

# REPORT ON BUSINESS

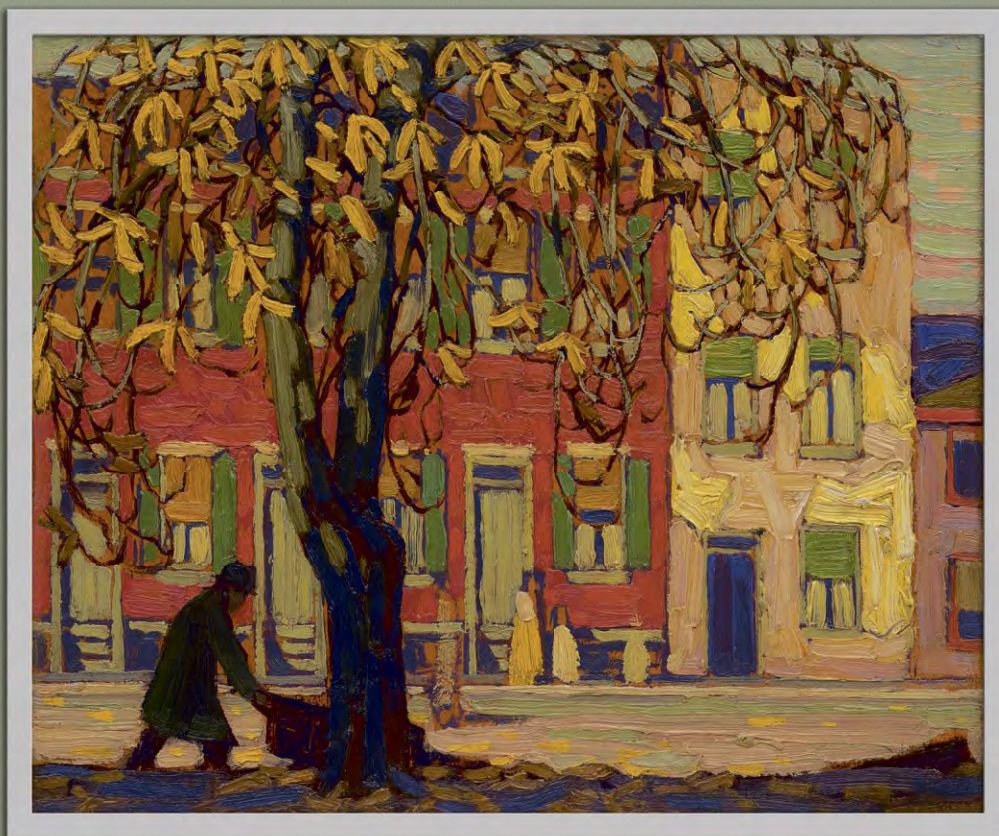
# THE SCRAPPIEST PLACE ON EARTH

JENNIFER TWINER  
McCARRON  
WANTS TO TURN  
THUNDERBIRD  
ENTERTAINMENT  
INTO THE  
NEXT DISNEY



# Building Historical Art Collections

## Coast to Coast to Coast



**Lawren Stewart Harris, R.C.A., C.C., "In the Ward", 1913**

Oil on board, 10.5 x 13.75 inches, signed

**Provenance:** Estate of the artist, Vancouver • G. Blair Laing, Toronto • Alan Manford, Toronto • Private collection

**Literature:** *Light for a Cold Land, Lawren Harris's Work and Life*, Peter Larisey, Dundurn Press Ltd., Toronto, 1993, Plate 8, illustrated

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# 27

## WOMEN LEAD HERE

OUR ANNUAL BENCHMARK STUDY OF WOMEN IN CORPORATE LEADERSHIP

### FULL STREAM AHEAD

Creating TV shows keeps getting more complex—so many competitors, customers and platforms. Thunderbird Entertainment CEO Jennifer Twiner McCarron has put together a string of hits by treating people, especially employees, fairly. /By Liza Agrba



Meet the 74 companies that made our list. Plus, five CEOs weigh in on how to do better on diversity and inclusion



BlackBerry veteran Patrick Spence took on Google and won

## 40

### HEY GOOGLE, TELL ME ABOUT PATENT INFRINGEMENT

BlackBerry crashed following an intellectual property battle that cost it more than US\$600 million. After alum Patrick Spence joined speaker maker Sonos, it prevailed over Google in another IP brawl.

/By Josh O'Kane and Sean Silcoff

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### THIS IS YOUR BRAIN ON K

Psychedelics like ketamine are the new cannabis—for investors, that is. Toronto's Field Trip has joined dozens of companies in the market rush to deploy a wider range of chemical aids to improve mental health and wellness. /By Joe Castaldo

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Five Gen Z leaders offer insights into a generation that wants to make a real impact

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The world needs more PPE, and this hot company has it. And will new government housing initiatives help affordability?

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Jenn Harper wants Cheekbone Beauty to both grow and give back



## A little less conversation, a little more action

There's a lot to like about our third annual Women Lead Here package (page 27), a benchmark we created in 2020 to measure progress on gender parity among Canada's largest publicly traded companies. Women now represent 46% of executives at the vice-president level and above, which means at least some companies are finally flirting with parity. But it's hard not to be discouraged when you look at who's occupying the top slot. Just 22% of the 74 companies on the list have a female CEO, a figure that has remained static for three years.

The situation is even bleaker on the broader S&P/TSX Composite. According to data compiled by The Globe and Mail's Tavia Grant, 4% of the 223 companies on the index had a female CEO at the end of 2020. That's just nine women. Among 1,000-plus named executives, 13% were women. More than half of those companies, accounting for 73% of the TSX's total market cap, had no top female execs. In terms of racial diversity, the situation is even more abysmal. This past summer, Globe reporters surveyed the original 209 signatories to the Black-North Initiative—a pledge to increase representation of Black employees and tear down barriers to their advancement—one year after signing on. Just 105 companies responded, and of those, only a quar-

ter had increased the number of racialized employees.

It's not just in business, either. More than 150 years after Confederation, we finally have our first female finance minister but have yet to elect a woman prime minister. The federal Liberals have never had a female leader, nor has the post-Progressive Conservative Party. In the entire history of the Canadian Armed Forces, which has been rocked by sexual misconduct scandals, just 30-odd women have made it to the most senior ranks.

Are we to believe that half the population just doesn't have the chops to lead? There are armfuls of studies that say otherwise. According to assessments of 60,000 leaders by a pair of Harvard researchers, women leaders are rated by their colleagues as more competent on nearly every facet of leadership, including initiative, agility, employee engagement and more. Women perform better during a crisis, too. A U.K. study found COVID-19 outcomes to be "systematically better in countries led by women" during the first quarter of the pandemic, and U.S. states with female governors had fewer citizens die.

When I graduated from university in 1999 (the last time, incidentally, this magazine had a female editor-in-chief), it was with boundless optimism. Gen X girls like me grew up being told we could have it all, and back then, it actually seemed possible. And yet, the eldest Gen Xers are now in their late 50s—which is to say the men of the *Reality Bites* generation are often the ones standing on the glass ceiling.

Of course we've made progress, and the vast majority of companies out there have the best of intentions. But good intentions don't mean a thing unless they're backed up by action. So until there's no longer any need for a benchmark like Women Lead Here, I'd like to see a bit more of that. /Dawn Calleja

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## REPORT ON BUSINESS

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April 2022, Volume 38, No. 5

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# RESEARCH WITH PURPOSE

Maryam Ghasemaghaei is revealing the dark side of technology adoption.

Her research findings indicate:

- A close to 85 per cent failure rate in advanced technology implementation
- Failure rates are driven by a rush to implementation and insufficient resourcing
- Ethical concerns exist, such as when implementing Artificial Intelligence to determine hiring practices

**Maryam Ghasemaghaei**  
Associate Professor of  
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## Free(land) advice

Trevor Cole's in-depth interview with "Minister of Everything" Chrystia Freeland racked up nearly 800 comments—good, bad and ugly.

Albertan here. I like Freeland. She and Anita Anand are the brightest lights in Justin Trudeau's cabinet, and both burn brightly. Still, as smart as they are, the federal Liberal Party is shorter on big ideas than it should be. —**Excimer**

C.D. Howe was Minister of Everything. Chrystia Freeland is no C.D. Howe. —**Chandler Day**

Freeland is intelligent, thoughtful, smart and aware. I hope she will run to become prime minister in our next election. The ballot box is the ultimate comments section! —**JDinVictoria**

Freeland has to urgently address two major issues: how to wean the economy off government handouts

and how to incentivize the private sector to invest more, particularly in housing and industry. The two issues are intertwined—governments that act as the primary source of investment are chronically inefficient and inevitably create dependency, leaving a legacy of debt that stymies the next generation. —**getting real**

Chrystia Freeland, it is time for you to focus. You are now juggling some five crises. Please reach out to Canada's best and brightest to help prioritize what to focus on. —**Fabulous Fabs**

Freeland clearly knows her files and has proven her competency. She knows how to deal with difficult persons and get results. No doubt

she is an asset to this government and Canada not just now but into the foreseeable future. —**BORCHERT2**

### Resurrection man

*Jason Kirby's profile of Doug Putman ("I will revive") had readers cheering on the turnaround artist.*

I remember when Putman bought Sunrise. I was living in Hamilton, knew a little of his backstory and thought he was nuts. Never been so glad that I was wrong. —**ramblinpaul**

Keep rolling, Doug! Quiet and successful, with long-term vision, is better than the loud and obnoxious types with overvalued richness. —**JonS**

It is amazing what can be accomplished with a clear-eyed vision, common sense, hard work and the support of family. Kudos to his father and mother, who had the guts to go out on their own and laid the foundation for success. —**Yvette Dorilas**

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when it is down."**

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2022  
**REPORT ON BUSINESS**  
WOMEN LEAD HERE

**Danielle**  
Administrator at Extendicare Bayview

To the **women** building a  
better future for long-term  
care and home care across  
Canada, **thank you.**

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difference visit [Extendicare.com/ImprovingCare](https://www.extendicare.com/ImprovingCare)

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# The future of women in business is the future of our business.

At RBC, our commitment to accelerating full inclusion remains a priority. We continue to dedicate efforts to achieving gender parity and to increasing diversity in leadership.

RBC® is proud to be included in the  
2022 Women Lead Here benchmark.

Learn more at [www.rbc.com/diversity-inclusion](https://www.rbc.com/diversity-inclusion)



 Speak Up  
for Inclusion™



## NEW RULES

# The Zee Hive

We talked to five Gen Z leaders about how their priorities—both as bosses and as employees—differ from those of their, ahem, elders



“Our priority is no longer to stay with a company for the next 40 years, but to continuously hone our skills in rapid-growth roles. Realize you are developing the next wave of talent that will change the business world for decades to come.”

**Michelle Kwok, 23**

Co-founder of FLIK, a platform that connects female leaders worldwide

“I don’t care if my team shows up to the office or when they work, as long as their tasks get done, they bring positive energy and are open to learning—and Gen Z does want mentorship from the older generations and to be part of a team.”

**Anmol Dhalla, 20**

CEO of Genzup, a consulting firm

“Gen Z advocates much more for themselves. They set clearer boundaries, and communicate their needs and wants, so as a leader I can tailor their tasks and increase productivity. This also creates a culture where people know mental health is a priority.”

**Bahar Moussavi, 24**

Co-founder and president of the C.O.D.E. Initiative, which teaches STEM and coding to kids



# 5

Technologies Gen Zers don’t remember life without

GOOGLE

WiFi

CAMERA PHONES

THE IPOD

FLAT-SCREEN TV

“Gen Z requires autonomy, creativity, some structure (but not too much), and clear direction and expectations.

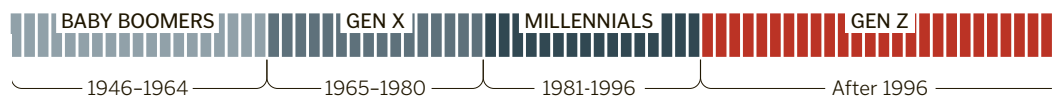
They need a lot of patience and guidance, and to feel passionate about what they’re doing—that’s really what sets us apart from older generations.”

**Selene Dior, 24**

Founder and CEO of Vitae Apparel, a line of inclusive lifestyle fitness apparel



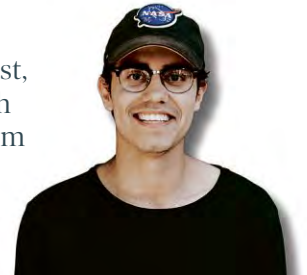
## GENERATION GAP



“Thinking all Gen Zers want are beanbag chairs and ping pong tables is a recipe for disaster. First and foremost, Gen Zers want to make an impact. Showing them a path to doing that is a great way to motivate them and get them to see a long-term future at your company.”

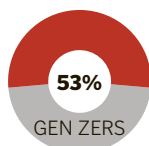
**Swish Goswami, 24**

Co-Founder and CEO of Surf, a zero-party consumer data platform

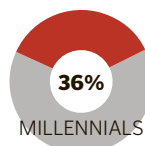


# 21%

Portion of the world’s working-age population between the ages of 15 and 24



Portion of employees who expect to leave their current employer in the next two years (2021)



# 60%

want a job that will impact the world



## THE EXCHANGE

# Hot for Teachers

Canada's largest pension funds don't like to draw too much attention to themselves. That changed when Jo Taylor took over the Ontario Teachers' Pension Plan in 2020 vowing to make bigger, bolder bets

BY TREVOR COLE

**I**f there are a few hundred thousand Ontarians who've slept more soundly than the rest of the province for the past 32 years, it's because their retirements have been funded in part by the Ontario Teachers' Pension Plan. Ever since the provincial government handed the management of teachers' pensions to an outside body in 1990, about the only time members have had cause to consider the wizardry behind the curtain is when the plan has changed wizards. In 2020, Jo Taylor made everyone aware that someone new was in charge at Teachers when, after taking over from Ron Mock, he announced he wanted the plan to make "bolder and bigger" investments. The U.K.-born Taylor, who had run the plan's London office for eight years, then said he wanted Teachers to be more "entrepreneurial" and started talking about its "brand." The plan hasn't been this interesting since it sold its stake in the Toronto Maple Leafs in 2011. **(1)** We spoke to Taylor in February via Zoom.

**The markets have been on a trampoline so far this year. How does OTPP cope with volatility?** We're a long-term investor trying to fund contributions to members on a 30- to 50-year time frame. You're really looking to stay with businesses where you believe in their growth prospects and that they are actually disruptive in a market that has attractive characteristics. And you're not put off by short-term implications, which may have nothing to do with the business. We have a lot of investment in private companies; they're less prone to massive fluctuations. The last thing to say is, we entered this year with some—I think *concerns* is the right word. We lightened our equity weighting a bit. Valuations toward the end of 2021 were pretty full in a number of markets. But let's be honest: Depending on what happens in Ukraine, things might start to look a little different.

**1.** OTPP sold its 79.5% stake in Maple Leaf Sports & Entertainment for US\$1.3 billion. Noting the plan stood to make about four times its investment, Forbes called it "the greatest sports deal ever."

**2.** Last year, contributions from members and the Ontario government totalled \$3.2 billion, with retiree benefits at \$6.7 billion. That \$3.5-billion gap is expected to increase annually. By 2030, the plan will pay out roughly \$50 billion more than it takes in.

**3.** TIP is led by Olivia Steedman, who joined OTPP in 2002.

**Your plan has provisions for major adverse events. Can you give me a sense of what they are?** Let's be clear: A plan of our size, you can't cover all adverse events that could impact you. So, a massive shock to the exchanges around the world—we'll feel that. The other thing that affects a plan like ours is inflation. We try to do our best. I set the task for everybody when I started to increase the assets of the plan from \$200 billion to \$300 billion by 2030. To do that, we're creating about \$150 billion of growth **(2)**, so you're almost doubling the plan over that period. Which, frankly, is an interesting challenge.

**How are you addressing the inflation threat?** We've leaned more into real assets, infrastructure and real estate, where you can have inflation-protected revenues, whether it's rents or payments from government on an infrastructure basis. We're pretty

long on commodities. We have about 14% of the portfolio in commodities, deliberately to give us an inflation hedge.

**Two years into the pandemic, how has the investment landscape changed?**

It's harder to be an international investor, because people are thinking much more locally these days. It's hard to be an active investor in China and the U.S., because those two countries are going in quite different directions, politically. A number of sectors we would invest in have been really impacted by COVID. We're seeing quite a lot of disruption and digitization, as well as some businesses having to re-engineer themselves to be successful. So, how do we help them? We're an involved investor. We try to make sure our businesses are agile and can be, eventually, market-leading businesses.

**Some change created by the pandemic is permanent, some is temporary. How do you tell which is which?**

Honestly, I'm not sure you know at the time. Probably where we've changed the most is, we've really leaned into disruptive businesses we didn't own. Our Teachers' Innovation Platform, or TIP **(3)**, is probably the highest-risk part of our portfolio. They've been very active through the pandemic, investing in 17 companies around the world, and the selection of companies is probably different to what it might have been pre-pandemic because of the disruption that's happened.

**One more pandemic-related question. Have you seen a difference in the retirement rate of your membership?**

A little bit. The profile of our membership, between retired and contributing teachers, is going in one direction. On average, teachers contribute for 26 years, and they retire and collect for 32-plus. We have to be very careful about the risk







allocation we take.

**When you took over Teachers in 2020, you said one of your goals was to make “bolder and bigger” investments. What level of risk are you comfortable with?**

I was very deliberate around this \$300-billion target. I’ve set a growth mandate agenda for everybody, with a difficult exam question: How do you do it, whilst taking, in some cases, half the risk of our competitors? (4) That’s the skill. We’ve generated annual returns since inception of almost 10%. (5)

**But given the demands on the plan, you saw the need to grow it even more. Was the plan not growing fast enough under Ron Mock?**

Ron did a very good job, and the plan was fully funded under his leadership. As we go forward, we have to make sure the plan remains fully funded. We generate just under 80% of the returns. (6) And we have this outflow that is increasing—it’s about \$3.5 billion per year now, and it’ll be about twice that in 2035. In a plan with our funding dynamic, if you have a really bad year, it’s quite hard to recover. Which is one of the reasons we’ve decided to move quite a lot of our portfolio into private assets. They give us better, more predictable returns. (7)

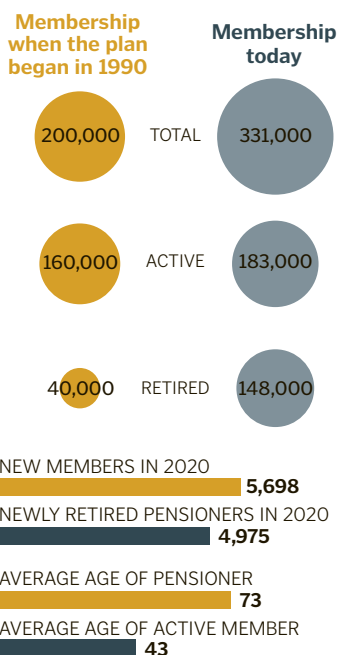
**You made an investment in Elon Musk’s SpaceX. What was the point of that investment?**

We have invested in a number of businesses involved in providing satellites in orbit, to be able to provide features for people on Earth. What interested us around SpaceX was their ability to really dominate the low-orbit satellite installation world, because of their recoverable rocket fleet.

