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NATIONAL AND GLOBAL

**PERSPECTIVES**  
NATIONALES ET MONDIALES



Canadian  
BUSINESS  
LEADERS  
speak



les  
**chefs**  
d'entreprise  
CANADIENS  
s'expriment

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CANADIAN COUNCIL OF CHIEF EXECUTIVES  
CONSEIL CANADIEN DES CHEFS D'ENTREPRISE

For more than 25 years, the Business Council on National Issues (BCNI) provided a vehicle for public-spirited business leaders to devote time and energy to addressing key issues that matter to all Canadians. But as 2002 dawned, the Council completed a major re-engineering of its structure and mandate.

This process was driven by the growing importance to Canada of engagement in policy work beyond our country's borders. Among other measures, it led to a change in the English form of the organization's name to the *Canadian Council of Chief Executives*.

The excerpts from speeches by member CEOs included in this issue of *Perspectives* reflect this emphasis, ranging from new visions for Canada's role within the global economy to thoughts on the importance of integrity and environmental leadership to business success.

As always, we hope these thoughts will stimulate constructive discussion about how best to ensure that all Canadians continue to enjoy a high and rising quality of life.

Depuis plus de 25 ans, le Conseil canadien des chefs d'entreprise (CCCE) a été le véhicule par lequel les chefs d'entreprises animés par un esprit de civisme ont pu consacrer du temps et des énergies à la résolution de questions clés touchant tous les Canadiens. Mais à l'aube de 2002, le Conseil a mis la dernière touche à une refonte complète de sa structure et de son mandat.

Cette démarche découlait de l'importance grandissante pour le Canada de s'engager dans un travail d'élaboration de politiques qui déborde nos frontières. Au nombre de ces mesures, on a modifié l'appellation anglaise de l'organisme de *Business Council on National Issues (BCNI)* à *Canadian Council of Chief Executives (CCCE)*.

Les extraits de discours prononcés par les chefs d'entreprise membres présentés dans ce numéro de *Perspectives* reflètent cette nouvelle tendance, soit en présentant de nouvelles visions du rôle du Canada dans l'économie mondiale, soit en livrant des réflexions au sujet de l'importance de l'intégrité et du leadership en matière d'environnement pour le succès en affaires.

Comme toujours, nous espérons que ces idées stimuleront un débat constructif sur les meilleurs moyens de faire en sorte que tous les Canadiens puissent continuer à jouir d'une bonne qualité de vie allant en s'améliorant.

**DAVID STEWART-PATTERSON**  
EDITOR/RÉDACTEUR

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**INTRODUCING  
THE CANADIAN COUNCIL OF CHIEF EXECUTIVES**

**Leadership without borders**

*January 15, 2002*

Canada has come a long way over the past quarter century, and I think that a great deal of credit is due to the contributions of Canada's largest enterprises and to the fact that many of their CEOs have used the Business Council on National Issues as an instrument to permit them to participate in broad public policy debates. But as we said at our *CEO Summit* in April 2000, past progress is no cause for complacency about the future.

Canada has changed, but the world has changed even faster. Without a continued commitment to building on our successes, Canada risks a slide into irrelevance and relative economic decline. (...) Our collective mission here is to ensure that our country and our fellow Canadians also realize their full potential in the global economy.

Success in this mission requires business leadership without borders. Canada's vital national issues are now global issues. And with our transformation into the Canadian Council of Chief Executives, we are now committed to participation in policy issues not just within Canada but across North America and around the world. The challenges that face Canada today are daunting, and our potential agenda is therefore more ambitious than ever.

The key point I want to make is that BCNI was extraordinarily successful because of its ability to focus the energy of chief executives

on a handful of key issues. We considered many opportunities over the years, but were careful to make intensive commitments only when we felt that we could make a real difference. By picking our spots, by thinking entrepreneurially about where and how to engage in public policy, we were able to have a significant impact on most of the policy developments that really mattered.

In short, the BCNI became a uniquely successful business organization by staying small, staying focused and staying entrepreneurial. In the years ahead, the new Canadian Council of Chief Executives will take this model to the next stage.

It will provide a vehicle for the chief executives of Canadian enterprises to engage more effectively in policy issues wherever they emerge. It will enable us to help each other both in our responsibilities to build global businesses and in ensuring that all Canadians understand and share the benefits of the world of possibilities that lies ahead.

**JEAN C. MONTY  
BELL CANADA ENTERPRISES INC.**



## **Make Canada a gold medal country**

*March 19, 2002*

**A**s a proud Canadian concerned about our future, I have a sense of urgency that demands we take some short-term actions now. Economic performance can be highly dynamic. Economies can deteriorate very quickly. Just look at Japan. It had the sixth highest standard of living in the OECD in 1997 and had sunk to 13th just three years later. Of course, the reverse is also true. In ten years, Ireland shot from 21st to fifth place, narrowing a 49 percent standard of living gap with the United States to 18 percent. (...)

What are the short-term actions we can take and how can the private sector make a difference? Unfortunately, there is no silver bullet. We shall only solve our standard of living problem by doing a multitude of things very much better than we have ever done them before. I believe there is a palpable will in this country to do more than simply not lose, there is a will to win. But we need consensus, sooner rather than later, to take us forward in concrete ways. (...)

The problem is that in 1981, our standard of living was 90 percent of the Americans'. By 1998, it had slipped to 78 percent, and it just recovered to 80 percent. Although I have been a banker since birth, even I know that you cannot define the aspirations of a nation in cold hard numbers. But standard of living and quality of life are inextricably linked. It is only by raising our standard of living that we can ensure the preservation of the elements we cherish so much in Canada and that make us distinct, elements like our health care system, our standard of education and our environment of inclusion. (...)

Raising our standard of living above that of the United States does not mean that we have to emulate the Americans in everything we do. Being the best doesn't mean being the same. In fact, the opposite is true. Becoming more competitive is the only way we can stay in control of our own destiny and maintain and improve our distinctive quality of life. (...)

Globalization compels Canada to compete on a larger stage. We have brilliant talent in this country and incredible potential. In our hearts we know we can be winners. In the Olympic hockey finals when we played our game our way, we won. And wasn't that exhilarating? Now let's harness the same pride and winning spirit to make ours a gold medal country. (...)

Now is the time for all levels of government to tackle the many issues that hinder our capacity to function as efficiently as possible as a country, issues such as the creation of a national securities legislator and the elimination of the barriers that hinder genuine free trade within our borders.

I believe there is a new hopefulness and a new resolve in Canada. Second best is no longer good enough. We are ready to go for gold. Making this great nation's standard of living outstrip the United States is not a macho desire for numeric supremacy. It is imperative if we are to protect the quality of life that makes this country the Canada that we love.

**A. CHARLES BAILLIE**  
**TD BANK FINANCIAL GROUP**



## **Tilting the field toward Canada**

*November 8, 2001*

**F**rom January of 1998 to March of 2001, 22 Canadian companies each with a market value over one billion dollars were sold to foreign buyers. In aggregate, these transactions represented 188 billion dollars or about 17 percent of the market capitalization of the Toronto Stock Exchange 300 composite index. (...)

I want to be precise about why this is a problem. It certainly isn't foreign investment in Canada per se. While foreigners were buying some of our best companies, Canadians have also invested outside of Canada -- and for the most part, expenditures were not grossly imbalanced.

As a former investment banker, I'm hardly upset about buying and selling of companies. It is a normal business process, and a healthy one. And with natural resource companies in particular, the mines, refineries, and wells and pipelines and all of the directly associated jobs stay put. Where's the worry for Canada in that?

At the top of the list, we are losing head offices in Canada at a startling rate. Over time, lost head offices will make a big difference in the kind of careers that are available in Canada. Suppliers also feel this trend. Head offices not only buy paper clips and computers, they buy high value services in law, accounting, consulting and financial services. If your head office in the oil patch moves from Calgary to Houston, the odds are high that your principal law firm is no longer located in Calgary. So indirectly other jobs migrate as well.

