?" she says. "Something's always going to go wrong. What I'm focused on is, how do we turn it around?"

2022 BEST EXECUTIVES

SPOT ON

HOW CFO **LAURA WITTHOLZ** MANAGED TO KEEP THE TEN SPOT AND ITS CHAIN OF BEAUTY BARS AFLOAT DURING THE PANDEMIC—DESPITE 300 DAYS OF ALMOST NO REVENUE

BY TAMAR SATOV

PHOTOGRAH BY KAILEE MANDEL

When Kristen Gale got word at the end of last June that the Toronto-area locations of her beauty bar franchise, The Ten Spot, could finally open after seven solid months of pandemic lockdowns, she tried to book an appointment. To her utter delight, there were no openings. "We're all booked up for weeks on weeks," the company's Toronto-based founder and CEO wrote on her blog at the time. "I even went into the back end of our booking software to scan all of the schedules, and there isn't an appointment slot in sight. I couldn't be happier!"

Gale's glee at her customers' return was certainly not unique among Canadian business owners who'd been forced to close shop for any amount of time during the pandemic. But the anticipation leading up to The Ten Spot's reopening was on a decidedly higher level, given that personal care businesses, including salons and tattoo parlours, were shuttered longer than any other sector. Between mid-March 2020 and June 30, 2021, 70% of the company's beauty bars—namely, those in Ontario—faced two rounds of lockdowns and were closed for upwards of 300 days. And unlike other franchises, like retailers and restaurants, most of its services, including mani-pedis, facials, waxing and laser hair removal, couldn't pivot to online sales. "Nobody's doing an at-home brazilly," notes Gale.

In short, the company had zero revenue for months on end from 23 of its 33 locations. That it managed to survive at all, let alone emerge to earn a record $2 million in monthly sales in July 2021, is nothing short of a small miracle. Thankfully, The Ten Spot had a guardian angel working behind the scenes: chief financial officer Laura Wittholz.

"Flat out we would not have survived the impact of the pandemic without Laura," says Gale of the chartered professional accountant who has been her trusted adviser for more than

WITTHOLZ, WEARING A GREEN TEN SPOT NAIL COLOUR CALLED, APPROPRIATELY ENOUGH, MONEY SHOT

15 years. "She single-handedly slashed all expenses, managed our cashflow to the penny, got every single loan and grant applicable to us and to our franchisees, and stretched every dollar to the absolute brink. She proves that a great finance person is sometimes the only person who can truly save a company when it comes so close to the wire. She is the only reason The Ten Spot is still around today."

As an accountant with her own advisory firm, Wittholz took Gale on as a small-business client shortly after the entrepreneur opened her first nail bar on Toronto's trendy Queen Street West in 2006. The busy storefront offered a fun, social alternative to the hushed tones and stuffy decorum prevalent at high-end spas, and its irreverent marketing (the "Have a threesome" promotion gave free manicures to groups of three who booked pedicures together, and the men's manicure was billed as "the hand job") helped the enterprise become the OG spot for gal pals to share a cocktail and gossip while getting their nails done. The concept was so successful, Gale quickly opened two more Toronto locations with an expanded slate of services and brought Wittholz in-house as controller in 2011. In 2013, with Wittholz by her side, Gale was confident the business could work as a franchise and promoted the CPA to chief operating officer and CFO. "Laura's sense of loyalty, duty and pride in the business is very different from what I've experienced in other employees," says Gale. "I've never once felt that I was doing this on my own. She feels like a business partner and is committed in that same way. I'm lucky to have her."

The first two franchises opened within a year, each generating half a million in revenue. By 2019, The Ten Spot had become Canada's Starbucks of spas, with 33 locations from coast to coast and systemwide sales over $15 million, $2.3 million of which went to head office in royalties and other franchise fees. That same year, BDC selected the company as part of its Growth Driver Program, providing $500,000 in loans and other assistance to help the franchise expand further within Canada and south of the border. After all, franchise businesses are a major part of the Canadian economy, responsible for about 45% of all retail sales—or $100 billion annually—and about 5% of total GDP.

In the five months leading up to the pandemic, The Ten Spot opened five new franchises, including its first in the U.S., and annual revenue for 2020 was expected to reach $20 million. Then the lockdowns hit. "A light switch flips and you have zero revenue across the board," says Wittholz, who, like many of us, was initially optimistic that emergency measures closing non-essential businesses would be lifted within a few weeks. "I think it was about two weeks in, when we started getting more information about what was happening in Italy and China and analysts started to put out projections, that we realized this was going to go a lot longer."

At that point, Gale called in a tearful panic, worried the business they'd built together was going to crumble. Wittholz was unflappable, reassuring Gale all was in hand. "You know me," she told her boss. "I'm super-frugal, and I've prepared for this."

While nobody could have predicted the scale of the pandemic, Wittholz had always been a firm believer in planning for a rainy day, with three to six months of cashflow in reserve at all times. That wasn't her only prescient decision: She'd also converted the company's accounting system to an online platform ("I can't stand paper," she says), so there were no workflow issues when they had to go remote.

Still, she immediately curbed as many expenses as possible for both head office and the company's franchise partners, without whom the brand couldn't survive. "The thing we struggled with at head office was that the franchises needed more support than ever, but we had to balance their needs with what we could provide," she says.

To start, they made the tough decision to furlough the eight corporate staff, with Gale taking on the marketing role while Wittholz handled operations, as they'd done in the early days. Then she contacted each of their vendors to see if they'd waive fees or defer payments for the franchises. It worked. Their insurance provider agreed to waive premiums across the board during closures, and their online booking software and point-of-sale system providers also waived fees. She got the leases and warranties for the laser-hair removal machines deferred. "And, of course, we deferred royalties for the franchise partners," says Wittholz.

When it came to rent—not a huge amount for HQ, given its small second-storey office, but the main expense for franchisees with large storefronts—Wittholz templated a letter they could use to contact their landlords requesting relief. It was hit and miss; after all, landlords are in business to make money, too. "We didn't get a cent off rent," says Carolyne Beausoleil, co-owner of two franchises in Ottawa, which have monthly costs of $8,000 each in rent alone. "But we did get some support from the government on certain months, and Laura kept us updated with the ever-changing information from CRA to keep the cash flowing."

Indeed, Wittholz created a Google doc guiding franchisees on how to apply for government subsidies and other assistance they (and their laid-off staff) were eligible for. It was also a central space where they could communicate their concerns, so Wittholz could then find solutions and present them at virtual town hall meetings, which they held daily at first, then weekly or twice a month. "We did not sleep at all back then," recalls Wittholz, who even helped new franchisees source materials for their store builds when supply-chain bottlenecks threw a wrench in their plans. "I ended up taking over construction management because of the furloughs, and Ikea was out of stock on everything."

Finally, they started getting the green light to open their beauty bars in various regions, including the B.C. locations, in May 2020. Ontario, however, was a holdout—despite allowing some non-essential retail to open in May, personal care services were closed until July. Even then, snack and beverage services weren't allowed, nor were some other offerings, such as facials, that required removing masks.

But they made it through more than three months of lockdowns and were ready to put the chaos behind them. Unfortunately, the worst was yet to come.

In November 2020, less than five months after reopening, rising case counts and hospital admissions led to another lockdown in southwestern Ontario, with the rest of the province following about six weeks later. "That second wave was emotionally much harder," says Wittholz, in part because it was an Ontario-only problem; most of the franchises in other locations remained open. "We were exhausted and super-stressed from the first wave, and we were locked in—you couldn't even see family over Christmas."

Without the festive season's boost in sales, The Ten Spot finished the year with a mere $9 million in revenue—55% less than the pre-pandemic projection. January 2021 was a low point. With just $150,000 in sales that month and no end to the pandemic in sight, Wittholz was worried for the business and her emotional health. "I remember thinking, *Is this going to go on forever?* I had to set a specific schedule for my health and well-being," she says. "I made sure to work out at home, eat healthy and read books that kept me motivated."

But Wittholz had another ace up her sleeve—the BDC loan. "We'd drawn about half of it pre-pandemic for the U.S. launch," she says. "When COVID hit, I thought, *Do we really want to put the business in more debt? If we draw it, how do we repay it?* So I held off." That fiscal prudence gave the company the runway to staff up head office during the 2021 closures so it could hit the ground running as soon as the lockdowns were lifted. "It turned from a growth initiative into a recovery initiative," says Wittholz. "But BDC stuck with their mandate to support small business."

That spectacular summer of sales—when bookings were so solid Gale couldn't get an appointment at any of her own beauty bars—along with the extension of government subsidies, has left the company poised to resume its high-growth trajectory. With 44 franchises currently in operation and nine more opening this year, systemwide sales projections for 2022 are back up to $20 million. Plus, Wittholz feels prepared to tackle whatever the future holds. "I got really good at what I was doing during the second wave. We minimized every cost we could, and I learned to do financial statements and cashflow and budgets in a different way, with 12-month rolling best-, medium- and wort-case forecasts," she says. "When Omicron came, we were terrified it would be another seven-month closure. But I went right back into scenario-planning and knew we had the bandwidth to survive."

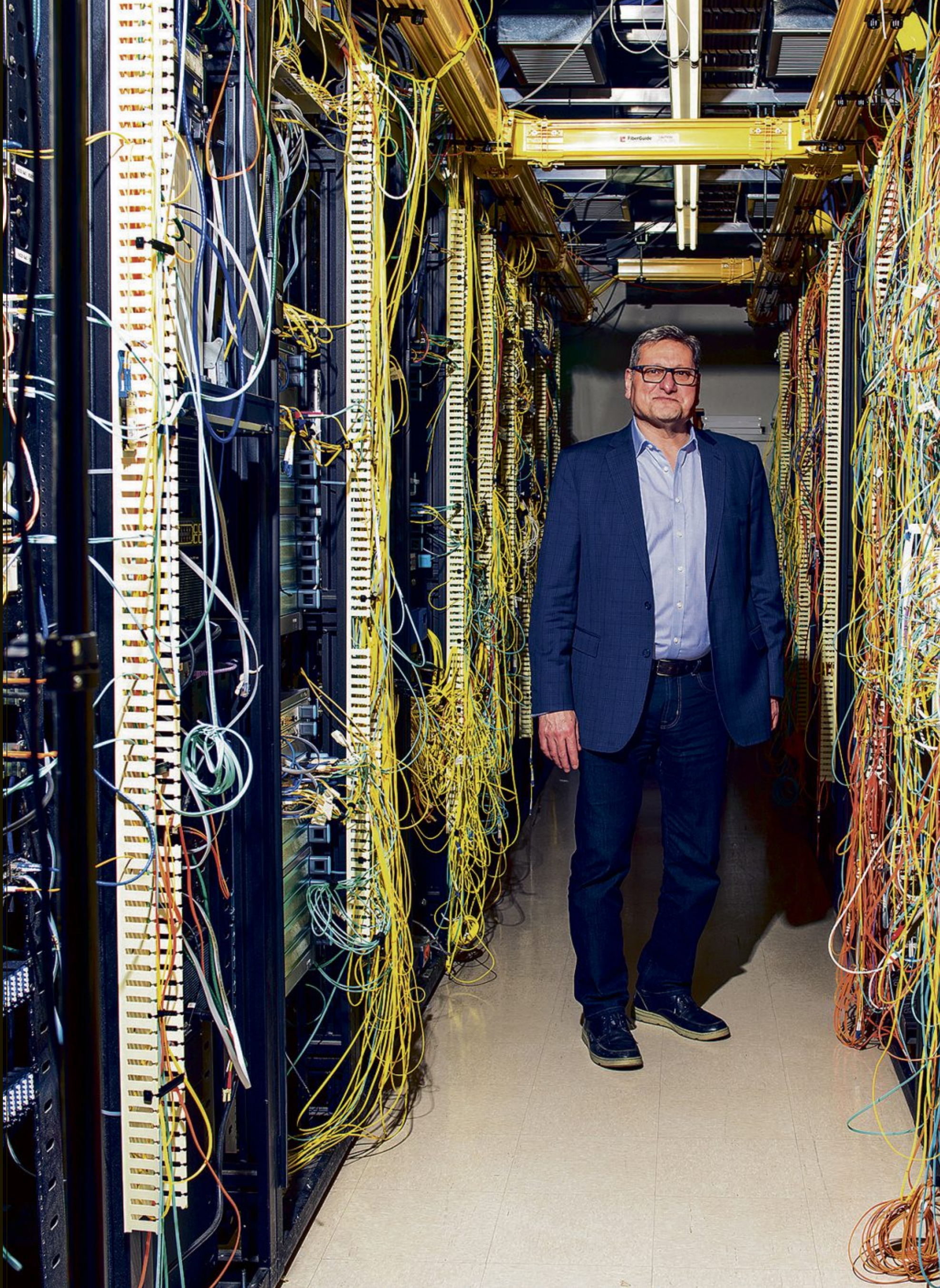
Gale agrees. "We're in a really great place—better than if we hadn't been forced to look at the business differently, see what's really key and trim the fat," she says. "We built up this incredible team, and real estate's better. We found the silver lining. We're going to take the world by storm—at least the beauty world."

CANADA'S

2022 BEST EXECUTIVES

BY KATIE UNDERWOOD AND ROSEMARY COUNTER

It's been another year of upheaval, during which we've seen the importance of determined and creative leadership. We received hundreds of nominations for the 2022 Best Execs list, from companies big and small. Our second annual honour roll celebrates all those talented lieutenants who rarely get the glory but who play an invaluable role in ensuring their companies (and their CEOs) succeed.

