WISDOM EXCHANGE 2012

100 WORTH KNOWING
WISDOM WORTH SHARING

THE FORUM FOR CEOS AND PRESIDENTS OF ONTARIO'S LEADING GROWTH FIRMS

THE WISDOM EXCHANGE 2012 REPORTER

ANNUAL CONFERENCE HIGHLIGHTS – MARCH 28–29, 2012

ON THE SCENE

The Ministry of Economic Development and Innovation's Wisdom Exchange conference, organized and hosted by the Business Advisory Services branch, is an annual conference where CEOs and presidents of Ontario's innovative growth firms from all business sectors meet to discuss key issues, learn from topic experts, and share insights, effective strategies and best practices. Wisdom Exchange 2012, held in Markham, Ontario, on March 28 to 29, proved once again that this unique forum is a dynamic way for leaders of small and medium-sized enterprises from across the province to connect and reconnect peer to peer.

Energy is high as 120 attendees mingle at the peer networking reception, a key component of the Wisdom Exchange event's continued success

WELCOME!

Thank you Ontario Innovators

Monte Kwinter, Parliamentary Assistant to the Honourable Brad Duguid, Minister of Economic Development and Innovation

"You hold the key to Ontario's economic success." That was the succinct message from Monte Kwinter, Parliamentary Assistant to the Honourable Brad Duguid, Minister of Economic Development and Innovation, in welcoming delegates to the 17th Wisdom Exchange.

Kwinter commended the CEOs in attendance for driving innovation through a commitment to research and development (R&D) and for pursuing exports in rapidly changing global markets. "In a world where capital, talent and knowledge move around the planet instantly, innovation is the key to wealth creation," he said, "but we recognize that the challenge lies in marketing that innovation – turning ideas into jobs."

Ontario offers a number of programs that can help businesses turn great ideas into market-ready products. Examples include the Ontario Network of Excellence (ONE), which helps businesses grow worldwide, and Energy Connections, which connects Ontario manufacturers with supply-chain opportunities in the energy sector.

In addition, the Ontario government is helping to make the province's business climate more globally competitive by educating and training a highly skilled work force, cutting business taxes and investing in the most comprehensive program of infrastructure renewal in a generation.

"But we need to move beyond these fundamentals to make Ontario a global economic leader," Kwinter noted. "We look to strong businesses like yours for ideas on how to better coordinate our strategies, better target our opportunities and do a better job of turning Ontario innovations into great jobs."

The Wisdom Exchange provides an ideal forum for open dialogue. "It is all about networking with other CEOs, presidents and owners of Ontario's leading growth firms; making connections; sharing knowledge; and learning from industry leaders," Kwinter said. He introduced the Wisdom Exchange 2012 keynote dinner speaker, airline innovator Robert Deluce, President and CEO, who was there to share his story on the making and growth of Porter Airlines Inc. "Bob Deluce of Porter is a risk taker who proved all of the naysayers in his industry wrong," he said.

"The fact that the Wisdom Exchange has been taking place for 17 years speaks volumes to the value it offers to CEOs and owners of Ontario's high-growth firms," he added, urging participants to continue to take advantage of the opportunity to learn from each other and help companies reach their full potential. "And thank you for all the work you do, for the risks you take and for the jobs and prosperity you create in Ontario."

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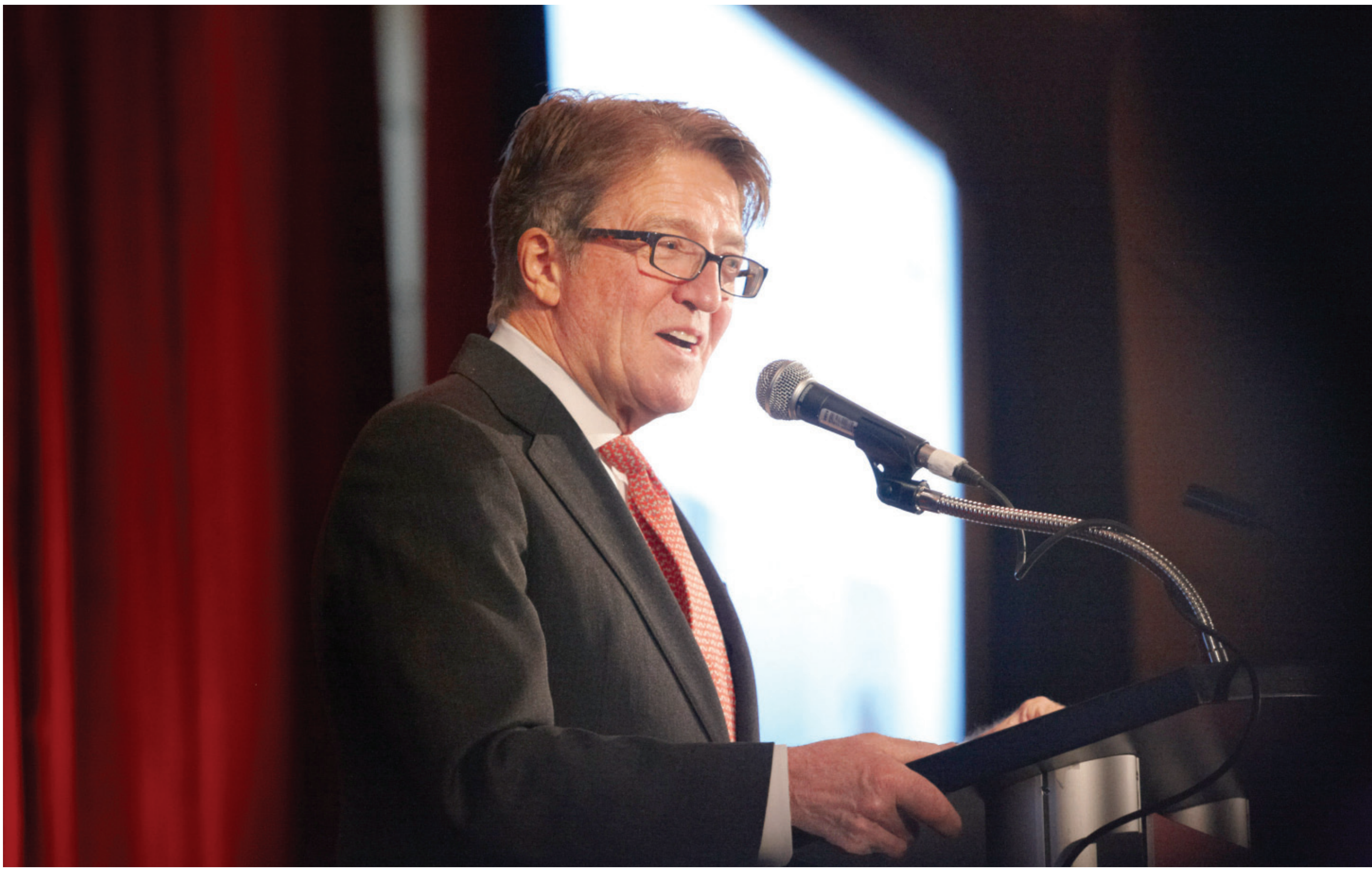
KEYNOTE ADDRESS

Revenue preflight checklist

Rick Spence, *Financial Post*, April 10, 2012. *Originally published in the* National Post. *Reprinted with permission.*



Robert J. Deluce, President and CEO, Porter Airlines Inc.

If there was a trophy for a business "least likely to succeed," cynics might have awarded it to Toronto based Porter Airlines before its 2006 launch. It planned a high-quality short-haul air service on the most highly competitive routes (Toronto to Ottawa and Montreal) from a hard-to-reach airport in a country that had lost most of its regional airlines, and in an industry notorious for destroying value.

Since its 2006 takeoff, Porter has persevered and succeeded. With a fleet of 26 Ontario-built Bombardier Q400 turboprops, 19 routes, 1,300 staff, and its first profit just entered into the log, Porter has moved from strength to strength. As evening keynote speaker at the 2012 Wisdom Exchange, founder and chief executive Robert Deluce offered many key lessons from Porter's story to help other Ontario businesses fly higher.

Know what you're doing

Deluce comes from a family of aviation pioneers that founded and ran such iconic companies as Air Ontario, Air Manitoba, and Canada 3000. Like his father, Deluce is a commercial pilot, and he knows the importance of a preflight checklist; he and his partners labored over Porter's business plan for more than five years before the company launched with 20 employees and $159-million in capital.