In addition, there are massive competitive opportunities that are only available with very large concentrations of invested capital. In too many sectors, Canada and Canadian companies are missing out on them. Industry by industry, Canadian companies are moving steadily down the global league tables. (...)

A further concern is the effect on public revenues and our communities at large. Canadian taxes that won't be paid because head offices move away combined with reduced corporate donations will result in less money for public and social programs. (...)

You don't have to travel widely in my business to see how active other governments are in creating the right environment for their domestic companies. They are not looking for a level playing field, the language we often use in this country. They're trying to tilt the playing field, to the advantage of home industries. We must take a similar approach and create in critical strategic industries a "Team Canada" mentality. (...)

If Canada is to compete effectively, our corporations and domestic industries must have the size and stature to compete on a continental or global basis or we will inevitably lose our corporate independence. To accomplish this we need a consensus vision among all constituents and all levels of government on industrial strategy. Only then can we put in place the right policy to enable our industries to rise to the occasion.

**GORDON M. NIXON**  
**RBC FINANCIAL GROUP**





## **Il faut freiner l'exode du travail**

*le 4 décembre 2001*

**L**es ventes très nombreuses d'entreprises québécoises et canadiennes à des intérêts étrangers m'inquiètent beaucoup. Je suis persuadé que ces déplacements de centres de décision vers l'extérieur ont un effet nocif sur notre économie, sur l'emploi, sur notre capacité d'établir le maximum de synergie entre nos entreprises pour générer de la richesse chez nous.

À chaque fois qu'une entreprise québécoise et canadienne est vendue à des intérêts étrangers, ça me fait mal au cœur. C'est un morceau de notre patrimoine, un morceau de notre capacité collective de développer notre société qui nous échappe. Notamment, nous aurons beaucoup de difficulté à freiner l'exode du travail dont je viens de parler si nous laissons partir nos centres de décisions au rythme où nous venons de le voir.

Le phénomène a pris une ampleur considérable. Au cours des dernières années, ces ventes totalisent des centaines de milliards \$ d'actifs qui par le fait même échappent au contrôle local. Bien sûr, nous achetons aussi des entreprises à l'étranger. Et, je ne peux qu'espérer qu'un certain équilibre s'établisse entre ces ventes et ces achats parce que je suis convaincu de l'importance de développer chez nous des entreprises d'envergure mondiale.

Bien sûr, bon nombre de ces entreprises n'avaient d'autre choix que de se vendre pour réussir ou survivre. Il reste cependant que le nombre est imposant.

Prenons une des principales raisons évoquées lors de la vente d'entreprises, la fameuse masse critique. Je pense que la masse critique a le dos large. Moi, je suis persuadé qu'on peut atteindre cette masse critique par étapes.

Guy Laliberté a dit à cette même tribune, il y a quelques années, bien avant que le Cirque du Soleil ne devienne l'immense succès international que tous connaissent, « Quand on ne fait pas le poids, il faut faire la différence ». Tout est là. (...)

Il faut être créatif et déterminé pour maintenir nos entreprises ici et pour poursuivre notre croissance. Mais, ça se fait. (...)

Je tiens à vous dire combien j'ai confiance en l'avenir. Pour CGI et pour l'ensemble de notre société. Chez nous, le marché est là et nous avons développé l'expertise et la masse critique nécessaires, et nous continuons à bâtir à partir de nos valeurs fondamentales profondément ancrées et de notre culture d'entreprise. Nous continuerons aussi à amener ici beaucoup de travail intéressant. J'ai confiance que nous prendrons, comme société, les moyens de combler les lacunes qui nous ralentissent actuellement dans notre conquête de ce vaste marché mondial.

**SERGE GODIN**  
**GROUPE CGI INC.**



## Canada's vision for North America

January 15, 2002

Managing the border to ensure the security of Canadians and Americans without interrupting the smooth flow of people and goods has become the dominant concern of business leaders and governments alike. We were delighted with the speed at which the Canadian government and the United States Administration were able to agree on a sweeping *Smart Border Declaration*, signed in December by Foreign Affairs Minister John Manley and Governor Tom Ridge, United States Director of the Office of Homeland Security.

This *Declaration* covers a wide swath of measures essential to expediting the legitimate flow of people and goods across our shared border, and our immediate challenge is to ensure that these measures are put in place without delay. I emphasize that we must not take the *Declaration* for granted. If we do not keep pushing hard, there remains a real risk that we could lose momentum and that vital pieces of the puzzle could fall by the wayside.

The measures included in the *Smart Border Declaration*, however, cover what I might call the meat and potatoes of the relationship. While our newly formed *CEO Action Group on Canada-United States Co-operation* will do its part in encouraging rapid implementation of these measures, we also will be considering Canada's longer-term position within North America. (...)

The need to enhance security without inhibiting the flow of people and goods across the Canada-United States border has highlighted the importance of moving well

beyond the terms of our current trade arrangements. Some options, such as a common external tariff, could enhance the flow of goods and services, and could conceivably lead as far as a full customs union, inclusive, perhaps, of improved labour mobility between our two countries. A less ambitious, but still very significant step forward, would involve expanding the free trade agenda to include more comprehensive agreements in areas such as dispute settlement, competition policy, procurement, standards and regulations.

The various options and the specific mechanisms that must guide us are well known. What is lacking is a grand, *made-in-Canada* vision -- a clear, bold, confident affirmation of who we are and who we want to be in North America. (...)

I want to emphasize that we should not be considering any new arrangement simply to please the Americans or anyone else. The objective of pursuing options for managing continental and global economic integration is to serve Canada's interests: to build distinctive competitive advantages, to boost the incomes of Canadians and to increase our collective influence in the world.

In short, we should be discussing big ideas for managing integration not because we have lost hope in our country's ability to go it alone, but because we believe in Canada's potential to be an increasingly important player in North America and on the global stage.

**THOMAS D'AQUINO**  
**CANADIAN COUNCIL OF CHIEF EXECUTIVES**



## How to outperform Americans

*October 1, 2001*

In managing for the future, whether the subject is health, security or the economy, we really have two choices. One choice is to mimic the United States, and mirror everything they do, in order to bring our economy and our Canadian society completely in line with theirs and effectively create a completely harmonized North American entity.

Or, alternatively, we can choose to be better than the United States in selected areas, so that there exists a complementary but independent relationship. I think Canadians want the latter, and I certainly do. (...) We must carve out our path, and choose policies that make us independently successful while capitalizing on the huge opportunity that free trade brought us. (...)

My prescription until the economy returns to significant growth rates is as follows:

- Continue with further tax cuts but no deficits. (...) I remain convinced that substantial room remains for deep cuts in government spending. Far too many expensive programs are invisible and make little difference to Canadians and should be eliminated. (...) Cutting corporate, consumption and personal taxes, in that order, including abolishing the capital gains tax stimulates the economy by putting money in the hands of people who spend and invest it on private sector goods and services. (...) Our goal should be a more favourable tax regime than that of the United States.
- Deal with security. It is vital that we support, encourage and if necessary

demand that our government confirm its resolve to improve our perimeter and internal security. (...)

- Debt reduction should continue as a priority. Canada's high national debt is a ball and chain on the government's financial flexibility. (...)
- Make Canada an attractive destination for foreign investment. This means, relaxing non-essential foreign ownership restrictions in protected sectors; creating a more efficient and expeditious regulatory environment; simplifying and easing the tax burden on foreign companies doing business in Canada; creating a more nutritious environment for venture capital; and in general, promoting Canada's brand image as a country friendly to foreign investment, and then delivering on the promise. (...)
- Zero base the entire federal budget. It is not enough to simply reduce spending from already wasteful levels. (...)
- The Canadian dollar must be strengthened. Many of the measures I have already mentioned will help the Canadian dollar, but building back up the dollar should be a priority of its own.
- Government should lead. Opinion polls unfortunately encourage followship rather than good government. Leadership means having the resolve and backbone to make the tough decisions. (...)