**Was there publicity value for you, as well?**

There’s value and there’s issues with SpaceX. Some people have exactly the same reaction—is this just a publicity stunt rather than a real investment? Which it wasn’t, just to say it. But it is a known business. We say we want to back disruptive companies

## THE RISING TIDE OF THE RETIRED



that are in our innovation platform. When you mention SpaceX, everybody gets it.

**What sort of annual return are you expecting from your more venture capital-like investments?**

Probably north of 20%. And we’ve been achieving above that since we launched the team.

**Is that a predictable return or good fortune?**

It’s been a favourable market. I think we have backed some interesting companies that other people are now very interested to buy off us or to help co-invest in. It’s a volatile portfolio within our overall mix, so we have to be thoughtful about that. To be honest, for a \$230-billion pension plan, it’s about 3% of our portfolio, but it’s growing very rapidly.

**That’s not a great amount of money. What is its value to you?**

It’s good for our brand. It shows we’re innovative. We buy businesses that are making a difference, that are disruptive, and that adds some lustre to our other activities. In some of our geographic regions, where we back a high-profile, high-growth business, we build more familiarity. For example, we’ve owned the National Lottery in the U.K. for about 13 years. We had more profile backing

4. OTPP allocates approximately 40% of its portfolio to risk assets such as equities. Taylor says many of its peers, such as CPPIB, allocate closer to 80% to risk assets.

5. To achieve its \$300-billion target by 2030, OTPP says it must generate an inflation-adjusted return of just under 5%. With inflation at 5%, its annual average return must reach at least 10%.

6. The provincial government and working members contribute about 11% each.

7. Over the next five years, OTPP plans to invest about \$70 billion in private assets.

8. The nine countries are Canada, the U.S., Brazil, the U.K., France, Germany, India, China and Australia.

Graphcore, a chip business, than we had with the lottery, because it was a sexy, high-growth tech business.

**You’ve said Teachers will be investing more of its money—half of all private investments—in foreign markets. There are special risks in investing overseas, where you don’t know the nuances of the markets. How do you avoid making mistakes?**

The best way is to employ local investors, because they understand that market better than I might from here. Historically, we’ve invested in about 50 countries. We’ve baked that down to nine (8), to have that very clear, locally based strategic focus on how we win in those markets. The key considerations for me are: Is the government predictable and stable? What’s our view of the economy? What’s our view of regulation, and is it predictable? And the last one, which is also super important, is, What’s the currency doing? We’ve had some countries where we’ve been able to make attractive local returns, but by the time you convert it back to Canadian dollars, it’s less attractive.

**It seems some Canadian investors are moving away from the domestic market. “Fleeing” was one description. Are you part of that trend?**

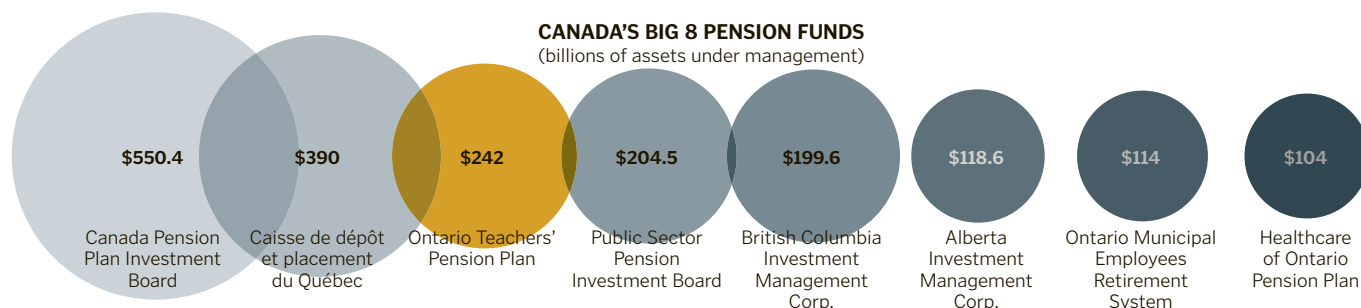
One of the challenges is finding businesses of scale to support. Honestly, we’d love to do more. Infrastructure investments are highly competitive because there are eight large Canadian pension plans, and the number of opportunities are limited, compared with an international landscape. Our mindset is to invest in Canada whenever we can. If we find a good opportunity, we will really run quite hard at it. (9)

**One area you’re moving out of is oil and gas.**

We’ve always been very low in oil and gas (10), and we’ve been reducing it recently because we know members aren’t that keen



**CANADA'S BIG 8 PENSION FUNDS**  
(billions of assets under management)



on us holding fossil fuel assets. **Teachers has targeted a 67% reduction in carbon emissions by 2030, and you want to be net zero by 2050. What's your mandate for that?**

Just for clarity, we are looking at carbon-intensity emissions, different from absolute carbon reduction. We have to look at the overall intensity for assets we own, because if you buy more assets and just look at absolute footprint reduction, it gets quite difficult to deliver.

**(11)** Why do we do it? I think because we believe in it, directed by our stakeholders. We've had very clear feedback from our members that they expect us to do it. We do it because we think we'll make better returns, because if we improve these companies with a better carbon footprint, they're more attractive and more valuable to third parties. And we do it to avoid having businesses that nobody wants to own, in case we want to dispose of them at a later date.

**There's no official standard for what constitutes an ESG investment. Some funds are accused of greenwashing. How do you ensure you're investing in something truly green?**

The easiest thing to do is to go out and raise a green bond. When we raise debt—labelled as a green bond—to fund green assets, everything you invest in is certified by an external expert who has said it's truly green. We've also asked consulting firms to look at our existing portfolio and say how much of it is green already. We have around \$30 billion to \$35 billion of green assets in our portfolio. So, we are walking the talk.

**9.** A third of OTPP's private investments are in Canada. When all assets, including fixed-income securities, are considered, 49% of the plan's investments are Canadian.

**10.** Oil and gas exploration amounts to about 3% of the plan's assets.

**11.** Teachers says that since 2019, it has reduced its carbon intensity by about 30%.

**12.** Taylor met the Queen, Boris Johnson and other U.K. officials during a summit of financiers in October 2021. Taylor admits he has not yet met Justin Trudeau.

**You mentioned earlier that one of the things you focus on when investing in foreign markets is whether the government is stable. Do you consider the United States to be a stable government?**

Well, there's an interesting question. I think if you look at the U.S. market at the moment, there are features in it that are quite similar to overseas markets that are seen to be higher-risk. Political stability could be one of those. If you look at things like inequality and the consistency of regulation across all states, there are some issues there for us. For balance, the U.S. has been far and away our best-performing market over 30 years. So you criticize it or move away from it only with careful thought.

**What are your concerns about China's regulatory crackdown?**

I do not have a crystal ball, and it's hard to know exactly where future changes will impact you as an investor. It's back to those tests of being stable politically, economically and from the regulatory point of view? I would say our bigger issue with China, Trevor, is the perception of investing there at the moment, given the historic situation with the two Michaels and the human rights situation, which we are very mindful of.

**It really sounds like public perception influences your investment decisions as much as potential returns.**

If that's what you've heard, I've given you the wrong impression, so I apologize. I have never been a proponent of investing for style purposes or for PR notoriety. Having said that, we're trying to develop a brand

that is consistent with what we do. And we are very clear that, as well as making great returns and being thoughtful about our climate footprint, we also want our companies to have a positive social impact. We actually do want to do the right thing. And that's not just social greenwashing. That is something that is important to me.

**You once said being an outsider allowed you to be more direct and challenging than someone who is part of the community.**

**How has that worked for you?**

I think there's a large premium in directness, honesty and candour in all things you do. Within the business, people know my style is basically, say it as it is and deal with difficult discussions, rather than try to avoid them. It's been a lot harder to connect with the Toronto community, meet people and build friendships in a pandemic where everything's locked down. At some point we'll get through this, which hopefully will allow me to make those relationships.

**You did get a chance to meet the Queen, though. (12)**

I did, yes. And Prime Minister Boris Johnson. He said to me, "You're one of these Canadian plans that own quite a few of our assets." And I said, "No, we own quite a lot of your assets." I ran down the list, and he went, "Wow. I didn't realize it was that extensive." But it was delightful to meet the Queen.

**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.*



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# goeasy

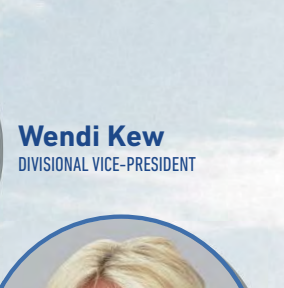
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**BIG IDEA**

## Let the sun shine

Discussing salary is one of North America's last taboos. Could simply talking about how much we make help close the pay gap, which in Canada remains stubbornly wide?

When Cynthia MacFarlane, who leads Mercer Canada's pay equity practice, lived in Norway for several years, she saw up close just how extraordinarily frank people there were about their salaries. "It was nothing to be sitting at the lunchroom and say, 'So, how much do you make, anyway? What was your bonus this year?'"

It's not just that Norwegians lack our psycho-cultural hang-ups about money. Rather, Norway has also had radical pay transparency laws since 2001, with every citizen's salary published on government websites. Obviously, there's not much point being coy about how much you earn when anyone can pull out their smartphone and find those figures in an instant.

A not-unrelated fun fact about Norway: As of last year, it ranked among the five countries with the narrowest gender compensation gaps in the world. Meanwhile in Canada, which is embarrassingly No. 27 on that list, personal income remains our most cherished taboo subject, and the gender pay gap hasn't really budged for a decade—it's currently stuck at 88% (based on women's median hourly wages compared to those of men).

Federal and provincial pay equity laws established in the 1980s were

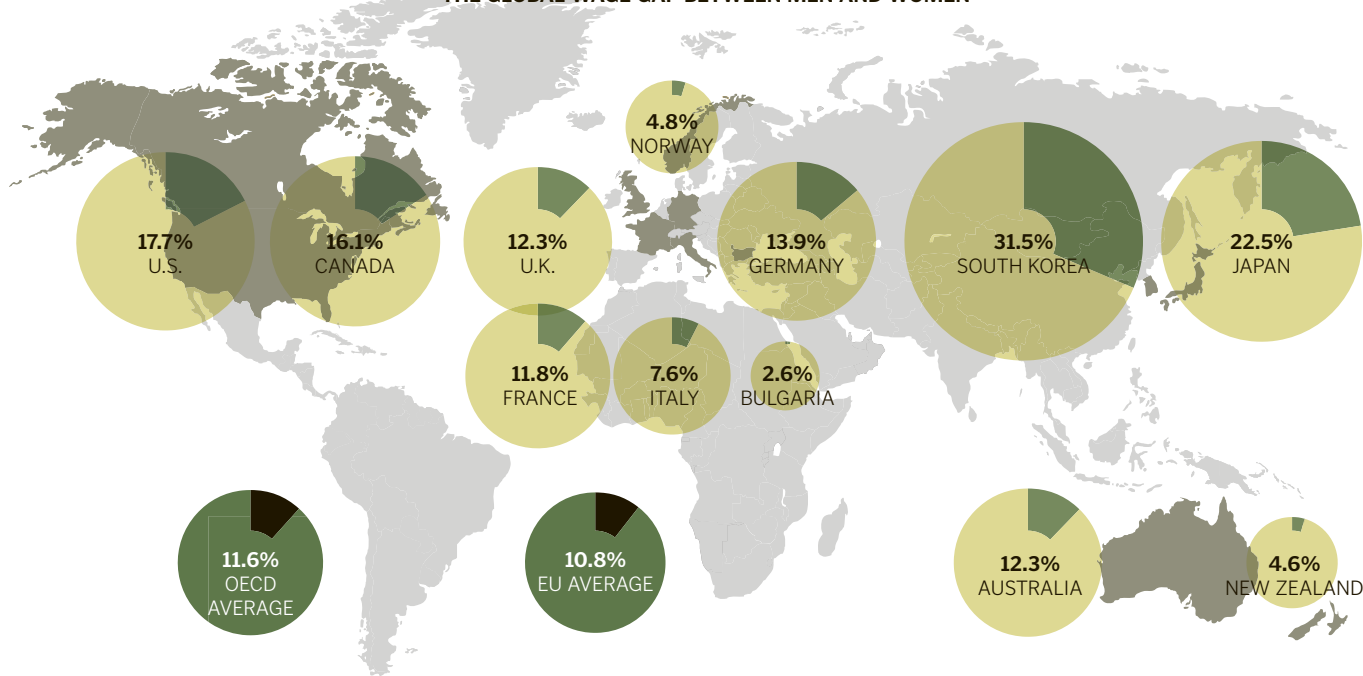
supposed to close that gap, but they haven't achieved much. The federal Liberals are making yet another attempt later this spring, with new pay equity legislation that applies to about 18,000 federally regulated firms and their 910,000 employees. Under the new act, MacFarlane explains, firms have to establish tripartite committees, including employee and union representatives; gather pay data on every job class; assess compensation levels in categories dominated by one gender; and then develop a plan to correct the imbalance. Whether this complex approach will make a difference in the broader labour force is difficult to predict.

But instead of (or in addition to) pay equity legislation, could a Norwegian-style shift in pay transparency—both in terms of policy and attitudes—help close the gender compensation gap in Canada? (In Ontario in 2018, Kathleen Wynne's Liberals passed similar pay transparency legislation, but Doug Ford's Progressive Conservative government never enacted it.)

Proponents argue that making salary information public will curtail the pushback women face when they try to negotiate for higher pay, a point Facebook executive Sheryl Sandberg called out in 2107. "If you are negotiating for a raise and you are a man, you can walk in and say, 'I deserve this.' That will not backfire on you," she said at a Stanford University public policy forum on women's economic opportunity. "The data says it will backfire on a woman."

That data includes a 2005 U.S. study by Harvard and Carnegie Mellon University researchers that found women were penalized more than men for initiating negotiations, because they were perceived to be "demanding" and not "nice." As a result, many women—especially women of

## THE GLOBAL WAGE GAP BETWEEN MEN AND WOMEN



colour—simply don't negotiate for more than what's offered, as economist Linda Babcock argued in her 2003 bestseller, *Women Don't Ask*.

"When you put transparency into the mix, it can sort out some of these problems," says Erin Reid, an associate professor of human resources and management at McMaster University's DeGroote School of Business. "Suddenly, people know how much others are making. Within the organization, there's a little more accountability around what you're paying people and why."

Yet, the track record on the effectiveness of pay transparency is mixed. Early results from the U.K., where pay transparency laws went into effect in 2017 and apply to all firms with more than 250 employees, aren't especially dramatic. (Companies must compile stats annually showing median gaps in pay and bonuses, as well as the proportion of men and women in each of the four salary quartiles. The information must be posted on both government and company websites.) Although the U.K. pay gap has narrowed gradually over a long period of time, there was no noticeable acceleration following the introduction of the new laws. On the contrary, as one study published in a U.K. compensation journal noted, the gap actually widened slightly in the second year after the law took effect.

Furthermore, an ongoing evaluation of pay transparency rules commissioned by the European Union—where the gender gap is just as stubborn as it is in Canada—cautions that such policies are not only costly to implement, but may also breed disputes and resentment among employees.

There is growing evidence, however, that pay transparency can be an effective tool for closing the gender compensation gap. Take the publication of so-called sunshine lists for high-earning civil servants, for example. A 2021 study done for Statistics Canada on the impact of sunshine laws on university faculty found that the gender gap had narrowed by 30% to 40% (although, as the authors note, the role of progressive-minded faculty unions can't be discounted).

Voluntary private-sector pay transparency programs have also produced encouraging results. Six years ago, CRM powerhouse Sales-

force began auditing compensation data on its 57,000 employees, disclosing the results publicly and adjusting pay levels accordingly. According to president Brent Hyder, the firm's 2021 equal pay analysis "found that 3.5% of our global employees required adjustments. Of those, 81% were based on gender, and 19% were based on race or ethnicity. As a result, we spent \$3.8 million to address any unexplained differences in pay, a total of more than \$16 million to date."

Other private-sector programs have begun to spring up, mostly initiated by large corporations, including tech and logistics giants such as Amazon, FedEx and UPS. These tend to be focused on disclosing salary ranges in job postings. (In fact, last month, New York City made this kind of disclosure mandatory for local companies, with the law also applying to announcements or postings for transfers and promotions.)

Quite apart from these individual examples, there's now a whole online industry dedicated to publishing salaries, plus reviews and other employer



information, for job-seekers. Thanks to firms like Salary.com and Glassdoor, it's now easier to find salary data for both firms and professions, including open-access Google spreadsheets. Of course, such data is aggregated and anonymous, which doesn't really help women in negotiations the same way as being able to simply say, "Just pay me what you pay Bob down the hall, who has the same skills and experience as I do."

When companies make their pay scales visible to current and prospective employees, it gives women additional agency in choosing between firms and thus creates more efficient labour markets, argues sociologist Neil Guppy, a professor emeritus at the University of British Columbia. "A little more transparency in the market, where things aren't a secret, ought to be a way to help both men and women get proper value for the work they do as individuals."

Which, paradoxically, may be the very reason more businesses will finally embrace pay transparency, whether mandated or not. As the pandemic's dramatic upheaval to the labour market continues—with people changing careers, shifting to permanent remote work or just quitting—competition for skilled employees has intensified substantially. As Reid says, "Organizations that underpay women are putting themselves at risk to lose talent."