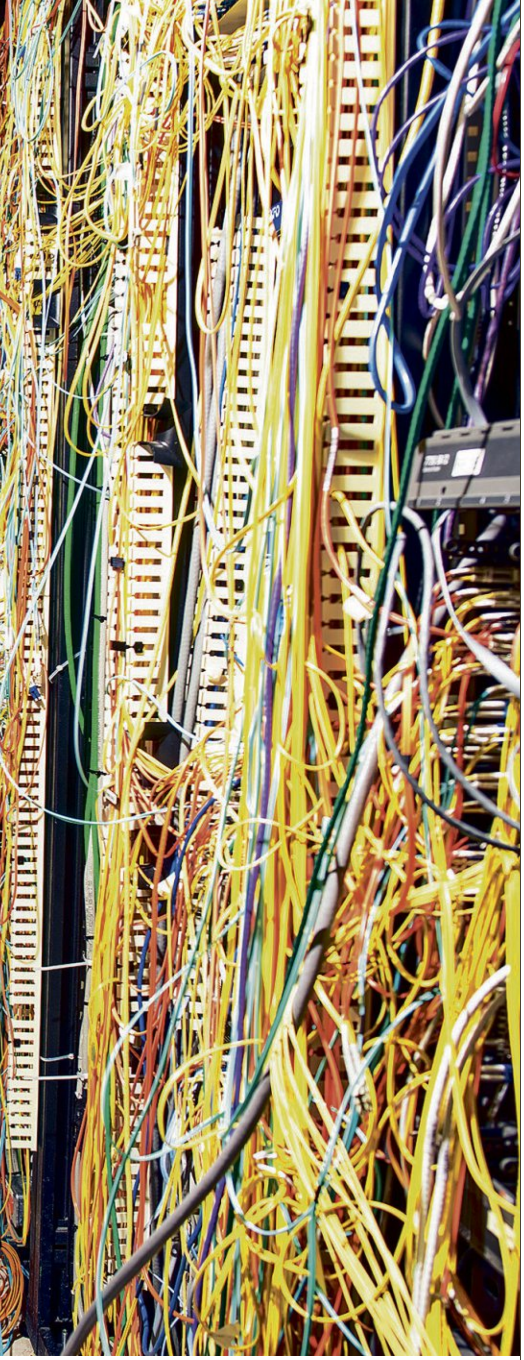


IBRAHIM GEDEON

CTO, Telus Communications

As British Columbia lived through a devastating summer of floods, wildfires and heatwaves last year (on top of a global pandemic), Ibrahim Gedeon faced one of the biggest challenges of his 17 years as Telus's CTO: keeping the province's wireless connectivity infrastructure afloat—literally and figuratively. With emergency responders and residents leaning on their devices as communication lifelines, Gedeon's 2,000-strong team moved into round-the-clock crisis mode. He likens the experience to a high-stakes military operation, reflecting the immense precision required when extreme weather breaks down telecom infrastructure. In the end, Telus's networks saw minimal downtime. "I'm the geek in charge, so I tend to get all the credit," says Gedeon. "But it was an all-levels effort." An engineer by trade, he directs Telus's big-picture technological strategy, from network development to emergency preparedness—a growing part of his job. The effects of climate change, he says, are complicating the telecom game, making a lack of predictability an increasingly pressing issue.

In his time at Telus, Gedeon has cemented his position as a champion for diversity in tech, a gifted technologist with a matching talent for leadership



and a rock in times of crisis. In less harrowing times, he spearheaded Telus's Graduate Technology Leadership Program, which rotates young technologists—mostly women—through various roles at the company. "To me, diversity equals innovation," he says. "And you can't focus on just one aspect of diversity. I think Telus is doing well in terms of racial representation, but we need to attract more women into the field." He's a fellow of the Institute of Electrical and Electronics Engineers—a coveted accolade in the engineering community—and sponsors an engineering club with more than 1,300 members. He also maintains strong partnerships between Telus and its university partners, with a focus on 5G connectivity. In other words, tech is Gedeon's *raison d'être*.
/Liza Agrba

PHOTOGRAPH KELSEY MCMILLAN

Alaina Tennison
Partner and CFO, PwC Canada
Having recently celebrated her 25th anniversary with PwC, Tennison has seen her share of financial transformation. But while the CFO's largest (and most recent) project was the implementation of the firm's in-house robotic process automation—a highly technical undertaking—she (and colleagues) suggest that her biggest asset as a leader is authenticity, a softer science. "People say, 'You seem real, you make mistakes, and you talk about how you learned from them,'" says Tennison, who frequently mentors up-and-coming CPAs. "I'm never the smartest person in the room. And that's okay, because we surround ourselves with people who bring different skill sets. We don't do anything in isolation."

Paul Draffin
Chief supply chain officer, Canadian Tire
Draffin admits that supply chain isn't "necessarily the sexiest part of business," but mid-pandemic—when he was promoted to Canadian Tire's executive roster—it was all anyone could talk about. "How many times in a year would you hear 'supply chain'?" he says. "Now, you can't get it out of the spotlight." Despite significant global challenges in moving product, Draffin says internal business grew by 18% in 2020, which he attributes to his team's singular focus, and the ability to ignore the noise of ocean-freight prices and lead times. "Assuming a position of risk to acquire inventory was just the cost to play," he says, "and my No. 1 compass is always the customer."

Nabeela Ixtabalan
Executive VP, people & corporate affairs, Walmart Canada
Ixtabalan can vividly recall formulating a 100-day plan for her new job while on the flight from Copenhagen to Toronto a year and a half ago, after leaving Ikea's Swedish HQ to join Walmart's Canadian one. "I introduced myself to more than 100,000 associates as the new chief people officer, a recovering workaholic and someone who struggled with anxiety," she says. "It was a very untraditional introduction, but it set the course for a different kind of conversation—about how we can really take care of ourselves and take care of the business, as well." Having worked her way up from Starbucks barista to leading the largest internal overhaul in Walmart Canada's history, the self-described "jill of all trades" knows a thing or two about resilience, orgaênizational and otherwise.

Todd Carter
CFO, Jane
For Todd Carter, true success comes from asking the right questions. "My job is to get the execs thinking about things that maybe they're not thinking about or seeing things they haven't seen," says the CFO of Jane, a practice-management tool for health and wellness practitioners. Three years into his role, Carter has learned that all the modelling in the world can't predict the financial impact of a COVID-scale event, but occasionally, surprises are good: A "massive surge" of new Jane clients in the summer of 2020, he says, rendered "all that disaster planning unnecessary."

Pauline Dhillon
Chief corporate officer, Cargojet
When the pandemic hit, Dhillon—a cofounder of Canada's largest air cargo service—says her company was inundated with "top-dollar" invitations to ship PPE internationally. Instead, Cargojet's team elected to exclusively service its home country. "Our shareholders will probably not be too happy with us," laughs the famously loyal Dhillon, who helped brand and run Cargojet from its inception two decades ago. "We had to make that decision, not only for us as a national carrier, but also as good corporate citizens."

Kelly Martin
CFO, LifeLabs Medical Laboratory Services
"Good in a crisis" doesn't begin to cover Kelly Martin's tenure at LifeLabs, which began during the first lockdown in 2020. Aside from managing the diagnostics firm's most pressing financial snafus—namely, plummeting testing volumes and cashflow challenges—the visionary C-suite veteran kept her eyes on the horizon for new opportunities in digital technology, streamlined approval processes and PCR testing, which ultimately buoyed the business. Since 2020, LifeLabs has completed more than four million COVID tests for Canadians.

Faiz Karmally
VP and CFO, Hardwoods Distribution Inc.
To hear colleagues tell it, one of the ways HDI has gone from "one of many in a fragmented industry" to a world-class operation is secret weapon Faiz Karmally. The CFO is simultaneously down-to-earth and an expert-level closer of mergers and acquisitions, one of his favourite pursuits. "There's the big-picture strategic view, and there's the key relationships you're managing internally and externally," Karmally says, adding that the company has

completed two major acquisitions in the past eight months, with revenues worth just shy of US$1 billion. "I really enjoy moving different pieces of the puzzle to achieve results."

Linda Lupini

Global VP, employee experience, Copperleaf

Achieving a cohesive corporate culture can be tough enough in our brave new WFH world—but how do you do it when your organization sprawls across 17 countries? At Copperleaf, it's as simple as treating employees like whole people. "We give them what they need to bring their best selves to the job," says Linda Lupini. In her first two years on the job, she's driven down Copperleaf's voluntary employee turnover rate to a meagre 5%. From providing the proper tools and equipment to ensuring inclusivity on the job, Lupini's key priority is connectedness. "I'm a great believer that if you create a very close community with a group of diverse people who have shared values, it's pretty incredible what you can do."

Stephen Burmaster

VP, sales, Partake Brewing

It takes an especially savvy salesperson to successfully break into the U.S. with a non-alcoholic beer. But in his role leading Partake's sales, trade and field marketing teams, Stephen Burmaster's jurisdiction now runs both north and south of the border—with Partake's brews peppering stores in 22 states. In more good news, the brew brand garnered US$16.5 million in Series B funding in early March. Burmaster chalks it up to belief. "We believe non-alcoholic beer should be commonplace, that it can be as big here as it is in Europe, and that the taste itself can be believed," Burmaster says. "In the end, you have to be your biggest advocate so the customer can believe, too."

Jean-Nicolas Guillemette

COO, Dialogue Health Technologies

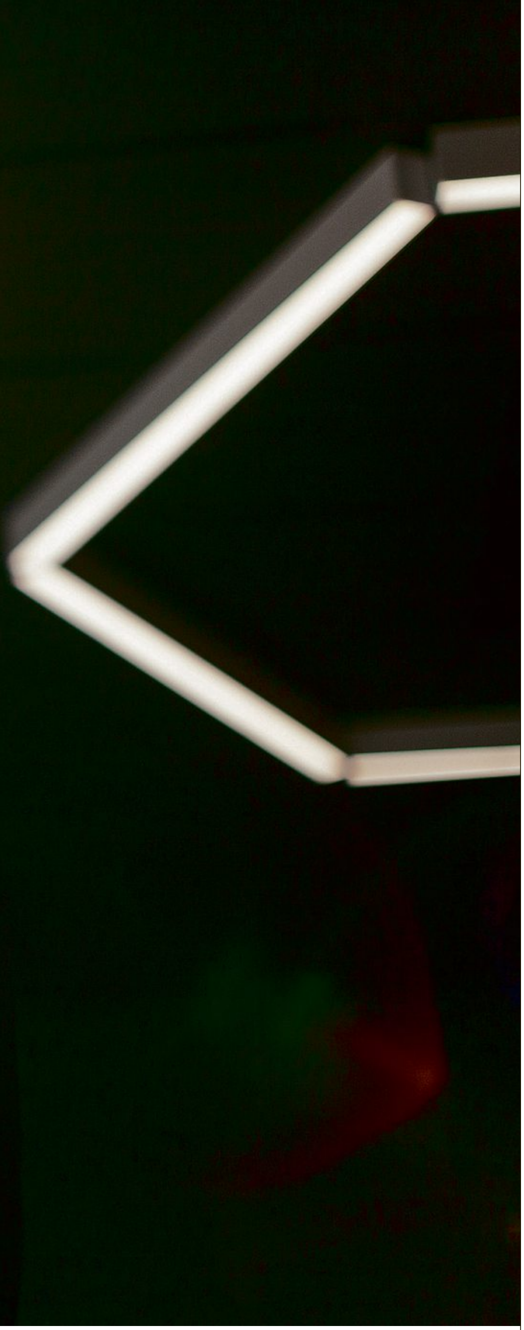
When Jean-Nicolas Guillemette joined Dialogue in the summer of 2019, the virtual health and wellness platform hadn't even gone public. Flash forward just shy of three years, and rapid-fire growth is the name of Guillemette's game: A well-timed partnership with Sun Life extended Dialogue's proprietary on-demand care to millions of Canadians during the pandemic, not to mention a 10-fold scale of the company's medical operations team. Growth is great, but for Guillemette, the rewards run much deeper. "I'm not a doctor or a health practitioner," he says, "but I really care about making a difference. For the first time, in

NEIL DESAI

VP, corporate affairs, Magnet Forensics

When Neil Desai joined Magnet Forensics eight years ago, it was a software startup with just 25 employees. Today, the Waterloo-based company has a staff of more than 400 and 4,000 public- and private-sector clients in 90 countries. And in 2021, it closed a $115-million IPO. Its product line is a tour de force of tech designed for crime in the digital age, used by clients from national security and law enforcement to private businesses. Magnet's tools recover damaged CCTV footage, process digital evidence in human trafficking investigations and help companies investigate cyberattacks on their infrastructure, to name a few tasks. Desai, who started there as a strategy consultant, has spearheaded its capital-raising efforts, oversees its PR and export policy, and works directly with clients to inform the company's R&D. "Neil has been integral to the evolution of the company," says CEO Adam Belsher. "He's led complex, multistakeholder projects across various organizational functions to protect the business, help Magnet Forensics live out its mission and pave the way for greater commercial success."

But Desai isn't just a highly effective exec; he's a thought leader in the



PHOTOGRAPH COLIN BOYD SHAFER

cybersecurity space, a senior fellow at the Munk School of Global Affairs, a self-described public policy nerd who's held senior positions at Global Affairs Canada and in former prime minister Stephen Harper's office. In other words, Desai spends most of his time thinking about the intersections between technology, governance and public good—and for him, there's no conflict between Magnet's commercial aims and its status as a benevolent actor. "There's this old construct that you go to a public company to do public good and a private company to better yourself financially. I think that's outdated," Desai says. "Our technology has helped exonerate suspects of crime, and prevented crime in spaces like human trafficking and terrorism. As much as we're growing commercially, for me, Magnet is a place to contribute to society as a whole." **/LA**

all the jobs I've had, I've had the chance to save lives."