**LEONARD J. ASPER**  
**CANWEST GLOBAL COMMUNICATIONS CORP.**



## **Serving the continent from Canada**

*November 15, 2001*

**T**he way I see it is that when consolidation of our industry in the United States and Canada is complete, the result will be a pan-North American financial services marketplace.

There will still be plenty of small local banks and niche players dotting the American and Canadian landscapes, but the North American marketplace will be dominated by three to five mega-banks -- the likes of Citigroup and JP Morgan Chase and Bank of America, headquartered in North America but operating on a global scale -- and a dozen or so full-service trans-national banks -- the likes of Bank of Montreal. (...)

At Bank of Montreal, moreover, we are looking beyond the near term and the impact of this particular down-cycle in the perpetually swinging economic pendulum. We are firmly focused on the strategy that will make us a leading player in the emerging trans-national banking league. (...)

I am, if you like, one of those unapologetic Canadians who believes that when it comes to providing financial services -- as with a whole lot of other skills -- we can do it as well as or better than anybody around. One of the pleasures of leading a trans-national bank, I admit, is getting a chance to put that belief into practice.

Another of the pleasures -- a much more objective one -- is knowing that all of our successes in the United States will be contributing to the overall and ongoing success of a born-and-bred Canadian bank, rewarding millions of Canadian shareholders and, as industry convergence proceeds,

doing our part to ensure that jobs and prosperity and head offices stay right here in Canada. (...)

One thing I am betting on and rather heavily, too -- is that the most powerful economy in the history of the planet is going to heal its many wounds; and pick up, with vigour and confidence, where it left off. And when it does, the intertwined Canadian economy will rapidly follow suit. After that, a functionally integrated trans-national economy will effectively fall into place.

**TONY COMPER**  
**BANK OF MONTREAL**



## **Auto sector needs new strategy**

*April 11, 2002*

**W**ill the year 2000 be remembered as the high point of the auto industry in Canada, or is there a road to continued investment, jobs, growth and economic prosperity?

I believe that together, the key stakeholders in the automotive manufacturing industry -- assemblers, suppliers, union leaders -- all have a responsibility to work together with governments at all levels in Canada to create a more favourable climate for investment, and for Canada to continue to play a leading role in the global automotive industry. (...)

A key question is: What steps should Governments in Canada take to ensure that the auto industry is an industry that helps drive Canada's future? (...)

*Trade and Infrastructure Policy:* Infrastructure investment should continue to be a priority for governments at all levels -- both at border crossings to facilitate the smooth flow of goods, and across the automotive corridor from Windsor to Quebec. (...)

*Fiscal Policy:* The automotive industry is both capital and labour intensive. By encouraging capital investment through the tax system, Canada can earn a large volume of high skill, high wage, high tax stream jobs. In past decades, this was accomplished through accelerated depreciation rates. In today's environment, investment tax credits would encourage companies to make significant investments here. (...)

*Skills Policy:* In the highly competitive global automotive market, capital and technology are relatively mobile. One of the key things that can distinguish a jurisdiction for investment is the quality of its workforce. In this area, we need to take a total systems approach to ensure that people can access the full range of education and training to continually develop their skills throughout their lifetimes. (...)

*Regulatory Harmonization Policy:* Canadian plants are capacitized on the principle that they will produce parts and vehicles for the total North American market, not just to meet local Canadian demand. Harmonization of standards provides the greatest benefit to Canadian consumers and the industry at the lowest cost. (...)

*Innovation Policy:* To us, innovation and investment are two halves of the same strategy. You can develop a great idea, but it is only of significant value when you can put it to good use. Canada needs to not just support the research and development of the technologies of the future, but also incentivize the early commercialization of these technologies. (...)

As leaders in this critically important Canadian industry sector, we should work together with a sense of urgency with governments and other stakeholders to ensure that Canada has a Strategic Automotive Manufacturing Policy that will continue to provide jobs, investment and economic strength for the Canadian economy in the coming decades.

**MICHAEL A. GRIMALDI**  
**GENERAL MOTORS OF CANADA LIMITED**



## Speeding the flow of trade

January 15, 2002

The time has come for the United States and Canada to give serious consideration to new measures to improve confidence in both countries that the border is secure. We should establish unified procedures and standards for processing people and freight coming to our shores. (...)

It will take time to put the appropriate bilateral agreements and domestic regulations in place. But we can begin to implement procedures and processes that make sense for today's border. (...)

When it comes to processes and policies for a smart border, I have four suggestions.

1. *Align policies.* First, align American and Canadian customs policies. This would involve implementing a similar risk assessment and intervention process for both countries. Low-risk importations would then be able to clear customs with minimal reporting, and so would inland traffic. (...)
2. *Risk-based pre-qualification.* Second, provide pre-qualification for all persons, freight and carriers that have a proven record of being low-risk and law-abiding. This frees up customs agents to focus on higher risk persons, freight, and carriers.
3. *Harmonize computer systems.* Third, harmonize the Canada and United States computer systems. Both countries should share their databases. Carriers, shippers, importers and brokers should feed information into one system. The information would be available to agents on both sides of the border. (...)

4. *Move some customs activities away from the border.* The fourth way to establish a smart border is the easiest to implement. Customs authorities should move their activities away from the border wherever possible. In that way, they could use their border resources to concentrate on shipments that present a higher risk. Low-risk traffic would move more quickly.

This is already done in the airline industry. No one would dream of requiring all flights from Chicago to Vancouver to land for customs inspection at Pembina, Minnesota. (...) By performing inspections at origin or destination terminals, customs authorities would increase the security of the system. They would help make rail even more efficient and reliable. Shippers would increasingly turn to rail for cross-border freight. And this would reduce the number of trucks lining up at the border inspection stations. (...)

I do not want to see the border become a serious barrier between two peaceful neighbours whose trade has enriched each other. Let's move ahead with the implementation of smart border policies.

I urge government leaders -- and the business community -- to support the concept of a smart, secure border. But let's do it in a way that enhances the free flow of trade between two great trading nations. Let's work together to build confidence in the integrity of the border between the United States and Canada.

**PAUL M. TELLIER**  
**CANADIAN NATIONAL**



## **Borders represent opportunities**

*May 22, 2001*

**C**oncepts like “borderless trade” and the “global marketplace” should not strike fear in the hearts of the world’s citizens. They should represent hope and promise. Let’s remember: our borders represent opportunities for international trade. And international trade means jobs, investment and economic growth. (...)

All of the great accomplishments of this world, in any century, flowed from grand visions. We tend not to think so big these days. But with a world so big, so rich in resources, so abundant in skills and so enabled by technology, we owe it to ourselves to aim ever higher. We must look at the future as an opportunity. And vision is the key. (...)

Let’s create a vision statement like the following: Our countries’ private-sector transportation network will form an alliance with the public sector to develop truly borderless trade.

A more seamless movement of goods will drive economic growth. This, in turn, will allow us to improve social, political and economic conditions in each of our countries. (...)

We believe that security need not be at risk if we adopt a more streamlined customs-clearance process, a process that would see customs inspections once but not two or three times, either at the beginning or end of the railway movement.

**ROBERT J. RITCHIE**  
**CANADIAN PACIFIC RAILWAY**



## **Confidence in trying times**

*October 22, 2001*

**W**e can’t just forget about the strange war that is reported day in, day out in our newscasts and newspapers, just as we can’t ignore the sense of dread that we all feel. But life goes on. And we can’t drop the ball. We mustn’t let terror win this war of nerves, nor fear prevent us from moving forward.