Setbacks can make you stronger

Deluce and his team were ready to walk away when then-Toronto mayor David Miller blocked the building of a bridge to Toronto's Billy Bishop downtown airport in 2003. But Deluce believed that southern Ontario still needed a higher-quality downtown air service, even if passengers had to take a ferry to the island airport. "That was one of many speed bumps that turned out to strengthen us," he said. "We hired more talent and raised more money. We are certainly better off for it."

Build your own brand

Deluce admits eyebrows were raised when Porter unveiled its raccoon mascot, "Mr. Porter." While many Torontonians consider raccoons a pest, Deluce says they exemplify qualities that Porter prizes: innovation, adaptability and persistence. "The raccoon survives and thrives under pretty adverse conditions," he said. "Our employees have taken Mr. Porter's skills to heart in doing their daily jobs."

Stick to your core

Deluce says many people have suggested Porter add flights from Pearson airport, but he adheres to first principles. Porter promises speed, convenience and exceptional service, and he contends that image would tarnish if Porter operated from the busy international airport.

Share the wealth

Following a profitable 2011, Porter made its first profit-sharing payment to its employees. "It has connected our people to our goals and objectives," he said.

Create value everywhere

Deluce contends Porter's positioning as a Toronto-centred airline is good for the city and the province: "Every new destination comes with a campaign for travel to Toronto and destinations beyond." Porter proudly promotes its made-in-Toronto fleet, he adds. In addition, Deluce notes that airfares fall by an average of 70% in the new cities Porter serves "Passengers have a choice."

Service matters

While many travelers complain about airline inconveniences, Porter demonstrates it doesn't have to be that way. In a recent Ipsos survey, 83% of air travellers reported they were "very" or "extremely" satisfied with Porter's service. "It's the highest rating Ipsos has ever seen," Deluce said.

Nimble wins

Asked about Porter's promotional pricing strategy, Deluce said the airline discounts only "for stimulating demand during off times, and only for a day or two at a time – By the time [other airlines] get around to matching our prices, we've moved on."

Fasten your seat belts

Porter's growth trajectory is still heading up. Later this year, it will launch a holiday division, Porter Escapes. It is also looking at expanding the $50-million passenger terminal at Billy Bishop airport that, at 18 months, is already nearing capacity.

"We are now past our 17 city/20-aircraft plan," Deluce declared. Clearly, the sky is not the limit.

Why choose a raccoon as Mr. Porter, the company mascot?

According to Porter Airlines President and CEO Robert Deluce, raccoons exemplify qualities that Porter prizes: innovation, adaptability and persistence. "The raccoon survives and thrives under pretty adverse conditions. Our employees have taken Mr. Porter's skills to heart in doing their daily jobs."

DISCUSSION FORUM

The Rubber Ball Strategy: Building resilience to survive crisis

Dr. Douglas Reid, Associate Professor of International Business and Strategy, Queen's School of Business, Queen's University

What are the chances a tree will fall on your house? It's probably unlikely, but that is precisely why homeowners buy insurance. Similarly, world events such as the 2008 financial crisis can suddenly sideswipe a company, knock it to its knees and even threaten its very survival, but few companies prepare for these extraordinary events. Why? Is it because they are unpredictable? How about the bursting of the tech bubble? Or the 9/11 terrorist attacks in Manhattan?

Although the exact nature of these crises differed, each created massive shock waves that rolled through the business world and crushed some companies. Other companies were able to bounce back. They had the resilience to survive. How companies can build resilience into their organizations is a question that intrigues Dr. Douglas Reid, Associate Professor of International Business and Strategy, Queen's School of Business.

Like buying house insurance, creating resilience within an organization can help it re-build after a crisis, Reid believes. Unfortunately, like insurance, there are premiums to pay. "Measures to build resilience do exist, but they require trade-offs and that's the problem," he said. "There is no perfect solution, but the upside is that companies with resilience survive."

Bouncing back: Real-world examples from Ontario

To ground the discussion in the real world, Reid began by noting that the companies represented at the conference must have survived the 2008 financial crisis. "So how did you do it?" he asked.

"By 2008, everyone in our industry was going bankrupt," said the CEO of a plastic injection moulding company. "We got together as much capital as we could, mortgaged everything in sight and bought assets at fire-sale prices. When things started to come back, we expanded, revenues grew from $320,000 to $3.2 million and now we're the largest survivor in our market niche."

"We fired 60 per cent of our customers," reported the CEO of a digital media design firm. "Competitive price pressures were driving us in a race to the bottom. When we looked closely at the numbers, we found that serving those customers was costing us too much time, money and lost opportunities. So we just let them go. We re-focussed on growing a roster of customers we wanted and it worked extremely well."

These companies and thousands more like them were able to survive the most recent shock. But how about the next one? And the one after that?

Resilience and the next market shock

Scanning the daily headlines reveals plenty of potential triggers for the next crisis. The impact of last year's Arab Spring continues to ripple through the Middle East. Most experts believe the sovereign debt crises in Greece, Italy, Spain and Portugal have been forestalled but not resolved. Rising food costs, peak oil prices and the hunger for consumer goods in China, India and other emerging powerhouses are all forces that could turn global markets upside down.

So what exactly is resilience and how can it help companies survive volatile markets?

"In the context of business, resilience is the ability to recover from a shock that originates outside the company," said Reid. "It's the ability to rebound, to come back stronger from a global economic crisis. Most importantly, it's the ability to come back at all."

Ensuring a company's ability to withstand market downturns seems like a basic business best practice, but Reid suggested that current business planning models such as lean processes or just-in-time manufacturing can strip away flexibility and not always be attractive when not used appropriately.

"The unrelenting pressure for performance creates a drive for efficiency that can be measured in terms of low rates of errors, optimized use of assets or leanness of supply chains," he explained. "Unfortunately, this tight system can leave the company very vulnerable. If you are running at maximum efficiency, you have no resources available to respond to sudden shocks."

The issue is that most planning models are designed to work within a stable operating environment that has certain predictable norms and expectations. Unpredictable shocks from outside the organization are difficult to factor into the model. Reid pointed to the example of Toyota. When the March 2011 earthquake in Japan shut down several key facilities, it broke the company's global supply chains and disrupted production capabilities for months. Toyota's system was a model of high efficiency, but it lacked the built-in resources to respond effectively to a massive shock.

"Essentially, building resilience means making trade-offs between elements of strategy that can improve performance, such as just-in-time production systems, and other elements of strategy that will ensure that the organization can flourish under a broader range of conditions," said Reid.

Tactics for building resilience

So how does a company create this capacity to bounce back? Reid has made a close study of organizations large and small. "Based on my research, I can make a few tactical and strategic recommendations for improving your organization's resilience," he said.

Efficiencies: Although lean processes and increasing business efficiencies make perfect sense, there is a compelling argument in favour of ensuring that the organization should always have enough spare resources available to cope with unanticipated events. One way of doing this is by creating strategic redundancies in terms of assets, skills or innovation platforms that can be quickly re-deployed if needed.

Too Big to Fail?: Size matters, but it is just as important to be careful how you achieve it. "The mindless pursuit of growth has doomed many organizations," said Reid. "Daimler-Chrysler, Cisco-Flip Video, Ford-Volvo – these are just three examples of acquisitions that destroyed share value and reduced the organization's resilience. All that destruction could have been avoided if the pursuit of size alone had been replaced by a strategy more focused on organic growth."

Simplicity: There is also value in simplicity and simplifying systems, processes and products where possible. "Complexity entails costs and risks," Reid said. "Making things simpler means there are fewer things to break."

Friends and Networks: Make friends and build social capital. Networks, connections and alliances can provide early warnings of upcoming shocks and provide mutually beneficial supports.

Death by Data Overload: Be judicious in what you measure. "The best companies measure only the critically few things that actually matter," he said. "Avoid getting distracted and drowning in the data."

Dr. Douglas Reid is one of the highest-rated instructors in strategy planning, implementation and leadership at Queen's University. Specializing in strategic planning with boards and senior management and in building organizational resilience, he currently delivers courses to or consults with corporate and government executives in Canada, the United States, Europe, Africa and the Middle East.

Manage Errors: Resilient companies also accept that error is a cost of doing business. The most important thing is to manage the impact of errors and ensure they don't infect the organization. "Highly resilient companies invest in literally hundreds of cheap experiments, most of which will fail," said Reid. "These experiments work like vaccines because failures yield information that can lead to creating new strengths."