Stella Yeung
Global head of engineering, global banking & markets, and data & analytics, Scotiabank
Data analytics aren't typically considered a warm-and-fuzzy pursuit, but Stella Yeung's leadership at Scotiabank proves that intel can be used for good. Since joining the bank in 2013, Yeung has leveraged her technological expertise to rise through the ranks, becoming known among colleagues as an out-of-the-box thinker with no shortage of empathy. Recently, she also stickhandled the development of an award-winning, cloud–based analytics platform that helped the company's 90,000 employees provide support and services to vulnerable customers when they needed it most.

Olivia MacAngus
Chief development officer, Colliers Project Leaders
Olivia MacAngus has spent well over a decade in the realm of infrastructure—which requires marrying the interests of political leadership, stakeholders, investors, advisers and more. It's no surprise, then, that she claims her strongest leadership skill is "peopling." Internally at Colliers, MacAngus is renowned for her commitment to mentorship and cultivating the leaders of tomorrow. "Unlocking success for our business is about creating more leaders within the organization," she says. "Ones who are able to catalyze even more people to come along."

Nancy Nazer
Chief human resources officer, OMERS
Since joining OMERS in 2020, Nancy Nazer has embraced the opportunity that an abundance of "unknown white space" provides. "There's no manual, no one way of doing things," she says. "One thing I've learned is that you have to just engage; you can't have all the answers." In delivering a "people strategy" focused on employee well-being—which includes co-chairing OMERS's inclusion and diversity council and expanding internal employee resource groups—Nazer has made a noticeable impact, not only on the lives of Canadian pension plan members, but also her workforce—2021 was one of OMERS's most successful years yet.

Kevin Hibbert
CFO, senior managing director and co-head, enterprise shared services, Sprott Inc.
Kevin Hibbert's math checks out: During the course of his tenure, Sprott—a global investment firm specializing in precious metals—has become one of the best performing financial services stocks in the country. (Hibbert also led the firm through its NYSE listing in 2020.) Numbers aside, Hibbert says he's still known among his colleagues as an atypical CFO. "I try to focus on emotional intelligence a little more than pure intellect and unadulterated execution," Hibbert says. "A lot of times, we as CFOs have an incorrect assumption that's what is expected of us. It has a lot more to do with how you achieve your strategic outcomes, rather than the outcome in and of itself."

Craig Dunk
Co-founder and CTO, Properly
Craig Dunk has more than two decades of experience building and scaling companies—including pioneering BlackBerry's instant-messaging development—so he knows a thing or two about the importance of a solid team. As co-founder and CTO of the Canadian real estate tech firm Properly, which has grown by 4.5 times year-over-year in the Toronto area alone, Dunk leads a team of 32 engineers and keeps a laser focus on one leadership philosophy in particular: Put people first. "I'm part of the conversation about how our company grows and where we need to get to—and, most significantly, building the team that can help us get there."

Zarine Ali Halim,
VP, e-commerce, Cymax Group Technologies
Zarine Ali Halim joined e-commerce technology developer Cymax in 2016, the year the company embarked on a sweeping digital transformation. Since then, Halim has continued to keep her eye out for opportunities to catalyze the company's growth—and the right kinds of challenges. "In the past two years, we've seen supply chain and product availability issues—basically every challenge we can think of has come our way," she says. "I'm supposed to be looking outward and identifying how we solve problems. In a role like e-commerce, you're not in a silo, and you're not doing things by yourself. But I personally don't give up until I find a solution."

Melissa Carvalho
VP, global cybersecurity planning office and customer & enterprise identity & access management, RBC
For RBC's VP of cybersecurity, whose day-to-day decision-making affects 86,000 employees and 17 million customers worldwide, the issue of identity is always top-of-

mind. User IDs, passwords, multifactor authentication, biometrics—Carvalho's team became specialists in the fast-moving digitization of customer profiles during the pandemic's push to online. One recent passion project she's particularly proud of is her team's quick work to allow for customization of the pronoun fields in users' internal email and video communications. For Carvalho, every "who" matters.

Susan Tohyama
Executive VP and chief human resources officer, Ceridian
As a cloud-based software firm specializing in workplace provisions like payroll, benefits and workforce management, Ceridian was uniquely poised to handle the transition to virtual life. Susan Tohyama very much leverages that dynamism in her own role. "What I started with was a moving, ever-changing world of work," says Tohyama, who oversees Ceridian's talent development, recruiting and diversity and inclusion initiatives. "The employee-employer dynamic is changing—you have to be open-minded and think about what will allow your employees to thrive in this new environment. We're very fortunate because Ceridian started out as quite an empathetic company to begin with."

Miranda Lievers
Co-founder and COO, Thinkific
Miranda Lievers has been with Thinkific—and worked in almost every department—since it was just a humble firm of six staffers. These days, the online-course platform serves more than 50,000 entrepreneurs and completed a successful IPO on the TSX last year. Internally, Lievers built a revamped talent-development system that overhauled Thinkific's existing onboarding protocol, boosting retention rates and leading to employee net promoter scores exceeding 85—a figure colleagues say is almost unheard of.

Susan O'Brien
Chief brand & customer officer, Canadian Tire
In 13 years at Canadian Tire, Susan O'Brien has spearheaded some of the brand's most memorable campaigns: Canadian Tire Guy, the Olympic-oriented We All Play for Canada and the Tested for Life in Canada quality-assurance program. She's also behind the company's Triangle Rewards program, which has grown to 11 million active members since the pandemic's beginning. Triangle's next iteration, Triangle Select, promises even more perks for loyal customers and is slated for a wider roll-out later this year. (Right now, the subscription-based platform is invite-only.)

Maja Neable
Senior VP, chief marketing officer, banking, and chief data & analytics officer, marketing, BMO Financial Group
If solid marketing means speaking a customer's language, Maja Neable is fluent. As of January 2022, her mandate expanded to include marketing technology and analytics for the entire bank, which puts her already gifted left and right brains to work. Neable's recent notable achievements include delivering programs that increase access to capital for diverse entrepreneurs, and boosting BMO's "human first, bankers second" approach across the firm's digital channels. To Neable, marketing isn't just nice to look at; it also drives results.

Matthew Llewellyn
CFO, Rockwood Custom Homes
As CFO of Rockwood Custom Homes—a luxury custom home builder with operations in Calgary and B.C.'s Okanagan Valley—Matthew Llewellyn thinks a lot about value, yes, but values, too. Managing communication between trades, stakeholders and land developers is key to Rockwood's continued success. But for Llewellyn, the expectations of the customer are always paramount. "A home, their dream home, is the largest single investment our clients will make," Llewellyn says. "My role is ensuring that dream stays on track."

Carmen Fortino
Executive VP, Ontario division head and national supply chain, Metro Inc.
Carmen Fortino has spent most of his life working in the food business, and now he heads up Metro's Ontario operations—and its supply chain at the national level. But for every photo of scarcely stocked grocery shelves that hit social media during the pandemic, Fortino made sure to keep his attention on what mattered most: Metro's employees, then frontline workers. "My primary focus all along has been to create a work environment that people want to come to, where they feel respected," he says. "Food has become a very complex environment, but we spent a lot of time making sure that our employees had the tools they needed and felt safe."

Christine Oliver
CFO and co-chief operations officer, Thigh Society Inc.
She's too polite to name names, but Chris Oliver was once called perfect for a start-up's leadership table—if only she were 30 years younger. Luckily, Thigh Society doesn't subscribe to ageism. "We're a company of professional freelancers," says Oliver of the 18-person team behind Canada's original anti-chafing shorts for women. After a career in accounting, the gig is an exciting move into operations, where she quickly streamlined financial data from Shopify, the company's e-commerce platform, to minimize time and energy formerly spent on manual spreadsheets. "For so long I wanted to be a decision maker, not just an information provider," she says. "It took a while, but it was worth the wait."

Jeff Yim
CFO, Borrowell
After seven years as an investment banker, Jeff Yim wanted to not just use his financial savvy, but teach and share it. "My mission is still to help Canadians achieve financial prosperity," says the Borrowell CFO, "but by education." More specifically, by teaching them about their credit score, which the fintech provides and monitors weekly—for free—alongside advice on borrowing, investing, saving and shopping. (Borrowell makes money from its partners whenever you take one of their recommendations.) Making credit fun isn't easy, but it's Yim's specialty, even at company meetings, where he's known for loud rap music and ample use of the airhorn.

Fatima Israel
Chief marketing officer, EY Canada
The youngest member of EY's Canadian leadership team has made it her personal mission to connect with each and every member of her 75-person group, especially young people and newbies. "I want to understand everyone's passion and personal goals," says Fatima Israel, "and then marry their purpose with their skills." A believer in B2H (business to human), Israel breaks the ice with this question: "If you were an animal, what kind of animal would you be?" And what (fantastical) animal would she be? A unicorn, of course, which might explain her magic touch—Israel's efforts have resulted in record-shattering social media numbers and a doubling of EY's market-influenced revenue.

Hélène V. Gagnon
Chief sustainability officer and senior VP, stakeholder engagement, CAE Inc.
Every time you board an airplane, your pilot was probably trained at Montreal's CAE, the world's leader in flight simulation training. Its high-tech computer simulations are applicable everywhere from aviation to health care to defence,

PHOTOGRAPH KRISTINA DITTMAR

but whatever the industry, it's Hélène Gagnon's job to ensure social responsibility. In seven years, she's championed ESG, diversity and inclusion, and transformed CAE into the world's first carbon-neutral aerospace company. "It's all about leveraging our reach and knowledge for maximum social impact to make a better society," she says.

James Scongack
Chief development officer and executive VP, operational services, Bruce Power
Tucked away near Port Elgin, Ont., on the shores of Lake Erie, is the world's largest operating nuclear plant. But the producer of a third of Ontario's electricity—where Scongack's father once worked—most likely would have been shut down had the junior Scongack not returned to his hometown with big plans to revitalize the business and the community it serves. "I love small-town Ontario, and I live five minutes from my parents' house—something I thought was never possible with a job like mine." As the leader of the company's business development division, Scongack is currently producing medical isotopes to fight cancer and working toward net zero by 2027.

Tsering Yangki
Head of real estate finance & development, Dream Unlimited
The building industry is responsible for 38% of carbon emissions—an unacceptable fact at community developer Dream Unlimited. "Our mandate is to make where and how we live better for people and the Earth," says Tsering Yangki. The Tibetan refugee is passionately devoted to affordable, accessible, innovative housing, including current project Kibi, a 34-acre sustainable development straddling the Ottawa River, which generates energy to heat and cool homes for 5,000 people and upon completion will be the largest net-zero community in the country.

Cheryl Fullerton
Executive VP, people & communications, Corus Entertainment Inc.
Cheryl Fullerton has worked in food, retail, manufacturing, consumer packaged goods and, now, media. What do these varied industries have in common? People and culture, Fullerton's specialty. "I was hired specifically to build a company culture that prioritizes people's well-being and connection," she says. This got a whole lot harder during the pandemic, of course, but Fullerton led the charge with on-site health protocols, time-off pay, transpar-

MARY SULLIVAN

Senior managing director and chief talent officer, CPP Investments

It says a lot about Mary Sullivan that 92% of CPP Investments' employees believe the company handled the pandemic well—a significant achievement for a fund with 2,000 employees across the globe. Sullivan was the face of CPPIB's pandemic response; according to her co-workers, her empathetic, innovative leadership was critical to its success. "In times of stress, Mary demonstrates what it means to be unflappable," says senior managing director Michel Leduc. "Having worked closely with her for seven years, I've never seen her lose her cool." During the pandemic, Sullivan introduced dedicated time off for pandemic-related demands, designed a program that let workers with extra caregiving duties temporarily reduce their work hours, spearheaded the fund's first hybrid-flexible work model, and led hugely popular "unplugged days"—four weekdays a year, the entire organization gets to disconnect from technology for 24 hours, no small feat for a multinational with employees scattered across multiple time zones. What drives her? A firm belief that while products are great, it's people who really drive an organization's success. "People are inherently interesting to me," she says. "Figuring out how to make them as effective, enriched and satisfied as possible is a puzzle I have the great privilege of trying to solve." **/LA**

The right digital strategies can help keep supply chains moving

IT can ease operational and logistical bottlenecks, and support broader efficiencies to compete


Infrastructure partners contribute to digital economy transformations

Whether you're on a waiting list for a new car, you find store shelves looking thin, or you have a project on hold because components are not available, you're familiar with global supply chain issues. For companies and consumers, everything from computer chips to lumber are in short supply.

Nine of 10 Canadian manufacturers are feeling the squeeze, and 60 per cent of them identified these supply chain disruptions as major or severe, according to a recent survey by Canadian Manufacturers and Exporters.

The pandemic has been part of the problem, but it has merely exposed the cracks that had been developing for years in many operational and logistical setups.

For businesses, change is hard. "You've got to identify the right strategy at the right time," says Evelyn Bailey-Semeniuk, retail and supply chain leader at Kyndryl Canada.

Kyndryl's capabilities when it comes to solving client pain points run deep. The company spun off from IBM last year as an independent, vendor-agnostic technology firm, instantly becoming one of the world's leading IT infrastructure services providers.

With 90,000 employees serving more than 4,000 customers in 60-plus countries, Kyndryl likes to say it works at the core of a business. It designs, builds, manages and modernizes the mission-critical technology systems that organizations, and the world, depend on.

Supply chains are at the heart of the digital economy. To spur progress, Ms. Bailey-Semeniuk says technology, flexibility and communication are all key.

Tech research firm Gartner predicts that by 2025, more than 50 per cent of supply chain organizations will have a technology leadership role reporting directly to the chief supply chain officer. Through 2024, Gartner says 50 per cent of supply chain organizations will invest in applications that support artificial intelligence (AI) and advanced analytics.