Governments are implementing various measures to fight terrorism. We all realize that these measures are essential if we are to put an end to the menace looming over democracy and the world. For businesses, the most effective way to fighting terrorism is undoubtedly to carry on, to forge ahead, and to take actions that will continue to build and to shape our future. (...)

I am a naturally confident man. But I must say that my confidence is also buoyed by the fact that Bombardier has extraordinary allies and partners who share its vision and goals. I’m talking about our employees, without whom Bombardier’s success and growth would not have been, and would not be, possible; I’m talking about the different levels of government, whose contributions to the development of the aerospace industry in Canada and in Quebec have been significant; and I’m also talking about all of our suppliers, who play an active role in our success on a daily basis. Our industry is strong and I am convinced it will come out of these trying times even stronger.

**ROBERT E. BROWN**  
**BOMBARDIER INC.**



## **It's time for Open Skies Plus**

*January 15, 2002*

**O**ver the past several years, the mantra in government as well as in the news media has been for a so-called "private sector solution" to the issues faced by Canada's airline industry. (...)

Clearly we must look further ahead and start building a vision for the future of the industry. A good place to look for a solution is the North American market, which is already the most competitive in the world and home to some of the globe's largest and most successful carriers. That's why a logical way to create a 21st century air policy would be to build on the success of the 1995 Canada-United States Open Skies Agreement and negotiate what we call "Open Skies Plus".

Since the implementation of the 1995 agreement, transborder passenger traffic has grown from 13.6 million to an estimated 20 million passengers annually. A 50 percent increase in six years! (...)

But the 1995 agreement only allows for point-to-point services. That only works if you're travelling across the border between Canada and the United States.

There are many more opportunities to further liberalize the Canada-United States agreement to generate more choices and competition within Canada and the United States. At a time when the federal government is actively looking for more competition, there has never been a better time to move ahead and expand this agreement.

This is how it would work: U.S. and Canadian carriers would be allowed to carry

local domestic traffic of either country through their own hubs. Several U.S. carriers have hubs located near the Canadian border. (...)

Open Skies Plus would also include what we call unlimited fifth freedom rights for passenger and all-cargo operations. In other words, the right of an airline to carry passengers between Toronto and London, or Air Canada carrying passengers between Los Angeles and Auckland.

We need this kind of market solution as a means to foster a competitive environment in Canada and at the same time, responding to the post-September 11 desires of United States' carriers to obtain new revenue opportunities. (...)

Like most people, we do not believe a truly competitive environment can be developed in Canada by resorting to outmoded regulatory remedies such as limiting the number of carriers allowed to serve a market or a particular route, or imposing frequency or capacity or pricing restrictions.

There is a strong will in this country to explore every market-based solution to industry issues before resorting to government intervention. Government intervention has not worked in the past and is unlikely to generate the true competition and choice which Canadians want.

**ROBERT A. MILTON**  
**AIR CANADA**





## Open market needs competition

*January 21, 2002*

**E**lectricity is an unusual commodity. It is a foundation for economic prosperity and activity. To provide this foundation, most large-scale hydro-electric development occurred within regulated monopolies that could support this capital-intensive growth in electricity supply.

But over time, all over the world, the limitations of regulated monopolies became clear, until jurisdiction after jurisdiction sought alternatives. (...) Competitive markets offer an established means to create more efficient systems. (...)

But the experiences of other jurisdictions have been by no means uniform in trying to convert their electricity markets. So what is the outlook here in Ontario?

Ontario has some particular challenges in making the transition. First, we have an economy and a quality of life that is very much predicated on abundant, affordable electricity. In Ontario -- with our manufacturing economy, our need for heat, water, air conditioning and technology in our daily lives -- electricity demand is not very elastic, without contemplating major changes in our way of life and the way we do business.

Second, unlike many jurisdictions, we have the enormous burden of Ontario Hydro's legacy debt to shoulder, at the same time as we move to a new market.

And third, unlike many other jurisdictions, we have the systemic legacy of one, dominant, crown corporation as the sole provider of electricity in the market. (...)

In terms of pricing, Ontario electricity customers already absorbed a price increase in 2001 in anticipation of market opening -- about 15 percent on the wholesale rate. (...) Ten or 15 percent at market opening may not sound like much, but in this economy, it's a hit that goes straight to the bottom line. And all electricity customers, big or small, are exposed to the risk of undue price increases in the future, as a result of critical flaws in the new market, flaws that underpin the entire deregulation effort and threaten its ultimate success. (...)

Here's the bottom line: if you can't serve the customer, you can't succeed. We can't succeed running businesses like Dofasco unless we are focused on our customers. We can't succeed as a province if we stop attracting new manufacturing investment. And we can't succeed as an economy if we put ourselves at a competitive disadvantage to neighbouring economies.

We are in favour of a competitive electricity market. But what we see coming at us is an open market without competition. A market where the customer will be exposed to price risk and will be forced to carry the costs of transition. (...)

We have everything we need in Ontario for a vibrant electricity industry, a competitive manufacturing sector and a sustained quality of life. But it's time to get decisive and make some realistic choices.

**JOHN T. MAYBERRY**  
**DOFASCO INC.**



## **Do not fall prey to nay-sayers**

*January 28, 2002*

**T**oday, I'm going to share my thoughts on how, as business leaders, we can be agents of change in this country -- change that not only restores business confidence but helps us all to ride the recovery expected in the second quarter of this year.

And, not surprisingly, I'm going to argue that technology and a commitment to innovation will be the cornerstones of sustained recovery and continued growth. (...)

Many Canadians prefer to moan and groan about our economy, to believe the old paradigm that we are hewers of wood and drawers of water, to believe that we lag, and will always lag, behind the United States. (...)

I believe that Canada's fundamentals have never been stronger and that we have broken the back of the recession. (...)

More broadly, there have been landmark improvements in three areas -- fiscal, economic and the strength of our workforce.

Over the last decade they have produced a renaissance in our economy. (...)

And our economy is far more diversified than it was. Are we really still hewers of wood and drawers of water? No. Three decades ago natural resources accounted for 70 percent of our economy. Now it's 30 percent and decreasing.

And three out of four Canadians feel that the Internet's revolutionary communications and

transaction technology will have a positive impact on jobs. We agree.

Those attitudes come as no surprise -- Canada is the most connected country in the world, with a level of high speed access twice that of the United States. We really are the world's early adopters. (...)

The picture is not entirely rosy. It never is. The weakness of our currency is a serious problem, one that government is now turning its focus to. There is much more we can do to increase our productivity as a nation. And as I mentioned earlier, business confidence in our economy is not strong -- we lag behind consumers by a considerable margin.

But I'm here to challenge you not to fall prey to the nay-sayers. As Canadians we often find humility more comfortable than shameless self promotion -- but I urge you all to take our positive indicators to heart -- as leaders -- we absolutely have to become this nation's champions. (...)

As business leaders we should not be part of the problem -- putting off investments in technology, sacrificing our talent, putting off new product development, playing it safe while the world readjusts.

We must be part of the solution -- ready to take a role in promoting change and opportunity when it is most needed. Let's take the lead from consumers and move confidently into recovery.

**FRANK CLEGG**  
**MICROSOFT CANADA CO.**



## **Nourishing Canadian culture**

*November 22, 2001*

**W**e've offered our audiences all-news, all-talk, all-country, all-rock, all-sports, all-cooking -- everything the research told us consumers wanted. But what about the entertainment options they've never had the opportunity to experience?

As broadcasters in Canada we have enormous power to influence people's tastes and experiences with information and entertainment. This has never been more true than now given the degree of consolidation, integration and cross-ownership within our industry.

I'm sure that we would all agree that power comes with tremendous responsibility.