Gut commitment to build resilience

Building the capacity for resilience takes time and real commitment. "A lot of people think they don't have enough time, that there aren't enough hours in the day, and I recognize that," said Reid, "but this is not a one-time investment, not something you can do over the weekend. It is an ongoing process."

Leadership and change management

Implementing strategies that increase an organization's ability to bounce back from external shocks is both a top-down and bottom-up process. "Leaders have to be gut-committed to building resilience," said Reid. "People have to see you have the guts to go through with it or they won't follow you."

The process also requires an acceptance of change within the organization, something that can be in short supply. "Research shows that, in any given organization, 20 per cent of people want change, 70 per cent oppose change because they are threatened by it in some way, and the remaining 10 per cent are undecided and waiting to see if this change is real or just another management flavour-of-the-week fad," said Reid. "The most effective strategy is to identify some low-hanging fruit, move quickly and score a few easy wins that can help you move some of the 70 per cent camp in with the 20 per cent supporters."

20%
of people want change

70%
oppose change

10%
are undecided

Building resilience comes from discipline, accepting trade-offs and maintaining a long-term perspective. It serves as a form of business continuity insurance against the unpredictable shocks and economic crises that increasingly rock the world.

"Embarking on a course of building resilience won't yield fruit for a while," cautioned Reid, "but resilient companies, unlike their competitors, will survive and be around to reap the harvest."

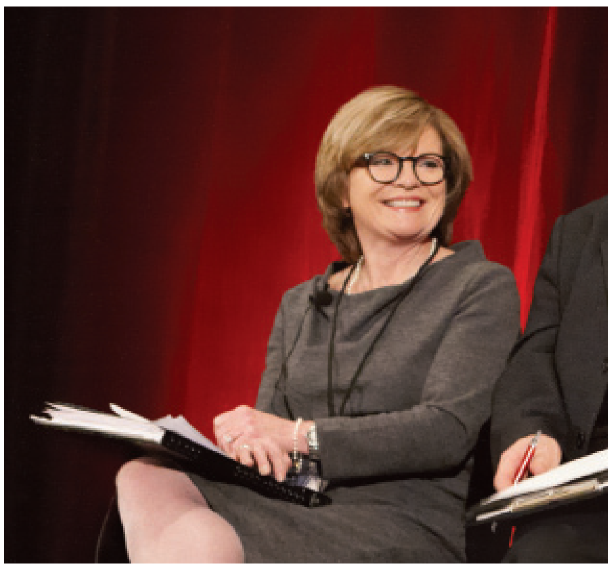
What is business resilience?

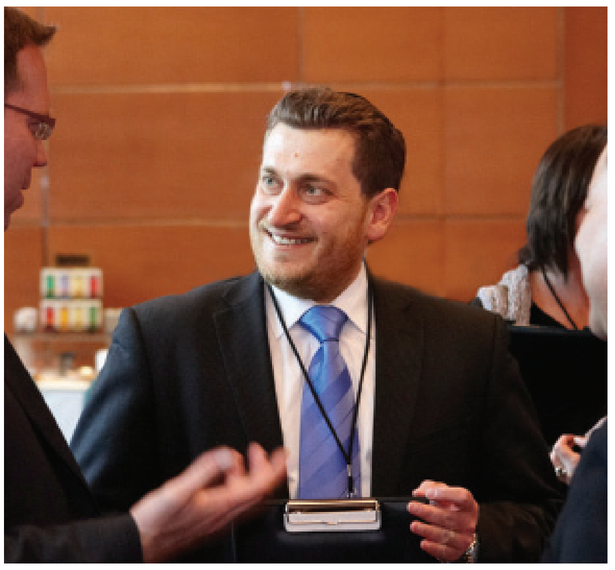
"Resilience is the ability to recover from a shock that originates outside the company. It's the ability to rebound, to come back stronger from a global economic crisis. Most importantly, it's the ability to come back at all."

WORKSHOP

HR Strategies:

People . . . the foundation of company growth





Moderator

Jill Birch, Principal and National Capability Lead, Market Development, Knightsbridge Human Capital Solutions

Presenter

William Greenhalgh, CEO, Human Resources Professionals Association

Presenter

Alex Rodov, Managing Partner, QA Consultants

People issues are among the most difficult challenges for CEOs, evidenced by the full house this early-morning workshop drew. Participants, from a cross section of Ontario industries, including information technology, pulp and paper, scientific research and parts manufacturing, raised a broad range of issues and received feedback and advice from the moderator, presenters and each other. Many were grappling with the same challenges and frankly discussed some of their obstacles, including finding the right talent to help them take their firms to the next level.

One of the presenters was Alex Rodov, Managing Partner of QA Consultants, which has grown to become North America's largest software testing and quality assurance company. It successfully goes head-to-head with the fiercely competitive, 24/7 information technology (IT) powerhouses in India and other offshore centres.

The second presenter was William Greenhalgh, former president of *The Globe and Mail* and currently CEO of Human Resources Professionals Association, Canada's leading association for HR professionals.

Jill Birch, Principal and National Capability Lead, Knightsbridge Human Capital Solutions, moderated the session.

High-stakes recruitment and decision making

The workshop began with Rodov briefly outlining the growth of QA Consultants, the largest software testing company in North America, which was founded in 1994. For the first few years, the company was relatively small and mainly provided testing services to larger IT firms. Then the tech bubble burst. IT budgets evaporated. In 2005, QA Consultants reinvented itself, began providing services directly to corporate clients and started to grow quickly. By 2008, said Rodov, "offshore suppliers started eating our lunch and we had to reinvent ourselves again."

Today, the company helps Fortune 500 clients in every vertical to develop and refine their quality management systems. Based in Toronto, QA Consultants recently opened a 20,000-square-foot testing factory that runs 24/7.

With more than 300 employees, QA plans to hire another 130 people this year. Employee recruitment is a top priority. Attracting applications is not a problem, according to Rodov. Word of mouth about QA Consultants among young techies is good. The company receives 250 applicants for every position. The big challenge is finding the potential employee with the right attitude because the stakes are so high.

"We get grads from the University of Waterloo and other places, and they are just brilliant, brilliant minds. They're sponges," said Rodov, "but our work is very innovative, next-generation IT. We have to spend $20,000 to $30,000 to bring each to the level of expertise we need in our specialized field. It's a big investment, so we ensure, as best we can, that they will be a good fit and that they will be happy working with us."

A solid indicator of the company's success is their client retention rate of more than 95 per cent and an employee retention rate of more than 90 per cent.

QA Consultants is in a knowledge-intensive industry, so it's no surprise that being able to recruit talent locally is critically important, but in this particular case there is an added benefit. "Local talent attracted to our business understand North American business culture, they understand how office systems work, they understand the language," said Rodov. "This gives us a significant edge over the offshore competition."

Driving leadership capacity throughout the organization

Birch was the second presenter. She outlined the unique approach that Knightsbridge Human Capital Solutions has developed to help companies make sure they have the people strengths needed to execute the corporate strategy. A key focus is building leadership capacity at all levels of the organization. "There has been a significant change in leadership styles," said Birch. "Organizations are no longer looking for an all-knowing dynamic hero, a Batman or Catwoman, to lead them and show the way. Organizations are less hierarchical, more diffuse."

Leadership today is complex. It demands much more than simply having the corporate executives demonstrate leadership and walk the talk of company strategies, according to Birch. It has to be supported by a culture that values leadership at all levels and by organizational practices that enable and encourage leadership on a day-to-day basis.

"We know that 70 per cent of leadership skills are learned on the job," said Birch. "That underscores how important it is to have leadership growth strategies as part of the day-to-day operations. These could include programs and activities such as mentorships, peer coaching and stretch assignments, some formal and some informal, such as telling stories at leader forums."

This change in our understanding of effective corporate leadership has been driven by the competitive realities of today's markets. "There are a lot of good solutions and innovative ideas throughout the company," said Birch. "There are tools to allow this stuff to rise to the surface and not get lost in the noise of corporate life."