/John Lorinc

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Billionaire activist **Carl Icahn** is pushing McDonald's to improve the lives of pigs. As it stands now, up to 15% of the porkers the chain will turn into sausages and bacon this year are kept in tiny "gestational crates"



04/22

## EXPLAINER

# Put up your dukes

The number of activist shareholder campaigns is on the rise. Whether that's a good thing depends on who you ask

Activist investors are getting more active. In 2021, publicly traded companies in Canada were subject to 47 proxy contests, where shareholders forced a vote on mergers or a slate of directors. That was the highest number of proxy contests since 2013, according to Kingsdale Advisors, whose business is to represent either the shareholder or the company in the wrestling match. Boston Consulting Group says globally, activist campaigns are growing to the point where we might see "one attack every other day." Activists say they're unlocking value at underperforming companies or forcing boards to consider the whole range of risks modern corporations face. Companies that come under fire often say activists are a nuisance that distract from the job at hand: creating shareholder value. **/David Milstead**



### So who's an activist, anyway?

Not long ago, corporate elections were sleepy and investors who wanted to cause a ruckus rare. A small number of "corporate raiders" bought stock in a company and agitated for change; sometimes they went away when the company bought their shares and gave them a profit, a practice known as greenmail.

Today, an increasing number of hedge funds or investment firms consider themselves "activist," and many are in it for the long term. Some engage quietly with management and only go public if they get the stiff-arm. When things get messy, they offer up new directors to replace some or all of the company's board. In those 47 contests in 2021, Kingsdale says, activists tried to replace at least the majority of directors 86% of the time.

There's another kind of activist investor: shareholders who engage companies on environmental, social or governance matters. They're interested in issues like climate policy, treatment of workers and executive pay. If the board isn't responsive, they'll place a proposal on the annual proxy statement and have shareholders vote on it.

### Who's winning these battles?

Kingsdale says that from 2018 to 2021, management has been

winning more Canadian proxy contests than activists, following what it calls a "decade of dominance" by agitators. Boston Consulting says that if companies want to "defeat an activist investor, think like one." Management "should screen for blind spots on at least a quarterly basis," from expense management and governance practices "to a list of whatever activist 'hammers' are currently in vogue."

Kingsdale says that from 2013 through 2021, investment managers sided with the activists just under 42% of the time. In 2021, it was only about 35%. Still, "companies cannot assume their institutional investors will give leadership the benefit of the doubt and side with management, especially when an activ-

ist delivers a compelling case for change."

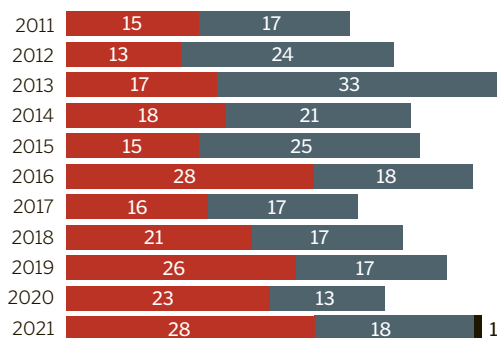
### What's next on the ballot?

The annual "say on pay" vote on executive compensation is an example of a type of shareholder proposal that became so popular, most companies have adopted it annually. (In some countries, it's mandatory.) The next wave of ballot measures may elevate climate to the same level. British hedge fund manager Christopher Hohn's TCI Fund Management, a shareholder in both CN and CP, has pushed companies to hold an annual "say-on-climate" vote. After talks with TCI, CN submitted its climate plan to shareholders in 2021 for a vote—the first Canadian company to do so. CP says it will put its own climate strategy to shareholders in 2022.

Companies faced with a shareholder proposal may work with the investor to keep the measure off the ballot—or, in rare cases, actually recommend a vote for rather than against. In 2021, TMX Group, parent of the Toronto Stock Exchange, agreed to support a proposal from the Shareholder Association for Reach and Education to report on its work on Indigenous inclusion. It passed with 98% of the vote; according to Kingsdale, 25 of the 33 shareholder proposals in Canada in 2021 got less than 20%.

### PROXY CONTESTS IN CANADA

■ Management win ■ Activist or partial win ■ In progress







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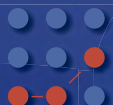
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In April 1952, IBM announced its first commercial scientific computer, the room-sized IBM 701, touted as “the most advanced, most flexible high-speed computer in the world.” It rented for US\$15,000 a month

WHAT YOU CAN LEARN FROM...

# Dwayne (the Rock) Johnson

It is patently impossible to hate the Rock, that shiny charmer who went from football washout to WWE fan fave to actor, producer, entrepreneur and Instagram king. (He also has Canadian bona fides—his dad was wrestling champ Rocky Johnson.) Whether he's promoting his latest blockbuster, selling tequila or working out, he projects a down-to-earth magnetism that has won him legions of fans—and made him mega-rich. Here are five lessons from a business genius hiding in a beefcake's bod.

/Naomi Skwarna



ASK AN EXPERT

I'm considering implementing a four-day workweek. Should I? And how?

There's only one way to know: “Start with an experiment,” suggests Joe Sanok, psychologist and author of *Thursday is the New Friday*. Assuming employees want it (you asked, right?), and with the caveat that this is only a drill, try a four-day schedule for three months—“long enough that the honeymoon phase wears off and you see the cracks in the system.” Once a week, check in with managers to gather data on productivity and efficiency, but also happiness and well-being. You'll likely find one size doesn't fit all, and your schedule should be more creative than doors locked on Fridays. “One team might want Wednesdays off, while another prefers a pair of afternoons,” says Sanok. Accommodate whenever possible—no doubt those are low-productivity hours anyhow. In a quarter's time, you'll have hard numbers to prove your employees will happily work harder in exchange for more freedom. “You want to be able to say we do 20% less work on paper, but productivity is actually up 3%,” says Sanok. If the math adds up, you'll know it works for you. /Rosemary Counter

1

## Know that you are a lucky boy

The gregarious human mountain that is the Rock is fond of telling his rags-to-riches tale—about how he couldn't make it in the NFL and was picked up by the CFL instead, where he pulled in “\$250 a week—*Canadian!*” And then he was *cut!* Somehow, he went on to become one of the highest-paid leading men in Hollywood. But he never forgets that he is, as he has said, one lucky boy. So yes, reward yourself for your accomplishments—but don't get complacent. The business graveyard is littered with companies that did.

2

## Control the controllables

One of the Rock's favourite aphorisms (he has many) necessarily means letting go of the *uncontrollables*. As the past two years of wave and lockdown and wave and wave and lockdown and Omicron have shown us, there are some things you simply can't will into (or, in the case of COVID-19, out of) reality. An agile leader saves their energy for the things it is within their power to manage and leaves the rest to fate, knowing they are prepared for anything.

## 3 Don't cheat yourself

Although the Rock is vocal about discipline (*those muscles!*), he's not rigid—no sir. “Don't cheat yourself, treat yourself!” he frequently urges his nearly 300 million Insta followers in videos that show him on the brink of consuming massive quantities of meat. The Rock might have a clearly defined brand, but that doesn't mean he can't veer off the path every now and again. Imagine if Netflix had said, “Nah—we're going to keep on sending DVDs in the mail.”

## 4 Always be selling

If there's one thing that can inarguably be said about the Rock, it's that he is *very into* liquids. To wit, he owns a brand of tequila, a line of energy drinks, and has a stake in Voss Water. Johnson is a man who promotes what he lives by, which means relentlessly shilling the smoky smoothness of Teremana Tequila Blanco or the refreshing punch of a Zoa energy drink. The point is, consumers buy what he's selling because he truly believes in his products. Teremana sold 5.4 million litres of hooch in 2021. Zoa (distributed by Molson Coors) expects sales of US\$20 million in its first year.

## 5 Admit your mistakes

Though his name suggests inertness, the Rock is open to having his mind changed. Recently, our guy met with some backlash after expressing support for COVID skeptic Joe Rogan. Then Johnson was informed Rogan had a long history of using racist language. “I've become educated to his complete narrative,” he admitted. So you messed up—the Rock has proven that with a dash of self-education and humility, we can return to what matters most: selling tequila.





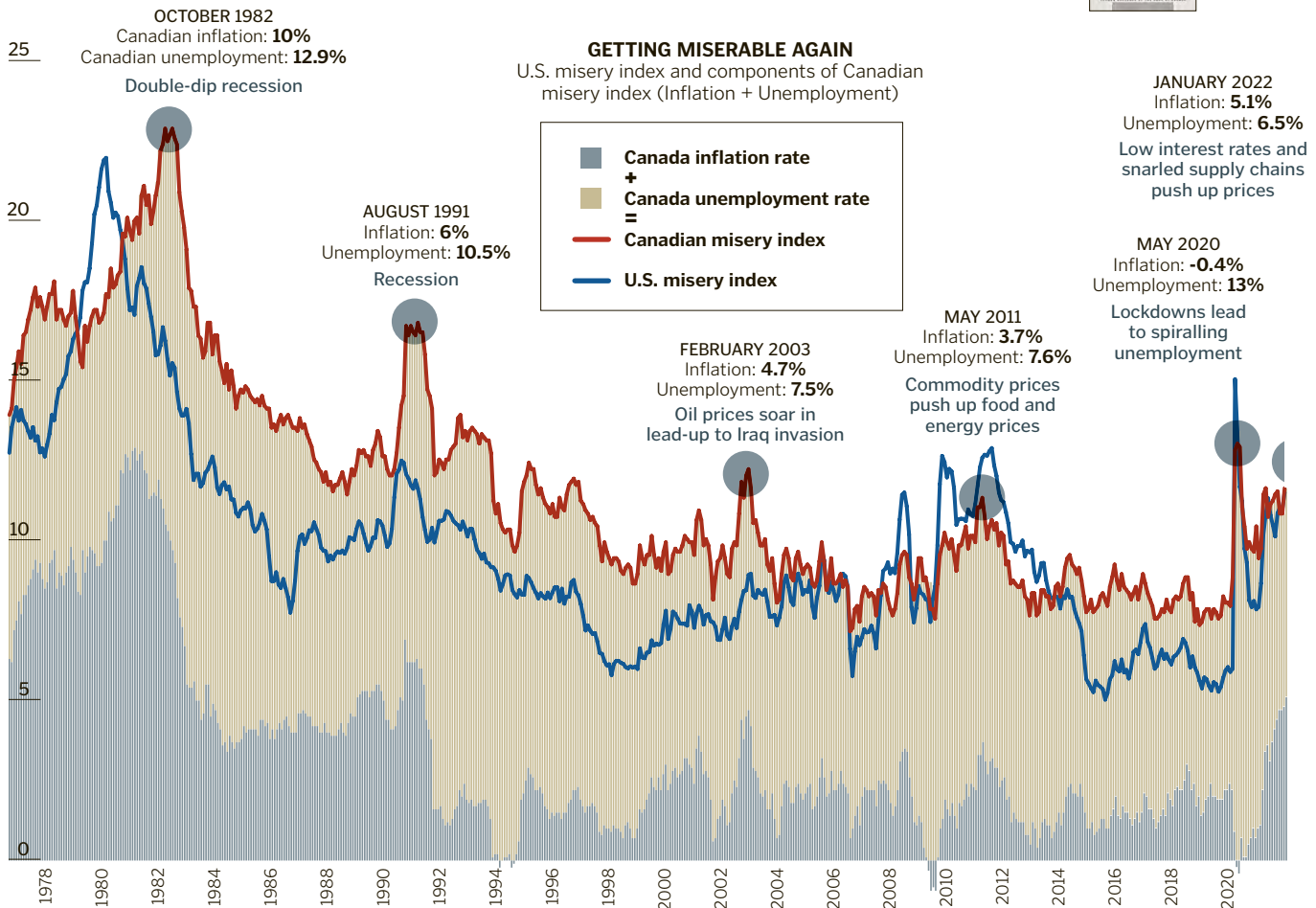
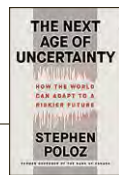
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## DECODER

## MISERY LOVES COMPANY

**W**ith record prices at the pumps, soaring costs for everything from milk to veggies to meat, and warnings from economists that inflation is going to continue taking a nasty bite out of paycheques for the foreseeable future, there's no shortage of things for consumers to be miserable about. So it's no surprise the so-called misery index is back in the headlines.

The index is a measure of financial distress. Born out of the 1970s, when consumers faced the dismal reality of prices for everyday goods surging at double-digit rates even as unemployment skyrocketed—a phenomenon known as stagflation—the index combined the inflation rate plus the unemployment rate. Over the years, variations of the index have added other factors, like interest rate changes and GDP per capita. Nevertheless, the core measure of prices and joblessness shown here remains a popular yardstick for economic hardship. And it's on the rise.

If misery loves company, Canada and the U.S. now find themselves sharing the burden. The index has

historically tended to be higher in Canada than in the U.S. because of differences in the way Statistics Canada measures the job market, which leads to a higher unemployment rate here. The gap has closed lately because annual inflation in the U.S. is running so much hotter than in Canada—7.5% in the U.S. in January versus 5.1% here.

It could be worse. Unemployment rates are near historic lows thanks to tight labour markets. That's helped keep the misery index from straying too far from the range it was at in the 20 years before COVID-19. The worry is that could change fast. If central banks tame inflation without inflicting too much damage on the economy, the misery gauge will ease. Unfortunately, eras of rising interest rates are often followed by downturns, particularly in the U.S. but also in Canada, while inflation rates can easily take six months to a year to reflect policy changes by central banks. The result could be a period of both rising prices and rising unemployment. And that would equal more misery.

/Jason Kirby



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## FOR YOUR CONSIDERATION

**AIRBOSS OF AMERICA CORP.**

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REVENUE (2020) **US\$501.6 MILLION**PROFIT (2020) **US\$56.3 MILLION**THREE-YEAR SHARE PRICE GAIN **324%**P/E RATIO (TRAILING) **16**

It's hard for investors not to get mega-excited by megacap stocks that grow into global behemoths based on a conceptually simple product or idea: Apple (iPhones), Amazon (online retail dominance), Tesla (electric cars) and, while it prospered, BlackBerry (the keyboard-equipped cellphone).

Below that are mid-tier success stories that expand in bumpier ways, sometimes in response to fundamental shifts in society company

founders couldn't have foreseen. AirBoss is a prime example. Engineer and entrepreneur Gren Schoch (he's still chairman and CEO) co-founded the company in 1989 with a partner, intending to produce an airless tire for forklifts and other industrial uses. Hence the AirBoss name. But early on, they bought a million-square-foot rubber compounding plant on 16 acres in downtown Kitchener, Ont. "It was very underutilized,"

says AirBoss president Chris Bitsakakis, who joined in 2017. "They got hundreds of millions of pounds of rubber going through here." AirBoss is now the second-largest custom rubber compounder in North America.

Growth has come from a mix of organic expansion and acquisitions. AirBoss now has 10 factories in Canada and the eastern United States, and three major product categories. Its rubber solutions division produces

more than 500 million pounds of custom compounded material a year. The engineered products division grew out of a maker of anti-vibration rubber and bonded rubber-to-metal parts in Detroit that AirBoss bought in 2015.

But more than half of AirBoss's sales are now generated by its defence group, and most of those sales are in the U.S. They include personal protective equipment such as gloves, gowns and powered air-purifying respirators (PAPRs) for health care. Much of the rest are military, including blast-pressure monitors and specialized boots, gloves and gas masks that protect soldiers from chemical and biological attacks, as well as radiation. Sales soared early in the COVID-19 pandemic after Washington ask AirBoss for help, and Bitsakakis says there's been a flood of inquiries about military equipment because of hostilities in Ukraine.

The higher sales will likely last as the U.S. and other countries build up stockpiles in case of emergency. "We're now able to take away this sort of fragmented thing where you have to knock on every hospital door," he says.

Schoch remains the biggest shareholder in AirBoss, at 18%, and Bitsakakis and other executives have single-digit stakes. He says short-term share price swings frequently puzzle them, but compared with multiples paid for competing companies, "even when it hit \$42, we still think it was undervalued." **/John Daly**

**AIRBOSS OF AMERICA****FOMO INVESTING****5 things we learned from Frank Clayton**

Three recent initiatives in Ontario aim to tackle soaring housing costs. Toronto's city council adopted so-called inclusionary zoning, Hamilton chose not to expand its urban growth boundary and will push for greater density within city limits instead, and a provincial housing affordability task force tabled 55 recommendations. Will any of the three help affordability, hurt it or maybe a bit of both? **/JD**

**1.** Clayton, an economist and housing analyst since the late 1960s, is senior research fellow at Ryerson University's Centre for Urban Research and Land Development. Given Ontario's fast-growing population, it hasn't built enough housing. About 414,000 households should have been formed from 2016 to 2021, but just 349,000 new housing units were built. The solution: "Increase supply," he says.

**2.** "Rule out [any help from] inclusionary zoning," Clayton says. The idea sounds enticing: If a developer builds a 300-unit condo building, set aside, say, 20% of the units for reduced rent or low purchase prices. But the developer then raises prices of market ones. "There's no net benefit," he says. And such zoning often benefits middle-income earners rather than just the low end.

**3.** Will developers invade old neighbourhoods of houses and build highrises? "I don't think you'll ever see that," Clayton says. Ratepayer opposition would scare politicians. But gentle density could help supply—allowing, say, a four-unit low-rise where one house used to sit, letting homeowners add secondary rental suites and building taller so-called missing middle housing on already busy streets.

**4.** Don't get Clayton started on Hamilton. In a survey, 90.4% of respondents opposed expanding its boundary to provide greenfield land for new houses. Clayton says the survey wasn't statistically valid and environmentalists hijacked it. No expansion also means 78% of new units will have to be apartments—not singles, semis and townhomes buyers want—for the city to hit density targets.

**5.** Clayton is optimistic about the Ontario task force proposals. It takes too long for builders to get local planning and zoning approvals, and it's too costly. One example: In 2011, York Region allowed three municipalities—East Gwillimbury, Vaughan and Markham—to expand boundaries. "There hasn't been a single housing unit built," Clayton says. The province has to be able to overrule municipalities.





**"What CDL-Rockies offered us was the ability to gain business knowledge; to take this idea and put training wheels on it so that we can ride the bicycle on our own. It's been a phenomenal transformation from concept to venture and it's all been propelled by the mentors at the CDL-Rockies program."**

**Dr. John Wong**

Co-founder, Fluid Biomed (2018/19 alumni company)  
Fluid Biomed is commercializing the world's first bioabsorbable brain stent to cure aneurysms.