Today I want to talk about that responsibility -- not to our shareholders, or our boards of directors, not to our employees or even our audiences -- but to our communities and to our society.

This is a world in which we make our living by the success of broadcasting, but we should be offended if it were a world in which there was not a plethora of entertainment choices. (...)

Professional live theatre has become the entertainment of the affluent in urban centres. Literature has become something foreign to our children. Are we prepared to sit by and witness the extinction of other forms of entertainment that have become marginalized because of their limited availability? (...)

So what can we, as broadcasters, do about the demise of the performing arts as an entertainment choice in our country? Some, including many of the arts institutions would

say more corporate money is needed, more cash, more philanthropy.

More cash will only prop up arts institutions for the patronage of those who already support them. What is so desperately needed is the nurturing and development of new audiences. And where better to find those audiences than through the most pervasive and effective medium of our time - - broadcasting.

We have the ability to create new audiences for all forms of entertainment from animation to the symphony. Today I want to challenge each of you to look beyond your formats and your program schedules. Consider new ways to introduce more Canadians to the arts as a viable and intrinsically valuable entertainment form. (...)

Today, Corus is developing a concept for a series of television shorts that combine live action and animation to introduce young children to the performing arts -- everything from classical music, to ballet, to drama. We believe that by facilitating a collaboration between arts and technology, we will open the doors for future generations to make new entertainment choices that include the arts. (...)

We all have something worth fighting for here -- the protection, preservation and growth of Canadian arts and culture. It is a gift to our current audiences and to our future generations. And it's our opportunity as broadcasters to find new and innovative ways to employ the power of the Canadian broadcasting industry to nourish our arts and cultural communities.

**JOHN M. CASSADAY**  
**CORUS ENTERTAINMENT INC.**



## **La paix, la prospérité et la sécurité**

*le 24 octobre 2001*

**A**u Canada, nos impôts « plutôt élevés » permettent d'avoir un filet social qui assure pour tous un minimum de confort et de sécurité sociale. Ce système public et privé est loin d'être parfait, mais il assure au moins un standard de vie minimal aux gens. Mais ces avantages et ce bien-être ne sont pas partagés par les citoyens de nombreux autres pays à travers le monde, qui ne bénéficient pas de tels programmes sociaux publics et privés.

Pour les sociétés multinationales telles que SNC-Lavalin, il est impératif, à mon avis, que nous faisons face à cette nouvelle réalité dans le contexte de la mondialisation. Cette mondialisation, inévitable selon même ses plus sévères critiques, doit inclure, comme Tony Blair le suggère, l'allocation de ressources additionnelles aux pays pauvres, mais aussi l'accélération de ce qu'il appelle « le processus de mondialisation des échanges et de la justice. » C'est sur le plan des échanges que je vois un rôle important, peut-être même élargi, pour les entreprises comme la nôtre œuvrant dans les quatre coins du monde.

En fait, le message que je vous livre aujourd'hui n'est pas tellement différent de celui que j'aurais prononcé avant cette date charnière du 11 septembre, sauf qu'il est plus que jamais teinté de la notion d'urgence à agir. Ce message est simple : notre stratégie consiste justement à faire des affaires et à entreprendre ou poursuivre des échanges commerciaux plus intenses avec ce monde en évolution.

Mais il faut mener nos activités d'une façon et dans un esprit qui contribuent à l'inclusion

des pays du tiers-monde dans la famille des nations, au développement social et économique de ces pays, et à l'harmonisation des relations entre les pays dits « industrialisés » et les pays en voie de développement. (...)

En ma qualité de dirigeant d'entreprise multinationale, je ne peux pas résoudre tous les dilemmes économiques, géopolitiques et philosophiques avant de poser des gestes concrets. Je dois participer pleinement aux débats, mais tout en agissant -- avec le personnel, les investisseurs, les actionnaires, les clients et les partenaires de la Société, avec les gouvernements et les autres intervenants du monde des affaires -- dans le sens dicté par notre conscience, notre savoir et notre expérience.

De cette façon, c'est en mettant à contribution notre expertise dans des projets à travers le monde que nous espérons faire partie de la solution au lieu de contribuer à perpétuer les problèmes. Cette mission nous permet aussi, de façon quelque modeste que ce soit, de participer au rayonnement des valeurs démocratiques dans le monde.

Nous sommes donc tous invités à un exercice de réflexion, ce qui n'est pas un luxe mais une nécessité dans le contexte actuel troublant. Mais en même temps, il faut lancer un appel à l'action dans le monde des affaires, car la paix, la prospérité et la sécurité de la planète en dépendent plus que jamais.

**JACQUES LAMARRE**  
**GROUPE SNC-LAVALIN INC.**



## **Confidence must be mutual**

*October 19, 2001*

**D**eveloping a set of global principles for corporate responsibility is not easy. My company operates across vast distances, generally in remote areas, among very different cultures, and under varying legal and regulatory regimes. No international mining company can succeed if it is not flexible and adaptable to different circumstances in different countries. (...)

If flexibility and adaptability are keys to success, a degree of global consistency is key to sustaining that success. In this world of total transparency it is no longer possible to apply different principles of environmental and social performance in different jurisdictions. If a country lacks adequate legislation or lacks capacity to implement regulations that does not mean an international company can operate at a lower level of responsibility. Our shareholders would not tolerate this, our home publics would not tolerate this, and eventually countries where we operate will find such practices intolerable. (...)

Ultimately, corporate responsibility is not just the job of corporations. Governments have a key role to play in providing an operating environment in which corporations can act responsibly. I would suggest that four dimensions of governance are key to providing a healthy operating environment for attracting and encouraging globally responsible corporations.

First, there is no more important role of government than to ensure the rule of law. (...) Secondly, the responsibility of governments is to ensure transparency. Transparency is a handmaiden to the rule of

law. Clear and public regulations make everyone's rights, roles and responsibilities understandable from the beginning. (...)

The third pre-condition for attracting responsible investment is a commitment to openness in the pursuit of national economic, social and environmental progress. Governments need to be open to the new ideas, new technologies and new ways of doing things, which international companies introduce through investment and trade. (...)

The final pre-condition is one I would not have included if I had given this address on September 10th. In the new world we have entered since then, every multinational corporation wherever it is operating is a potential target. Governments have a huge responsibility to help corporations operate in a climate of security, for the sake of employees and the communities in which they live. (...)

Governments that open their borders to foreign investment need to be confident that the incoming corporations will act responsibly. Corporations that invest in a country need to be confident that the government will provide a healthy rule of law and a transparent and secure regulatory and operating environment. Then, and only then, will both government and the incoming corporations be sure that investments really do lead to sustainable economic, social and environmental progress.

**JAY K. TAYLOR**  
**PLACER DOME INC.**



## **Social stability requires joint action**

*October 23, 2001*

**M**etals are unique. Unlike fossil fuels, they are infinitely recyclable. However, that high ground is very narrow and not sufficiently broad enough to allow us to declare that our industry operates in a sustainable way. (...)

On the economic side, it is generally recognized and accepted that in order for a business to be sustainable, it must be able to earn a profit. (...) On the environmental side, mining and metals companies have implemented new standards and invested heavily in better systems and more effective technologies. Our progress on the environmental front has been quite good. When it comes to the social measures, however, our record is more checkered. (...)

Thus far, the primary means for dealing with social issues has been an open and transparent dialogue with everyone who might have a concern about what we are up to. Where transparency has been embraced, it has both gained the confidence of regulators and enhanced our reputation. In fact, I am convinced that in terms of transparency and stakeholder dialogue, mining companies are moving ahead of many NGOs and, for that matter, ahead of most governments in the pursuit of sustainability.