To summarize, Birch identified the three dimensions of leadership capacity as Leadership Culture, Leadership Behaviour and Organizational Practices. Birch strongly recommends these are dimensions CEOs need to think about, and further identified the following seven steps that are "The Pathway to Build Leadership Capacity" in a firm based on The Knightsbridge Approach:

1. Clarify emerging environment and strategy
2. Redefine leadership requirements
3. Assess leadership gap
4. Develop new leadership behaviours
5. Transform leadership culture
6. Anchor in organizational practices
7. Measure and sustain impact

Shifting demographics and attitudes

The final presentation, from Greenhalgh of the Human Resources Professionals Association, offered insights into current and future key trends. Some of the material was derived from two new reports: *The Role and Future of HR: The CEO's Perspective* and *CanadaWorks 2025: Scenarios and Strategies for the Future of Work in Canada*. Both are posted on the Human Resources Professionals Association Web site (www.hrpa.ca).

According to the Canadian CEOs surveyed, HR professionals generally get good marks for delivering downsizing support, employee communications, performance management and other traditional HR areas. Where they could improve is in their understanding of the big picture, offering insights into how upcoming business issues might affect the company and speaking up more firmly within the organization.

Greenhalgh delved into the shifting demographics in today's workplace. It was a topic that clearly had traction with the workshop participants. "While there has been quite a bit of discussion about the attitudes of younger workers, we also need to

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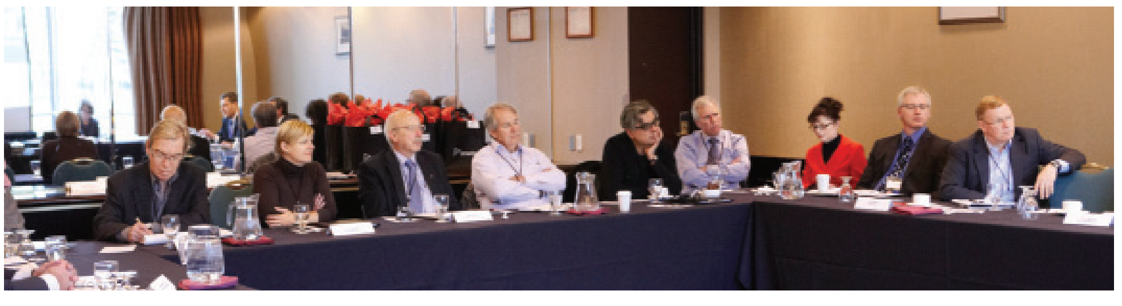

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better understand the attitudes of older workers because that is the fastest-growing segment of the work force," said Greenhalgh. "Since 2008, the number of jobs in Canada for workers aged 15 to 59 has dropped by 54,000, but during the same period, the number of jobs for workers aged 60-plus has increased by 292,000. And this trend is long term. In 20 years, seniors will represent 25 per cent of the population."

This last point raised a flurry of comments, questions and observations.

Participants share experiences

"I'm having some real problems with my older workers," said one participant. "They are nearly 70, with no plans to retire, and some of them aren't as productive as they used to be, but they have been with the company for decades and I feel a sense of loyalty to them. At the same time, I'm having to lay off some younger workers who could really take the company to the next level. I don't know the answer to this one."

Two others in the room said they have the exact same problem. The advice that emerged from both the expert presenters and some of the other workshop participants was that it was best to deal with it sooner rather than later with honest discussions, transition programs and other forms of engagement.

Another executive spoke up for some of the older workers, saying they were in fact more productive than some of his twentysomethings.

"One of the problems in talking about Generation Y, or the Millennials, and older workers is that the labels become defining and therefore limiting," said Birch. "It's absolutely critical to avoid stereotyping and deal with employees on a case-by-case basis."

That being said, Greenhalgh recommended focusing on the talent balance within an organization. It is important to recognize that matching the right person to the right job involves matching skills and aspirations, and those could be affected by age.

"Workers aged 18 to 44 are looking for career advancement opportunities and a work/life balance in addition to a good paycheque. In contrast, workers aged 55-plus place a much higher priority on having challenging work than career advancement opportunities," he said. "Depending on the specific job requirements and expectations, a more senior worker might be the right choice."

Several other HR issues were touched on, including the value of training. Although there was general agreement that training was an ongoing necessity, one participant remarked that in some cases it was unproductive. "We've learned not to try and change people. We've found that it is a waste of time and money to try training people to be better at something they are just not good at and probably never will be," he said. "It's much better to find out what people love and are naturally good at, link that to positions within the company, then help them get even better."

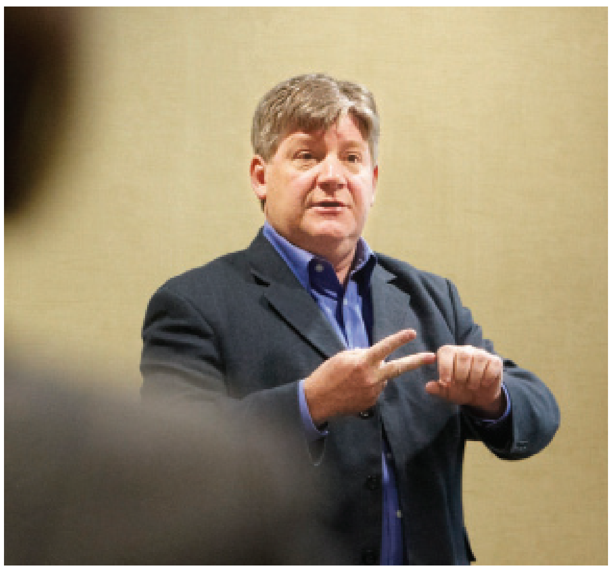
The greying of Canada's work force?

"Since 2008, the number of jobs in Canada for workers aged 15 to 59 has dropped by 54,000, but during the same period, the number of jobs for workers aged 60-plus has increased by 292,000. And this trend is long term. In 20 years, seniors will represent 25 per cent of the population."

– **William Greenhalgh,** CEO, Human Resources Professionals Association

WORKSHOP

Social media and the bottom line

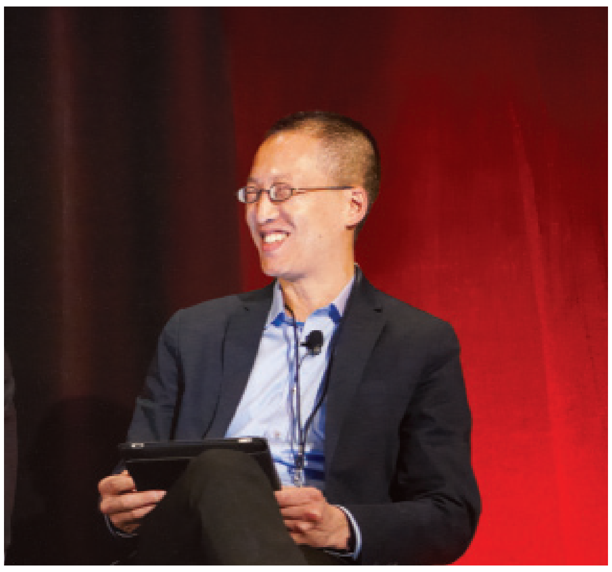


Presenter

Jeff Quipp, Founder and CEO, Search Engine People Inc.

Presenter

Spencer Saunders, President, The Juice Agency Inc.



Moderator

Derrick Cho, Vice President, Business Development, Bryan Mills Iradesso

Kevin O'Leary of *Dragon's Den* fame might say this about social media: "That's all very nice, but how does it make me any money?" Attendees at the Social Media and the Bottom Line workshop learned the answer to that question and a lot more at a lively session that featured probing questions and shared experiences.

Moderator Derrick Cho, Vice President, Business Development, Bryan Mills Iradesso, laid the groundwork with some startling statistics that define the new business-to-business (B2B) landscape.

"There's a definite shift to moving marketing budgets to online activities," he said. "In 2008, it was seven per cent of the B2B marketing mix, but by next year, it will reach 12 per cent. More than 85 per cent of B2B companies are already using social media, things like Facebook, Twitter and LinkedIn, and B2B interactive marketing spending will reach almost $4.8 billion by 2014."

Cho said that new digital technologies are creating new opportunities that are changing the nature of B2B interactions through more personal and emotional communication. "The distinction between B2B and B2C (business-to-consumer) companies is artificial," he said. "Today, it's about business-to-people."

What is social media?

Cho's introduction prompted a simple question that was top of mind for many workshop participants: What is social media? For those who may have been confused about the jargon and buzz about social media, Jeff Quipp, Founder and CEO, Search Engine People Inc., offered a succinct definition: "Social media is word of mouth, enabled by technology. It's the technology that allows us to share word of mouth much faster and with a much broader audience. It enables you, as a business person, to share information that you like faster and with broader groups of people."