Business relationships need to change, says Ms. Bailey-Semeniuk. Companies should view the chief information officer (CIO) as not just owning the IT department but also being a stakeholder in how the supply chain operates. Functional siloes can hinder the digitalization of the supply chain, Ms. Bailey-Semeniuk says.

> **"Be straight with your business leaders, which will help them better communicate and work with their customers."**
>
> Evelyn Bailey-Semeniuk, Retail and supply chain leader, Kyndryl Canada

She also points to the importance of assessing and building your technology portfolio. The use of AI, edge computing, end-to-end tracking and the right (and accessible) data can all support more efficient processes.

"A lot of customers are being aggressive in taking on massive digital transformations, which means they need to upgrade their network infrastructure," says Stewart Hyman, chief technology officer at Kyndryl Canada.

Internal technology procurement can face its own supply chain woes. That's another area where Kyndryl helps, if organizations remain open-minded, Mr. Hyman says.

"We've got the ability to work with multiple providers, to have a freedom of action. So we can get whatever device is going to meet your needs, then work with the client to help them redesign and make sure they're not losing anything."

Clear communication, externally and internally, is another factor in weathering supply chain issues. Tell customers when items won't be delivered on time. Inform business partners when certain deliverables are not an option. Discuss organizational strengths and weaknesses openly.

"Be straight with your business leaders which, in turn, will help them better communicate and work with their customers," Ms. Bailey-Semeniuk says.

Beyond supply chain abilities, Kyndryl helps companies be more efficient in their day-to-day operations. Focusing on specific challenges in the IT infrastructure can free up an organization's resources to address supply chain or other stresses they may be encountering.

For instance, Kyndryl has worked closely with Mondi Group, a multinational packaging and paper group headquartered in Britain. Mondi's business is integrated across the value chain, from managing forests, to producing pulp and paper, to manufacturing industrial and consumer packaging solutions. Their challenge? With the demand for last-mile delivery packaging soaring, how could they capture new opportunities while meeting their sustainability goals?

The firm engaged Kyndryl to help it move to a next-generation SAP platform. The result was improved end-user application performance, greater operational efficiencies, and 100-per-cent uptime for critical SAP solutions to enable 24/7 operations.

"Kyndryl is the perfect infrastructure partner to support our demanding new analytics workloads, which will help us enhance the efficiency and sustainability of our operations in the future," says Rainer Steffl, CIO at Mondi Group.

"Many of the highest performing CIOs we've worked with tell us their biggest challenge is IT infrastructure management," Ms. Bailey-Semeniuk says. "They often don't have enough skills, security or resiliency to make the changes they believe are essential to compete. By having Kyndryl to help manage these issues, companies can deliver their goods on time or have the time to look after their supply chain issues."

ent personal one-on-one communication and even virtual dance parties. "Connecting with people is fuel to my fire, whether we're in the office or not."

Philip Mather
Executive VP and CFO, Definity Financial
It's a bold move to demutualize a 150-year-old company, but Definity's Philip Mather did just that. He led subsidiary Economical's massive decade-long transition from a mutual insurance company into a publicly traded one, navigating complicated regulations, rules and red tape to successfully launch Canada's largest IPO of 2021. More than 600,000 Canadians were direct beneficiaries of the demutualization, with most of the proceeds of the $2.3-billion IPO distributed to eligible policyholders. That the demutualization was done just as COVID hit and Canadians needed security more than ever was pure luck, says Mather.

Nathalie Gauthier
Executive producer, Square Enix Montréal
Gamers diving back into Space Invaders this year can thank Nathalie Gauthier for reimagining the arcade classic for their mobile devices. After eight years as a TV director, Gauthier took a surprise step into the male-dominated world of video games at Square Enix, best known for creating the Go series of mobile-platform games, including Lara Croft Go and Deus Ex Go. "I'm a creative at the core, and I bring that approach to business," says Gauthier. "I try to get people excited about what's possible."

Jennifer LaForge
General manager, Rakuten Rewards Canada
Keen online shoppers know that Canada's leading cash-back program, Rakuten (formerly Ebates), is the best place to bank extra bucks—it even won the 2021 Reader's Digest Trusted Brand Award, thanks largely to LaForge's people-first perspective at work. "My leadership style is servant leadership," she says, citing Steve Jobs as an inspiration. "I measure my success by my team's well-being. If they're happy, healthy and supported, our gains are compounded, and everything only becomes easier."

Shazia Zeb-Sobani
VP of customer network implementation, Telus Communications
Last year, Telus became Canada's first tech company to launch a Reconciliation Action Plan, starting by connecting 48 Indigenous lands—656,000 rural homes and businesses across 374 communities in Alberta and B.C.—via Telus's PureFibre network, led by Shazia Zeb-Sobani. "Once you have a solid strategy and a commitment from the organization, great things happen," she says. Next year, the network will expand again and increase by 10% every year thereafter.

Sabrina Geremia
VP and country manager, Google Canada
Tasked with leading Google's advertising strategy in Canada, Sabrina Geremia collaborates with 600,000 Canadian businesses hoping for their slice of $26-billion worth of eyeballs online. During her 16 years at Google, Geremia has long championed digital skills training for youth, women, and Black and Indigenous Canadians—committing $2 million in scholarship funds in 2021 alone. While recently speaking at career day, she gave this advice: "Over half of you will have jobs that don't even exist yet," a statement that's true for her already. "The most exciting part of my job is that it evolves every day."

Susan Goodyer
Managing director, human resources, Accenture Canada
Thanks to Susan Goodyer, 5,000 Accenture employees had a much easier pandemic. Among her many burnout-busting initiatives was a $5,000 increase in available mental health services and a crisis care program of 160 hours for child- or eldercare. Her team's mantra is "Pace, Space, Grace," shorthand for the time and self-care necessary to avoid burnout to begin with. "It gives people the language that acknowledges a universal feeling, and empowers them to talk about it and take action," says Goodyer, whose inbox often overflows with thank-you notes.

Jeanne Lam
President, Wattpad
In seven years at Wattpad, says Jeanne Lam, "the business has evolved beyond my wildest expectations." Recently acquired by Naver for US$600 million, the Toronto-based storytelling platform now has 176 million users around the world, 94 million of whom log in every single month. Wattpad writers like Anna Todd, of the bestselling *After* series, who once didn't fit into traditional publishing models are finally getting noticed. Similarly, Lam once thought she didn't quite belong in the tech world. "I don't have a tech background, I'm a woman, I'm a person of colour, and I don't drink beer or play ping-pong." Now that she's in a position to make changes, she's doing just that: Lam is a proud founding board member of the Coalition of Innovation Leaders Against Racism.

Claire Gillies
EVP, marketing, and president, consumer, BCE Inc.
Claire Gillies's savvy product strategy has driven innovative launches from pre-paid Lucky Mobile to 5G View—a "fifth-generation network" for sports fans to watch like never before. With more than 80 carefully placed cameras around Toronto's Scotiabank Arena and the Bell Centre in Montreal, mobile users at home can choose their preferred camera with a finger's click. "You can sit over the goalie's shoulder or stand behind the shooter. You can rewind and rewatch from a different angle," says Gillies. "We're revolutionizing the sports viewing experience."

Dr. Dante Morra
Chief of medical staff, Trillium Health Partners, and president, THP Solutions
As if overseeing 1,400 doctors at one of the largest hospital systems in Canada during a pandemic weren't enough, Dr. Morra is equally passionate about the well-being of Canada's health-tech companies. In 2019, he founded the Coordinated Accessible National Health Network, working with the federal government to secure $40 billion in annual purchasing power to help homegrown health-tech businesses scale internationally. To date, the network has created more than 400 jobs and launched 31 projects, including everything from video conferencing tools to digitized consent papers to apps that measure and monitor chronic pain.

Pamela Kazeil
VP, finance, and CFO, PrairieSky Royalty
"One thing I love about my company is that we're all shareholders," explains Pamela Kazeil of oil and gas royalty company PrairieSky, which is based in Calgary but spans 18 million acres from B.C. to Manitoba. "This translates into shared passion and a common goal of being the best we can be." An impressive 71% of her 56-person finance team is female, including five of six managers on the leadership team, thanks in part to Kazeil's development of the Women's Mentorship Program at the University of Calgary's Haskayne School of Business. "In energy, and in general, our stats are an anomaly," she says. "We're very, very proud."

Rhona DelFrari
Chief sustainability officer and senior VP of stakeholder engagement, Cenovus Energy
Fifteen years in broadcast journalism has given Rhona DelFrari some unique advantages at one of Canada's largest oil and nat-

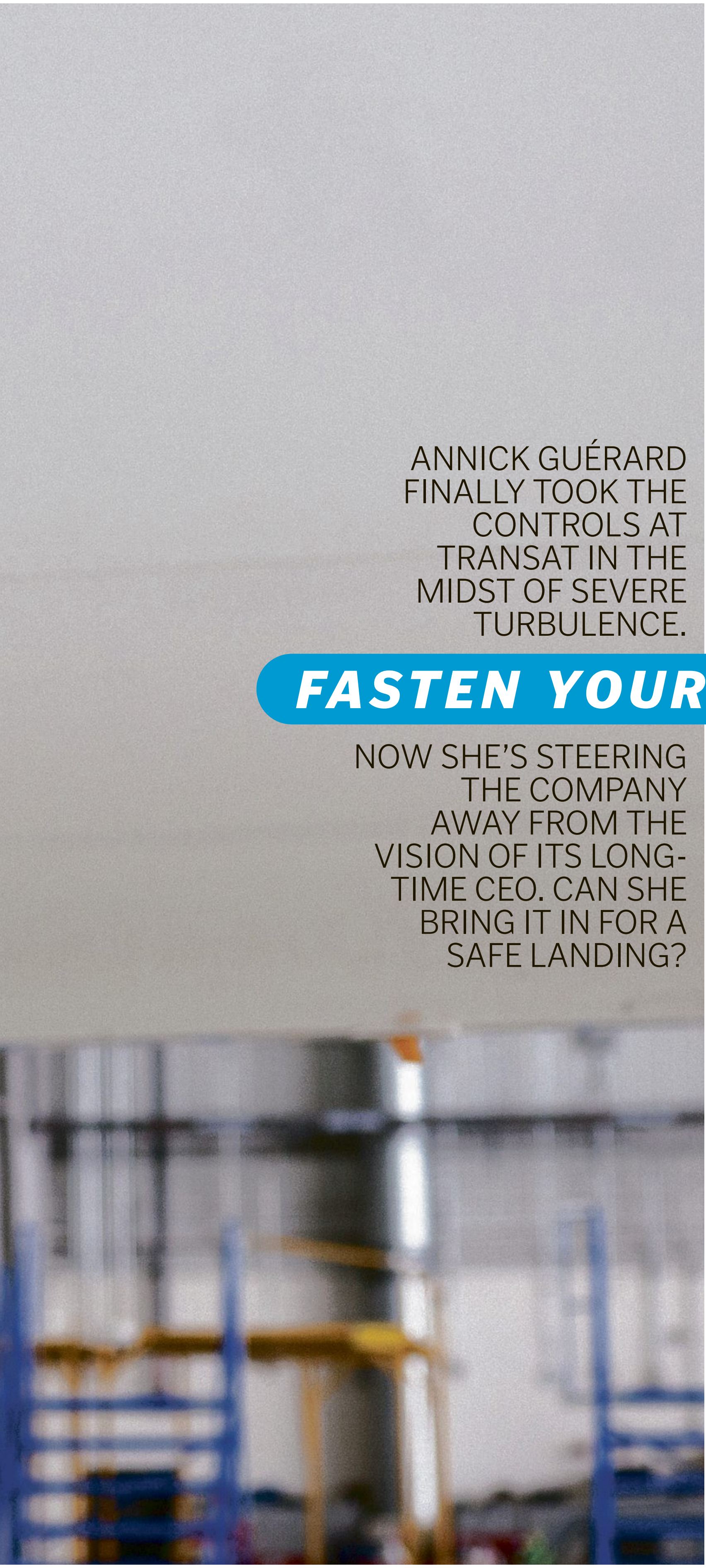
ural gas companies. "I'm continually fascinated with how those skills are applicable in my corporate career," she says. Among them, an ability to predict responses from shareholders and the broader public before big decisions (and possible missteps) are made—an invaluable gift for a communications exec. "I really do have a different lens on all conversations and try to see things from every angle." Her foresight and early ESG focus put Cenovus at the forefront of the industry's Net Zero by 2050 alliance.

Sara Cooper
Chief people officer, Jobber
Sara Cooper is so good at recruiting that she even recruited herself to Jobber. "I actually wrote the [outsourced] job profile, and as I finished, I made an off-hand comment of being jealous of whoever got this role." With her old bosses' blessing, you can guess what happened next. At Jobber, which makes back-end business management software for any contractor who'd fix something in your home, Cooper's knack for spotting and hiring good people has in just three years grown the company from 150 to 550 employees—including 272 last year, all brought aboard mid-pandemic and entirely remote.

Jennifer Frook,
VP, enterprise crisis management, Scotiabank
When a crisis strikes at work, if the whole staff were in a lifeboat, Jennifer Frook would be the leader rowing the boat to shore. "I provide strategic direction during crisis, which we certainly had in 2020, but I also prepare and train the organization to be prepared for disruptions in advance," she says. Months before the rest of us, in fact, Frook was watching developments in Asia, prepping with a broad group of experts for whatever came next and keeping everyone calm via open, clear communication. Even in a pandemic, Frook's employee engagement rate remained a perfect 100%.

Matthew Moore
COO, Tim Hortons
Tim Hortons drinkers are "a little bit older and a little bit rural," says Matthew Moore in the nicest possible way. He's tasked with getting these customers, not like those iPhone-happy frappuccino sippers, to download an app, join Tims Rewards and roll up a (virtual) rim—all without disrupting the iconic Canadian brand. "When I arrived, the app was a bit glitchy, not very exciting, and everyone was still mostly using a plastic card." Moore cleaned up the tech and added on-brand features like a fantasy hockey game, NHL Challenge, and the very Canadian Tims It Forward kindness initiative. Moore has boosted monthly users from 800,000 to almost five million.