So, you might ask, what is the problem? (...) I will use two recent mine developments in the Noranda group to answer the question. The first one, the Raglan nickel mine, is at the northernmost point of Quebec in Canada. The other, the Antamina copper/zinc mine, is high in the Andes in Peru.

Both sites are remote and difficult to get to. Raglan is challenged by quasi-perpetual winter and Antamina by a lack of oxygen at its more than 4,000 meter elevation. And while these differences are significant, the real differences have turned out to be social in nature. At the Raglan mine in Quebec, we have been quite successful in fulfilling our social responsibilities. At Antamina, however, the story has been different. (...)

We have contributed to schools and health centres, constructed roads and gone beyond what was necessary to meet our environmental responsibilities. Yet, we are being portrayed by some as an environmental threat and as having failed to take account of some of their most basic needs. Bottom line, at Antamina there is not the same governmental and societal support for the community. There is an expectation that our company will provide everything.

If there is a lesson to be learned from the Antamina experience, it is that our company, on its own, cannot deliver social stability. We cannot fulfill the demands of the sustainable development agenda without help. We need government, NGOs and our own industry working together to address the challenges we face.

Our future -- the future of the mining and metals industry -- is clearly and inextricably linked with the notion of sustainable development. But getting our industry recognized for its sustainability will not be an easy task.

**DAVID W. KERR**  
**NORANDA INC.**



## **Innovative people hold the key**

*October 3, 2001*

**C**anada is rated last, or close to last, in the G-8 countries in competitiveness. A major part of that rating is the low score we get for innovation. Much of that scoring is determined by macro parameters related to innovation such as R&D investment.

DuPont Canada is part of a global corporation. This gives us the advantage to be able to benchmark ourselves globally, without having to wait for ratings such as the one for the G-8 nations. DuPont also benchmarks at a much more detailed level. (...)

We are able to innovatively approach “uptime” or “production scheduling”, or “customer ordering and fulfillment”, or a thousand and one other things we do to be successful and to grow. It is the nature of innovation at a micro level throughout the organization that can be done without capital intensive efforts. It cannot be done, however, without unleashing the innovative potential of people.

I should say, parenthetically, DuPont is a highly innovative company -- a science company -- and I am proud to be able to say that DuPont Canada is recognized as one of the most innovative of the entities in the family of DuPont companies. (...)

One difficulty is measuring progress towards achieving people excellence and is not as clear cut as measuring business success. We do have productivity numbers and things like value-added per person and so on. But there are other things that we feel are equally good indicators. One of these is our safety performance. (...) We work to

maintain what we call a state of being, or attitude, that will enable each of us to behave in ways to prevent an injury from occurring. (...)

Another key indicator of people excellence is how others see you or what others reflect back to you from their experience, interacting with you. This involves not only what you do, but what you are. In other words, the being or state of being they experience during the interaction. This is much more about the qualities attributed to you in contrast to what you do. (...)

Other DuPont people, and people from the outside, now use words like “innovative” and “enthusiastic” as a way to communicate how they experienced the energy and qualities of the people that make up our organization. (...)

Sustainable growth is often meant to reflect environmentalism or social responsibility of corporations.

We mean it to be all of that, along with a strong commitment to people and a strong business purpose. As a business practice at DuPont Canada, sustainable growth seeks to secure more customers, more profit and meet the needs of society. Also, to develop markets that promote and sustain economic prosperity for those customers, ourselves and the communities in which we live. However, it can happen only through the innovative, entrepreneurial people who are the business.

**DAVID W. COLCLEUGH**  
**DUPONT CANADA INC.**



## **Parallel paths to energy's future**

*June 11, 2001*

**R**ightly or wrongly, much of our social and cultural infrastructure is dependent on oil, natural gas and coal. For the foreseeable future, fossil fuels will continue to be our most immediate, reliable and cheapest source of energy. Our automobiles and airplanes will continue to need oil-based fuels. Our power plants will still need natural gas and coal.

Fuel cells and wind power generators are tantalizing prospects for the future -- and worth pursuing -- but they are not the "silver bullet" solution to our most pressing and immediate energy challenges.

So that's the dilemma: How do we reconcile this apparent contradiction -- our growing needs for energy pitted against our equally strong public determination to improve the environment and support our quality of life?

The only answer that makes sense to me -- the one approach that offers a potential solution -- is found in the most basic principle of sustainable development: and that is, we need a healthy environment to sustain a strong economy. Conversely, we need a strong economy to conserve and protect our environment.

With this in mind, Suncor has adopted what we refer to as a parallel-path approach to energy development -- that is, meeting the demands for hydrocarbon energy and cleaner transportation fuels today, while at the same time, creating profitable new sources of renewable energy for the future.

This is what has led to our decision to invest \$100 million over the next five years in the

development of alternative and renewable energy. (...)

Sure, alternatives are long-term ventures. But the day is coming when consumers will expect more choice in the forms of energy that they use. Thinking in terms of sustainable development helps us see a business opportunity where others may see only a threat. And we could think in the same terms as a country, or a continent when it comes to energy development -- by seeking opportunities to innovate and broaden our approach rather than limiting ourselves to one solution or another. (...)

It is not the role of business or environmentalists to define or pretend to represent the public interest. What Suncor can legitimately do is function as a developer of energy resources and a generator of economic wealth. (...)

The Energy Dilemma is real. But are we destined to remain locked into traditional, adversarial postures engaging in endless haggling -- or can we try a different way of doing business?

For me, the answer is well within our grasp -- if we concentrate our attention on constructive dialogue, not debate, and seek balanced, long-term solutions and not trade-offs and quick fixes.

**RICHARD L. GEORGE**  
**SUNCOR ENERGY INC.**





## **Sustainability sets us apart**

*December 5, 2001*

**S**ociety's expectations of big business are changing. These expectations include safe places to live and work, a healthy environment, environmental protection, conservation of our biodiversity, clean air, clean water, maintenance of recreational areas, a reasonable return on investments and job opportunities, to name a few. To meet such diverse expectations, we talk to people and we listen. With public confidence in large corporations at a low ebb, it's not enough to tell people what we are doing, we must show them. In such a climate, sustainable development helps us to secure a license to operate. And although this kind of stakeholder engagement is not always easy, it stimulates innovation, which leads to positive change and increased competitiveness. (...)

A reputation founded on sustainable development and embodied in ethical business principles supports efforts to attract and retain talented, professional staff. Our core values must be evident within the company. The employment relationship must incorporate these values with respect to workplace conditions, equal opportunities, diversity and remuneration. (...)

Oil sands developments are of particular concern to regulators and the public alike because of the level of emissions, including carbon dioxide, associated with bitumen extraction and upgrading. When embarking on this venture, Shell committed to incorporating the most up-to-date, economically viable technology into our operations, environmental controls and greenhouse gas management plans. As a result, the mine site will be reclaimed "as we

go", and wastewater will be reused rather than discharged off site. Improvements in the basic design have reduced projected emissions levels by 1.3 million tonnes per year of carbon dioxide, or more than 25 percent of emissions anticipated from the original 1997 design. (...) The new operation will produce emissions levels six percent less than those from an equivalent quantity of crude oil, which otherwise would have to be imported into North America to meet demand. (...)

In 1995, as part of Canada's Voluntary Challenge and Registry program, we set out to stabilize at 1990 levels the greenhouse gas emissions for our existing businesses by the year 2000. We achieved that target and are now working towards a further six percent reduction by 2008. (...)

We believe that commercial businesses are best placed to develop innovative, cost-effective and efficient solutions to greenhouse gas challenges. But governments must provide national and global frameworks in which this can happen. Shell supports initiatives that develop market-based solutions, and believes that governments have a critical role to play in fostering flexible and creative mechanisms. (...)

Shell Canada believes that its commitment to sustainable development is not only part of sound business practice, but also helps us to withstand changing circumstances. We believe that incorporating economic, environmental and social considerations into every business decision sets us apart from competitors and helps us to grow profitably.