Spencer Saunders, President, The Juice Agency Inc., added that social media is not confined to things like Facebook and Twitter since platforms for social media will continually evolve. "Platforms will live, and they will die," noted Saunders, "but they represent a fundamental shift in the way we share and consume information, and that is the crucial thing to consider."

With that clear image established, workshop participants were on their way to discovering how social media can and will help them boost their bottom lines.

The power of messaging

Quipp started the discussion with a bold statement: most purchasers no longer believe messaging from advertising campaigns. Today, more people place their trust in what friends and associates say about a company, product or service, with a surprising 62 per cent of consumers researching online before they buy.

"Today, people want to mitigate their risk," he said, "and this will only increase. When you go back to your office today, check out what is being said about your brand. Surveys show that 21 per cent of people will change their buying decision from only two negative reviews. The upside is that if you can identify issues and problems with your customers and solve them in real time, 67 per cent of them will delete or reverse their negative review."

As an example of what not to do when your company's reputation is being damaged online, Quipp recounted the well-known story of how United Airlines fumbled a passenger complaint over a guitar that was damaged in transit. After repeated rebuffs from the airline for compensation, Halifax musician Dave Carroll posted a "revenge video" *(United Breaks Guitars)* that soon had 1.5 million hits on YouTube. The airline had a sudden change of heart and donated $3,000 to a music education charity.

"Social media is to word of mouth what gasoline is to fire," said Quipp. "It's an accelerant. For something to get attention on social media, it's got to be something remarkable, and it can be good or bad. You should be monitoring what is being said about your company, and there are many excellent listening tools to enable that. Google Alerts is a free service, but it doesn't work in real time. There's also HootSuite to monitor Twitter and Facebook, and Radian6 is a good paid service that will keep you up to date on your company's social media reputation."

Content is key

Moving to the proactive side of social media, Quipp emphasized

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the importance of companies using compelling content to attract and retain customers. One workshop participant asked how an industrial manufacturer (e.g., a metal fabricator) could possibly have content that would be compelling.

"Content can be a lot of different things: an article, a blog post, an image, a video, a white paper," said Quipp. "Whatever it is, the better the quality, the more likely it is to get shared. And when it gets shared, it draws people to your Web site and your company."

While everyone agreed that video is now easy and inexpensive to produce and can be hosted for free on YouTube, the next question raised by a workshop participant with a manufacturing operation drew intense interest: "What do I put in my video?"

Quipp offered the example of a video produced for a manufacturer: "One manufacturer I know used a video on YouTube for product demos. Whatever it is you make or do, people can see it, and a complex concept can be shown. The sales force uses it as collateral; the video is part of the sales call. Ninety seconds of video can communicate a lot of information."

The sales funnel

With workshop participants now comfortable with the basic concepts of social media, Quipp offered a specific process that they could use to make social media a contributor to the bottom line.

"Picture social media as a sales conversion funnel," he said. "At the top of the funnel, we are going to use top-quality content to attract people to our Web site. Things like Twitter and Facebook are the outposts for our content, drawing people in. So we've brought them to our Web site with good content, and once they are there, we can capture their information through things like e-mail newsletter subscriptions. We're using social media as a process to convert leads into customers."

A fundamental shift

Saunders agreed with Quipp that social media is not a single platform or product. "It is a fundamental shift in the way we communicate and interact with each other," he said, "for both companies and society. Last night here at the Wisdom Exchange, I was talking to a CEO of a company that manufactures parts for utility companies. He was telling me that his challenge is the fact that all of his customer contacts are retiring. Now he's dealing with thirtysomethings in the procurement departments who don't know his company. His company doesn't have a social media presence, and they don't have much of an Internet presence. They're realizing that they are not currently well situated to tap into the next generation of people they have to reach."

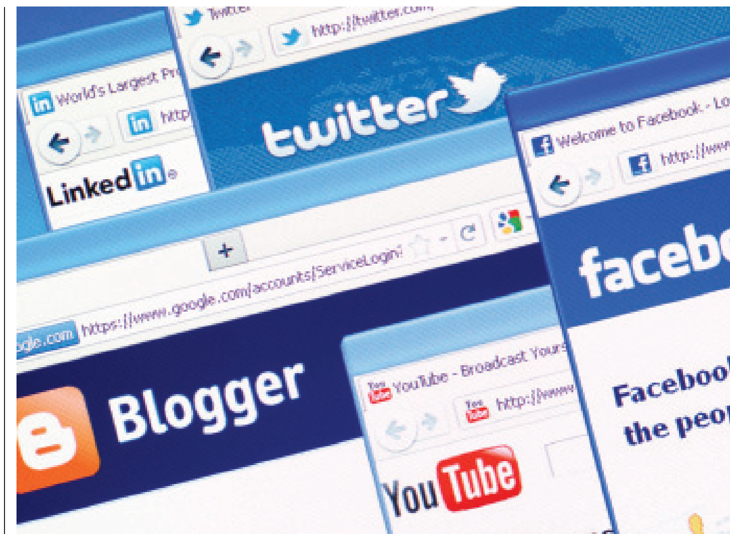
Regarding the concern for return on investment (ROI) from social media, Saunders suggested that companies instead consider their "return on objective."

"Social media can be many things," he said. "It can be a sales channel, it can be a customer channel, a part of HR, a recruitment channel. It can be used in a variety of contexts. So I think we should ask, what is the greatest benefit I can derive from social media and am I achieving my objectives in doing that?"

Internal communications

Presenters and workshop participants offered several examples of how social media can be used as an internal communications tool to boost productivity. One company has set up a closed Facebook group where employees can communicate freely, while another uses Yammer, a free private social network used by more than 200,000 companies worldwide. The CEO of a data management company offered his idea of setting up a group on LinkedIn to share industry-specific information and maintain ties with clients.

"New technology does not always yield new revenue streams," noted Saunders, "but it often introduces new efficiencies, which lead to cost savings and an increase in your bottom line. Inside the organization, it can give your employees a voice and leverage insights from all levels. It can also serve as a platform to communicate a shared vision for the growth of your company. Outside your company, it can give prospective customers a clear sense of who you are and define your culture."



A fundamental change in business communications

"Platforms [such as Facebook and Twitter] will live, and they will die, but they represent a fundamental shift in the way we share and consume information, and that is the crucial thing to consider." The top social marketing platforms of choice for marketers in 2011 were Facebook (87%), Twitter (86%), LinkedIn (76%), YouTube (66%) and Blogs (56%).

WORKSHOP

Fast-tracking effective partnerships

Presenter

Christopher Comeau, Founder and Practice Leader, catalysis[3]

Forging partnerships is an attractive strategy for many business owners who are seeking an edge in an increasingly global marketplace. Partnerships can be a quick and powerful way to grow the capabilities and reach of your company, expand access to capital and market share and increase your flexibility while reducing risk.

Partnerships often mean different things to different people and it is this lack of clarity that represents a major stumbling block in creating successful ones. A great deal of time and energy can be expended to no avail. Often partnerships either do not get off the ground or the anticipated results do not materialize.

In this practical workshop, Christopher Comeau, Founder and Practice Leader of catalysis[3], which specializes in helping with highly complex change transformation, shared a set of questions to help CEOs quickly assess the feasibility of a potential partnership before committing more resources.

"As decision makers, you often find yourself in situations where you think you should partner with a company or organization, but you're not really sure it will work," he said. "Answering these questions will give you the ability – on the back of a napkin, in 10 minutes or less – to ask yourself if it can realistically work and to then sit down with a potential partner for an hour or two and go through the same process to confirm if it's a go or no go."

Comeau explained partnerships require collaboration (defined as mutual effort and accountability for results and leadership commitment), as well as communication, consultation and coordination.

Start the conversation with a focus on what you are going to give, not get, Comeau emphasized.

Discuss these three questions up front:

1. What value do you each have to offer in order to contribute to the intended outcome?
2. What value do you you need from others to help achieve the outcome?
3. What are the core values or business rules that cannot be violated by any action taken by the partners. For example, is your brand sacred or, perhaps, is there a segment of your market that your partner cannot touch?