**"There's a big difference between learning theory and actually applying it to a venture who's trying to make critical decisions on how to grow. Getting involved with CDL-Rockies through the Haskayne MBA program gave me a front row seat with venture capitalists, mentors and the venture founder."**

**Terri May, Haskayne MBA'22**

Manager, Business & Operations at McCaig Institute for Bone & Joint Health, CDL-Rockies Alumni'21

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## SMART MONEY

## AUBREY HEARN

VICE-PRESIDENT AND SENIOR PORTFOLIO MANAGER  
CI GLOBAL ASSET MANAGEMENT

Dividend stocks conjure up images of blue-chip names, but Aubrey Hearn sees plenty of appeal in small- to mid-caps, too. Smaller companies have greater growth potential, and that means they can raise their regular payouts faster. Still, he's picky about stocks that he owns. Investing in profitable businesses with high barriers to entry and structural tailwinds, including some U.S. names, has helped his \$1.1-billion CI Canadian Small/Mid Cap Equity Income Fund outperform the S&P/TSX Completion Index since 2005. We asked the 42-year-old portfolio manager, who also oversees the \$3.1-billion CI U.S. Equity Fund, why he's bullish on concert promoter Live Nation Entertainment and likes Cargojet, too.

#### What changes have you seen in your smaller-company playground?

When income trusts were hot 15 to 16 years ago, many companies aimed to have a high dividend yield when coming to market. Some were very cyclical, and others were not good businesses, so their dividends weren't sustainable. Today, more companies that go public focus on growth and don't care about the dividend pitch. It's more about revenue multiples, and they often don't have earnings.

#### Does that mean you don't look at initial public offerings?

We do, but way less than before. Last year, we bought Softchoice, which pays a dividend. The software company gets big discounts from firms, such as Microsoft, Amazon and Google, and resells their products to smaller businesses. We also added Dentalcorp Holdings, a consolidator of dental offices. Those are extremely profitable businesses because most payments come from insurers. It's among six stocks in the small-cap fund that don't pay a dividend, but that's fine because it generates lots of cash to buy more practices.

#### Live Nation Entertainment also doesn't have a payout. What's the attraction?

It's a post-COVID-opening play, but it also has a tailwind from a growing appetite for live music. Live Nation's Ticketmaster has relationships with most of the top artists, such as Bruce Springsteen and Justin Bieber. Artists need to hit the road to do concerts because they can't rely on selling DVDs and don't make much money from streaming services. There's also pent-up demand for live events. When concerts were cancelled due to the pandemic, 86% of its customers as of August 2020 had opted to keep

their rescheduled tickets, instead of asking for a refund. I think Live Nation will see double-digit growth over the next five to seven years. We don't mind that it doesn't pay a dividend because it's acquiring other businesses inexpensively and getting high rates of return.

#### Resource names rarely make your radar. Are you warming up to the sector?

We prefer companies with more predictable earnings that can grow over time. With energy and mining stocks, you need to figure out where the commodity price is going to be. However, we are more bullish on natural gas than oil longer term because it's a cleaner fuel. We do have two energy dividend stocks, but they are shorter-term plays. We own Pembina Pipeline, which gets paid for transporting gas, and Enerflex, a maker of natural gas compressors.

#### Cargojet's shares lost altitude after peaking in 2020. Why do you still like it?

It controls 90% of the overnight cargo in Canada. That's because cabotage rules prevent foreign aircraft from flying between destinations in this country. It also benefits from the e-commerce and one-day-delivery trend, but the worry is people will go back to physical stores once Omicron dies down. We think e-commerce continues to grow in Canada given its penetration is lower here than in the U.S. or U.K. Amazon has a deal to acquire up to 15% of Cargojet, so that relationship also gives us comfort.

#### What's a big risk for equities now?

High inflation is one. Supply chain issues are causing inflation, and there is wage growth because of a war for talent. We try to focus on companies that can pass along price hikes. For instance, we own Waste Connections, a garbage company with inflation metrics built into contracts. We also have companies with pricing power, such as Cargojet. If it raises prices, there is nowhere else to go. /Shirley Won

#### CI CANADIAN SMALL/MID-CAP EQUITY INCOME FUND (SERIES F) ANNUALIZED % TOTAL RETURN\*



#### S&P/TSX COMPLETION TOTAL RETURN INDEX



\* RETURNS TO JAN. 31, 2022; SOURCE MORNINGSTAR DIRECT



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**DEBORAH ORIDA**

Global Head of Real Assets and Chief Sustainability Officer

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**DEBORAH ORIDA**

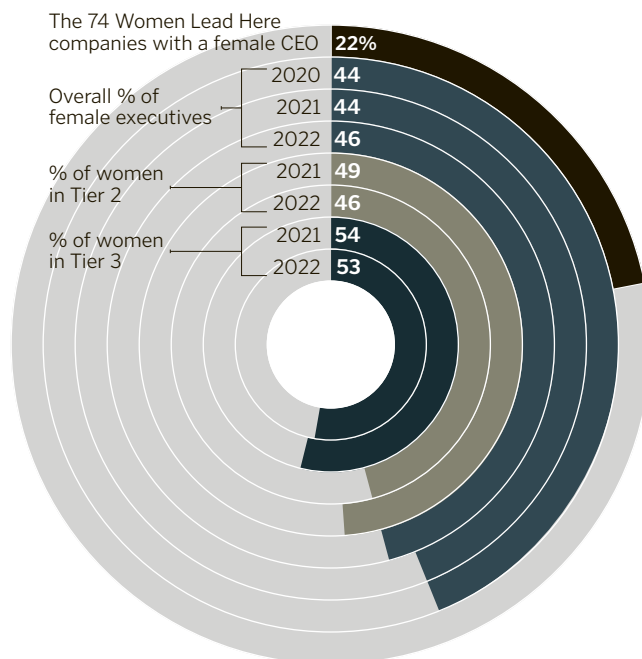
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# WOMEN LEAD HERE

## 2022

Three years ago, we set out to create a benchmark for gender diversity in Canada. After evaluating 500 of the largest companies on the Toronto Stock Exchange, we identified 74 with significant numbers of women in leadership positions. On average, women hold 46% of the executive roles within these companies—a figure that has increased by an anemic two points since 2020. And we still have a long way to go: Just over one-fifth of the companies on the list have a woman in the top job—a figure that has remained static since 2020—and all but two of those women are white. The glass ceiling might be higher than it used to be, but it's still hard to break through.

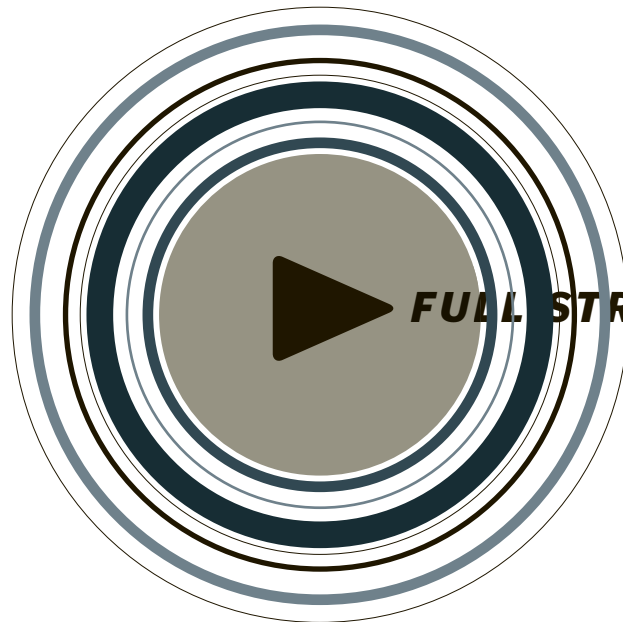








THE RISE OF NETFLIX, DISNEY AND OTHER STREAMING SERVICES—WHICH EXPECT TO SPEND US\$230 BILLION ON CONTENT THIS YEAR ALONE—HAS BEEN A BOON FOR STUDIOS LIKE VANCOUVER-BASED THUNDERBIRD ENTERTAINMENT.



NOW CEO JENNIFER TWINER MCCARRON WANTS TO GROW INTO A MAJOR GLOBAL PLAYER, WITHOUT LOSING SIGHT OF WHAT REALLY MATTERS: HER EMPLOYEES

BY LIZA AGRBA ● PHOTOGRAPH BY LINDSAY SUI



Matthew Berkowitz vividly remembers the first time he met Jennifer Twiner McCarron. It was 2016, and he was in the midst of an interview process that would end with him joining Thunderbird Entertainment as its chief creative officer. At the time, McCarron had just been promoted from head of production to president of Atomic Cartoons, which itself had recently been acquired by Thunderbird. During a tour of the Vancouver building, McCarron stopped to introduce Berkowitz to every single employee they passed—producers, illustrators, editors piecing together shows like *Counterfeit Cat* and *Beat Bugs*. “We’re talking about hundreds of people,” says Berkowitz, who remembers thinking this was going to be a very long tour. “But then we stopped to talk to an artist, and Jenn asked them about an event with their child that happened weeks before, remembering details that blew my mind. That was my defining Jenn moment. I realized she actually cared about every single team member that much.”

Six years later, McCarron is still by all accounts one of the kindest, most compassionate leaders out there, a notable feat in a business that can often be cutthroat. But she also has big plans—like, Disney-sized ones.

As CEO of Thunderbird—a job she won in 2018, just months before the company went public—she presides over one of the largest production houses in the country, with 1,000-plus employees, more than \$111 million in revenue, two headquarters in British Columbia (one for each of its two major subsidiaries, Atomic and Great Pacific Media), animation studios in Ottawa and Los Angeles, an office in Toronto, and a roster of intellectual property that includes animated, factual and scripted programming. A few of its greatest hits—shows it created and owns outright—include *Kim’s Convenience*, *Highway Thru Hell*, now in its 10th season, and *The Last Kids on Earth*, an animated series that won an Emmy in 2020. It currently has more than 50 new projects in development and 26 in production, and deals with virtually every major content creator and streaming service, including Netflix, Marvel, Lego, Disney, Discovery, NBC Universal, HBO Max, Hulu and CBC.

Thunderbird’s growth has loosely tracked the explosive rise of digital streaming. Globally, the number of people who subscribe to a streaming service is expected to hit 1.8 billion by 2027, according to London-based Digital TV Research. In the first three months of 2020, at the height of the tightest pandemic lockdowns, roughly 16 million people subscribed to Netflix alone, with another 20 million or so coming aboard by the end of the year. Since launching in late 2019, Disney+ has amassed more than 129 million subscribers.

Signing up all those eyeballs requires phenomenal amounts of unique content, and the Netflixes, Disneys and HBOs of the world are spending vast sums to produce and license it. In 2020, that figure hit US\$220 billion—an increase of 16.4% from the previous year. This year, they’re expected to

spend US\$230 billion, with Disney alone planning to drop US\$33 billion.

It’s a huge shift from the old days of the production business, when a handful of broadcasters doled out a handful of new contracts each year. “In the early days of working in cartoons, there was the Saturday-morning window,” says McCarron. While she says Thunderbird’s broadcast clients—among them Discovery and CBC—are still vital, “streaming means more people to sell our content to, which is amazing.” Indeed, Thunderbird’s revenue increased by 37% last year.

The company’s CEO has ambitious plans: to double Thunderbird’s current market cap within three to five years, expand its library of owned IP, and open studios in Europe and Southeast Asia. More than that, McCarron says she wants Thunderbird to be held in the same regard as studios like Disney, DreamWorks and Lionsgate (whose founder, Frank Giustra, owns a majority stake in the company).

No matter how big Thunderbird gets, though, McCarron insists she won’t put the bottom line above the people who work there. “Quality is my North Star,” she says. “I work for the teams. That’s the path forward. I want to build a major global studio filled with talented, thriving people. That’s the trajectory we’re on.”

●  
**WANDERING** through Thunderbird’s ghost town of an office in Vancouver’s Mount Pleasant neighbourhood, you’d never know its employees are working on dozens of new shows. Meeting rooms where producers once pitched new projects sit empty, and the communal kitchens are roped off and used for storage. Row upon row of desks sit empty, surrounded by framed posters and shelves lined with *Jurassic Park* dino skulls, *Sailor Moon* figurines and other pop culture ephemera.

The first round of lockdowns presented a unique challenge for production houses like Thunderbird. You can’t put together a TV show on any old laptop—it requires a lumbering hardware setup. And the digital files take up an astronomical amount of server space. Then there’s the protection of valuable IP. When the first rumblings of COVID-19 came in early March 2020, Thunderbird bought new firewalls and hard drives, and started implementing Teradici licenses, secure VPN portals that let its people work off-site. Today,





Thunderbird's roster includes animation, scripted and factual programming, with one Emmy-winner, *The Last Kids on Earth*, in the mix

every desktop in its abandoned office is securely connected to a Thunderbird employee working from home, busy as ever.

In a way, Thunderbird was perfectly positioned for success during the pandemic. Its subsidiaries, Atomic and Great Pacific, specialize in kids' and factual content, respectively. "During the pandemic, streamers didn't have as much scripted content, but they did double down on animation and factual," says McCarron. "Those two are considered the stickiest for a lot of buyers, because when families are watching together, they're less likely to unsubscribe. And what do families tend to watch? Animation or documentary-style programming."

Thunderbird was founded in 2003, a tiny company with a handful of employees that distributed Canadian series to the United States. Seven years later, co-founder Tim Gamble persuaded his billionaire buddy Frank Giustra—who'd left Lionsgate years earlier and had recently gotten out of the mining game, too—to buy a stake. Originally, Giustra just wanted a vehicle through which to secure the rights to his favourite sci-fi movie, *Blade Runner*. Eventually Thunderbird would land a 50% stake in the cyberpunk masterpiece. But Giustra also began growing the company through acquisitions in an effort to bring top creative talent under its umbrella.

McCarron, meanwhile, had studied film and journalism, and spent 13 years at animation studio Mainframe Entertainment (then known as Rainmaker), where her three years as head of production put her in charge of roughly 700 employees. She was on maternity leave in 2010 after having twins—making her a mom to three kids under four—when she got a call from Atomic, a boutique shop looking to scale up. In 2015, it signed a deal with a guy in Australia who had the rights to the Beatles' music and developed it into *Beat Bugs*. Netflix loved the show so much, it ordered episodes on the spot.

Thunderbird bought Atomic that same year. "I liked Jenn right off the bat," says Giustra, who quickly promoted her to president. "I could see she had major leadership potential. She had such a great way about her, not only with employees but investors and clients, too. We thought she would make a great CEO for Thunderbird, and we were right."

McCarron knew a lot about what motivated creative people and what didn't. She was in a gifted program through high school, largely populated by the same quirky creative types

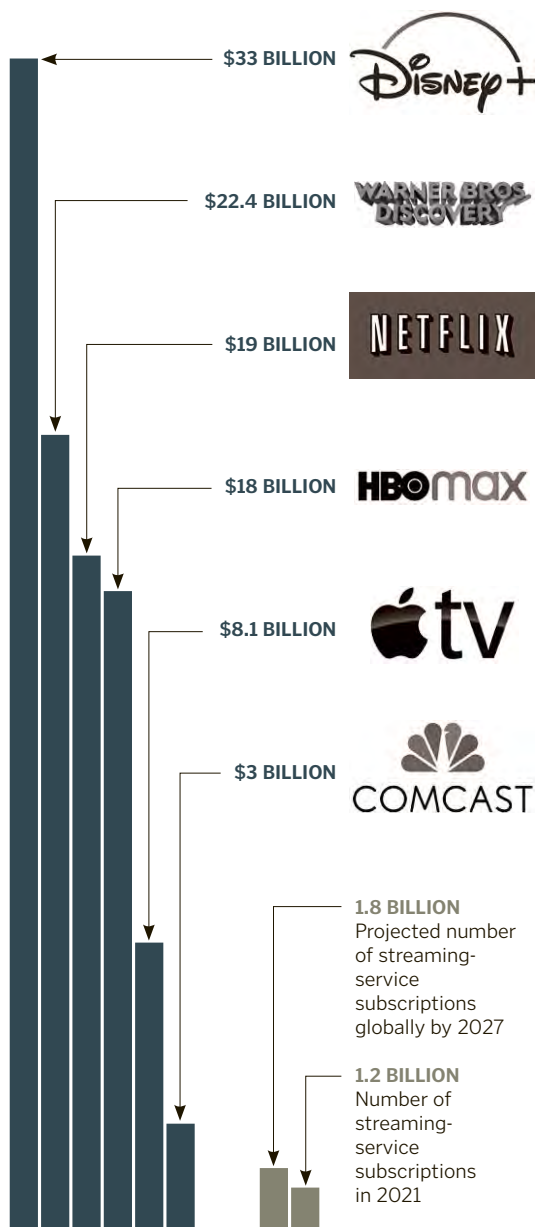
she would later end up working with. "Going into TV, I felt like I understood the artistic community. I love all the creative tensions of putting a project together, what you can do to smooth those over, bridging a gap between the buyer and the creator," she says. "I found a passion for creating an environment where people can do their best work, where everyone feels safe and where mistakes are okay." She remembers working on productions with software that would constantly flash messages like, "You're two shots behind!" and how demotivating it was to the crew. "They wouldn't do as good a job under that kind of pressure," she says. "We've all had managers whose employees operate out of fear. Fear of repercussion, of not meeting deadlines, of making a mistake. I remember thinking that when I have autonomy, that's not how I'm going to work."

That kind of attitude can be rare in production, a primarily gig-based industry known for gruelling work hours and exacting standards. A \$35-million class action lawsuit in 2020 alleged employees at a Toronto production company were frequently misclassified as independent contractors, and denied overtime pay and other benefits. (The suit was recently dismissed under Ontario's new dismissal-for-delay provision.) "To me, suits like this just underscore the importance of putting people first," says McCarron, who adds that while Thunderbird occasionally employs gig workers, it hires the bulk of its people as employees for the duration of any given project.

"The great and the bad thing about this industry is, everyone has an opinion and thinks they're an expert," says Giustra, who sits on Thunderbird's board. "Jenn has an uncanny ability to make you feel heard, even when she doesn't agree with you." He recalls a contentious meeting about Thunderbird strategy with a few other company directors. Despite having widely opposing opinions, no one was completely sure when the meeting concluded whom McCarron had sided with. And yet,

## THE GREAT STREAMING RACE

A total of \$230 billion is expected to be spent on content in 2022, driven by the large streaming services, according to Ampere Analysis—a 4.5% increase over 2021 (all figures US\$).



he says, everyone felt respected and heard. “I’ve been involved with a lot of public companies over the years, and that’s a really rare quality: making everyone feel good about your vision. It requires a very specific kind of personality, and she’s got it.”