**TIM W. FAITHFULL**  
**SHELL CANADA LIMITED**



## **Champion success and sustainability**

*October 9, 2001*

**S**ustainability encompasses many aspects of our business, but environmental performance is linked to health and safety by regulatory regimes and more importantly by management approaches.

I'm certain that every company represented here is genuinely concerned with the health and well being of their employees. In our organization, and I know at many others these days, environment, health and safety are considered integral elements of overall performance and, accordingly, figure prominently in management compensation.

That's as it should be. Yet I believe that we, as an industry, cannot simply see these as regulatory areas where being in legal compliance with local regulations is sufficient.

Indeed we must ensure that we adhere to high standards and practices regardless of where in the world we might be operating, even though our standards might be considerably higher -- and more costly to meet and maintain -- than local regulations require. To me the reason is compelling; these high standards are the best way to achieve the lowest cost over time. And the actions they compel are the right things to do.

Let's be direct. There is more than altruism at play here. Over the long haul, it is by exhibiting leadership in securing the economics of our industry and meeting its wealth creation potential that we succeed in bringing economic, environmental and social

benefits to humanity. This means that we must be successful economically and excellent in making our case for sustainability -- reducing our emissions footprint, becoming wise users of natural resources and ensuring accident-free working environments.

In fact I believe that our industry must model and represent the attributes of the material we produce: modern, flexible, environmentally friendly, innovative -- in short 21st century. (...)

Let's champion both economic success and sustainability. They are not in conflict. Let's spread the gospel of the benefits of aluminum recycling. Let's demonstrate how our industry can be part of the reduction of global warming. Let's strive to be role models in terms of ethical behaviour and corporate responsibility.

And of course let's work together to ensure that, as the 21st century unfolds, the aluminum industry builds on the success of our first 100 years, the 20th century. And to ensure that we remain a desired economic partner, a recognized global leading industry, capable of providing innovative solutions that represent exceptional value for customers and consumers, while generating attractive returns for investors.

**TRAVIS ENGEN  
ALCAN INC.**



## **Integrity is a vital business asset**

*June 7, 2001*

**T**hese days, there's a great deal of mistrust of leaders, especially so in the political arena but also of corporate leaders.

People don't always accept our views of what's necessary and what's needed. They don't always buy into our vision. (...) And sometimes -- and this is true in both business and politics -- leaders can't always live up to their promises because things have changed. That's when people become cynical and distrustful.

So it's simply not enough to be a visionary. You've also got to be a salesman. You've got to build alliances and develop partnerships with stakeholders. You've got to motivate your audience, whether it's voters, employees, students, whatever. You've got to bring people together and make them want to share in your vision. (...)

In 1995, the leaders of the oil sands industry articulated a vision for the oil sands. We saw the potential for big-time growth and we thought that was pretty exciting. But the real challenge was to make it exciting for all our stakeholders ... to make them want to work to achieve it.

And talk about a diverse set of stakeholders! We had to bring together all manner of groups including politicians and bureaucrats in Alberta and Ottawa; our local community; all of our industry suppliers; business groups like chambers of commerce, the Manufacturer's Association and so on; union workers; Native leaders; people who led the charge in science and technology ... and on and on it went.

We had to make our vision appealing to each of these very distinct groups. We had to build alliances. And beyond that, we also had to convince all Canadians of the value of our vision. We had to communicate how oil sands development would benefit them and motivate them to take steps to support us.

Now, I'll tell you, that's something you don't do in a day. But I do think it's remarkable how quickly people came on side. Perhaps they did because we talked to them about subjects highly relevant to their interests. Their need for good jobs. Their desire for economic security. Their worry about their children's future. And their concern over governments' ability to sustain social programs. (...)

I should say here, as well, that it is incredibly important that you do everything possible to keep your word. Aside from legitimate shifts in direction brought about by that complex and ever-changing world I mentioned, there's enough unsubstantiated fluff out there to fuel a million hot air balloons.

The credibility and integrity that flows from honest effort represents more than personal virtue ... it can also be a business asset. The vision we spelled out back in the mid-nineties is today's reality and then some. In other words, we've kept our promise. And I think we've gained some very important respect because of it. And personally or professionally you can never get enough of that.

**ERIC NEWELL**  
**SYNCRUDE CANADA LTD.**



## Inspiring others to follow

*October 22, 2001*

I know, and you know, that there is no bottom line in government, not even here at the bank, and that is a major difference in the challenges and the rewards for those employed as leaders in the two sectors.

But, when confronted with a challenge in either, the best approach is to assess the problem or situation and try, to the best of your ability, to define a solution or a course of action which will lead to a solution. Sounds straightforward enough but what it underscores is that, to succeed as a leader, you need first to focus and define clearly and convincingly what it is you are trying to achieve and why. Only then can you hope to oblige others to follow your lead. You can call it strategy or vision or problem-solving or purpose but, under any definition, it is the premise for effective leadership.

Having defined what you are doing and why, you need to commit fully to the task at hand and be seen to be doing it. It helps, too, if you can explain what and why clearly, coherently and simply. Because the ability to articulate or communicate is basic if you expect your colleagues to support what you are trying to achieve and if you expect others, notably in your case your political masters, to understand or agree to what you are advising. (...)

Leadership does not mean that you should have or need to have all the answers. It does mean you should know how to get the best answers.

You need to know what your employees are doing so that you will know where to look for answers. More importantly, if you do not try

to know everything, you will also learn not to try to do everything.

Delegation of responsibility is crucial. (...) If you cannot be comfortable having people work for you who may actually know more than you do about some things, you will probably not succeed as a leader.

There are many dividends from delegating and sharing responsibility. What I think you will learn, however, is that you will derive no greater satisfaction as a leader than from motivating others to do their very best or to do more or better than they were doing. And believe me, the soft skills of inspiration are, as mentioned earlier, usually more important in getting results than hard intellect or profound expertise.

Simple persuasion and even humour can often be more effective than direct authority in motivating people to perform. Surveys tend to confirm this. A recent poll concluded that what employees like most are: fair, truthful management, intelligent co-workers, respect and freedom to take risks. What they like least -- being invisible, lack of recognition, challenge and feedback on their performance. (...)

To be a good leader you do not need to be able to walk on water. You do need to be able to swim and sometimes against the current. You need to know where you are going and why so that you can inspire others to follow.

**DEREK H. BURNEY**  
**CAE**



## **Building a passionate meritocracy**

*June 5, 2001*

**T**he funny thing about leadership is that we often think of it in terms of following. We think of it from the followers' perspective, which is the person sitting in the crowd, listening to the great master directing each of us in what we do. The traditional leadership model says, find the smartest person in any group, elect them leader and wait for them to come up with a master plan that we can all follow. Then once we get our assignment, we fall in line and march forward.

Yet it is my belief that true leadership, in any organization, is actually more about marking the playing field, preparing the team and letting them play the game -- while being there on the sidelines to coach and mentor when you are needed. It's actually about creating a climate for followship, not about ordering each player to march in step. (...)

Our strategic planning for example is a combined result of the thoughtful work of teams throughout the company. Starting with a vision articulated by management, the process percolates throughout the grassroots of the organization. Plans are consolidated and fine tuned as they move through the organization, until they reach our senior management group. So, the final strategic plan contains the goals and objectives our grassroots teams put forward and therefore our teams have ownership and accountability for its success. Senior Management's role is primarily about creating the conditions for all to succeed in their efforts. (...)

We have also built AEC upon a philosophy that we call a "Meritocracy", which means we

are an organization that is founded on the merit principle. Oxford defines merit as "the quality of being entitled to reward or gratitude; merit is excellence or worth. A meritocracy is defined as "the holding of power by persons selected competitively according to merit".