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Defining the partnership

Partnerships are often confused with supplier arrangements. A true, sustainable partnership needs a mutual exchange of value, Comeau stressed. It implies collaboration where there is mutual effort and shared accountability for results. If the answers to the above questions do not point to this higher value (see “Three Keys to Partnership Success”, right), it is better to either walk away or, if appropriate, agree to simply buy services from each other as needed.

However, if the initial conversation and answers provide a comfort level in moving forward, then Comeau recommends these next steps to follow up and fast-track a partnership:

- Agree on a first target initiative, with a specific objective that can be achieved in six to 12 weeks. Committing resources and creating momentum through actions are necessary in order to focus everyone and to avoid having the partnership fizzle out.
- Align leadership and set accountability in place. Both CEOs must be in agreement on the outcomes, must communicate well with each other and must be tuned in to what their employees are doing to accomplish the anticipated results.
- Jointly report on the results of the first initiative in relation to the intended outcome. Is there an early win and proof of the ability to work together?
- Agree on next steps as appropriate.

Not all partnerships can work and, in such cases, remember that time is precious and either find a solution or “fail fast” and move on to the next opportunity, Comeau advised. However, the chance to achieve a successful partnership will be greater under the following conditions:

- Clarity exists. (Is everyone speaking clearly and is their intended meaning understood or are the same words being used to mean different things?)
- There is an outcome focus. (Can you state in one sentence what will happen as a result of the actions taken by you and your partner so that others will come onboard?)
- There is understanding of the context. (How do you and your partner see the world you operate within, whether that be the regulatory environment, social changes or whatever has an impact?)

Participants share experiences

In a discussion about what partnerships mean to them, workshop participants mentioned mutually beneficial relationships, sharing resources, interdependency and having a limited time frame. Potential partnership benefits include leveraging the strengths of each partner to offset weaknesses, filling gaps in the market, greater buying power and extended market reach.

Some of the characteristics participants look for in a partner include ethics, a strong network and a healthy client base. Having a well-defined vision yourself can help you find a good partner with synergies.

One participant maintained that it is impossible for a smaller company to have a successful partnership with a larger organization. The different levels in big companies and organizations often disagree and put up roadblocks, even if the CEO and leaders support the partnership. Another participant was skeptical of whether true partnerships could ever be created since power struggles are a common barrier. However, both Comeau and other workshop participants shared the following examples of successful partnerships:

- **Go-to-Market Partnership:** A company partnered with a subject-matter expert in an area where it lacked knowledge needed by its clients and they developed a joint solution to go to market.
- **Supplier-Customer Partnership:** A company convinced a customer to give it a piece of equipment the customer could no longer afford to run profitably in return for the customer receiving front-of-the-line access to production when needed. The customer benefited as did the company, which was able to increase its sales to other customers by having the new equipment.
- **Competitor Partnerships:** A small moulder aligned with a larger one to get something it only needed for its customers occasionally or where a company with a specific expertise combined with a larger-scale competitor that lacked certain knowledge or skills to fill market needs.
- **Industry Partnerships:** Companies and groups in an industry partner to leverage their combined strengths for buying power.

Another area of debate among workshop participants revolved around trust and whether contracts are necessary in partnerships. Everyone agreed that trust, ethics and integrity are important, with some feeling that they are even more important than contracts. Others felt that contracts should be in place for clarity in case things go wrong. Comeau cautioned not to confuse supplier arrangements with true partnerships.

“As a leader, you must assess the risks up front,” he advised. “If you lead with paper in a potential partnership, it usually doesn’t work. Instead, test out the relationship first on a small scale before you pay lawyers and get into long legal documents.”

Comeau concluded with this advice: “In today’s world, it’s wise to seek out partners for more sustainable solutions rather than trying to build from scratch.” And, if you already have good partners, he recommends that you brainstorm how you can do things better. “The test of a good partner is whether he or she agrees to get together to do this and, if so, you’ll be amazed at what will come out of that kind of conversation.”

Three keys to partnership success

Without these three ingredients, you may simply have a supplier arrangement or some other kind of business relationship, such as collaborating in a supply chain, rather than a true partnership that enhances business value for both parties.

1. A clear outcome, either shared or distinct to each partner. If you can’t express what this is and write it down, it is likely not viable. It can’t simply be a generalization like “We have a good relationship,” but, rather, it should specify what the relationship is producing – for example, “We have increased our business five per cent based on what we are selling together.”

2. Specified mutual exchange of value that directly contributes to the intended outcome. The potential for a lasting partnership will be greater if there is mutual value beyond just buying a service.

3. No violation of the core values of any partner. You really must ask this question out loud: If we proceed with a partnership, what is it that you haven’t said that absolutely cannot change? This could include things like an ethical basis, a certain kind of go-to-market strategy or how your brand is used.

Comeau raises thought provoking questions for consideration by experienced leaders of Ontario growth firms to assess the potential of partnerships

WORKSHOP

Raising capital and securing finance

Moderator

Andrew Wilkes, Partner, Management Initiatives Inc.

Presenter

John Marshall, President and CEO, Ontario Capital Growth Corporation

Presenter

Mark Usher, Partner, Wellington Financial LP

Andrew Wilkes, a Partner at Management Initiatives Inc., who has participated in several Wisdom Exchange workshops over the past several years, noticed something different about this year's event. "The last few years, delegates were here to talk about surviving. They just wanted to know how to survive," said Wilkes. "This year, they wanted to talk about growth."

Raising the capital and securing the financing that companies need to grow was the subject of Wilkes's workshop. He was joined by co-presenters Mark Usher, a Partner at Wellington Financial LP, and John Marshall, President and CEO of Ontario Capital Growth Corporation.

Financing growth: Debt or equity?

Usher's company, Wellington Financial LP, a privately held specialty finance firm, provides operating lines of credit of $1 million to $5 million and venture debt loans of up to $10 million. The company is currently deploying a $450-million investment program via its third fund. Usher said that what makes his company attractive to businesses looking for capital is that Wellington's interest-only loans don't carry the same equity costs as many other sources of financing. In addition, Wellington takes on companies that are breaking even or in some cases losing money – companies, he notes, that banks won't touch.

"We aren't for everyone," he said. "It's not cheap money. There is no question about that. But for some people, it can be an answer."

Wilkes represents a different approach to providing financing. He is an angel investor, one of those intriguingly named individuals who provide start-up capital to businesses, often in exchange for an equity share. Angels frequently fill the gap that falls between the seed money given by family and friends and the venture capital that is available to more established companies.

Wilkes is a founding member of the National Angel Capital Organization, which provides advice and support to angel investors, as well as to entrepreneurs seeking investment. In Wilkes's view, what sets angel investors apart is that they invest their own money, meaning that they have a much more direct stake in the success of the companies in which they are investing. They also invest more widely, usually helping 30 to 40 times more companies than venture capitalists, and they get in and out of deals more quickly.

"We tend to look for short-term deals, and we are very focused on milestones. For me, I want to help a company achieve certain specific goals, and then I'm out and looking for someone else to help. I'm a bit of a deal junkie."

Government co-investment financing available

Marshall outlined government assistance available for companies in need of financing. Ontario Capital Growth Corporation oversees the $250-million Ontario Emerging Technologies Fund (OETF), which co-invests, alongside qualified venture capital funds and other private investors, directly in innovative, high-growth Ontario companies working in clean technologies, life sciences and advanced health technologies, or digital media and communications technologies. Since it was launched in 2009, OETF has committed $55 million in 35 different co-investments.

"The OETF basically becomes a shareholder, and a very committed one, in your company," said Marshall. "If we invest one dollar, we keep another two back in case further investment is required."

A network of support to strengthen the bottom line

Marshall told the audience of assembled business owners and prospective owners about the Ontario Network of Excellence (ONE), which is a province-wide team of experts and advisors that offers support and education to member companies. He also mentioned the Investment Accelerator Fund (IAF), which is delivered through ONE. The IAF invests up to $500,000 in technology companies that have the potential to be global leaders in their fields, while providing economic benefits to Ontario.

Finally, Marshall mentioned a federal program, Federal Economic Development Agency for Southern Ontario (FedDev Ontario), which was established in 2009 to help the southern Ontario economy meet the global economic challenges that had become prevalent. FedDev Ontario offers a number of programs that deliver strategic investments to businesses and helps them establish important partnerships.

"Entrepreneurs need to know that there is a whole network of supports in place for them," said Marshall. "In fact, there is a whole ecosystem out there in terms of capital that can suit whatever stage their business is at."