Abhinav Singhvi
CFO, Volatus Aerospace
At just 32, and all in the last 16 months, Abhinav Singhvi has helped aerospace and defence company Volatus achieve a public company listing on the TSXV, oversaw six IFRS audits and 16 successful acquisitions—and with 100% leadership retention post-acquisition. His particular gifts in mergers and acquisitions were noticed by thinkers at Harvard University, who invited Singhvi to present his thoughts on corporate innovation late last year.



ANNICK GUÉRARD FINALLY TOOK THE CONTROLS AT TRANSAT IN THE MIDST OF SEVERE TURBULENCE.

FASTEN YOUR SEAT BELTS

NOW SHE'S STEERING THE COMPANY AWAY FROM THE VISION OF ITS LONG-TIME CEO. CAN SHE BRING IT IN FOR A SAFE LANDING?

BY NICOLAS VAN PRAET

PHOTOGRAPHS BY KARENE ISABELLE

Aviation has always been a highly romanticized affair, with images of champagne-sipping travellers flying to exotic destinations anchored in a history of daredevil fighter pilots and aggressive entrepreneurs. But when Transat AT CEO Annick Guérard summoned her seven top executives to Montreal's Monville Hotel on July 12 last year, theirs was a company licking its wounds. Nothing glamorous about it.

In the space of four months, Air Canada had abandoned its takeover of Transat after a two-year effort. Another serious suitor, media mogul Pierre Karl Péladeau, had also given up the chase. After a relentless cash-preservation effort, Transat had won $700 million in emergency aid from the federal government to help it survive the COVID-19 crisis. Days later, Transat's co-founder and CEO, Jean-Marc Eustache, made his long-awaited exit, leaving Guérard free to set a new course for Transat that discarded much of Eustache's plans.

Guérard decided her leadership team needed to process what had happened in order to push past it. So the new CEO called for a day of "strategic reflection" in a meeting room on the fringes of Old Montreal. While other companies might have bonded over white-water rafting or paintball, Transat's executives would participate in a verbal exchange she hoped would cement their renewed collaboration. In the end, they poured their hearts out in an act of corporate catharsis and washed it all down with a glass of wine.

“It was the first time we’d taken time to really breathe since the start of the crisis, and it was all about taking stock of everything we’d been through,” Guérard says. Each executive shared how they’d lived through the recent hardship and how they felt about it. And together, they talked about how to support one another and perform better as a team. Suggestions for things to change even included the vocabulary used internally, like the phrase “senior management.” Guérard hates it. She wants more communication flowing in all directions at Transat, not just top down. “We came out of that day feeling very united, with a very good alignment on our vision for the future of the company and its employees,” Guérard says. “The weight of it isn’t just on one person but on the whole group. It was a defining moment and a very emotional one for me.”

You’d be wrong to peg Guérard’s therapy session as the harebrained scheme of a leadership featherweight. Rather, it’s the natural product of a strong executive looking for the best way forward, someone who’s made a habit of challenging convention. The 51-year-old is the first woman to lead a Canadian airline and part of a super-small group of female aviation CEOs globally. A civil engineer by training, she’s navigated male-dominated workplaces most of her life and climbed ever higher in her career while raising two girls.

Guérard describes herself as optimistic by nature and “hyperactive.” She occasionally swears in French to punctuate her point, and has an automatic reflex to identify problems and find solutions. She can’t go to a restaurant without picking apart its dining room inefficiencies. During a recent trip to the ski hill, she analyzed its ticketing and lift lineup systems, mentally formulating improvements. “None of it was working the way it should, *esti*!” she says, using a favourite religiously themed expletive.

Canadians have come to think of Transat as a small leisure airline selling affordable seats to sunspots and European holiday destinations. Indeed, it’s the country’s third-biggest carrier after Air Canada and WestJet, and it consistently wins awards for passenger satisfaction. Transat’s strength in the holiday market is one of the main reasons Air Canada sought to buy it.

But carrying passengers wasn’t Transat’s *raison d’être*. When Eustache co-founded the company in the 1980s, he wanted to build North America’s TUI Group—a vertically integrated mix of tour operators, travel agencies and hotels piecing together tidy travel packages. The company’s early leaders (including Quebec premier François Legault) saw Transat as a trip maker and the airline as merely a tool toward that larger purpose. But the model never really captured the imagination of North American investors. As Eustache once lamented: “They don’t understand an animal like me.” He pressed on, and only a few years ago he was still touting the need to go big on owning hotels in sunspots, where he said the real money was.

Guérard has flipped Transat’s business model on its head. She’s making the airline the focus, not only out of financial necessity but because the company can’t afford to waste time pursuing different strategic directions. Efforts began years ago to fix Transat’s complicated and dysfunctional flying operation, which often didn’t make money even in busy seasons. But things must be simplified further, faster, she says. It will still sell tours and packages, but the bulk of management’s energy will go to getting the air travel part right. The thinking is that a smoothly run machine with a base in Montreal and planes in the air as much as possible will deliver better profit margins overall.

It’s a big bet. And there are as many people rooting for Guérard as there are doubters. By doubling down on Transat as airline, you could argue she’s steering the company harder into the path of larger and better-capitalized rivals. One of the main reasons Transat agreed to the Air Canada takeover was that it recognized its own domestic route network was weak, and Air Canada would bolster it by feeding in passengers. That option is gone now.

Quebec economy minister Pierre Fitzgibbon says he’s comfortable with the company’s trajectory but is tracking it closely. The province has vowed not to let it fail—that it would provide emergency financing if needed after doing due diligence. “The emotional value of the brand is very high in Quebeckers’ minds,” Fitzgibbon says, adding Transat has proven it can perform.

“Transat really is an extraordinary group. They have tremendous expertise,” says Mehran Ebrahimi, an aerospace specialist at the Université du Québec à Montréal. But on all sides, “they’re getting squeezed.”

For 34 tension-filled minutes on March 12, 2020, Quebec’s business media needled Transat’s three top executives in a bid to answer a nagging question: Did the COVID-19 crisis mean Air Canada’s proposed $720-million takeover was in jeopardy? If Transat couldn’t take shelter under the umbrella of its six-times-larger rival, the storm building in global travel would likely pound the company that much harder.

Again and again, Eustache and his lieutenants gave the same answer: Nothing in the pact allowed Air Canada to kill the deal because of a pandemic. Nor had either side expressed any intention to renegotiate despite the planetary health emergency. Clearly exasperated around the half-hour mark, Eustache invited one journalist asking for details about the contract language to “go check with your own lawyers.” Then the CEO got up to leave, declaring sarcastically: “I’d love to answer your questions for a few more hours, but I’ve got a board meeting.”

The surprising surliness was a sign, I thought at the time, of a leader feeling his business collapsing around him. I wondered how long he would hold on to power. In a candid interview three years earlier, Eustache, then nearly 70, had told me he was preparing to hand the controls to Guérard, who’d just been named operations chief. “The old man is good but at one point, he’s too old,” said Eustache, stressing the need for a new generation to take charge.

At the news conference, Guérard was already answering questions meant for Eustache at a hushed but still audible volume, clearly ready for him to step aside. He couldn’t, of course—not with the Air Canada deal on the table. It would take the grey-bearded veteran another 14 months to make his formal exit.

Less than 48 hours after that exchange with reporters, the Canadian government issued an advisory urging citizens to avoid non-essential travel outside Canada. It then announced it would close its borders to foreign nationals. Other governments were doing the same. Suddenly, what had been a trickle of cancellations became a tidal wave.

RARE AIR

Annick Guérard joins an elite crew of female airline CEOs that includes...

Jayne Hrdlicka
Virgin Australia

Lynne Embleton
Aer Lingus

Anne Rigail
Air France

Nguyen Thi Phuong Thao
VietJet

Yvonne Manzi Makolo
RwandAir

Christine Jeanne Ourmières-Widener
TAP Air Portugal

PHOTOGRAPHS (HRDLICKA) MORGAN SETTE/REUTERS; (EMBLETON) BRIAN SNYDE/REUTERS; (RIGAIL) FRED LUM/THE GLOBE AND MAIL; (THAO) KHAM/REUTERS

For Transat, it was a disaster. Unlike other carriers, which have strong domestic travel volumes, it does the vast majority of its flying from Canada to other countries. The company announced a gradual suspension of its flights for about six weeks as it worked to repatriate 65,000 customers from sunspot and European destinations.

It got worse from there. Transat laid off 80% of its staff, or some 4,000 people, as it brought almost its entire operation to a halt. Three weeks later, it announced it would make use of the Canada Emergency Wage Subsidy to recall its staff in preparation for an eventual restart, while senior execs and directors took pay cuts. By the time its trademark blue star was seen in the skies again, the airline had been inactive for nearly four months.

The company went into turtle mode—preserving cash, returning planes it didn't need to lessors and negotiating with other suppliers to push back payments. Says Guérard: "Suppliers that yelled the most were the ones that we paid. The others, we stretched, stretched, stretched. It was very tough."

Employees scrambled to provide for their families. Some took jobs in different fields: One pilot swapped his blazer and cap for protective gloves and a hard hat, and went to work cutting trees. Others who missed the camaraderie and rush of being in the air organized simulator flights with each other in real time from their basements.

Doubts also increased about Air Canada's takeover. The companies first announced in May 2019 they were in talks on a deal, which analysts said was a good way for Air Canada to access Airbus A321 airliners and boost its leisure travel offering against established rivals like WestJet and new foes in Europe like Icelandair and Norwegian.

That fall, Transat announced its board had accepted a revised offer of $5 per share, or $180 million, from Air Canada and secured a new $250-million short-term loan sanctioned by its suitor. Directors said the new deal was still the best prospect for Transat's continued viability. Less than six months later, it was dead. Canadian regulators approved the pact, but the European Commission worried it would lessen competition on transatlantic routes and effectively killed it. Péladeau was also in the mix, and despite a widespread perception that he wasn't serious, he hired a team of bankers, advisers and lawyers to help his effort. But his last offer of $5 a share didn't fly with one of Transat's biggest shareholders, Montreal investment firm Letko Brosseau.

Meanwhile, the company's pre-pandemic cash pile of $734 million was shrinking as it burned through an average of $30 million a month. Transat would weather one more lengthy shutdown, suspending operations completely between Jan. 30 and July 29, 2021, after Canada asked airlines to stop flights to the south. In April of that year, it won the $700-million federal bailout package that left it heavily indebted. It would be Eustache's final act as CEO.

At last count, two institutional shareholders held stakes topping 10% in the publicly traded airline: Letko Brosseau with about 11% and Fonds de solidarité FTQ with 11.5%. The federal government also holds 13 million warrants allowing it to buy shares at $4.50 each, which it negotiated in exchange for the emergency aid. The warrants vest as Transat draws down the loans and the government's maximum stake is 20% of outstanding shares.

Guérard ran the airline and tour business for three and a half years, slowly reshaping the company to boost its efficiency and profit-making power. A snapshot of the four months before COVID hit shows that by getting more use from Transat's most efficient jets, she was able to carry more passengers, lower operating costs and improve profit margins by 81% compared to the same period a year earlier.

When Guérard walked into the CEO suite a year ago, employees described it as a breath of fresh air. *Finally*, many of them said privately. Eustache was hailed for what he'd accomplished at Transat, but many felt he was long past his best-before date. He never had a cellphone or computer, and relied on faxes and executive assistants to relay information.

Guérard brought fresh eyes to the job and a new sensibility. During employee webinars, she urged them to take care of themselves and their families, and take time off if needed, a message seen as empathetic and reassuring. She confesses now that all the adversity took a toll: "Every day there were new parameters that affected our reality. We navigated through a nearly opaque fog for several months. We'd rip up plans we made just two days before. Doing that for a month, fine—crisis management with a beginning and end, we could handle. But over several months? We were exhausted."

In her first earnings report as CEO last June, Guérard outlined Transat's worst-ever quarter. Total revenue: near zero. The loss: $103 million. But she also outlined her plan to stabilize and transform the business. The crux of it: Make Transat leaner and meaner by refocusing on its core routes and markets, seek alliances with other carriers to bring in connecting passengers, simplify and rejuvenate the fleet by focusing on two Airbus models, keep employees engaged, and rework the capital structure to lighten the debt load.

As spring takes hold, Guérard is decidedly more upbeat about Transat's prospects, even if she's going back to Ottawa for more money. She characterizes the latest unspecified loan request as a kind of insurance that will allow her executive team to avoid more difficult conversations with federal officials later if business conditions deteriorate.

For investors and employees, there are things to be positive about: International travel is coming back. New bookings are surging as consumers with savings and disposable income shift their spending from home improvements and day trips to flights and all-inclusive holidays.

Even with a strong recovery, though, analysts like Cameron Doerksen at National Bank say it will be extremely difficult for Transat to reduce its $1.2-billion burden of debt and lease liabilities to a reasonable level using its own earnings power. That means the company will have to find a longer-term refinancing solution. One scenario would see it sell stock to a willing buyer to generate the funds for deleveraging, which could significantly dilute current shareholders. The company is working with bankers to begin probing who might have an interest in Transat equity, Guérard says, adding: "There's a lot of wealth in the market right now and an appetite to take part in the airline recovery. We want to be able to take advantage of that window of opportunity."

Transat's situation remains sobering. Its financial disclosure contains language warning there's "material uncertainty" that may cast significant doubt about its ability to continue as a going concern. Difficult contract negotiations with pilots and other major labour groups loom. More broadly, the competitive landscape is only getting worse, with a major threat from a proposed merger between WestJet and Sunwing, and Air Canada announcing its intentions to buy 26 new long-range, single-aisle jets—a move one analyst calls a direct challenge to Transat.