So if people at AEC are entitled to reward or gratitude based on excellent or worthy performance, then we must have a direct, clear and real connection between performance and reward.

I have long believed that the major cause of economic failure in companies, and for that matter in countries throughout the world, is a misalignment between incentives and objectives. At AEC, we have done our very best to align incentives and objectives. Every employee has stock options. We have a results based bonus system, with participation by every employee, tied to specific targets and objectives. (...)

I truly believe that if people in the world can work in a place which is a true meritocracy, they will have a passion for what they do, they will feel free to walk the road less travelled in pursuing new ideas, they will always strive for improvement, never accepting the status quo. In our Company, and any company, our entire future success depends upon the new ideas of our people. To succeed we must be relentless about our objectives and we must make breakthrough, breakaway, creative thinking not just a desirable goal, but an absolute need for the continuation of our enterprise.

**GWYN MORGAN**  
**ALBERTA ENERGY COMPANY LTD.**



## Four pillars of commitment

*March 28, 2002*

**M**ore and more people around the world want to do business with companies they trust. Companies must offer quality products, value and put the customer first to earn this trust and be socially responsible companies.

That sense of commitment and responsibility ... of family ... in our community is crucial to who we are. Running facilities around the world, I have concluded that there are four key pillars on which our business is built. One of them is Corporate Citizenship. In Oakville, Windsor, Brampton, and St. Thomas, we have major operations and thousands of employees. We are very active in supporting community initiatives that improve the quality of life for our people, their families, friends and neighbours -- our neighbours. Our employee volunteer program encourages every salaried employee to spend up to two days each year, fully paid, working in some way toward a worthwhile cause. (...)

The second pillar also has to do with giving back, in Environmental Leadership. That's why all of our facilities are certified to the tough ISO 14001 standards; because we think that environmental stewardship is the basic price of admission. Even as we work to right-size our business, we're investing huge sums in future technologies, including Ford Motor Company's \$600 million investment with Ballard Fuel Systems in British Columbia, for hybrid electric vehicles and fuel cells. (...) And we expect to have production models of both technologies on the road within just a few years.

The third pillar is about Building Relationships, at all levels. To me there is nothing more important than creating a corporate environment that makes it possible for all our employees to bring their very best to work every day, and in return to be recognized for their accomplishments and their potential. Helping Ford become an employer of choice is a personal passion of mine, and is all about the family relationships. It is about building relationships at all levels -- dealers, employees, and unions -- and also with suppliers, the local community, government, business leaders like yourselves and the journalists, and this is true across borders and across cultures and languages.

And finally, most important, is the focus on the Customer -- the fourth pillar. That's the most critical relationship of all. This is not easy because the customer is not your friend, the customer thinks for himself. You can take nothing for granted -- every contact with your company must confirm to the customer that she or he made the right choice ... choosing your product. It may sound trite, but if we always do what's right for the customer, the rest will follow. It's simple to say, but very demanding to put into practice.

In my company, I am the advocate for our customers -- dealers, fleet or retail customers. I feel strongly that I cannot delegate that responsibility. (...) If we do the right things for the customers, they usually give it back to us in sales, volume and profits.

**ALAIN BATTY**  
**FORD MOTOR COMPANY OF CANADA, LIMITED**



## **Imagination put to good use**

*February 14, 2002*

**S** imply put, innovation is imagination put to good use. It is the process of identifying problems, fostering ideas, producing solutions and ensuring that customers value and want to buy these solutions.

The key is to expand the idea, spread risk, leverage the expertise of suppliers and automotive partners, and cadence the innovation so that it's executable by the organization.

Product innovation reaches beyond utility, functionality and features. Innovation is also critical to our ability to play a leadership role in conserving and protecting the environment, too.

Smog-causing emissions from the internal combustion engine powered automobiles have been significantly reduced -- in fact by as much as 99 percent from uncontrolled levels. We've also doubled the fuel economy of our vehicles over the last couple of decades. But that's by no means the end of the road.

Looking forward, the auto industry is racing to develop fuel cell technologies to provide truly sustainable mobility solutions.

True innovation means not just developing great ideas, but making them manufacturable, marketable, affordable and desirable for consumers. One way to make sure environmental innovations will be desired by the customer is to ensure that they are not asked to make trade-offs.

The AUTOmomy concept vehicle is more than innovative -- it's a paradigm changer.

AUTOmomy started with a simple question: If we were inventing the automobile today -- rather than over a century ago -- what would we do differently?

AUTOmomy is the first vehicle designed from the ground up around a fuel cell propulsion system and the first to combine fuel cells with "x-by-wire" technology, which allows steering, braking and other vehicle systems to be controlled electronically rather than mechanically.

AUTOmomy has the potential to make vehicles more affordable and safer. The design concept is simpler, more flexible, easier to manufacture, more customizable, and easier to upgrade. (...)

AUTOmomy is a vision of the coming hydrogen economy -- a world of truly sustainable mobility, in which vehicles are propelled by renewable energy sources, thus largely removing the automobile from the environmental equation. The challenge is to improve the technology and reduce the cost -- in short, make a business out of it.

To win the race, we're tapping into expertise wherever it exists around the world -- both inside the company and out. (...)

Strategic partnerships are key not just to our ability to innovate, but also to reduce cost. Partnerships allow us to tap into the best and brightest minds around the world, leverage complementary areas of specialty and achieve economies of scale.

**MICHAEL A. GRIMALDI**  
**GENERAL MOTORS OF CANADA LIMITED**



## **Leadership and common sense**

*September 14, 2001*

**W**hile making the major decisions is a critical leadership role of a CEO, the less glamorous but more important role of the CEO is leadership through people and strategic direction.

The most critical role of the CEO is choosing the right people for the right jobs and developing people at all levels of the organization to lead and execute effectively. CEOs generally fail not because of lack of intelligence or vision but because they fail to put the right people in the right jobs and they fail to deal with people problems in a timely fashion. (...)

I have always said that my job as CEO is to make it happen through people -- not to do it myself. I learnt this lesson early on in the oilpatch. As a non-technical person, I had to depend on other people to make it happen. This was even more true at Canadian Pacific where we operated in five or more separate business segments. I also learnt early on that leadership is not something that only comes from the top -- it must exist at all levels of the organization. At Canadian Pacific, we created the Canadian Pacific Leadership Institute to develop leaders across the organizations. (...)

It has been my experience in business that the element that distinguishes leaders in business is not solely their analytical capabilities -- linear deductive reasoning, but their common sense and judgement or sixth sense which enables them to make decisions where there is a high level of uncertainty, and where there are several reasonable alternative courses of action. The other critical leadership quality is the ability to motivate, influence and, indeed,

even inspire people and deal in a sympathetic fashion with the many inevitable people issues.

The second major leadership role of the CEO is to provide clarity of direction and work with the organization to craft a realistic strategy. It takes a multitude of talents to develop an effective strategy. If you don't have the right people with the right abilities in the right jobs, it is unlikely that you will be able to develop an effective strategy and it is virtually certain you will not be able to execute it. In the end, it is "people first and strategy second". Having said that, the CEO has an important role in strategy development. (...)

I would like to make two final observations on successful leadership of a public company in today's demanding capital markets: First, the job of the CEO in today's demanding environment is to manage the company for both short-term and long-term success. If you manage only for long-term success, you'll probably never get there and if you are focused only on the short-term, you are unlikely to survive in the long-term. Balancing short and longer-term goals is a critical leadership role of the CEO and Senior Management.

Second, the CEO must make sure that the organization does not get wound up in overly complicated processes and too many fad management practices. I'm a great believer in clarity and the KISS Principle -- "Keep it Simple Stupid". Common sense and good judgement will take you a long way.

**DAVID P. O'BRIEN**  
**PANCANADIAN ENERGY CORPORATION**