McCarron says her leadership revolves around answering three questions: Do people know what they’re supposed to be doing? Do they have the tools to do it? Do their managers have their backs? If all these things are in order, she says, people thrive. But if any one of these key points is out of alignment, people are more likely to fail—or go elsewhere. To help track where Thunderbird employees are at, they regularly fill out anonymous satisfaction surveys, the results of which McCarron and other leaders present to the com-

pany personally, making changes accordingly. If the survey reveals workers on a specific show are struggling with the workload or their mental health, Thunderbird will either hire more support or find a way to give workers a break.

These kinds of barometers are even more important during the pandemic, when employees are sitting alone in their basements. “One of my strengths is to sit in a room, read how people are feeling, and meet them there,” says McCarron. “That’s something I’ve lost as a tool. As much as I try to ping people’s Zooms to make sure they’re okay, I just don’t have the same touchpoint.” She makes it a priority to check in one-on-one with workers, if only for 15 minutes, always asking, “What can we as a company be doing better to support you?” So far, the studio hasn’t missed a single deadline for content delivery.

**MCCARRON’S** biggest professional challenge came before the pandemic, in November 2018, when Thunderbird went public. “I don’t come from finance,” she says. “I was concerned I’d get caught up in managing to the quarter, which isn’t what I wanted to do. The bottom line is hugely important, but if that was going to be the sole focus once we went public, it wouldn’t have been the right fit for me, because I would have been forced into decisions that weren’t right for the studio.”

Marni Wieshofer, chair of Thunderbird’s board, says McCarron’s willingness to take criticism helped flatten the learning curve when it came to leading a public company. “Jenn is constantly learning, and she just doesn’t have an ego,” she says. “In the early days of the company being public, I would listen in during conferences. She was nervous.” Wieshofer remembers texting McCarron that if she’d taken a drink for every one of her uhs and ums, she’d be in big trouble. “She laughed, but she took the advice, and it didn’t take long for her to absolutely nail it. Some people in this industry, you just can’t talk to. Jenn’s not one of them.”

She’s also taking a methodical approach to expansion. Gius-tri says the cardinal sin of production companies, Canadian and otherwise, is growing too fast. “Bankers in this industry will always try to convince you to grow more quickly than necessary,” he says. “To do that, you have to take on debt. A classic mistake I see is companies that are a hodgepodge of a million things slapped together, and they’re all done through acquisition, backed up by debt. There’s no synergy, and the company can’t be well managed because they’re trying to do too many things.” Eventually, he says, “it becomes too hard to manage, the debt gets out of hand, and one mistake can be fatal.” Thunderbird, meanwhile, has zero corporate debt.

To keep the organic growth going, McCarron wants to increase the amount of IP the company owns. Thunderbird works under a few different business models. In one scenario, a broadcaster hires the studio to produce a project, with the client covering the budget and paying Thunderbird a set fee. One step up is the partnership model, in which the studio gets more creative input, plus a cut of back-end and merchandise sales. These two models account for a substantial portion of Thunderbird’s growth. “We love our services business. We get to create content for some of the biggest IP in the world, like *Star Wars* and *Spiderman*,” says Berkowitz.

The gold standard, however, is the owned-IP model: developing ideas from scratch or by optioning another form of content. That was the case with *The Last Kids on Earth*, which Thunderbird adapted from the post-apocalyptic New York Times–bestselling book by Max Brallier. If the show’s a hit, owning the IP can be huge, since the studio can license its



content to a streamer or broadcaster for a fixed period, after which it goes back into the library and can be sold again in perpetuity. Then there's merchandise sales on top of that, especially around kids' programming. Great Pacific owns most of its content, including *Highway Thru Hell*, which has two spinoffs and is going into its 11th season on Discovery. Thunderbird also owns *Kim's Convenience* and the sci-fi series *Continuum*. Thunderbird has some hits under its belt, but the studio is still waiting for the one that'll knock it into the stratosphere. "It's a numbers game," says Giustra. "If you stay in this business long enough, you will get your hit. Our objective is to develop quality content where we take more risk, but keep a lot of the upside when we negotiate."

As it pursues more original content, Thunderbird is actively pursuing stories from groups that are underrepresented in mainstream media, which McCarron believes will ultimately lead to a healthier bottom line. *Molly of Denali*, a co-venture between Atomic and GBH Boston, revolves around a young Indigenous girl, her dog, and her family and friends in their Alaskan village. More than 60 Indigenous people worked on the production (including all the actors who voiced Indigenous characters), and in 2020 it won a prestigious Peabody Award. Great Pacific also produced two seasons of *Queen of the Oil Patch*, which followed a two-spirited Indigenous person navigating life in Alberta's oil sands. The company offers on-set internships for Black and Indigenous youth, and in 2021, Great Pacific helped launch and partnered with Wapanatahk Media, a female-led production company that recently wrapped its first project, *Dr. Savannah: Wild Rose Vet*, about a Métis vet in central Alberta.

As Thunderbird moves into the post-pandemic future, McCarron says she'll keep paying attention to what her employees want even as she pushes them to continue creating the kind of content that will fulfill her big-studio ambitions. One part of that is moving to a hybrid work model. Employee surveys have shown about a third of Thunderbird staff wants to work from home permanently, another third wants a bit of both, and the rest just want to get out of their basements and back into the office. "While we all see the benefits of being at home and not having a commute," she says, "I think a lot of people are missing that human contact and creative collaboration."

One silver lining of the pandemic is that McCarron has found some balance in her own life. "I used to be on a plane two weeks a month," she says. "I have three kids, I've got parents, I'm married, and I was still trying to be a great mom, wife and daughter. At a certain point, I felt like I was going to explode." Now, instead of travelling into the office or jetting off to make a pitch in L.A., she gets up early to catch up on work—particularly the financial side of the business—and manages to spend time with her family, too. Her goal, she says, is "making sure the business end is such a well-oiled machine that you don't see it working. We're nailing it, but in a way that lets our programming thrive. People come first, and that's what's going to propel us forward."

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## FAILURE TO LAUNCH

WHY AREN'T MORE WOMEN ASCENDING TO THE TOP ROLES AT CANADA'S LARGEST COMPANIES? WE ASKED FIVE CEOs WHAT THE HOLDUP IS AND HOW TO FIX IT

By LIZA AGRBA, SUSAN KRASHINSKY ROBERTSON and RITA TRICHUR

Illustrations by Sabrina Smelko



### Aurora Davidson

AMERIGO RESOURCES

"The representation of women in mining leadership roles is still very low. I think we've had more progress in adding female directors to corporate boards than we have getting women to senior executive positions. A recent McKinsey study showed the mining sector is attracting women to entry-level roles but having trouble retaining and growing them. One of the reasons cited was a non-inclusive culture and a perceived lack of advancement for women. So, one takeaway is that we're failing to promote women.

Of course, that doesn't only apply to mining. The historical business leadership model is male-centric. Some studies show that leaders are not necessarily selected based on their potential, talent or competence; there's a marked bias to hire for style over substance. Men tend to be more confident, aggressive and impulsive. Meanwhile, more common female leadership attributes—integrity, balance, competence—are quieter and don't have the same dramatic impact. It may seem like a simplistic way of looking at it, but I



think this bias has a serious effect on hiring practices. There's also a strong perception bias for behaviour in men versus women. I've observed that trying to emulate male attributes doesn't do women any good—they're perceived as bossy, manipulative or self-centred. As women, trying to fit into a pre-established box of leadership qualities doesn't do us any good.

I've always tried to conduct myself in a gender-neutral way. I'm not going to make my being a woman any part of the discussion. I'm focused on results and transparency—what are the objectives I am set to deliver on? My objective was not to portray myself as promotable but to do my job as effectively as possible. Granted, sometimes that works, and sometimes it doesn't. Sometimes it's about being the louder person in the room—because sometimes that's what's needed.

As for company policies, I have two recommendations. We implemented a version of the Rooney Rule, a policy initially instituted by the National Football League. We must interview at least one woman for every job opening. There is no hiring quota, but there has to be an interview quota. That forces you to reach out to a new pool of candidates, instead of relying on the buddy system, in which one buddy finds another buddy, and before you know it, it's all buddies getting hired. Another recommendation, which I'm still working on how to implement at Amerigo, is for companies to have a structured sponsorship program. And there, you might have a bias where more women are sponsored to help equalize the playing field—at least at first.

Finally, I think the pandemic has had a brutal impact on female leadership. When everybody started working from home and families needed to decide who helped school the children—well, you can guess who took up that responsibility. Many women were forced to (at least temporarily) step down to assume additional responsibilities. On the other hand, I think the culture of working from home will be a significant driver in retaining women through their middle management stage and their progression to senior leadership. The commute to work, and being isolated from family for eight hours a day, is not something all women can do; in that sense, I think working from home will open more options for women.” /LA



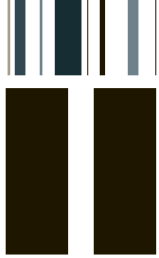
## Beena Goldenberg

ORGANIGRAM HOLDINGS

“I’ve made my way through numerous male-dominated fields, from my start in chemical engineering in the ’80s to the food and grocery industry, and now cannabis. Adapting to male-dominated industries means exercising confidence, decisiveness and the ability to speak out against things you don’t agree with. When you work predominantly with men, you have to express your opinions and not be talked over. Have confidence in what you’re bringing to the party; I learned that style early in my career. Over the years, it has evolved—I want to take the benefits of what I see as strengths in women’s leadership but do it successfully in male-dominated industries. I’m generalizing, but women tend to engage in more consensus-style leadership. And for the culture of an organization, women tend to set more achievable, as opposed to far-stretch, goals. And when you set achievable goals, people don’t stop trying to push beyond them. That feedback loop creates a more positive culture, less turnover and, ultimately, a more successful business outcome.

When it comes to diversity in leadership, there is change afoot, but of course it’s not happening fast enough. It’s far from a 50-50 world out there, and there’s diversity work to be done beyond gender parity. But I’m encouraged by the shift I see across big companies and different industries, even compared to where we were 10 years ago. I think there’s a generational difference driving the change—the impact of millennials having kids. In those families, more men are doing their fair share of raising children. You don’t have as many women dropping out of the workforce and having to catch up. It’s taking a long time, but I think we’ll see more and more women in senior leadership roles as a result.

In cannabis, we’re seeing more women work up into production roles and master grower roles, and they’ll be the leaders in the future. Policies that help us retain women and let them climb the ladder are important. Flex time is a big one, since it accommodates people at different stages in their lives. The other piece is about supporting growth and making sure we have training programs in place to move people along the leadership ladder.” /LA



## Kevin Strain

SUN LIFE FINANCIAL

"I remember going to an award session many years ago, when I worked for a different insurance company. I sat beside a lady who was quite senior in the area, and it was her boss or her boss's boss being recognized. I remember her saying to me, 'I trained that guy, and I trained two or three people ahead of him. But I just never got the chance to break through.' That was impactful to me, because I remember thinking this person had everything. The way we work today, hopefully that never, ever happens. Parity is really important to me. We looked at a goal of 40% women, but to me that wasn't strong enough. That's why we changed the global goal to gender parity for VP and above by 2025. On our board, we're roughly there, or very soon will be. In the executive team, we're roughly at parity; in the next tier down, we're at 35%. So, we have work to do. Part of my job is to keep pushing. If we want the

## Samira Sakhia

KNIGHT THERAPEUTICS

"When it comes to character, I'm pretty tough. Maybe it has to do with being from an immigrant family: work hard, get it done and make sure you're constantly trying harder than everyone else. Being a tough woman was part of who you had to be in the corporate world 25 years ago, and I won't say I didn't react to the times. On top of that, being a CFO made me an authority—I was the one signing off on things. But as a company president, I can't get away with that alone. I'm dealing with different teams where I don't have the expertise. It's not just about pushing my way through, but pulling people to get there.

When it comes to diversity in the corporate world, I see positive evolution. Finally, the issue is getting the attention it deserves. People feel behind the times if they don't have female leadership. Organizations that support diversity are becoming stronger and stronger. There's more support from women for women, which is also helping. People are being asked: Why don't you have more women in leadership? And the "we look for the best person for the job" answer isn't sufficient anymore. At



Knight, yes, we're looking for the best person, but we also conscientiously aim for balance. As we were recruiting for the executive team, we would say, "This position—say, the VP of scientific affairs—is likely to be a guy, so let's



best people working for us, why would 50% of the best people not be women? I just don't accept that. Every time we're replacing a senior role, we make sure we have a diverse slate. Having senior leaders that are women attracts more women, because they see the opportunity to progress.

We're also trying to create teams that represent our communities, with gender and race diversity. I've had a lot of teams work for me, and the best ones were diverse; they accomplished the most, best understood their clientele and had better results. Why wouldn't you want that?

Sun Life hasn't had a global woman CEO yet, but we have 20 large business units, and a number of them are run by women. I can see no reason there shouldn't be women in the running for CEO every time. And if we're looking at the best person, half the time that should be a woman." /SKR

try to get a woman." There's no quota system, but it figures in.

My priority is diversity beyond gender. Our organization is doing quite well on gender in a lot of places, but we need to go a couple of levels deeper. Gender diversity helps in attracting talent, but the place we really need to work on is retention and development. Last year, we put diversity at the top of our list of values and behaviours. And that's diversity in all aspects, whether it's who you're bringing in or in terms of customer focus, like realizing not all patients are the same. Being conscientious of diversity is part of everybody's performance assessment. But how exactly do you evaluate diversity? That's what we're working on this year and next.

Whether you're a woman or a person of colour, just because the world is evolving doesn't mean it's easy or fair. I see this all the time: There is a tendency for women to nuance their accomplishments. I always say, don't nuance it. Sometimes, *you* made it happen. You can take credit without being arrogant and obnoxious. We are all trained to point to our teams and say *we*, but sometimes it's okay to use *I*. It's not wrong. You have to make sure you speak for your work." /LA



## Brian Porter

SCOTIABANK

"We're pleased with our progress, but we still have a ways to go. So, 42% of our vice-president and above positions are held by women. We're proud of that. And if you go back to when I became CEO of the bank eight years ago, we were at 30%. I'd definitely like it to be higher. We have 35 million customers around the globe. Our workforce of 95,000 people has to look like our client base. So, we've taken a longer-term approach to developing our pipeline of women leaders, not just in Canada, but in Chile, Mexico, the Caribbean, the U.S., Europe—throughout our footprint. And our succession planning process has become far more rigorous. We have applied a lot more science to this, and it's in all our leader scorecards. We talk about this at our operating committee, and it's instilled in how we act and what we do every day.

On the diversity side, I'm on the board of BlackNorth, along with my colleague Mark Mulroney, and we view that initiative as really, really important. We've got work to do there, as well as in the Indigenous community. This isn't something that's just here for now. We've changed the way we think about people development and leadership throughout the organization. Tone at the top matters. When people understand that the board cares, that the CEO is really behind this, that amplifies its way through the organization. If you delegate it to a committee, you're not going to get the same result. That's a fact. I've had conversations with different business leaders, not just in Canada, on this topic. Some organizations get stymied or are concerned about their lack of progress. Culture change in a larger organization is a lot harder than in an organization with 50 people. You've got to change the way you run things and how you think, and others will follow. But you have to set targets and goals that are aspirational, and just keep plugging away at it. There's no quick fixes, no silver bullets. It takes time. But you've got to set the tone at the top." /RT

*Interviews have been edited and condensed*

## HONOUREES

WITH AN AVERAGE OF 46% WOMEN COMPRISING THEIR EXECUTIVE RANKS, THESE COMPANIES OFFER A BENCHMARK FOR OTHERS

COMPANY	INDUSTRY	FEMALE CEO	TOTAL % OF WOMEN EXECUTIVES	HONOURED 2021	HONOURED 2020	YEAR-OVER-YEAR % WOMEN CHANGE
Akumin Inc.	Health care	Yes	43			N/A
Algonquin Power and Utilities Corp.	Utilities	No	40	Yes		Increased
Amerigo Resources Ltd.	Mining	Yes	67	Yes		Decreased
Aritzia Inc.	Retail	No	64	Yes	Yes	Decreased
ATCO Ltd.	Energy	Yes	33			Increased
Ballard Power Systems Inc.	Industrial products	No	33	Yes	Yes	Flat
Bank of Montreal	Financial services	No	42	Yes		Increased
Bank of Nova Scotia	Financial services	No	43	Yes		Increased
BMTC Group Inc.	Retail	Yes	67	Yes	Yes	Increased
Canadian Western Bank	Financial services	No	38			Increased
Capital Power Corp.	Utilities	No	43	Yes	Yes	Flat
Cogeco Communications Inc.	Communications	No	43		Yes	Increased
Colliers International Group Inc.	Real estate	No	40		Yes	Increased
Conifex Timber Inc.	Paper and forest products	No	50		Yes	Increased
Converge Technology Solutions Corp.	Technology	No	45			N/A
Corus Entertainment Inc.	Media	No	47	Yes	Yes	Increased
Dollarama Inc.	Retail	No	33	Yes	Yes	Flat
Dream Unlimited Corp.	Real estate	Yes	33	Yes	Yes	Decreased
Eastern Platinum Ltd.	Mining	Yes	50			N/A
Enbridge Inc.	Utilities	No	35			Increased
Extencicare Inc.	Long-term care	No	40			Increased
Fortis Inc.	Utilities	No	42	Yes	Yes	Increased
George Weston Ltd.	Retail	No	44			Increased
goeasy Ltd.	Financial services	No	33			Increased
Goodfood Market Corp.	Retail	No	42			Increased
Great Panther Mining Ltd.	Mining	No	50			Increased
Hydro One Ltd.	Utilities	No	32			Increased
Indigo Books & Music Inc.	Retail	Yes	43	Yes	Yes	Decreased
Information Services Corp.	Business services	No	44	Yes	Yes	Flat
Jushi Holdings Inc.	Cannabis	No	33			N/A
K-Bro Linen Inc.	Business services	Yes	67	Yes	Yes	Flat
Kits Eyecare Ltd.	Retail	No	56			N/A
Knight Therapeutics Inc.	Health care	Yes	64			N/A
Lassonde Industries Inc.	Retail	Yes	30			Increased
Lucara Diamond Corp.	Mining	Yes	75	Yes	Yes	Flat
Lundin Mining Corp.	Mining	No	38	Yes	Yes	Increased
Magellan Aerospace Corp.	Aerospace	No	38	Yes	Yes	Increased
Mainstreet Equity	Real estate	No	67	Yes	Yes	Increased
Mav Beauty Brands Inc.	Packaged goods	No	50	Yes		Flat
MCAN Mortgage Corp.	Financial services	Yes	60	Yes	Yes	Flat