Bank financing "cheap but not easy"

Following the three presentations, Wilkes asked the workshop participants who they were and why they were attending. It was a diverse crowd, with a wide range of different businesses represented – from online printing to aerospace and environmental recycling. What they had in common was that all were experienced entrepreneurs with young growth businesses and they were looking for ways to raise money. They also had in common a sense that the traditional method of obtaining money from a bank was really not available to them. Their experience had been that banks are often too risk averse to take a chance on unproven companies.

Usher, who began his career at Royal Bank of Canada, confirmed that this is often the case. The advantage of banks is that they demand a comparatively low rate of return on loans, but the disadvantage is that banks are less inclined to take risks and stick with companies through thick and thin.

"I always used to joke when I was at the bank," said Usher. "We may be cheap, but we're not easy."

Capital strategies linked to business stages

Wilkes told the workshop participants that it is important for young growth businesses to understand the various stages of fund raising and capital investment and to be very clear about which stage their business is at.

"In the beginning, before you really exist as a company, you may have access to some government funding. Otherwise, you're relying on family and friends. Then, when you have started to take shape and you look like you may amount to something, you can attract the attention of angel investors like me. Once it's clear that you do in fact amount to something, you can catch the eye of venture capital. And finally, when you are rock solid, you can talk to banks."

Usher added that there is one basic reality about starting a new business that all the experts and all the workshops in the world can't change: "Most often, the first money you raise will be the most expensive. There is no getting away from that. Until you have recurring revenues and demonstrated stability, that is going to be the case."

The rest of the workshop was given over to specific pieces of advice:

- Have a clear business plan.
- Understand your market.
- Be prepared to demonstrate expected revenue if you are looking to raise capital.
- Understand how much equity you are prepared to give up in exchange for that capital.
- Consider expanding beyond Ontario, and Canadian, borders.

Above all, said Wilkes, enjoy the fact that you are a business talking about growth in 2012 instead of dreaming of survival in 2009.

An ecosystem of financing options

"Entrepreneurs need to know that there is a whole network of supports in place for them. In fact, there is a whole ecosystem out there in terms of capital that can suit whatever stage their business is at."

The mood was positive as workshop delegates kicked off Thursday morning with an energetic and informative workshop on financing

Workshop drew a diverse group of experienced entrepreneurs from a wide range of businesses, including Jeff Nugent (left), President and CEO of Contingent Workforce Solutions, *PROFIT Magazine's* number one "emerging growth company" in Canada last year, with two-year sales growth of 10,330 per cent

Visit the following websites for more information on:

Ontario Emerging Technologies Fund	www.ontario.ca/ocgc
Investment Accelerator Fund	www.marsdd.com/aboutmars/partners/iaf
Ontario Network of Excellence	www.oneinnovation.ca
FedDev Ontario	www.feddevontario.gc.ca
National Angel Capital Organization	www.angelinvestor.ca
Wellington Financial LP	www.wellingtonfund.com

THE ECONOMIST PANEL

Optimism and shifting paradigms

Moderator

Tom Clark, Chief Political Correspondent, Global National News

Panelist

Derek Burleton, Vice President and Deputy Chief Economist, TD Financial Group

Panelist

Peter Hall, Vice President and Chief Economist, Export Development Canada

When moderator Tom Clark of *Global National News* asked the CEOs attending the session for a show of hands to determine how confident they were about the coming five years, the response was clear. Almost every hand in the room went up. And that optimism was mirrored, albeit cautiously, by some of Canada's leading economists, who were brought together to talk about critical issues and answer questions at the 2012 Wisdom Exchange. They began by commenting on some of the key factors that will shape the Canadian business world over the next few years.

Views of the Economists

The Short-Term Outlook: There was a general consensus that the fundamental factors that drove performance in 2011, such as interest rates and exchange rates, are basically the same for 2012, hence slow but continued growth can be expected. "If anything," commented Derek Burleton, Vice President and Deputy Chief Economist, TD Financial Group, "things are better in 2012 than we thought they would be a year ago."

"What is different is the U.S. economy," said Robert Hogue, Senior Economist, Royal Bank of Canada. "It's been slow coming, but we're seeing signs of faster-than-expected growth and that means we can expect Canadian exports to increase."

"There is a different growth reality now," added Warren Jestin, Senior Vice President and Chief Economist, Scotiabank Group. "The strategies companies need now are different from when markets were expanding. If you want to grow sales, you need to grow market share and improve margins."

Peter Hall, Vice President and Chief Economist, Export Development Canada, offered a slightly different perspective. "If you look at the macro level, the picture is low growth," he said, "but keep in mind that the public sector is shrinking. That means the private sector is actually growing fairly well. U.S. factory numbers, for example, are indicating significant growth. There are pockets of real growth, and if your market is in one of those pockets, you would want a different strategy than would be suggested by the macro, low-growth scenario."

Inflation: Again, there was general consensus that inflation is not a major concern, certainly over the next 12 to 18 months.

"Inflation won't be a big issue over the next 18 months except possibly in pockets like agriculture," said Jestin. "I would be much more worried beyond next year about a structural shift that could push inflation higher. Health-care and environmental issues will be inflationary on a longer-term basis."

"No one expects inflation getting above three per cent, certainly not runaway inflation – eight or nine per cent," added Hall.

Exchange Rates: Despite the volatility of recent years, which have seen exchange rate swings of 11 per cent, the Canadian dollar is expected to remain strong and at par with the U.S. dollar for the near future. "For planning purposes, assume parity," suggested Burleton.

"If you don't like the Canadian dollar at par, get over it and move on," said Jestin. "Looking at the global picture, though, currencies from emerging economies like China are appreciating, which will probably mean the end of some of the deflation in imported technologies that we have grown to expect, such as laptops getting cheaper every year."

Housing: "We think Canadian housing prices are 10 to 15 per cent overpriced, but it is very localized, very different in different markets," said Burleton. "We're not seeing the acceleration in prices that we've seen in typical bubbles. Possibly in Vancouver, but that market is showing signs of slowing down. My concern in the Toronto area is the condo market. Massive numbers of condos have been built and pre-sold in recent years. Anecdotally, we know many of them were purchased by offshore or domestic investors. We simply do not have good data on the investor-owned segment of the market or how it might react to market shifts."

"The U.S. housing market is turning around," said Hall. "Foreclosures are down, activity is up. Absolutely, it's coming around."

"As employment in the United States picks up, we expect housing will pick up as well," agreed Hogue. "By the end of next year, it won't be back to where it was before the financial crisis, but there will be growth. Further down the road, the pent-up demand will push more growth."

Energy: "I think we're looking at relatively stable oil prices for the next few years," said Hall. "I certainly don't think we're looking at $200 a barrel prices."

"Our view is that oil prices will remain fairly high for the next few years," Jestin agreed. "But if you look at natural gas, we've had a technology innovation fracturing that creates a different picture and may keep prices down."

Panelist

Robert Hogue, Senior Economist,
Royal Bank of Canada

Panelist

Warren Jestin, Senior Vice President and
Chief Economist, Scotiabank Group

Questions from the Audience

Following the panellists' opening remarks, moderator Tom Clark took questions from the audience.

The buzz in the United States is strong for manufacturing returning from offshore. What impact will re-shoring have on Canada?

"One of the drivers behind re-shoring is the increases in wages and transportation costs in China," said Hall. "Anecdotal evidence suggests that while the official statistics have business costs rising at eight or nine per cent, the reality is that costs are rising at 25 to 30 per cent."

"The re-shoring of U.S. manufacturing is not necessarily bad for Canada," Jestin pointed out. "After all, we are in the supply chain."

How will the shortage of skilled labour affect the re-shoring business model?

"No question, we have a shortage of skilled workers in certain areas, and that constrains growth," said Jestin. "Immigration obviously helps us in that respect, but the key is retooling our education system. We need to revitalize the educational system to focus on skilled labour."

Hall picked up on that point and added that business owners can't wait for skilled labour to come to them. "Immigration won't solve this. Education may, but it is slow. Right now, businesses need to be prepared to locate where labour is and that means opening operations in countries where labour is available now."

What assurance do we have that the 2007–2008 worldwide meltdown will not happen again?

"There have been some lessons learned and new regulations are in place covering U.S. and European banks," said Hogue, who then added, "Will we go through the same crisis again? Very unlikely. Will there be another crisis? Likely."