The new CEO says the company has always waged a fierce fight for travellers' dollars, and points to its strong reputation and brand as assets that bolster its chances. What seems to worry her more is the sheer volatility of global airline travel and its different puts and takes, which were exposed by the pandemic and are being compounded by the war in Ukraine. She says that although younger people are getting back on planes, a certain fear has set in for older travellers.

"At the beginning of this crisis, people said it would be over quickly. But the more time passes, the more the horizon changes," Guérard says. "And people again are saying it's over. But we don't know that. So what we're trying to do amid this is to act with a prudent optimism. I always repeat that: prudent optimism. Otherwise, you get all excited, you see bookings take off. But it doesn't take long for reality to catch up."

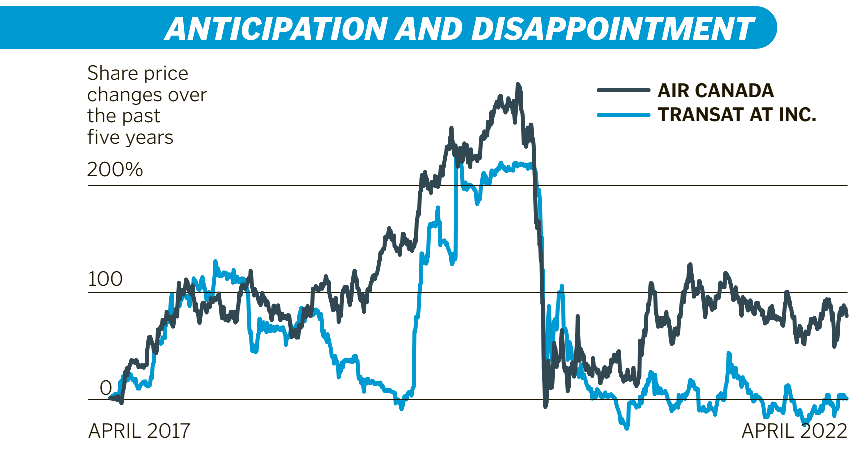
Guérard grew up in Montreal Island's Cartierville neighbourhood, with strict but loving parents of modest means. She played piano and competed in kayak. Her mother was her main influence, chiefly because of her problem-solving skills and resiliency, Guérard says. When her grandparents' finances were wiped out, Guérard's mom put aside her dreams of higher education and travel to be the clan's main breadwinner. She put all her siblings through school and still talks about the sacrifice with pride, not bitterness, Guérard says. She went back to school at age 50.

Guérard's father and several other family members are engineers, so it wasn't entirely a surprise when she decided to follow that path herself. She started at Montreal's École Polytechnique in 1990, just months after Marc Lépine shot and killed 14 women and wounded 10 others in what was long Canada's biggest mass murder, now recognized as a symbol of societal violence against women.

Her first day on the job after graduation proved how much engineering and construction remained the domain of men. She was hired on a Friday by three male engineers who told her she'd start Monday supervising a new project for the City of Montreal. Over the weekend, she bought new work boots and a helmet. "I had a massive cellphone," she recalls. "I thought I was such a hotshot with my tape measure attached to my jeans."

She arrived on site, her car loaded with binders from school outlining the latest building regulations and engineering techniques. There wasn't a woman to be seen. "Construction, *esti*." Her job was to point out things that weren't up to code. Everyone ignored her. She went home that night soaked with sweat. "I was flipping out," she says. The next day, she went back with two boxes of doughnuts. Nobody ate them. After a week she changed her approach entirely, focusing on one-on-one interactions. It worked. Suddenly, it was, "Annick, I want to show you something." Soon guys were inviting her to family events.

"I learned a lot about putting the human before the task," Guérard says now. "It's been like that



my whole career—coming into a job, men everywhere. It's all about being interested in people, taking the time to ask about their personal situation, understanding where they're coming from."

Eventually Guérard found engineering too homogeneous and yearned for increased responsibility, so she went back to school for an MBA. She landed at Deloitte, doing consulting work that would see her parachuted into companies to improve their operations. Guérard was dispatched to Transat to help improve its aircraft maintenance processes. She shadowed mechanics for weeks in the frigid Montreal winter and saw firsthand their passion for the carrier, which stretches to the tattoos many have of its star logo. She joined the company shortly afterward, moving through several units and doing work on operations, commercialization, marketing, e-commerce and digitalization. Eventually she was put in charge of a Toronto-based division packaging tours to foreigners in Asia and Europe. Management then summoned her back to Montreal with clear instructions: Transform the organization, fix what's broken and make growth plans for the most profitable pieces of the business. In other words, do what you did with the maintenance guys but on a company-wide scale. "It gave me a complete view of the organization," she says, "and I became passionate about not only aviation but also the world of travel and tourism more broadly, the benefits it can have for an individual."

Transat began to seek a successor for Eustache around 2015. Three candidates entered a formal evaluation process shortly after. They were judged on everything from their ability to keep cool under pressure to their communication skills. Guérard was the clear winner, and she hatched a plan with the company to further elevate her skills through mentoring and coaching.

From her promotion to COO in 2017, it should have been a quick and easy path to the CEO suite. It wasn't, for a variety of reasons, including the Air Canada takeover and COVID-19. Then there was Eustache, who held on with stubborn determination. It was classic entrepreneur syndrome: He'd been in charge since he and his co-founders, Philippe Sureau and Lina De Cesare, parlayed a tiny agency specializing in travel for backpackers into a company with $3 billion in sales. And he couldn't let go. (He declined to comment for this story.)

If Transat's board was impatient to see Guérard start as CEO, it didn't let on. They were also in a prickly position: Asking Eustache to leave would have triggered his involuntary-departure benefits worth $5.5 million at a time when many employees remained out of work and the company cut deeply in all corners of the business.

Guérard officially became CEO on May 27, 2021, and quickly started putting her stamp on the company. She hired former investment banker Patrick Bui as CFO and a new director for France, Benelux, Switzerland and Germany. She reduced Transat's presence in Western Canada and moved to shore up its clout in Ontario and Quebec with unexpected twists, including a weekly Quebec City-to-Vancouver flight for the late summer and fall, the first time any airline had tried that route.

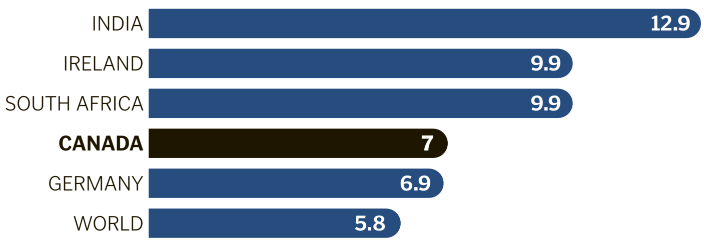
Young CEOs with big shoes to fill sometimes try too hard to impress their boards, but Guérard has no insecurities and therefore no personal agenda, says Transat director Susan Kudzman. She describes the CEO as grounded and humble, a troop rallier with a good sense of humour. "We have nothing to guess about" in terms of where she's coming from, Kudzman says. "There's no time for that in this current environment."

In the tower that houses Transat headquarters at the base of Mount Royal, a faint alarm is going off at the security desk in the lobby as I make my way into the elevator. The company has shrunk its office space from 12 floors to six, and could shrink more. Eustache's CEO suite is now a large boardroom, while his successor has installed herself in a smaller space elsewhere. "Offices aren't really my thing," Guérard says.

Transat, she says, is playing "extreme catchup" these days. "It's going well, but there's a lot of pressure on the organization." Merging with Air Canada made a lot of sense in terms of creating a stronger player to position itself against international rivals like Air France, KLM and the Gulf State carriers, Guérard says. Airlines are becoming bigger and bigger. But when the deal was abandoned, she says it was liberating, not only because it put the uncertainty surrounding ownership to rest but also because it set the corporation back on course under its own steam.

There were many things Transat couldn't do as long as the sale to Air Canada remained unresolved. Take technological development: Transat was forced to limit investments in tech during the merger period, mostly because it would've been inappropriate to spend on new systems that might be redundant after the takeover. So while Air Canada continued with its tech-related initiatives, Transat put its own on ice. It's now pushing hard on several projects, including improving the back-end support systems in HR and finance, to make up for lost time.

Nations with the highest percentage of female pilots



Guérard's plan starts with Transat's bank account: Stabilize the organization in the near term and make sure it has enough money to make it through the next several months with a view to refinancing later on. The company had unrestricted cash and credit worth about $528 million at the end of January, after the Canadian government threw it a lifeline last year. It's talking with Ottawa on new funding to cover lost business during the latest pandemic wave and to provide more financial firepower as COVID-19 continues to unfold and geopolitical instability grows. The company's net cash burn in its first quarter was $27 million a month.

"Omicron reminded us that no matter how much we want to put on our rose-coloured glasses and say it's over, this isn't over," Guérard says. "So, there's that, combined with the uncertainty of the war in Ukraine. And we can't tell what's going to happen. There's too much uncertainty.'"

The game plan also involves a big shift in Transat's business model and operations. And the key is using the best planes in the best way possible. The company used to have a 48-aircraft fleet made up of four different Airbus and Boeing models, and also rented planes on an ad hoc basis. Trying to balance its vastly different seasonal needs was difficult, and every six months the fleet changed. All of this generally meant higher costs, and it meant pilots would sometimes have to train to fly different types of aircraft from different manufacturers.

Moving forward, Transat plans to have a 36-jet, all-Airbus fleet with two models. Anchoring the lineup is the A321LR, a single-aisle jet with 199 seats and a maximum range of 7,400 kilometres. The A321LRs are more fuel-efficient and produce fewer emissions. They're also versatile. For years, Transat was a seasonal business: busy in the winter ferrying Canadians to sunnier climates, nearly dormant in the spring, active in the summer on cross-Canada and transatlantic routes, and then down again in the fall. Despite the yo-yo nature of operations, the company was staffed for peak seasons year-round, meaning it sometimes couldn't cover fixed costs.

Guérard wants to break out of that trap by offering more flights during the shoulder seasons and keeping the A321s in the air longer. While an Airbus A330 is done after one long-haul return trip a day, the A321LR can do two—both because of its range and its short turnaround time. Transat has begun offering red-eye flights south. It's now able to fly planes more during the week and less on weekends. It's not adding any new capacity unless it's profitable and will focus on proven routes where it has a strong market share. That means muscling in on routes to Europe in and out of fortress Montreal, as well as Ontario.

Geographical retrenchment within Canada won't come without a cost, though. And it means Transat will have to work doubly hard to forge partnerships with other airlines to bring passengers from other cities into its own route network. To that end, Guérard signed a code-share deal with WestJet for transatlantic travel last year and a similar pact with Porter Airlines this past March. It's also launching what the company bills as Canada's first web-based interlining service.

Such initiatives are particularly important because they're a way for Transat to attract more customers and widen its own 60-destination network by linking to the networks of its partners, offering clients more travel options. In typical code-share deals, each carrier can sell tickets under its own name for travel on a partner's flights. Passengers buy a single ticket and check their baggage just once. The interlining service, meanwhile, lets customers book flights pairing travel on Transat with those of four partner airlines—easyJet, Avianca, Pascan and Vueling—so they can fly to more destinations.

"One thing that's certain is Transat can't continue on its own," Guérard says. That's why she's looking at striking additional partnerships, which could extend to more formal joint-venture alliances like the pact between Delta, Virgin Atlantic and Air France-KLM. In a joint venture, there's an even higher degree of co-operation between the carriers and a revenue-sharing scheme designed with the good of the collective in mind. Transat is also "completely open" to formal proposals from another merger partner, Guérard says.

Analysts like Kevin Chiang at CIBC have raised doubts about Transat's airline-centric strategy, saying it calls into question its positioning within the Canadian airline sector. But Guérard shrugs off suggestions Transat is flying more squarely into the path of its rivals. "Air Canada has seen us as a competitor since the dawn of time. They're asking themselves why we still exist," she says.

Transat has survived because of the commitment of its employees, she says. It's a corporate culture that's close-knit and entrepreneurial. Even with a business model full of inefficiencies, the CEO says it found original ways of doing things to make money and carve out niche markets no one was serving, forging relationships in the process with Portuguese, Greek, Italian and Haitian communities in Toronto and Montreal. Now, she says it's time to bury those inefficiencies for good.