COMPANY	INDUSTRY	FEMALE CEO	TOTAL % OF WOMEN EXECUTIVES	HONOURED 2021	HONOURED 2020	YEAR-OVER-YEAR % WOMEN CHANGE
<b>MDF Commerce Inc.</b>	Technology	No	45	Yes		Flat
<b>Miravo Healthcare</b>	Health care	No	40	Yes		Increased
<b>Mountain Province Diamonds Inc.</b>	Mining	No	44	Yes		Increased
<b>National Bank of Canada</b>	Financial services	No	40	Yes		Increased
<b>Newmont Corp.</b>	Mining	No	43			N/A
<b>Organigram Holdings Inc.</b>	Cannabis	Yes	56	Yes		Increased
<b>Ovintiv Inc.</b>	Energy	No	50			N/A
<b>Pet Valu Holdings Ltd.</b>	Retail	No	55			N/A
<b>Points International Ltd.</b>	Interactive media	No	43	Yes		Increased
<b>Prairie Provident Resources Inc.</b>	Energy	No	50	Yes	Yes	Increased
<b>PrairieSky Royalty Ltd.</b>	Energy	No	50	Yes	Yes	Flat
<b>Quisitive Technology Solutions Inc.</b>	Technology	No	36			N/A
<b>Reitmans [Canada] Ltd.</b>	Retail	No	56	Yes	Yes	Decreased
<b>Rogers Communications Inc.</b>	Communications	No	42			Increased
<b>Roots Corp.</b>	Retail	Yes	63	Yes	Yes	Decreased
<b>Royal Bank of Canada</b>	Financial services	No	46		Yes	Increased
<b>Sienna Senior Living Inc.</b>	Long-term care	No	55		Yes	Increased
<b>Sportscene Group Inc.</b>	Restaurants	No	38	Yes	Yes	Increased
<b>Stantec Inc.</b>	Industrial products	No	31			Increased
<b>StorageVault Canada Inc.</b>	Storage facilities	No	48		Yes	Increased
<b>Sun Life Financial</b>	Financial services	No	42	Yes	Yes	Decreased
<b>Telus Corp.</b>	Communications	No	40	Yes		Increased
<b>Thomson Reuters Corp.</b>	Media	No	42			Increased
<b>Thunderbird Entertainment Group Inc.</b>	Media	Yes	60			N/A
<b>Timbercreek Financial Corp.</b>	Financial services	No	50	Yes		Decreased
<b>Titanium Transportation Group Inc.</b>	Transportation	No	50			Increased
<b>Torex Gold Resources Inc.</b>	Mining	Yes	50	Yes	Yes	Increased
<b>Total Energy Services Inc.</b>	Energy	No	33	Yes		Flat
<b>TransAlta Corp.</b>	Utilities	No	36	Yes	Yes	Decreased
<b>Trisura Group Ltd.</b>	Financial services	No	38			Increased
<b>Wesdome Gold Mines Ltd.</b>	Mining	No	38			Flat
<b>Western Forest Products Inc.</b>	Paper and forest products	No	43			Increased
<b>Yellow Pages Ltd.</b>	Communications services	No	40	Yes	Yes	Increased
<b>ZoomerMedia Ltd.</b>	Media	No	64	Yes		Flat

## METHODOLOGY

To create the 2022 Women Lead Here list, Report on Business magazine evaluated nearly 500 publicly traded companies in Canada with annual revenues greater than \$50 million. Assessments were done during November and December of 2021, and represent the state of each company during that time. Our researchers evaluated each company's top three tiers of executive leadership (Tier 1: CEO or equivalent; Tier 2: C-suite,

president or equivalent; Tier 3: generally EVP, SVP or equivalent), measuring the ratio of female-identifying to male-identifying individuals at each tier. We contacted each evaluated company by email to confirm the accuracy of data. We then applied a weighted methodology. We also took into account the company's profitability, revenue growth and three-year return using 2021 financial data. The diversity of an executive team

was also considered, as was the year-over-year improvement in female representation, where applicable. We then assigned each company a score and applied a final screen to the top quintile: Companies with fewer than 30% of overall executive roles held by women were excluded, as were companies with only one woman-identifying executive.

*Research by Fiona Collie, Liza Agrba and Allan Tong*

# HEY GOOGLE, TELL ME ABOUT PATENT INFRINGEMENT

**Patrick Spence** was a top executive at BlackBerry during the patent battle that nearly killed it. So when he took over Sonos, he built a strategy around protecting the speaker maker's IP—and now it has a legal ruling that should make Big Tech sweat

● **BY JOSH O'KANE + SEAN SILCOFF**

● **Photographs by Jessica Chou**









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atrick Spence learned two crucial lessons working at the company formerly known as Research In Motion: Do whatever you can to protect your inventions, and expect America's digital titans to try and crush you.

So, not long after he left RIM in 2012 to serve as chief commercial officer for the California-based speaker maker Sonos Inc., Spence stepped into a meeting with the company's director of intellectual property and one of its co-founders to discuss a threat that didn't even exist yet. Sonos had created the market for high-end wireless, connected and increasingly "smart" home speakers—a field it had dominated for nearly seven years. At the time, Alexa was still just a human name, and anyone overheard yelling "Hey Google" at one of their devices would invite questions about their well-being. But Spence had a hunch the digital power players of the U.S. West Coast were about to invade their turf.

This was not an uneducated guess on his part. He'd joined RIM fresh out of university in 1998 and sold the very first BlackBerrys on Wall Street. He had, in other words, fired the opening salvo of what would become the smartphone war—a war RIM ultimately lost to Apple and Google as they squeezed the BlackBerry right out of the market it had pioneered. But Spence had also witnessed up close RIM's early-2000s IP dispute with an obscure U.S. shell company called NTP Inc. That battle nearly killed RIM and eventually cost it more than US\$600 million. It also spurred RIM to double down on protecting its patents.

Now, Spence was meeting with Sonos's IP boss, Mark Triplett, and co-founder Craig Shelburne to discuss doing the same thing—investing deeply in the company's IP, to the tune of millions of dollars a year. At the time, the company held just 14 patents, all registered solely in the United States. They would make patenting, and protecting those patents, a bigger piece of Sonos's strategy.

Spence's hunch proved correct: In 2014, Amazon launched the Echo smart speaker; Google followed two years later with Google Home. By 2019, hundreds of millions of smart speakers were in use worldwide, with Amazon and Google dominating the market. Spence, now Sonos's CEO, believed those devices were built on his company's ideas—ideas for which it deserved fair compensation. Late that year, after negotiations with Google left him unsatisfied, he announced to the board that Sonos would defend its inventions before the U.S. International Trade Commission (ITC).

For the next two years, Sonos and Google (whose parent company has a market cap roughly 500 times larger than



Sonos's) would spar in at least six different courts across five countries over a pair of questions that increasingly underpin the modern economy: How much are ideas worth, and how much are they worth defending? In January 2022—days after Spence's former employer decommissioned service for the last of its legacy BlackBerrys—the ITC decided in Sonos's favour, ruling Google had infringed all five patents under dispute in devices including its popular Nest speaker systems and even its Pixel phones. Google has already developed workarounds that could help it avoid paying millions in licensing fees for Sonos's IP, and it's expected to appeal the ruling, too. Whatever happens, the ITC's decision has shifted the ground beneath the giants of tech, proving smaller players can stand up to their piles of cash and sheer might.

It has emboldened Spence, too. "It's great validation, and we know everybody's paying attention to it." That should definitely include Amazon, which is likely his next target—though he won't say so outright. "I'm working every day to make sure that Sonos is here well after I'm gone," he says. "That's the biggest kind of legacy I can leave and a testament to what I learned at BlackBerry."



**T**he parallels between the early days of Sonos and the RIM of the late 1990s are startling. Like RIM, Sonos was built by a group of innovators looking to leapfrog past established players that owned the 1.0 version of a space with a 2.0 solution—and would later be challenged by a different and more powerful set of giant digital competitors on the 3.0 battleground. And though it was closer geographically to Silicon Valley, Sonos's home base of Santa Barbara, Calif., was about as unlikely a hometown for innovation as Waterloo, Ont., was for RIM.

Spence was born not far from RIM's headquarters, in Kitchener, Ont. After graduating from Western University's Ivey Business School in 1998, his plan was to work for IBM, where he'd interned the previous year, and then launch his own tech company. Then the towering varsity volleyball star saw an ad on an Ivey job board for a 150-person company at the vanguard of combining computing, wireless communications and the internet. RIM was rolling out a two-way pager for U.S. telecom giant BellSouth, while hatching a side plan to offer its own wireless email service using the same hardware, under the name BlackBerry.

Most of Spence's classmates were heading to jobs on Wall and Bay Streets. But Jim Balsillie came after Spence hard. He was just the kind of person RIM's co-founder was trying to hire: a smart, down-to-earth, high-achieving, middle-class kid with a sense of adventure. Spence was so excited to get started at RIM that he dispensed with a post-graduation summer break and started as a product manager in May 1998.

Within months, he was evangelizing the BlackBerry on Wall Street, seeding traders and financiers with devices. Each week, he'd return to RIM's HQ like a conquering hero to share tales of the BlackBerry's rampant success. The moment he knew he'd truly made the right career choice came when a former Western classmate-turned-banker in L.A. reported he'd spotted *Baywatch* star Pamela Anderson using a BlackBerry.

Spence's stature grew along with RIM's as it outsmarted larger rivals like Palm, Motorola and Nokia, and redefined mobile communications. He eventually became the company's executive VP of global sales and marketing, and Balsillie's most trusted lieutenant.

He also witnessed the unfolding of a patent case that threatened RIM's very existence. Balsillie says the company was managing hundreds of IP files at any given time, from trolls and established tech players alike, and haggling over cross-licences with rival handset makers. But in 2001, NTP—which held the wireless email patents of failed American entrepreneur Thomas Campana—sued for patent infringement in Virginia court. The jury found in its favour, and the judge awarded NTP US\$53.7 million in damages, plus 8.6% of RIM's annual U.S. sales. RIM fought back, persuading the U.S. Patent Office to invalidate NTP's patents. But when the original judge threatened to shut down BlackBerry service in the U.S. in 2006, RIM agreed to pay NTP a settlement of US\$612.5 million.

To Balsillie, it was a successful outcome: RIM wouldn't have to pay increasingly costly royalties to NTP for years to come. (Investors agreed—the stock shot up by 15%.) But the drawn-out battle had taken its toll. “We lost some of who we

were through that,” Spence would say later.

RIM also got religion on IP, and its war chest would grow to roughly 44,000 patents. That strategy stuck with Spence. “I learned from Jim the importance of acquiring all that IP, inventing the things we did, building that portfolio,” he says now. For Balsillie's part, he says the NTP fiasco taught RIM's top executives that IP wasn't simply a purview of the legal department. “It's a critical tool that enables a company to grow by creating the necessary freedom to operate and allows you to charge money for the ideas you own,” he says.

All the lessons RIM learned on the IP side, however, were quickly overshadowed. Less than a year after the NTP settlement, Apple introduced the first iPhone. BlackBerry wasn't prepared for the game-changing device, and it never recovered. In 2011, as BlackBerry's smartphone market share collapsed, Balsillie tried to push a software-led strategy underpinned by its popular BBM mobile messaging service. Spence strongly supported the idea, but it divided the company. After Balsillie and co-CEO Mike Lazaridis stepped down in early 2012, their successor, Thorsten Heins, killed the plan and doubled down on handsets. Balsillie quit the board and sold all his shares. Spence left not long after. He told Ivey alumni last year that he considers the abandoned BBM pivot the seminal failure of his career.

But thanks in part to a warm reference from Balsillie, Spence quickly landed at another innovator still on the rise. Sonos had also just hired Triplett, a patent attorney. Refining its patent strategy was on both their to-do lists. “We were trying to decide how much we were going to invest in this,” Spence says. “With what I'd seen play out both in terms of NTP and then how aggressive we got at RIM on developing our own patent portfolio, I was all in—this was absolutely critical.”

Sonos was founded in 2002, during the awkward era between the fall of Napster and the hegemony of iTunes and, eventually, legal music streaming. Entrepreneurs everywhere were trying to develop devices to accommodate the rise of MP3s. As music fans abandoned CDs for digitized songs they could share online, four friends from Santa Barbara began to wonder if they could replace another legacy tech: what they called “the tangled spaghetti of stereo and speaker wires.”

John MacFarlane, Tom Cullen, Trung Mai and Shelburne had built Software.com (which itself worked on wireless messaging) before merging with another dot-com-boom company for US\$6.8 billion. After the merger, they struck out on their own again and began brainstorming opportunities in local networks. Eventually they settled on how to banish cables from high-end sound systems without compromising sound quality or creating lag, even as the listener moved from room to room. “Every feature we wanted to include turned up a new challenge that necessitated an inventive solution,” says chief innovation officer Nick Millington.

One of Sonos's first hires was a technical product manager charged with putting together the company's early patent applications. But aside from protecting its key ideas—such as speaker synching—filing wasn't a significant focus. “We spent 99% of our time, as we do today, on building and shipping the best products we could for our customers,” says Millington.

# S

ince the Industrial Revolution heralded the creation of the modern patent system in the 18th century, great technological advances have typically been followed by messy patent disputes. It happened with the sewing machine, the cotton gin, the lightbulb, the automobile, the telegraph and telephone, airplanes, digital computers and semiconductors. By the 1980s, court rulings had made it easier for software makers to patent concepts. That shift sparked an IP arms race: Companies began to obsessively patent everything they did, while some fading tech players like Texas Instruments and Xerox put more emphasis on litigation to drive new revenue streams from their neglected patent portfolios. Through the 1990s and 2000s, the number of patent lawsuits in the U.S. grew at a faster rate than patent filings.

When Spence joined Sonos in 2012, he wanted to ensure the company kept innovating, while at the same time protecting and capitalizing on the tech it had already invented. He knew the giants would eventually jump into the smart-speaker category—Apple had unveiled its Siri voice assistant a year earlier—and the team began registering and protecting ideas at a frenetic pace, spending millions of dollars a year writing and revising patent applications, with staff and lawyers honing the language in case of later infringements. In a decade, Sonos went from just 14 U.S. patents to 3,046, nearly two-thirds of them filed internationally.

But Big Tech lives in a small world, and for the company's speakers to actually sell, it needed to work with the giants whose platforms played the music. In 2013, that meant letting Google look under the hood so its Google Play Music service was compatible with Sonos systems. Sonos would later write in a court filing that its "integration work with Google was especially 'deep' and gave Google a wide aperture through which to view Sonos's proprietary technology."

Sonos's first experience defending its IP came in 2014, when it sued Sound United, the parent company of Japanese audio firm Denon, for violating its patents in wireless speakers. After a four-year battle, Denon was forced to pay Sonos royalties. That case, Spence says, "helped build to where we are today."

By 2019, smart speakers were no longer the exclusive realm of music nerds. Google's Home and Nest speakers, Apple's HomePod and Amazon's Echo had flooded the world, with combined smart-speaker sales of 147 million worldwide, up 70% from the year before, according to market research from Strategy Analytics.

Sonos, meanwhile, sold 6.1 million speakers, components and other products that year. It had also recently gone public and had a market cap of roughly US\$1.6 billion at the end of 2019, making it decidedly Small Tech. With its books open to new ranks of investors and the Denon settlement bringing in licensing revenue, a group including Spence, Triplett and the company's new chief legal officer, Eddie Lazarus, began exploring a licensing strategy to monetize the company's thousands of patents. "But with respect to Google, we just didn't get anywhere," says Lazarus. The team began to consider litigation and asked itself a key question: Did Sonos have a litigation-proof portfolio?

At the end of 2019, they decided it did.