Looking ahead over the next few years, if there is one surprise on the positive side, what would that be?

"I think the Indian economy is replete with potential resources, particularly in terms of highly skilled young people," said Hall. "There are still significant hurdles to overcome, but if India can bring the right business and political levers to bear, it could be an engine for global growth and a good market to sell into."

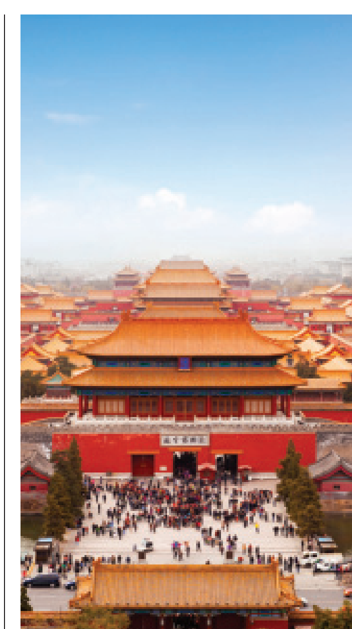
"I think the U.S market has the potential to outperform our expectations," said Hogue. "Because Ontario manufacturers are tied into their supply chains, that will be good for us."

"The U.S. rental market is booming, which can be a leading indicator of the housing market," noted Burleton, adding his voice to the consensus on the growing strength of the U.S. market. "In terms of emerging markets, I see some downside risk in China, which is growing too fast."

"U.S. exports are doing well and have been since 2008, especially exports to emerging markets," said Jestin, before pointing to a major structural change in global markets. "We've been looking at China as a low-cost supplier, but that paradigm has shifted dramatically. We have to look at China and other growing economies as consumer markets. China is now the world's third-largest tourism market."

The rise of emerging markets such as China and India as consumer economies, the re-shoring of manufacturing, the uncovering of high-growth pockets in a low-growth macroeconomic picture and a cautiously optimistic outlook – the 2012 Wisdom Exchange Economist Panel clearly produced enough good news to justify a strong vote of confidence in the future.

As one observer remarked, it all made for a much better forecast than the mood that has prevailed in recent years.



A paradigm shift in global markets

"We've been looking at China as a low-cost supplier, but that paradigm has shifted dramatically. We have to look at China and other growing economies as consumer markets. China is now the world's third-largest tourism market."

PLENARY SESSION

Building a great Canadian global brand

Dani Reiss, President and CEO, Canada Goose, 2011 Canadian Entrepreneur of the Year

The goal might have seemed like a long shot years ago, but Canada Goose President and CEO Dani Reiss revealed in his bona fide presentation at the Wisdom Exchange how his family built a private label apparel supplier into one of the world's hottest brands and suggested how other companies can do the same.

A vocal advocate of "Made in Canada," Reiss has earned a reputation for his ongoing commitment to authenticity by refusing to move the company's production outside of Canada's borders.

Toronto-based Canada Goose makes high-end down-filled parkas and accessories that sold out from Rome to Rotterdam before taking off in North America. Today, Canada Goose is a premium-priced brand, with legions of followers and counterfeit copycats all over the Internet. In his presentation, Reiss reviewed the company's history and offered five "differentiators" that keep Canada Goose flying high.

The company was started in 1957 as Metro Sportswear by Sam Tick, a Polish immigrant and Reiss's grandfather. Metro was one of many small apparel makers that provided work clothes to trucking firms and industrial companies. Reiss's father, David Reiss, married Tick's daughter and joined the company in the early 1970s. An interior designer, he refocused Metro on down-filled winter wear, supplying store-branded clothing lines to retailers such as Sears and Timberland. David also invented a machine for filling clothes with down more efficiently. After selling just a few units, he decided to stick to garment manufacturing, leveraging his machines as a competitive advantage.

But it was hard slogging; the company had 40 employees back then and only produced clothing eight months a year. Reiss said his parents encouraged him not to enter the business. "They said, 'It's going to kill you. Be a lawyer or a doctor,'" Reiss recalled. In the end, "I got a degree in English."

Connecting with what customers want, need and love

Wanting to become a writer, the new university grad was planning a trip to Europe in 1997 when David asked him to stay and work in the company, "just for three months." Reiss started in sales, calling prospects at airlines and other businesses in Canada's north. He admitted he came just for the money ($17 an hour), but then stayed another three months and then another. "I found a lot of things I believed in," said Reiss. "I wanted to do something that had real meaning; at first I couldn't see anything meaningful about parkas." That changed as he got to understand the market. "I learned how our products save people's lives, how much they love their down jackets. I saw opportunity."

By this time, the company was receiving orders from Italy and Sweden, and Reiss attended a trade show in Germany "to see what was going on." When he booked an $80,000 order, he decided to focus on Europe. "They wanted the best product, and they wanted it made in Canada," Reiss marvelled. Renaming the company, Reiss nurtured the flagship brand, building on its credibility through association with scientists in the Arctic and Antarctic and building street cred by supplying jackets to hotel doormen and valets, nightclub bouncers and ticket scalpers – people who need quality outerwear and interact regularly with the affluent and influential.

Canada Goose now has more than 20 factories, 1,000 employees and retail partners in 40 countries; it's soon going to move into a new headquarters that will quadruple its floor space. No wonder Reiss won the top awards in last year's Ernst & Young Entrepreneur of the Year program for Ontario and all of Canada. Based on Reiss's differentiators, here is how Canada Goose hit the big time.

Amazing Products: "We're more than just a brand name," said Reiss. "We make the best and warmest parka on Earth. It actually works in the coldest places on the planet." He punctuated that claim by showing a photo of him earlier this year standing at the South Pole. "It was minus 35 degrees plus wind chill – and I was pretty warm." Canada Goose stakes that claim on many innovations – from the mixing of four different types of Canadian down to the design of the coats and even the placement of zippers, pockets and buttons. "You can't rest on your laurels," Reiss noted. "You have to be the best. If you're not going to be the best, why do it at all?"

Made in Canada: "This has been essential for us," said Reiss. "I don't know if I would be here today if we weren't made in Canada." A decade ago, he notes, Canada Goose was under pressure to shift production to China. Most of the company's local competitors were either moving out or shutting down. "We made a strategic decision to stay," said Reiss. "I looked around and saw everyone leaving. If we can somehow stick around, we will be the only one left and what a competitive opportunity that could be." Although he was told nobody cared where the products were made, he didn't think that applied at his end of the market. Canada Goose coats then sold for $300. Today, they cost from $600 to more than $1,000. "We felt people do care about the Made in Canada branding and not just in Canada, but outside Canada as well. Made in Canada makes us different."

Authenticity: "I don't think there's a lot of real brands in the marketplace any more," said Reiss. "I believe a brand has a reputation, it has a soul, it has a heritage. Now brands have become commoditized, but I believe consumers are returning to real brands with authenticity." Reiss said Canada Goose isn't even a fashion brand, because it started, and remains, a working brand. When Hollywood movies such as *The Thing, Eight Below* and even *Mr. Popper's Penguins* show people in cold environments wearing Canada Goose, it's because that's what real scientists and explorers wear. Reiss said Canada Goose hasn't forgotten its roots. A few years ago, it flew in two Inuit sewers from Baffin Island to consult with the company's designers, the result of which inspired the company to establish the Canada Goose Resource Centres in northern Canada.

Execution: "A great idea without execution is someone else's success story," said Reiss. As the company's revenues grow (up 85 per cent last year, up 60 per cent this year), it gets harder to stay on top of everything. Reiss keeps up by hiring the best people he can find and consulting both a board of directors and an advisory board. "I surround myself with great people and ask a ton of questions."

Marketing Differently: "We swim upstream, like a salmon," said Reiss. "We like to create our own bandwagon and do our own thing." Besides supplying scientists and explorers, Canada Goose supports adventurers and activists in frontiers all over the word – or Goose People, as the company calls them. The company is also a platinum sponsor of conservation group Polar Bears International. And recently Canada Goose set up a coat-check facility at Toronto's Air Canada Centre, where well-heeled hockey fans can check their overcoats – and try on a Canada Goose parka just for fun. A Canada Goose concierge will help curious prospects find a retailer near their home or office.

Reiss's closing advice to the entrepreneurs at the Wisdom Exchange: "Defend your authenticity and your leadership style. When you look at your competition, don't ask what you can do that's like what they do. Ask yourself what you can do that they will want to copy."