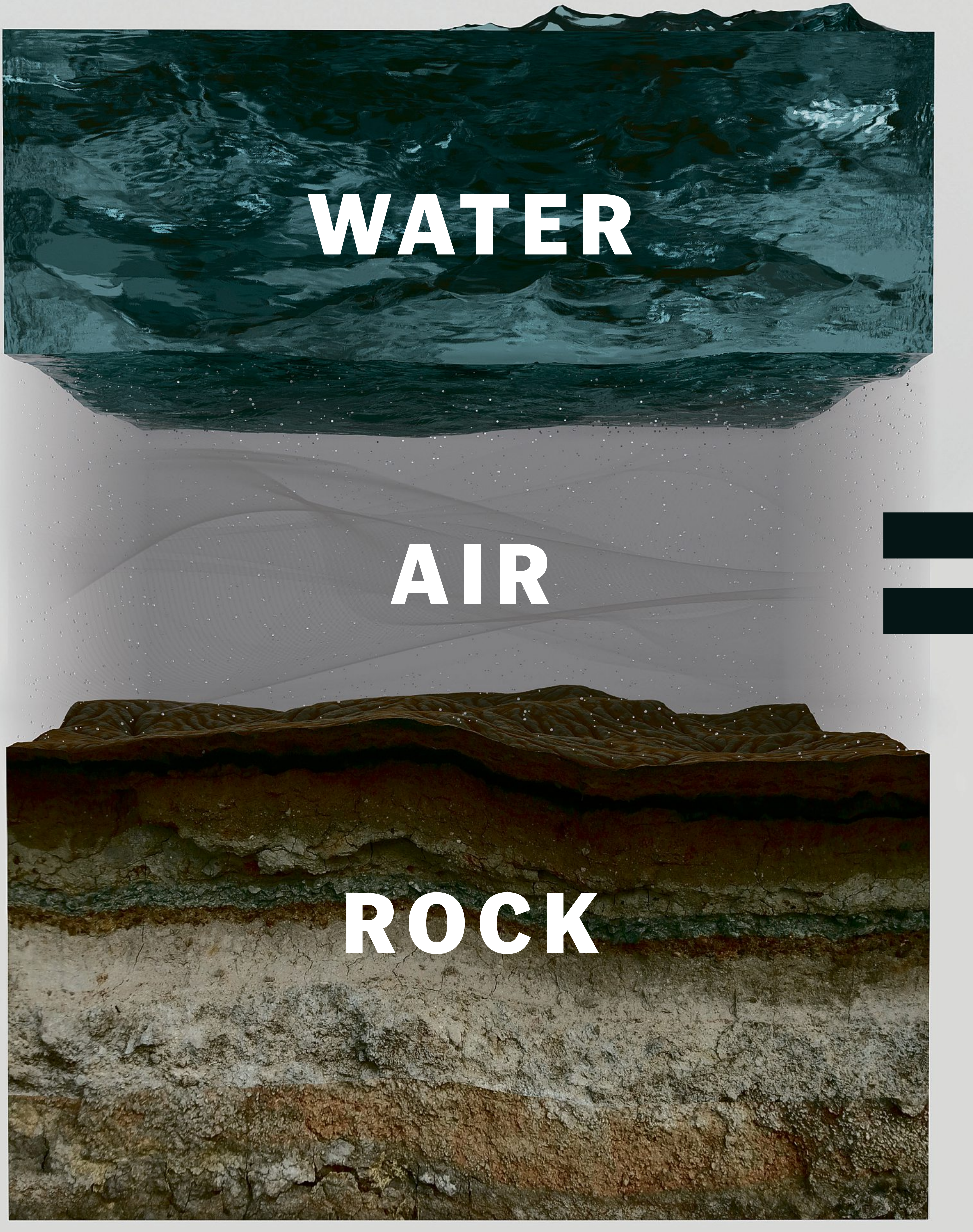
But where Guérard sees creative strength, those on the outside say there's a limit to how far that can carry the company. There are some "crazy things happening" in the industry that will be a challenge in the months ahead, says John Gradek, a former Air Canada executive who now teaches aviation leadership at McGill University. WestJet's deal to take over Sunwing marks a new push into the airline business for Toronto-based investment firm Onex Corp. and allows WestJet to tap Sunwing's experience in leisure travel. New carriers like Flair and Lynx are starting up. The price of jet fuel is climbing fast. Meanwhile, Air Canada just announced it has put in an order for 26 Airbus A321neo extra-long-range jets, the first of which should join its fleet in the first quarter of 2024.

Air Canada's move is a direct threat to Transat, Gradek says. A big reason it initially wanted to buy its smaller rival was to absorb its narrow-body Airbus fleet and get its delivery slots for new planes at a time when pilots and planes were in tight supply. Now Air Canada is moving to obtain what are largely the same planes, and Gradek expects it to challenge Transat directly on secondary markets that have become its niche, like Montreal-Toulouse and Montreal-Basel. Transat's okay until the new jets come online, Gradek says. After that, "they've got to pull another rabbit out of the hat."

Guérard says she's taking nothing for granted. She recently obtained about 20 months' breathing room from Ottawa on a scheduled interest rate increase for its loan package. Now she's asking for another unspecified amount from Ottawa as an emergency backstop. There's no certainty she'll get it, but she's hopeful. Meanwhile, the cost-cutting and cash preservation efforts continue, including with suppliers. "For sure, we can't stretch that elastic forever," the CEO says. "I mean, in some cases, we stretched it too strongly already."

History shows there will likely be more surprises and false starts before Transat recovers. The company's trip sales were climbing nicely this past fall before Omicron hit. Almost overnight, bookings collapsed. At last count they were ticking up again, hitting 87% of 2019 levels through the first 10 weeks of the year. Transat is planning a summer at 91% of pre-pandemic capacity but providing no financial outlook for the months ahead. The company expects to employ about 10% fewer people than it did in 2019 when it gets back to pre-COVID business volumes. It's working toward being cashflow positive again next year. "I'm 100% convinced we'll make it, and I don't think I'm being naive," Guérard says. "We know what we have to do."

Guérard says she's energized every morning by what Transat has established and what it can still become. She says she wants every employee to have that same feeling in their gut. "I love coming to work," she says. "I LOVE IT. I get up in the morning, *Esti, j'ai hâte de venir*."


WATER
AIR
ROCK

IF THE WORLD HAS ANY HOPE OF AVOIDING CATASTROPHIC CLIMATE CHANGE, IT DOESN'T JUST NEED AN EXPONENTIAL INCREASE IN RENEWABLE ENERGY; IT NEEDS A PLACE TO STORE IT, TOO.

ENERGY STORAGE SOLVED?

TORONTO-BASED HYDROSTOR INC. AND ITS HUGE NEW INSTITUTIONAL INVESTOR BELIEVE IT HAS A SIMPLE SOLUTION

BY JEFFREY JONES

PHOTOGRAPH BY ZONGZHE TREVOR CHOI

Curtis VanWalleghem was in charge of business planning at Canada's largest nuclear plant when he came across the technology that would change the course of his career. The year was 2010. During budget discussions for Bruce Power, on the eastern shore of Lake Huron, the maintenance team warned VanWalleghem that costs were surging to new heights. At the time, the Ontario Liberals' contentious Green Energy and Green Economy Act had been enacted to bolster the development of renewable energy sources to eventually replace fossil fuels like coal, which then accounted for 8.3% of the province's electrical generation. To accommodate the variable output of Ontario's wind farms, the Bruce was essentially being dialled down and then wound back up again to ensure there was enough baseload electricity to keep the province's lights on.

It was costly and impractical, and certainly not what nuclear reactors were built for. In addition, every time the facility was powered down, revenue dwindled. Energy storage, in some form, stood out as the logical solution. So VanWalleghem and his team went in search of options. First, they considered pumped hydro, which involves building two reservoirs at different elevations, then managing the flow of water between them to drive turbines. It was a proven technology, but it could be impractical—for one thing, it required vast swaths of land, and securing it could pit developers against residents.

Then, a junior member of VanWalleghem's staff told him about an inventor in Toronto named Cameron Lewis who was developing a technique called advanced compressed-air energy storage—something about storing compressed air in underwater balloons. It was too early-stage to be of use at Bruce Power, but not long after meeting Lewis, VanWalleghem became so sold on the idea that he signed on as CEO.

More than a decade later, Lewis's technology—since modified to store compressed air in deep underground caverns—is on the cusp of playing a key role in an accelerated adoption of renewable energy as the world confronts the climate crisis. Early this year, Hydrostor Inc. landed a US$250-million investment from one of the world's top investors, Goldman Sachs Asset Management, which oversees more than $2 trillion. The financial giant's involvement could help fuel a building boom of Hydrostor facilities around the world.

Goldman's timing sure looks good. If Canada and the rest of the world have any hope of achieving the emissions reduction targets set out in the Paris Agreement and staving off catastrophic climate change, we need to be generating two-thirds of global energy from renewables like wind, solar and geothermal by 2035, the International Energy Agency (IEA) says. (The overall goal is net zero by 2050 in order to limit the rise in global temperatures to between 1.5 and two degrees Celcius from pre-industrial levels.) The IEA expects renewable electricity generation to surge 60% from 2020 levels, to more than 4,800 gigawatts, in the next four years alone. That equals the total current capacity of fossil fuels and nuclear power combined. Renewables will make up 95% of the increase in worldwide electricity capacity through 2026, with solar providing more than half that.

After Curtis VanWalleghem (left) cold-called inventor Cameron Lewis, he quickly became convinced the technology had promise. Before long, VanWalleghem signed on as Hydrostor's CEO

For that to actually happen, we need massive amounts of energy storage since, as the saying goes, the wind doesn't always gust, and the sun doesn't always shine. That means renewables can't provide the baseload power electrical grids require, leaving many utilities to rely on fossil fuel–fired power to keep their systems stable. Despite ample sun and wind in Canada, non-hydro renewable energy made up just 7.4% of the grid in 2019, according to Natural Resources Canada.

The IEA projects the world needs to expand capacity by 56% to reach just 270 gigawatts in four years, and there are a whole bunch of technologies in the mix. "You've got compressed-air energy storage, thermal storage, pumped hydro," says Dan Woynillowicz, principal of Polaris Strategy + Insight, a climate and energy policy consultancy in Victoria. "It's all going to depend on the cost, market structure, where they're being utilized—which leads me to believe there's not going to be one that prevails."

Investors are piling in all over the place: Over the first three quarters of 2021, storage companies raised US$5.5 billion in venture capital across 59 deals, according to the Financial Times, compared to US$1.2 billion in all of 2020 over 91 deals. Much of that money flowed to lithium-ion batteries, which are expected to account for most of the growth. (Tesla, GE and Siemens are major players in the space.) But they have limitations. They require lithium, cobalt and various rare-earth minerals that must be mined—and a significant chunk of global supply is controlled by Chinese state–owned companies, a major risk as East-West tensions simmer. Operationally, batteries have relatively quick cycle times, meaning they work most efficiently for four hours or less.

That means we need to develop other ways to reach storage scale in a hurry—and Goldman and other investors think Hydrostor has landed on a unique one. One reason for their optimism is that its storage facilities can largely be built using off-the-shelf components and can hoard power for days, not hours, and in larger quantities than batteries can. Plus, a Hydrostor facility occupies a relatively small footprint compared to pumped hydro, meaning it's much easier to find places to put them. "You need less than 5% of the space and water, and you can build it virtually anywhere there's competent bedrock," says VanWalleghem. "You can go to where the grid needs storage a lot better than pumped hydro can."

Hydrostor has already built a couple of demonstration plants (including one on the Toronto Island that's now being dismantled, having served its purpose), and it's set to break ground on three large-scale projects with hundreds of megawatts of capacity. It's taken a lot of patient capital from an unusual collection of backers to get the company to the point where it's set to scale up as global economies seek new ways to decarbonize their power grids.

HYDROSTOR'S beauty is its relative simplicity. Lewis describes the system as a giant piston. It works by pumping compressed air into a cavern as deep as 600 metres underground. The rush of air pushes water up to a reservoir at the surface. When the power is needed, the water is released back into the cavern, sending the air out and driving turbines that generate power. The system comes with two advantages: The energy can be stored over a period of days rather than hours, as is the case with batteries. It can also run on either excess or off-peak power from the grid or from renewable sources, eliminating the need to burn fossil fuels for its compressors.

Hydrostor's facilities are built from repurposed energy processing equipment, and assembling one requires the same skills—which means the expertise already exists here in Canada. The gear it uses for the storage process is mostly repurposed from other industries, mainly gas plants and other oil-field equipment. Underground air storage in itself isn't a brand new concept, either—the natural gas industry, for example, has stored fuel in depleted reservoirs and caverns for decades. And the company says its gear can operate for as long as half a century. If a facility needs to be decommissioned, the compressors and pipes can be removed, and the rocks that were dug out of the shaft can simply be dumped back in.

The facilities are also highly adaptable, says Lewis, because they have three distinct parts. If a utility requires more storage time—say, three or four days—Hydrostor can make the underground cavern bigger. If it requires a large, quick input of solar energy, it'll install a larger compressor. If the customer needs to discharge power slowly over a long period, Hydrostor can install a smaller turbine. "From my perspective," says Lewis, "we've made a product that is so wildly flexible, it's easily interchangeable to match whatever they come up with for their needs in the market."

Lewis recalls his first meeting with VanWalleghem as serendipitous. Lewis had cut his teeth in the oil-field service industry in Alberta, and he'd been seeking ways to commercialize his invention while enrolled at the MaRS tech incubator in Toronto. His adviser there was Tom Rand, the co-founder of ArcTern Ventures, which has been investing in clean tech since 2012. After seeing Lewis's hand-drawn sketch of the storage system in 2009, Rand took a few days to mull it over before deciding ideas like Lewis's would one day be key to the mass adoption of renewable energy. He became Hydrostor's first angel investor. "There wasn't a market for Hydrostor back then," says Rand, "but without big long-duration storage, you can't solve the climate problem. It's taken 10 years, but the market is here, and it turns out it was a good bet."

When it came to the business itself, Lewis saw himself as the technical guy, preferring to work behind the scenes. He had no desire to be the face of the company. MaRS had advanced Lewis a grant to hire a CEO so he could concentrate on product development. "This is where the universe and the hand of God came in," he says.

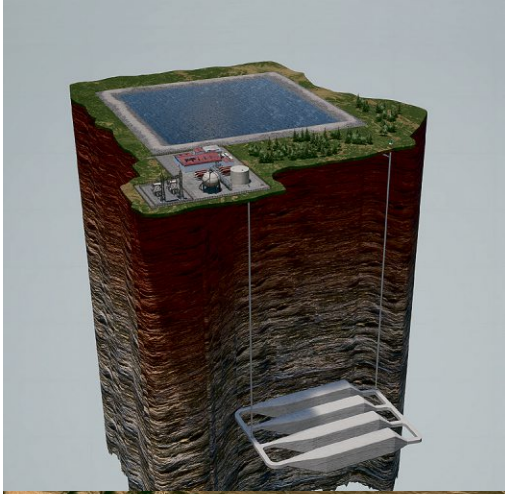
Meanwhile, at Bruce Power, an analyst associate told VanWalleghem about a guy in Toronto who'd filed a patent for a new way to do compressed air—a technology the associate thought could help solve Bruce's problem. "It looked pretty interesting," says VanWalleghem. "We sleuthed around and found Cam's email address."