## SOWING SEEDS

It might not have held on to its rep as a smartphone pioneer, but BlackBerry produced an army of execs who have gone on to interesting things. Here's just a smattering



**Sarah Shortreed**  
**NOW:** CTO of ATCO Group  
**THEN:** VP enterprise portfolio management



**Charles Koskovich**  
**NOW:** COO, Telus International  
**THEN:** VP customer support ops



**Aaron Brown**  
**NOW:** VP and GM of ecosystem and Shopify Fulfillment Network, Shopify  
**THEN:** GM/VP, BlackBerry services



**Jamie Hollingsworth**  
**NOW:** chief legal officer, Kinaxis  
**THEN:** M+A legal counsel



**Brian Gill**  
**NOW:** CTO at OLG  
**THEN:** head of global tech services



**Jaime Leverton**  
**NOW:** CEO of Hut 8 Mining  
**THEN:** VP Americas, carrier sales and distribution



**Lara Swift**  
**NOW:** CEO of Swift Labs  
**THEN:** director, product delivery, BlackBerry wireless group

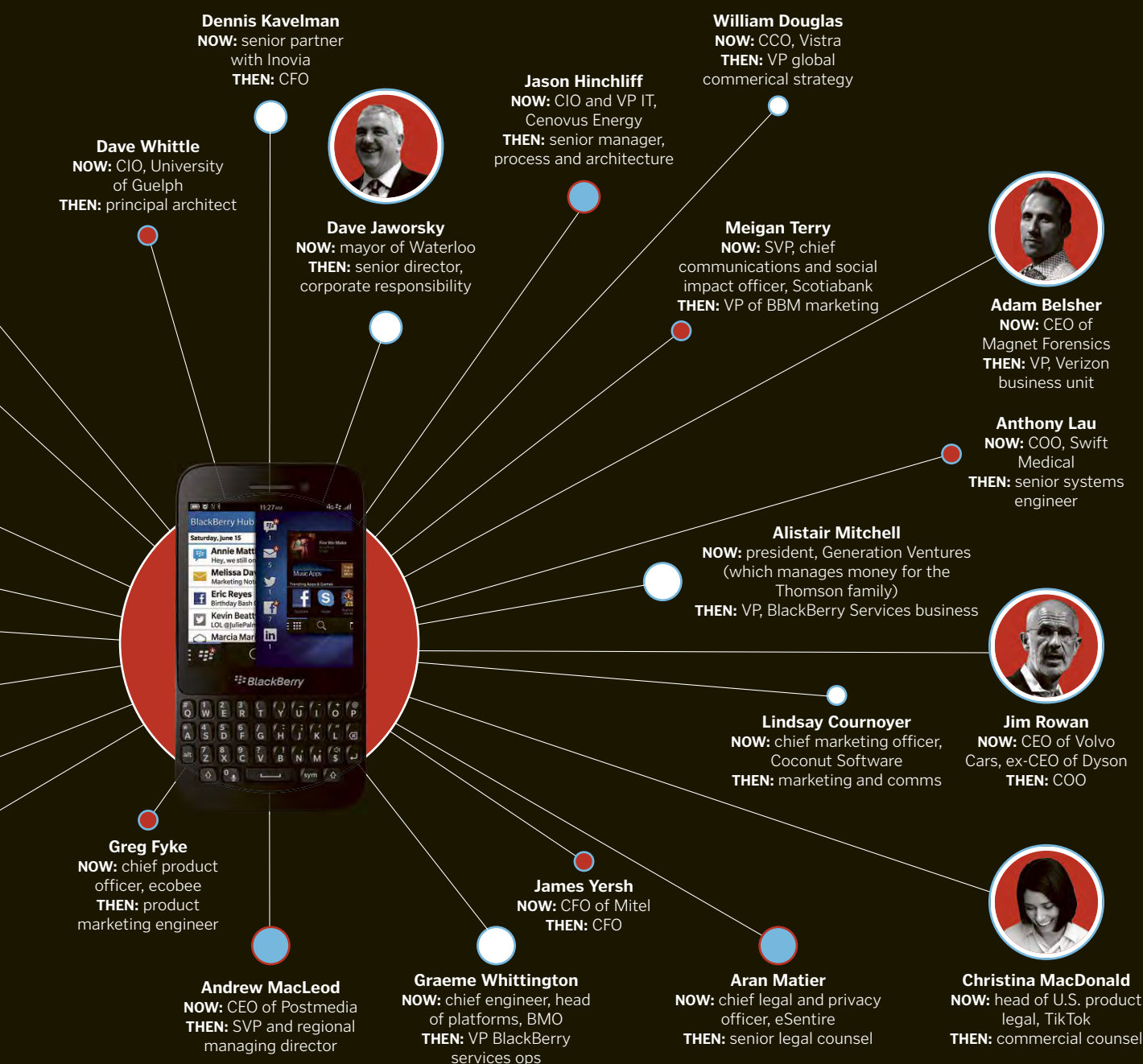
## SPENCE HAD SPENT THE PREVIOUS

year assuaging jittery colleagues worried about how a lawsuit would affect Sonos's working relationship with Google—not just one of its biggest partners but also one of the largest companies in the world, whose parent company's market capitalization was about to hit US\$1 trillion. In December, Spence, Lazarus and the rest of the executive team met the Sonos board of directors for dinner at a Santa Barbara restaurant to lay out their plan. The first step was to file suit against Google through the ITC.

There were a few reasons for going the ITC route rather than the traditional courts, where lay juries could be flummoxed by the tech-heavy blueprints laid before them and were prone to being swayed by good-versus-evil narratives

PHOTOGRAPH (DAVE JAWORSKY), ANDRE FORGET; (ADAM BELSHER) FRED LUM; (JIM ROWAN) DAMIR SAGOL/REUTERS





laid out by lawyers. ITC cases, on the other hand, are heard by expert judges who understand the intricacies of such technical disputes. The ITC also has the power to impose a ban on the import of any products found to infringe another company's patents. If Sonos came away victorious, this could immediately throw Google's speaker business, and maybe even its handset business, into disarray. At the same time, Sonos could launch a companion case in federal district court to seek damages. "The expertise, speed and remedies all made the ITC super-important and the right venue for our first go with Google," says Spence.

As Lazarus told Sonos's directors that night, there were certainly risks: a costly loss, reputational damage, counterlitigation. But there were plenty of potential rewards, too,

including a lucrative new licensing stream. "At the end of it," Lazarus says, "we all held hands and decided we were going to jump together."

Through it all, Spence spent lots of time talking to his former boss and mentor, Balsillie, who wholeheartedly endorsed the ITC strategy. "ITC is a pretty powerful weapon in this type of dispute," says Balsillie. "If you were counting on shipments crossing a border, that creates a lot of leverage pretty quickly." More importantly, he acted as a sounding board for his former right-hand man. "He was always there," says Spence. "He really steered my will as we were bearing down on having to make a big decision like this. I leaned on him pretty heavily in terms of thinking through the steps, as well as pulling the trigger."

Sonos filed a complaint to the ITC against both Google and its parent company, Alphabet, on Jan. 5, 2020. (Alphabet was later dropped from the suit.) Though Spence's team felt Google may have infringed more than 150 of Sonos's patents, the ITC would only consider disputes for up to five at a time. The five Sonos ultimately picked, says Lazarus, represented the company's "true innovation"—such as the ideas underpinning how its speakers sync together over WiFi and how high their volume was.

Google was a formidable opponent. It's one of the world's most prolific patent filers and has a history of routinely taking multibillion-dollar hits for allegedly flouting competition law, particularly in Europe. But the company didn't take Sonos's suit lightly. In June 2020, Google filed a patent infringement lawsuit of its own, arguing the company "gave Sonos significant assistance in designing, implementing and testing a solution that would bring Google's voice recognition software to Sonos's devices."

Google would eventually file infringement lawsuits against Sonos in at least five countries, including Canada, a move Spence insists the company's executive team was ready for. Lazarus calls the countersuits "frivolous." Google's chief legal officer, Kent Walker, disagrees. "We feel as though our engineers didn't copy Sonos's work," says Walker. "They were independently deriving things that we thought would be helpful for users."

The dispute didn't exactly make for compelling courtroom drama. It was a battle fought with stacks of paper, hundreds of pages at a time, with two armies of lawyers defending two corps of inventors over ethereal ideas. The never-ending exchange of briefs, prolonged by various pandemic-related delays, was exhausting. "People have told me that in track and field, the [800 metres] is the hardest race because it's the longest one where you basically have to sprint from start to finish," says Lazarus. "There's no moment for pacing yourself. And that's how the ITC feels."

In August 2021, a commission judge released a preliminary decision: Google had, in fact, infringed Sonos's patents. It was then up to the full commission to either accept or reject the decision. Both parties spent the latter half of 2021 sending in their final submissions.

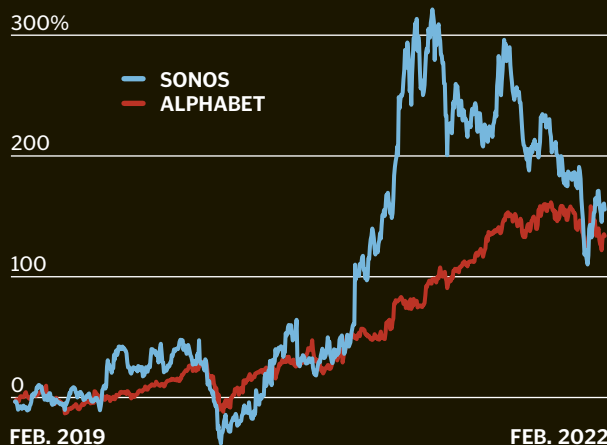
On Jan. 6, 2022, the ITC released its final decision: Google had indeed violated the Tariff Act of 1930, unfairly importing products into the United States that infringed on five of Sonos's patents.

"It's a great story for a smaller innovative player," says Ottawa patent lawyer Natalie Raffoul. "It just shows this stuff matters. If you're a smaller company and you go into a situation with a larger company thinking you can trust that business relationship, you also have to be thinking about how those relationships can go sideways. That handshake may not stand the test of time."

Two years ago, of course, Spence had no idea how it would all turn out. "There were people saying, 'You're crazy—you can't take on Google. They'll just swamp you in every market,'" he says. "I felt it was important to stand up to say we've got to stop this—this doesn't make sense, and it's fundamentally going to hurt innovation in the long run."

## GROWING UP

(share-price growth on Nasdaq)



## THE ITC HANDED DOWN

its Sonos decision four days before Anthony de Fazekas was set to deliver a winter lecture on commercializing IP at Osgoode Hall Law School. Sonos was one of the patent expert's favourite case studies and a rare treat for IP buffs like him, since these kinds of disputes are often settled out of court. But here was a turf battle, wrapped into a lesson on portfolio protection, unfolding in public. De Fazekas and his students discussed it on their first day of the new semester. "It's rare that you see all that interplay played out in the news," says de Fazekas, who is head of technology and innovation for Norton Rose Fulbright Canada.

Sonos's suit also illustrates the dangers of collaborating too closely. "I think there's almost a cautionary tale for companies to closely evaluate their collaboration strategy, in addition to their IP strategy," says de Fazekas. He believes the ITC decision should prompt companies to ask themselves some important questions: "How do you assess whether large tech companies you want to partner with are likely to move into your space? Do you give them your best technology? Do you give them maybe a lesser version of your technology? How can you be very strategic around what you share?"

As for Sonos, its tussle with Google isn't over. The giant is almost sure to appeal the ITC decision. (This story went to press shortly before the end of a 60-day presidential review period that opened the window for an appeal.) And Google has already come up with numerous workarounds, which it began readying before the ruling was even finalized. As tech website the Verge reported, users of Pixel phones, for instance, quickly noticed they could no longer remotely control volume for large groups of Google speakers. But the workarounds mostly worked. "We were pleased that the ITC approved of the workarounds we had proposed, so there's no interruption to the consumer experience," says Walker.

Still, Sonos is seeking damages in federal court and hopes to end the dispute once and for all by signing a licensing deal



## DAVID VS. GOLIATH

(market valuation)

SONOS  
US\$3.4 billion

ALPHABET  
US\$1.8 trillion


with Google. To do so would set a significant example—that you can force the giants to play fair. “There are a few companies with way too much power,” says Spence, “and they should not be able to copy what somebody else invents and try and trample them.”

Is that a hint about Spence’s next move? “What’s on our mind right now is making sure we really get this injunction,” he says coyly. But Amazon might want to watch its back. Sonos executives have said they believe the company’s Echo speakers infringed its ideas, but decided early on that it was too dangerous to wage two IP battles simultaneously. Not only would that risk taking executives’ eyes off the day-to-

day operations of the company, but off the future, as well. After all, that’s exactly what happened to BlackBerry. When pressed on whether Amazon is Sonos’s next target, however, Spence will only say with a laugh: “We’re not going to specifically play out the legal strategy.”

Aside from his potentially industry-shaking win, January was a strange month for Spence and other BlackBerry alumni. The company shut down service on the last of its handsets on Jan. 4, just days before Sonos’s win. A few weeks later, BlackBerry sold off the bulk of its mobile patents to a Baltimore licensing company—another on-paper-only entity like its old nemesis, NTP. One of the first people who reached out to Spence after the ITC decision was the man who’d led RIM’s commercialization charge in the first place, Jim Balsillie. He’d also spent several post-RIM years insisting as loudly as possible that a Google sister company, Sidewalk Labs, could gain an unfair advantage over IP generated by a neighbourhood it wanted to build in Toronto. Balsillie told Spence he was proud of him—to “keep fighting the good fight.”

The Sonos win has certainly validated Spence’s strategy. “If you are in a category where Big Tech is going to step in, get those inventions patented,” says the man who took on Google and won. “Invest in it, because they’re going to come for it.”



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# THIS IS YOUR BRAIN ON



**KETAMINE** AND OTHER PSYCHEDELICS HAVE HUGE POTENTIAL TO TREAT A RANGE OF MENTAL ILLNESSES. FIELD TRIP HEALTH IS ONE OF DOZENS OF COMPANIES TO LEAP INTO A SECTOR REMINISCENT OF THE EARLY DAYS OF THE CANNABIS CRAZE. BUT WHAT DO INVESTORS—AND PATIENTS—STAND TO GAIN?

BY JOE CASTALDO || ILLUSTRATIONS BY ROMAIN LASSER









The first time Julian Uzielli took ketamine, he did not have visions or travel to new realms of existence. But the second—and third, fourth, fifth and sixth—times he took the psychoactive drug, his consciousness seemed to spring loose from his body. His thoughts were shaped by the soothing music flowing through his headphones. One time, he found himself slaying demons inside the first-person-shooter game *Doom*. “I’m actually in my soul right now,” Uzielli thought. “These are my demons, and I have to slay my own demons.” On another occasion, Uzielli’s mind turned to BoJack Horseman, the titular character of the animated Netflix series, and a self-destructive, broken man (well, anthropomorphic horse, to be accurate). “I have a choice to be different from him,” Uzielli told himself later. “I’m going to engage with my issues, and I’m not going to push people away.”

Away from ketamine’s afterglow, these insights are almost embarrassing for Uzielli to talk about. But in the moment, he says, every revelation felt *profound*. More important, the experience helped relieve his suicidal thoughts—and that’s where ketamine’s promise lies.

The drug is an anaesthetic whose psychedelic properties made it popular on the party circuit, where it’s better known as Special K. More recently,

it’s been touted as the future of mental health medicine, applicable to a whole range of illnesses. Janssen Pharmaceuticals has already won approval in both Canada and the United States for a ketamine-based nasal spray called Spravato for patients with treatment-resistant depression. And dozens of start-ups are now hoping to push psychedelics further into the mainstream, both among consumers and investors.

The potential is massive. One in four Americans experience a mental illness in any given year, and the market for antidepressants in the U.S. alone could be worth US\$98 billion by 2025. Even if psychedelics capture a small slice of that, it could be significant. The research is moving beyond the mental health realm, too. A report from the global investment bank Stifel estimates psychedelics like ketamine, psilocybin and MDMA could help more than three billion people and potentially treat

20-plus conditions, including chronic pain and obesity. Not surprisingly, money is starting to flood the sector: In 2019 psychedelics start-ups received roughly US\$60 million in investment, according to research firm LEK Consulting. Last year, investors poured in an estimated US\$2 billion.

Field Trip Health Ltd., a small publicly traded start-up in Toronto, provides a glimpse of what a psychedelic future could look like. Uzielli’s ketamine trips were part of a highly curated program offered at Field Trip’s 11 clinics across North America (plus one in Amsterdam that administers psilocybin, the active ingredient in magic mushrooms). A full three-week round, which includes six ketamine dosings and three appointments with a psychotherapist, costs roughly \$5,000. (Group sessions bring that down to about \$2,875.) According to Stifel analyst Andrew Partheniou, the clinical business in the U.S. alone could





be worth US\$10 billion—though so far, Field Trip has generated just \$3.1 million in revenue in its latest three quarters. It also has an R&D division dedicated to developing psychedelic medications.

To be clear, the industry is nascent. “There’s way more enthusiasm than data,” says Dr. Susan Abbey, director of the Nikean Psychedelic Psychotherapy Research Centre in Toronto, which launched within the University Health Network last October. For instance, there’s limited research on whether the kind of treatment Field Trip offers—a combination of ketamine and talk therapy—is any more effective than ketamine on its own. And while Field Trip’s slick branding leans heavily on the psychedelic experience—in fact, it wants people to have the most intense trip possible—it’s not clear whether that’s necessary. Some people who’ve received ketamine for depression see symptoms improve without entering an altered state of consciousness at all.

Today’s market is reminiscent of the early years of the cannabis craze: bold claims, huge uncertainties and a swath of money-losing companies angling to lead the way. In fact, Field Trip’s executive chair and chief ambassador, Ronan Levy, once ran a chain of medical cannabis clinics and has the sort of vibe you’d expect from an affluent business guy who’s gotten very into mindfulness. His head is shaved, and he wears a stubbly goatee and beaded necklace. He meditates. “I come across as pretty easygoing,” says Levy, one of five co-founders, “and a lot of people have said that’s what the psychedelic industry needs.”

It’ll take more than a chill vibe to ensure Field Trip prevails—like a deft strategy, medical and scientific rigour, and buckets of capital. (Just ask any of the dozens of cannabis growers and retailers floundering today.) And those are the factors within Field Trip’s control; it can’t do much about the glacial pace of research and regulation.

None of that dampens Levy’s fervour. He sees a much bigger market ahead, with Field Trip treating a wide array of conditions with a variety of psychedelic drugs. “I have always had this archetype of a 28-year-old bro dude in Pittsburgh who would probably rather be dead than caught in a therapist’s office,” he says. “We can’t reach those people with conversations about therapy and meditation. But can I get that guy to try mushrooms once? Yeah, probably.”

**W**hen Uzielli walked into the upscale lobby of Field Trip’s Toronto clinic—with a moss wall behind reception, and trendy furniture dotted with fiddle-leaf figs and succulents—he wondered what he’d gotten himself into. For him, ketamine-assisted psychotherapy straddled the line between “real” and alternative medicine, and the essential-oil diffuser in particular added a whiff of pseudoscience. On arrival, he was handed a Field Trip tote bag containing a journal, a reishi mushroom tincture and a copy of Michael Pollan’s book *How to Change Your Mind*, an exploration of the benefits of psychedelics.

The 30-year-old radio producer had a long history of depression. In 2020, he found he could barely get out of bed, let alone do his job. During video calls, he could see his resistance exercise bands dangling from the ceiling behind him; in his mind, they looked like a noose hanging over his head. He took two leaves of absence, overcome with intense suicidal thoughts. By the time he came across Field Trip—whose patients must be referred by a doctor for treatment-resistant depression, a label that applies to roughly 30% of cases—he was ready to try anything.

He was led to one of six dosing rooms (with names like Sea, Sunset and Mountain), where a nurse and a respiratory

therapist tucked him under a weighted blanket on a zero-gravity chair meant to mimic weightlessness. The nurse gave him a lozenge packed with about 200 milligrams of ketamine that slowly dissolved in his mouth. Feeling woozy, he put on a sleep mask and headphones, where music curated for tripping flowed into his ears. (Franklin Chavez, a soft-spoken nurse practitioner and the clinic’s manager, says Field Trip has assembled several playlists of largely ambient music. “If the client’s intention is to feel love,” he says, “our therapists have put together playlists specifically for that.”)