VanWalleghem's email inviting Lewis to discuss the technology over lunch landed just moments after the inventor had won the MaRS grant. Lewis told VanWalleghem he was surprised MaRS had reached out so quickly with a CEO candidate. Not only had MaRS not contacted him, VanWalleghem replied, but he didn't even know what MaRS was. The pair hit it off over lunch, and VanWalleghem became a convert. "Cam's concept was viable and compelling," he says. "So I decided to take the leap of faith and join."

Maybe more than the tech itself, what makes Hydrostor remarkable is its roster of strange-bedfellow investors: the outspoken green-capitalism evangelist Rand and oil-patch financier Rafi Tahmazian of Calgary-based Canoe Financial. (For more on Tahmazian's more traditional energy investments, see page 16.) While they hold wildly different world views on decarbonization, they both agree on the potential for Hydrostor's technology to become

Hydrostor's 1.75-megawatt facility in Goderich, Ont., has been in service since 2019, making it the world's first commercially contracted advanced compressed-air energy storage facility a lynchpin in the transition to more climate-friendly power sources. So much so that they've stayed with the company during a lengthy development period in which it has yet to generate significant revenue. All along, Rand and VanWalleghem have kept putting their own money into the venture. "For 11 years, every time we brought on a new investor, they'd say, 'Curt, Tom—you guys come in and put some more money on the table with us,'" says VanWalleghem. "So we would have to keep doubling down and showing our continued commitment to the business."

It may be about to pay off, as the company gets set to break ground on three projects in Australia and California worth a total of $2.5 billion.



Off-peak or surplus energy is used to run a compressor and create hot air. The heat is siphoned off and the air stored in a cavern. Then the air is forced to the surface with water, recombined with the stored heat, and used to run a turbine, generating electricity

tech and renewable energy ventures around the world. Goldman executives, led by partner Charlie Gailliot, head of energy transition private equity investing, spent about a year digging into the company as part of its due diligence process. Hydrostor's tech, Gailliot said in an email, "will play an important role in the world's transition to renewable power." Three of Hydrostor's six board members are now Goldman representatives. Based on the size of its investment, that gives some indication of the private company's valuation—in the neighbourhood of US$500 million.

The funding, in the form of preferred equity, will help advance Hydrostor's three main projects, including two $1-billion facilities in California, which has called for 100% carbon-free power by 2045. The 500-megawatt instalment northeast of Los Angeles will store electricity for grids operated by L.A.'s Department of Water and Power and California Independent System Operator. When it's completed, it will allow solar and wind farms to generate power to the grid around the clock by providing up to eight hours of electricity at full capacity. The second project is planned for Morro Bay, on the coast between San Francisco and L.A., where it would provide up to 400 megawatts of capacity to the local grid.

In Australia, the $500-million Broken Hill Energy Storage Centre would help eliminate major new investments in power lines in New South Wales and wean the region off its dependence on exhaust-belching diesel-powered generators. Located at a decommissioned mine, the facility is being developed with an Australian partner, the advisory firm Energy Estate. In 2020, Transgrid, the state's transmission network service provider, selected the 200-megawatt project as the preferred option in a regulatory study for transmission investment.

The three projects are in different stages of development, but they've all established interconnection with the power grids they plan to serve, confirmed all rights-of-way, and completed preliminary geology and feasi-

HYDROSTOR attracted its first big investor, Calgary-based Lorem Partners, led by Curtis Bartlett and Ron Miller (both Hydrostor directors), in 2016. Bartlett and Miller had made their fortune in the oil patch, backing, building and selling off over a dozen oil and gas producers. Around 2010, they began to study the renewables sector and made an investment in a U.S. hydroelectric company. Five years later, Bartlett sat through pitches by several startups connected to MaRS and came away impressed by Hydrostor. At first, the valuation seemed a bit rich. But a year later, with renewable energy taking off within the utility sector, long-term storage was clearly the missing piece. Hydrostor looked to have an elegant solution. "What they were doing was taking proven stuff and putting it together in a new way. There is no black box," says Bartlett. "Utility customers are hard enough. If you're trying to sell them a black box on top of it, like, good luck."

It was Lorem that persuaded Canoe Financial to get in on Hydrostor in 2016. Tahmazian is Canoe's senior portfolio manager and a vocal defender of the oil industry. He has little patience for anyone espousing the notion that renewables alone can play the role of base power provider to a world that still relies heavily on fossil fuels. Nonetheless, his firm began a search for alternative energy opportunities around the middle of the last decade, when the oil-price crash caused a lengthy malaise in the patch. It landed on Hydrostor back when the company was worth just $12 million. "I thought, *Yeah, it's small, but it will have a real impact in the green movement*," Tahmazian says. "This is not greenwashing my funds. It is exposing my clients to this and feeling good at the end of the day that we're trying to do something materially relevant."

In 2020, Paris-based fund manager and infrastructure developer Meridiam signed on as a partner, agreeing to help fund a proposed project in California using Hydrostor's technology. Since then, the company has benefited from Ottawa's strategy to lift the Canadian clean-tech sector into an exporting power as global demand for climate-friendly products and services grows. In April 2021, the company scored $4 million from Natural Resources Canada's Energy Innovation Program and Sustainable Development Technology Canada. Four months later, it won another $10 million from the investment arm of BDC Capital.

Then along came Goldman, which calls its deal with Hydrostor the largest-ever investment in long-duration energy storage. It's part of the New York–based finance giant's target to lend and invest US$150 billion in cleanbility studies. Hydrostor plans to make a final decision on at least one of them within a year. The plan is to get some or all of the three projects to fruition by 2025 or 2026.

Meanwhile, the location for a new project in Ontario—on top of an existing 1.75-megawatt facility in Goderich, Ont.—is now under consideration.

RAND, for one, has a lot riding on Hydrostor: One-third of his total net worth is tied up in the company. He says Goldman Sachs's investment shows the power storage business isn't just a climate play but a financial one. "It doesn't matter your position on climate. This transition is coming," says Rand. "Giant hedge funds—I don't think they give two shits about climate. They're placing massive bets on low-carbon technologies because I think everyone suddenly realizes the transition is inevitable. Whether it happens fast enough to solve the climate problem is another question."

Tahmazian agrees—this isn't just "pipe dreams and pixie dust and fairy tales," he says. Hydrostor has the potential to make money for investors. Renewable energy, he says "is just not an industry that is mature enough to see a result that's positive without some very material fixes, one of them being storage. It was just blatantly obvious to us." That's why Canoe has hung on as the years have marched on.

Now, the heightened focus on climate solutions—and demands from retail and institutional investors alike for opportunities that offer both environmental and financial gains—has put Hydrostor in a position to move to the next level: building large-scale storage projects and, down the road, a possible initial public offering. VanWalleghem is convinced that once the first plant is up and running, the attraction of the technology will become clear to other utilities as they add renewables to their grids. "Having these first three get through construction—that's really the next big milestone for us," he says. "It will add a lot of value for our investors like Goldman Sachs and, in parallel with that, we should be picking up tens of additional plants and getting them contracted. That will form the basis for a very disruptive global business."

BEST
B2B
BRANDS
2022

Our second-ever ranking of the top business-to-business brands reveals which companies have impressed Canadian executives through innovation, culture and social responsibility

HOP ON THE BRANDWAGON

The 2022 Report on Business magazine ranking of Best B2B Brands is based on research produced in partnership with Ipsos. We developed an online survey designed to evaluate 79 brands in seven industry categories (accounting, banking, communications, consulting, enterprise software, group benefits and legal). We fielded the survey between Jan. 19 and March 2, 2022, and the results are based on feedback from 520 respondents in executive roles (drawn from both The Globe and Mail's readership and from Ipsos-sourced panels).

Each respondent rated a randomized assortment of business brands they were familiar with using 42 different attributes related to client engagement, culture, innovation, social responsibility and talent. We feature the 25 that scored highest overall.

BEST B2B BRANDS 2022

FOR EACH OF THE LEADING COMPANIES, WE'VE HIGHLIGHTED WHICH OF FIVE BROAD DIMENSIONS SETS THEM APART FROM THE MARKET: TRAIL BLAZING, CLIENT ENGAGEMENT, SOCIAL RESPONSIBILITY, TALENT ATTRACTION OR CULTURE

RANK	COMPANY/ SECTOR	STRONGEST DIMENSION	STRONGEST ATTRIBUTE	PERCENTAGE
1	**Microsoft** Software	Trail blazing	Leader in its sector	57
2	**Google Workspace (Google Suite)** Software	Talent attraction	Known for retaining top talent	47
3	**Amazon Web Services** Software	Trail blazing	Demonstrated considerable growth in recent years	57
4	**Shopify** Software	Trail blazing	More innovative than its peers	52
5	**Salesforce** Software	Trail blazing	A leader in digital transformation	44
6	**Telus** Communications	Social responsibility	Sets an example by supportuing charitable causes and community projects in Canada	45
7	**Slack** Communications	Trail blazing	Leads the way in the adoption of new tech/tools	38
8	**TD** Banking/Finance	Talent attraction	Has exceptional leaders	31
9	**Oracle** Software	Trail blazing	Leader in its sector	44
10	**Cisco (Webex)** Communications	Trail blazing	Leader in its sector	35

RANK	COMPANY/ SECTOR	STRONGEST DIMENSION	STRONGEST ATTRIBUTE	PERCENTAGE
11	**EY Audit and Assurance Services** Accounting	Talent attraction	Known for attracting top talent	36
12	**Bell** Communications	Trail blazing	Leads the way in the adoption of new tech/tools	30
13	**RBC** Banking/Finance	Social responsibility	Sets an example by supporting charitable causes and community projects in Canada	41
14	**IBM** Software	Trail blazing	Known for helping clients accelerate their businesses	38
15	**Zoom** Communications	Client engagement	Easy to work with	35
16	**Adobe** Software	Trail blazing	Leads the way in the adoption of new tech/tools	38
17	**Dell EMC** Software	Trail blazing	A leader in digital transformation	40
18	**KPMG Consulting** Consulting	Client engagement	Easy to work with	35
19	**PwC Consulting** Consulting	Talent attraction	Known for attracting top talent	38
20	**Accenture** Consulting	Trail blazing	Recommended more often than others in its sector	35
21	**Deloitte Consulting** Consulting	Client engagement	A leader in delivering on promises	32
22	**CIBC** Banking/Finance	Client engagement Culture	Demonstrated agility during COVID-19 Fosters a more diverse workforce	34 24
23	**Deloitte Audit and Assurance Services** Accounting	Client engagement	Strong, solid corporate and ethical reputation	42
24	**Rogers** Communications	Trail blazing	Leader in its sector	33
25	**KPMG Audit and Assurance** Accounting	Talent attraction	Known for retaining top talent	33

Now I have a lot of employees I've never even met. I feel like an absentee owner

Cool customer

Jim Estill bought Danby Appliances in 2016, determined to do good while keeping his workers employed—pandemic or not

I don't need to work. I've made my money, and I have modest needs. I sold my first business when it had about $2 billion in sales. I retired for five years, moved to New York and did a bunch of angel and venture investing, and sat on some boards. Then my dad got sick, so I moved back to Canada and joined the board of Danby. When the CEO resigned, I took over and bought the company a year later.

This is what I like to do, but I also believe we can use businesses to make the world a better place. I prefer to support what I call base needs, so the Salvation Army and ending homelessness—that kind of thing. And refugee resettlement is another base need. You're basically helping people through a hard time, and they become self-sufficient contributors to Canada and society. When we started the Syrian refugee project, I said I'd sponsor 50 families, but we just kept going. For our new Afghan project, we've asked the federal government to let us bring in 300 people, but they've only given us 10 so far.

500
NUMBER OF AIR PURIFIERS DANBY DONATED TO 37 IN-NEED ONTARIO SCHOOLS IN THE FALL OF 2020

Initially the pandemic was bad for Danby. Everyone was afraid the sky was falling. That was one of the reasons we launched the ventilator project at our factory in Guelph—to ensure continuous employment for my people. That coalition assembled 10,000 ventilators. As it turned out, I didn't need the extra work (though we ended up hiring the 100 people we'd brought on to build them). Now people want freezers again because they're worried about food not being in the grocery store. People are buying wine coolers and second fridges because they're eating and entertaining at home. So sales have gone up.

From a leadership point of view, the pandemic dramatically changed how I lead. I like to visit factories and talk to people and eat in the lunchroom, but I now have a lot of employees I've never even met because they were hired during the pandemic. I almost feel like an absentee owner. It's tougher to be personal with people by phone and video, and so you have to work at overcommunicating. And even that has its limits.

Because logistics are backed up worldwide and there are shortages of everything, it's making us rethink just-in-time delivery. The whole world was heading that way. Now it's like, gee, maybe we'd better have a little more safety stock because we might not be able to get it or, if we do, the shipping cost is going to be double. And if I had more inventory, I could sell more.

In the end, we've had to increase prices to cover some of the increased costs, and I see that continuing for a while. That's just the new reality. So from Danby's point of view, the outlook is pretty positive. I am worried about inflation, because that erodes purchasing power. But 2022 will be a good year for us. I even think 2023 will be good, because the logistics backup is that long. We're not going to catch up on orders for a year. **/Interview by Alex Mlynek**

ILLUSTRATION KYLE SCOTT

Congratulations Sabrina!

Your leadership inspires our teams every day.
From all of us at Google Canada, congratulations on your
ROB Best Executive 2022 achievement.

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