Uzielli’s first trip didn’t yield much in the way of revelations, but his mood improved, and he returned for five more sessions. Each ketamine journey lasted 45 minutes to an hour. As the ketamine wore off, he debriefed with a Field Trip therapist and had separate weekly sessions. The drug left him emotionally vulnerable, making it easier to open up.

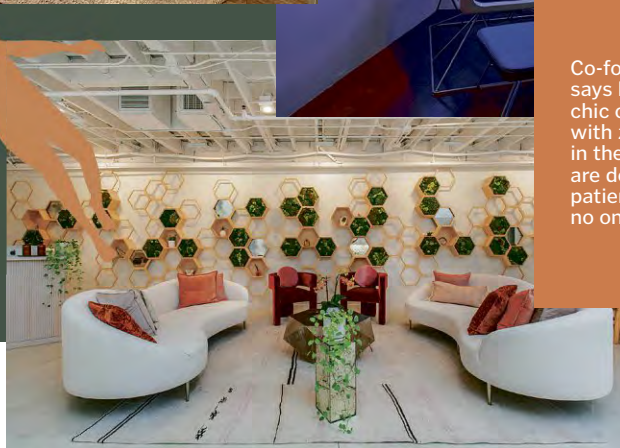
Until then, Uzielli was convinced he’d always be depressed. But after three weeks, he simply wasn’t anymore. He felt exuberant. The feeling faded after a couple of months, and a year later, Uzielli is still on antidepressants. But he says he is nevertheless transformed. Most days are good, and his suicidal thoughts have disappeared. “I feel like it



Field Trip’s five co-founders, left to right: COO Mujeeb Jafferri, president Hannan Fleiman, chief clinical officer Dr. Ryan Yermus, CEO Joseph del Moral and executive chair Ronan Levy



Co-founder Ronan Levy says Field Trip's Insta-chic clinics, complete with zero-gravity chairs in the dosing rooms, are designed to soothe patients and ensure no one has a bad trip



gave me my life back," he says.

Ketamine was first synthesized as a painkiller some 60 years ago. At low doses, it induces dissociative psychoactive effects and was later co-opted as a recreational drug. Clinicians kept experimenting, though. Research into ketamine's effect on depression began in the 1990s at Yale University, and it was found to relieve symptoms within hours, though only briefly.

A wide body of research has since shown it can alleviate symptoms of depression for which other interventions have failed, with up to 65% of users receiving at least some benefit. Between 20% and 30% of those treated with ketamine go into remission. Exactly why isn't completely understood, but the drug seems to regulate glutamate, a neurotransmitter that helps facilitate the brain's ability to change and form new connections.

Today, ketamine can be prescribed off-label in Canada and the U.S. And it's not the only psychoactive drug being studied in labs worldwide, following a long government clamp-down after the 1960s that has since eased. Since August 2020, Health Canada has allowed psilocybin, which can help reduce depression and anxiety, to be administered to nearly 80 people with terminal illnesses. In January, the department further modified regulations to allow doctors to request access to psychedelics for patients with

serious or life-threatening conditions for whom other options had failed. Field Trip immediately announced it would apply to Health Canada for permission to administer psilocybin and MDMA, which research has shown to be effective in treating PTSD.

Field Trip opened its first clinic in Toronto in March 2020 (just as the pandemic sent rates of depression and anxiety soaring). Outlets in New York, Los Angeles, Vancouver and Fredericton soon followed. By 2024, it plans to have 75 branches worldwide. "I genuinely believe it'll be a drop in the bucket relative to anticipated demand," says Levy.

He's a relative newcomer to the psychedelics field, a corporate lawyer who left Big Law behind and co-founded a cash-for-gold business before finding his way to medical cannabis in 2014. He and his partners (including Joseph del Moral, now Field Trip's chief executive) started a chain of clinics called CanvasRX Holdings. "We got into the cannabis industry as entrepreneurs, certainly not as advocates," says Levy. "As soon as we saw the work our clinics were doing on a humanitarian basis, we were really moved." They sold CanvasRX to Aurora Cannabis in 2016, in a deal valued at \$10.3 million (with fur-

ther payments contingent on hitting performance goals), and left two years later, just as interest in psychedelics was building.

To get a feel for the field, Levy and a few associates procured some mushrooms, holed up in a rented office and tripped. As Levy and his partners honed their business plan, experts suggested there was a need for new clinics. Most medical centres and doctors' offices, they were told, didn't have the proper staff or accommodations for patients to trip and come back to Earth, which can take a few hours. The partners also knew from their cannabis days that producers stood to make far more money than medical clinics. So they created Field Trip Discovery to develop psychedelic medications. Its lead candidate is a synthetic molecule called FT-104 that has a potency similar to psilocybin and binds with the serotonin receptor in the brain believed to be responsible for psychedelic experiences. So far, Field Trip has only tested the molecule in animals, but Phase I trials in humans are set to begin this year in either the Netherlands or Australia.

Field Trip is bullish on FT-104 because of its relatively short trip time. A psilocybin experience can last for hours,



which isn't practical in a medical context. FT-104, however, has a trip time of two to three hours. Field Trip believes it could be used to address treatment-resistant depression, a US\$21-billion market in the U.S., as well as postpartum depression. The company expects to gain approval for the drug sometime between 2026 and 2028.

Developing drugs is highly capital-intensive, of course, with different funding needs from the retail operation. In the first three quarters of their latest fiscal year, Field Trip lost \$40.5 million, in part from building new clinics, but also due to its drug research. Levy says Field Trip is reviewing whether to separate the two units. In the meantime, the clinics remain its primary money-maker—and things can get a little weird.

**F**ield Trip describes itself first and foremost as a wellness company, one that offers a “deeply human experience” that combines modern medicine with the “wisdom of the psychedelic approach.” It has imbued ketamine with an almost spiritual aura. One client told me that during a group session, participants were asked to place a personal object on an altar to help focus their intentions. The session, she said, felt like a religious retreat.

Indeed, a recent article in *Wired* criticized Field Trip and some of its peers for blurring the line between “medical treatment and spiritual healing.” Michael Pollan himself—the revered author whose psychedelics book has its own neon-lit shrine at Field Trip’s Toronto clinic—tweeted the article and described it as “a warning against the Gooping of psychedelics,” a reference to actor Gwyneth Paltrow’s lifestyle brand, notorious for its dubious health advice.

Levy contends the high-end aesthetic serves a purpose: to ensure clients can relax and avoid a bad trip. (After all, ketamine has been known to send recreational users into an unresponsive state known as a K-hole.) When Kristine Iglesias began researching ketamine facilities, she found them to be overtly medical. “I would feel like I was in a treatment centre for psychiatric help,” says the 49-year-old from Connecticut. Iglesias had been suffering from depression and suicidal thoughts. After a three-week cycle at Field Trip’s Manhattan clinic last year, she no longer felt suicidal. She has since returned for a group

# Congratulations to these recent appointees

Phillip Crawley, Publisher & CEO of The Globe and Mail, extends best wishes to the following individuals who were recently featured in the Report on Business Section of The Globe and Mail newspaper. Congratulations on your new appointments.



*Phillip Crawley*



**Andrew Tong**  
to Chief Investment Officer  
Concert Real Estate Corporation & Concert Properties Ltd.



**Dan Anderson**  
to Chair of the Board of Trustees  
Healthcare of Ontario Pension Plan



**Gerry Rocchi, ICD.D**  
to Board Vice-Chair  
Healthcare of Ontario Pension Plan



**Paula Gold-Williams**  
to Board of Directors  
Emera Inc.



**Ian Robertson**  
to Board of Directors  
Emera Inc.

## WHAT A LONG, STRANGE TRIP

Psychedelic substances have been used to open the doors of perception for as long as there have been humans. Scientific research hit a peak in the 1950s and 1960s, with experiments to determine their efficacy in combatting anxiety, depression, addiction and more. There were more sinister experiments, too: The CIA's Project MK-Ultra used hallucinogens like LSD, along with shock therapy and other dubious methods, in its quest to weaponize mind-control techniques. Author Ken Kesey allegedly participated in MK-Ultra experiments during university; his later LSD exploits were chronicled in Tom Wolfe's 1968 counterculture classic *The Electric Kool-Aid Acid Test*. Two years later, Richard Nixon outlawed such drugs and put an end to the research—but that's changing. Here are the top four psychedelics now being studied in labs.



### PSILOCYBIN

The psychedelic chemical found in so-called magic mushrooms and roughly 100 other fungi.

**Possible treatments:** depression and substance use disorders, including for alcohol and nicotine

### LSD

Otherwise known as acid, LSD was derived from a fungus that grows on grain. CAMH calls it “a potent hallucinogen—a drug that can alter a person's perception of reality and vividly distort the senses.”

**Possible treatments:** depression and alcoholism

### MDMA

A psychoactive drug used mostly for recreational purposes under the names molly and ecstasy, it acts as an amphetamine and can cause hallucinations.

**Possible treatments:** anxiety and PTSD

### KETAMINE

Known as Special K, it's a synthetic dissociative drug used legally as an anesthetic. According to Health Canada, it creates “a sense of mind-from-body separation.”

**Possible treatments:** schizophrenia, anxiety and treatment-resistant depression

session and a booster dose. “That process changed the way my mind works.”

Field Trip's approach is at odds with competitors like Braxia Scientific, which opened Canada's first private clinic offering ketamine for depression in Mississauga in 2018. It now has four. “We are not a spa,” says Braxia's CEO, Dr. Roger McIntyre. “We're a medical company that treats a very, very, very serious medical problem.” His strategy is informed by his background: Dr. McIntyre is a professor of psychiatry and pharmacology at the University of Toronto and heads up a mood disorder research unit at UHN.

Braxia doesn't offer therapy in conjunction with ketamine, either. “The scientific question is, if you combine the two together, do you get an additive effect?” That, he says, is a work in progress, and he's conducting a study into whether intravenous ketamine followed by cognitive behavioural therapy (CBT) is more effective at reducing suicidality than either treatment alone.

Indeed, most of the research on ketamine examines the effect of the drug itself, not when it's administered alongside therapy. “It's very new,” says Dr. Yuliya Knyahnytska with Toronto's Centre for Addiction and Mental Health (CAMH), who is conducting her own ketamine research. “All the trials available are very small.” Another complication: There's no consensus on what ketamine-assisted psychotherapy actually is and how it's delivered. Field Trip, for example, says its sessions can involve a number of techniques, including CBT and motivational interviewing. “If we have an unstandardized treatment,”

says Dr. Knyahnytska, “we cannot evaluate it, and we cannot measure it.”

Field Trip's own data is limited. It encourages clients to fill out a questionnaire before and after each visit to gauge effectiveness. Dr. Michael Verbora, Field Trip's medical director for Canada, says patients report a 50% reduction in the severity of depression, anxiety and trauma after a three-week cycle. Three to six months later, their self-reported depression scores are roughly the same. “They're massively decreased compared to when they first came to see us,” says Dr. Verbora, who also serves as chief medical officer of cannabis firm Aleafia Health. The data is based on roughly 100 patients, and collecting it is tricky since there's no incentive for clients to respond. “The data set is not as ideal as we'd love it to be,” he says.

There's not even consensus on the importance of the trip itself, which is key to Field Trip's pitch. In Dr. Knyahnytska's own clinical experience with ketamine, she has seen patients for whom an altered state is integral to healing and others who improved with no trip at all. For her, it points to the need for further research. Dr. McIntyre, meanwhile, says not only is a psychedelic trip not necessary, but “we see it as an aspect of the treatment we wish to avoid.”

The gulf between the enthusiasm for psychedelics and that data gap is challenging. “As an academic, I like data. And I also really feel very compassionately for the suffering of people with major mental illness,” says the Nikean Centre's Susan Abbey. “It just speaks to how desperately people want these treatments.”

In a sign of just how volatile the psychedelic sector is, even some pretty good news can send stocks plunging. In November, Compass Pathways, one of the more prominent players in the space, released the results of the largest ever randomized controlled trial on psilocybin. The results showed patients who received a high dose reported a significant decrease in depression. But investors sold shares across the board. Stifel's Partheniou wrote at the time that investors were concerned some patients may require additional dosing; given a psilocybin trip can last from four to eight hours, the results raised questions about its clinical practicality.

Field Trip's own stock is down by 70% in the past year, leaving it with a valuation of roughly \$105 million. Its plans to boost revenue by opening more and more clinics won't be straightforward, either. There are capacity constraints, for one. Each clinic has just a handful of dosing rooms, and the process takes hours, limiting the number of clients it can treat. And Levy admits finding trained therapists who have psychedelic experience will be tough.

The cost could also be prohibitive. While some insurers might cover the therapy component of Field Trip's program, at least some would have to pay out of pocket. And the benefits don't last forever. Studies have shown that people who receive ketamine intravenously relapse within one to three months, although their depression may not be as severe. That means clients might have to come back for top-ups—if they can afford it in the first place.



Such limitations provide an incentive to expand the range of conditions Field Trip can treat. Levy points out there's promising research showing ketamine is effective for alcohol use disorder, which will afflict roughly one-fifth of Canadians throughout their lifetime, according to Statistics Canada. "There are natural struggles in life that don't fit into this very rigid box we call the DSM 5," says Levy. "Our physicians are becoming progressively more open—not being flagrant about it, but satisfying themselves that maybe you don't have major depression, but you still have some sort of condition that can justify treatment." The U.S. is considerably looser in that regard; patients don't need a referral or pre-existing diagnosis.

When I ask Field Trip's Dr. Verbora if the company might some day accept someone like me, with no history of depression but exhausted by the general anxiety of life, his answer is, "Absolutely." Interest in psychedelics is only growing, he says. Those trying them, especially for the first time, need an appropriate setting in which to do so, with trained

individuals to guide them—the very infrastructure Field Trip is building. "I always joke that once a year, people will go and they'll do this reset," says Dr. Verbora, "and it'll just give them fresh perspectives on their life."

Field Trip's branding is certainly designed for mass appeal. The company sells clothes featuring its undulating rainbow logo, and it has a meditation app for "consciousness expansion." It's similar to the approach taken by Tweed, the cannabis company co-founded by Bruce Linton in 2013. (He went on to back a psychedelics company, too.) Tweed, which became Canopy Growth Corp., built a consumer brand long before the recreational market was established, helping it cement an early lead.

Levy goes so far as to say Field Trip is, at its core, a lifestyle company. Lately, he's been devoting thought to what a "psychedelic-informed" life can look like. "When you support people who are leaning into changing their lifestyle, tapping into meditation, eating healthier, exercising, being more empathetic," he says, "that's how you're going to

change the world."

Patients like Janine, meanwhile, just want relief. (She asked that we not use her last name for privacy reasons.) After surviving a suicide attempt a few years ago, the 34-year-old Torontonians began taking antidepressants. Two years later, she hit a low. In June, she had her first session with Field Trip. Afterward, she looked in the mirror and told herself she was beautiful. "That was the first time I actually believed it," Janine says. "After that first week, it sort of ripped out the skeleton of how I treated myself." By the end of the three weeks, she felt reborn.

When she noticed her old thought patterns returning, she booked another treatment in July, attended a group session in October and recently had another maintenance dose. Janine, who works in web development, likens it to updating computer software: It can be buggy, and sometimes legacy programming can gum up the works. "Each subsequent session has helped to remove more of that old programming," she says. "I've rewired so much of what I used to be. I'm okay for a while now." :



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**Gaylyn Craig**  
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## Purely cosmetic

**Jenn Harper** created Cheekbone Beauty to give back to Indigenous communities. Now its products are sold by the world's biggest beauty retailer

What I love about my culture is that Indigenous people are literally the OGs of sustainability. Our idea of success is about giving back, not attaining for ourselves. During the early days of Cheekbone, I had very little money, but I had a big, big dream. I'd work nine to five, and at night and on weekends, I'd go into a corner of my basement by myself, listen to podcasts and wrap all these orders coming through our Shopify store. And I'd think about how to get Cheekbone into a major beauty retailer and build the kind of brand people would want to support.

I was also paying attention to the concept of social enterprise—giving back to and supporting local communities. We realized the beauty space has a ton of room in terms of margin where you can create a healthy business and still do that. Originally, we committed to 10% of profits. We've since started our B Corp application, and to become certified, you have to guarantee you'll donate 2% of annual revenue. We're not profitable yet, but we've now donated over \$150,000 to First Nations' youth organizations.

As an outsider—I came from the food world—I saw everything wrong with the beauty industry. I knew there was a great opportunity to create a sustainable brand. And when I look at Indigenous culture, it's this respect and gratitude for, and relationship with, every living thing. At the same time, I was

### SEPHORA BY THE NUMBERS

**\$9.5**

BILLION  
IN SALES (US)

**2,500**

STORES

**32**

COUNTRIES

# The beauty space has a ton of room where you can create a healthy business and still give back

learning about my Anishinaabe roots, including the Seven Grandfather Teachings, and I wanted to take those principles for living with humility, honesty, respect and so on, and put them into a business.

But I also want to build a big company. That's what a lot of reporting seems to get wrong—the scalability of Indigenous businesses. There's this view that they're going to stay small and community-based. We are here to prove that wrong. Brands our size don't typically build labs; they don't employ full-time scientists who go from raw ingredients to formulation. The goal is to create products that are 100% biodegradable, vegan and clean according to major-retailer standards. We also have a target of zero waste. I've been open about saying that's completely unachievable, and it's really important that we're transparent about that. But it is our North Star, our big, hairy audacious goal. We know we're never going to zero waste, but how close can we get?

In 2020, it would've felt like staying online-only was the best thing. We grew 350% that year, all direct-to-consumer from our e-commerce platform. But I saw the digital world becoming extremely crowded. We needed another place for people to find Cheekbone Beauty. There was pushback from investors about whether omnichannel was the right thing. We could have looked for funding to build a platform to make sure people were finding us online. But the heart of our work has to be innovation and sustainability. And when an organization like Sephora, the largest beauty retailer in the world, invites a brand to share its space, it's massive street cred. Like, people would die for that opportunity, and I feel so fortunate our team did such great work to get us there in 2021. It also means more brand awareness, which in turn helps us fulfill our mission of giving back. We want an Indigenous person who goes into a Sephora and sees this brand on the shelf to understand another Indigenous person did that. That sustains the community.

/Interview by Alex Mlynek





# FOR ALL THE FUTURE LEADERS

Diversity, equity, and inclusion is more than a seat at the table. It's about fostering a culture of innovation, valuing diversity of thought and experience, and creating opportunities for women to grow, thrive and advance their careers.



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